

Bit Market Services

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Identificativo : 81625

Informazione

Regolamentata

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PRESS RELEASE

Banca Monte dei Paschi di Siena announces liability management exercises, which are intended to be launched at or around the end of November, in respect of certain subordinated securities. Holders who are addressees of the offers will be able to voluntarily tender their securities for purchase by the Bank for cash, with such cash to be mandatorily applied to subscribe for newly-issued BMPS ordinary shares

Siena, 15 November 2016 – Banca Monte dei Paschi di Siena S.p.A. ("**BMPS**", the "**Bank**" or the "**Offeror**") has made an announcement (the "**102 Notice**") on 14 November 2016 pursuant to article 102 of Legislative Decree no. 58 of 24 February 1998 (the "**Italian Financial Act**"), of an intention to launch at or around the end of November a voluntary public cash tender offer in respect of certain subordinated securities (the "**Securities**" as defined in the 102 Notice), in respect of which relevant holders will be able to participate, with the cash amount due to participating holders to be mandatorily applied to subscribe for new ordinary shares in BMPS. Once received the necessary authorizations, the offer announced in the 102 Notice will be made available in Italy only and directed towards holders of Securities which are not "qualified investors" pursuant to article 34-ter, paragraph 1), letter b), of CONSOB Regulation no. 11971 of 14 May 1999, as amended (the "**Issuers Regulation**"), except in respect of the Upper Tier II Notes (as defined in the 102 Notice), which will be also for qualified investors (the "**Domestic Offer**"). For any additional detailed information, please refer to the 102 Notice attached as an annex hereto.

In addition to the Domestic Offer, BMPS intends to launch, at the same time it intends to launch the Domestic Offer at or around the end of November 2016, a cash tender offer (the "**Institutional Offer**" and, together with the Domestic Offer, the "**LME Offers**") in relation to certain subordinated securities (specifically the Securities other than the Upper Tier II Notes, the "**Institutional Offer Target Securities**"), pursuant to which holders of Institutional Offer Target Securities targeted in such offer, would be able to voluntarily participate in the Institutional Offer, also in this case with all cash amounts due to participating holders to be mandatorily applied to subscribe for new ordinary shares to be issued by BMPS in the context of the Capital Increase, as defined in the 102 Notice.

The Bank is also evaluating the possibility to launch an offer in respect of the €1,000,000,000 Floating Rate Exchangeable FRESH Bonds due 30 December 2099 (XS0357998268) issued by Mitsubishi UFJ Investor Services & Banking (Luxembourg) S.A. (which replaced The Bank of New York Mellon (Luxembourg) S.A., as fiduciary issuer on 10 October 2016) (the “**FRESH 2008 Offer**”). In respect of this, analysis of a technical nature is being carried out, which is expected to be concluded shortly, as well as an exchange of information with the supervisory authorities in relation to regulatory matters and prospective implications. Should such evaluations have a positive outcome, the FRESH 2008 Offer may be launched and, if launched, would be launched at the same time as the LME Offers.

BMPS has appointed J.P. Morgan Securities plc and Mediobanca – Banca di Credito Finanziario S.p.A. (together, the “**Joint Global Coordinators**”), Banco Santander, S.A., Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, Goldman Sachs International, Merrill Lynch International and MPS Capital Services Banca per le Imprese S.p.A. as dealer managers for the Institutional Offer (together with the Joint Global Coordinators, the “**Dealer Managers**”) and Lucid Issuer Services Limited as tender agent for the Institutional Offer (the “**Tender Agent**”). The Dealer Managers (other than MPS Capital Services Banca per le Imprese S.p.A. in respect of the Domestic Offer only) have not been, and will not be, appointed in respect of the Consent Solicitations (as defined in the 102 Notice) or the Domestic Offer.

The Institutional Offer will be made on the basis of an offer memorandum (the “**Offer Memorandum**”), copies of which will be available from the start of the offer period from the Tender Agent. The Offer Memorandum will contain information relating to the Institutional Offer, including the risks relating thereto.

It is expected that the Institutional Offer (and the FRESH 2008 Offer, if launched) will be addressed to holders who (i) are located and resident outside the United States and who are not U.S. persons, and (ii) are otherwise persons to whom the Institutional Offer (or the FRESH 2008 Offer, if launched) can be lawfully made and that may lawfully participate in the Institutional Offer (and the FRESH 2008 Offer, if launched).

The Domestic Offer will be made pursuant to article 102 of the Italian Financial Act and article 35 of the Issuers Regulation on the same pricing terms, in respect of the Securities which are targeted in both the Domestic Offer and the Institutional Offer, as offered in the Institutional Offer, on the basis of an offer document that will be subject to the prior authorization by CONSOB (the “**Italian Offer Document**”). The intermediaries appointed by the Offeror to coordinate the collection of acceptances received from depositary intermediaries in the Domestic Offer are MPS Capital Services - Banca per le Imprese S.p.A. and Lucid Issuer Services Limited. For further details in relation to the Domestic Offer, please refer to 102 Notice.

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Holders of Securities who are eligible to participate in the LME Offers are invited to read carefully the Italian Offer Document or the Offer Memorandum, as applicable, when they become available for the detailed terms and conditions of, and the procedures for participating in, the LME Offers.

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 shares or any part of the Capital Increase in the United States. Any LME Offers to be made by the Offeror pursuant to an Offer Memorandum or the Italian Offer Document, as the case may be, 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 of or of any facilities of a national securities exchange of the United States. Any Securities will not be able to be tendered in any of the LME 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**”), other than the public offer made in Italy contemplated in the Italian prospectus once the prospectus has been approved by the competent authority in Italy and published and notified to the relevant competent authority in accordance with the Prospectus Directive, and in respect of which the Offeror has consented in writing to the use of the prospectus (the “**Permitted 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 Permitted 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, ING Bank N.V., 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.

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.

ANNEX

102 NOTICE - English translation

PRESS RELEASE PURSUANT TO ARTICLE 102 OF LEGISLATIVE DECREE No. 58 OF 24 FEBRUARY 1998

Pursuant to and in accordance with Article 102 of Legislative Decree No. 58 of 24 February 1998 (as amended) (the “**Financial Services Act**”), Banca Monte dei Paschi di Siena S.p.A. (“**BMPS**”, the “**Offeror**” or the “**Bank**”) announces its intention to launch a voluntary public cash tender offer with the cash amount due to participating holders to be mandatorily applied to subscribe for new ordinary shares in BMPS (the “**Offer**”) of the following subordinated securities (the “**Securities**”):

Securities	Issuer	Series	ISIN	Aggregate Outstanding Nominal Amount/Liquidation Preference (in euro)	Purchase Price
Tier I	Antonveneta Capital Trust I	80,000 Noncumulative Floating Rate Guaranteed Trust Preferred Securities guaranteed by Banca Monte dei Paschi di Siena S.p.A. (“ ATV CTI Securities ”)	XS0122238115	54,420,000	85%
	MPS Capital Trust I	€350,000,000 7.990% Noncumulative Trust Preferred Securities guaranteed by Banca Monte dei Paschi di Siena S.p.A. (“ MPS CTI Securities ”)	XS0121342827	241,133,000	85%
	Antonveneta Capital Trust II	220,000 Noncumulative Floating Rate Guaranteed Trust Preferred Securities guaranteed by Banca Monte dei Paschi di Siena S.p.A. (“ ATV CTII Securities ”)	XS0131739236	106,503,000	85%
	MPS Capital Trust II	€699,999,999.52 Noncumulative Floating Rate Guaranteed Convertible FRESH Preferred Securities guaranteed by Banca Monte dei Paschi di Siena S.p.A. (“ MPS CTII Securities ”)	XS0180906439	28,622,000	20%
Tier II	Banca Monte dei Paschi di Siena S.p.A.	€2,160,558,000 Tasso Variabile Subordinated Upper Tier II 2008 – 2018 (“ Upper Tier II Notes ”)	IT0004352586	2,062,267,663	100%
	Banca Monte dei Paschi di Siena S.p.A.	€500,000,000 Subordinated Floating Rate Notes due 2017	XS0236480322	368,269,000	100%
	Banca Monte dei Paschi di Siena S.p.A.	€150,000,000 Subordinated Lower Tier II Floating Rate Notes due 2018	XS0238916620	103,973,000	100%
	Banca Monte dei Paschi di Siena S.p.A.	€100,000,000 Subordinated 10NC5 Lower Tier II Notes due October 2018	XS0391999801	76,300,000	100%

Banca Monte dei Paschi di Siena S.p.A.	€500,000,000 Lower Tier II Subordinated 7.00 per cent. Notes due 2019	XS0415922730	500,000,000	100%
Banca Monte dei Paschi di Siena S.p.A.	€500,000,000 Lower Tier II Subordinated 5.00 per cent. Notes Due 2020	XS0503326083	368,656,000	100%
Banca Monte dei Paschi di Siena S.p.A.	€500,000,000 Lower Tier II Subordinated 5.60 per cent. Notes due 2020	XS0540544912	378,648,000	100%

The Offer is made available in Italy only and directed towards holders of Securities which are not “qualified investors” pursuant to article 34-ter, paragraph 1), letter b), of CONSOB Regulation no. 11971 of 14 May 1999, as amended (the “**Issuer Regulation**”) except in respect of the Upper Tier II Notes, which will also be directed to qualified investors.

The Offer will be made on the outstanding nominal amount of the Securities, equal to an aggregate amount of Euro 4,288,791,663.

BMPS expects to announce consent solicitations in relation to the ATV CTI Securities, the ATV CTII Securities and the MPS CTII Securities (together, the “**Consent Securities**”) on or around 16 November 2016 for the purpose of soliciting consent for the elimination of certain restrictive provisions in the applicable trust agreements in order to allow for purchases of such securities by BMPS or its affiliates to be made by tender on such basis as determined by BMPS, including by way of a selective tender offer or other basis that excludes certain holders or certain groups of holders. Each series of such securities may only be included in the LME Offers (as defined below) to the extent that the requisite consent is obtained in relation to such series and, in each case, modifications necessary to reflect the relevant changes have been implemented prior to the launch date of the LME Offers.

Rationale for the Offer

The Offer, which was approved by the Board of Directors of the Offeror on 14 November 2016, is being made in the context of the Capital Increase (as defined below) as part of the transaction in relation to, among others, the deconsolidation of the Monte dei Paschi di Siena banking group’s non-performing loan portfolio as at 30 June 2016 (amounting to up to Euro 27.6 billion Gross Book Value (GBV) (excluding non-performing leasing loans equal to approx. Euro 0.9 billion (to be transferred separately) and non transferable non-performing loans in the amount of approximately Euro 0.4 billion as well as non-performing loans arising following 30 June 2016) (the “**NPL Portfolio**”) through a securitisation transaction pursuant to Italian Law 130/1999, also through distribution to the Bank’s shareholders of securities representing the junior notes issued in the context of such transaction.

The Offer is part of a wider more complex transaction approved by BMPS’s Board of Directors on 24 October 2016 and announced to the public through a press release on 25 October 2016 (such press release is available on the BMPS website, www.mps.it) aimed at providing a structural solution for its NPL Portfolio and, as a result, at strengthening its balance sheet (together, the “**Transaction**”).

The primary objective of the Transaction is to allow BMPS to meet the requirements and requests raised by the European Central Bank in its capacity as regulator of the Offeror, which requested that BMPS formulate and announce a viable and appropriate solution to address the critical issues and challenges it identified during its on-going regulatory supervision and which were revealed in the stress tests conducted by the European Banking Authority, in collaboration with the Bank of Italy, the European Central Bank, the European Commission and the European Systemic Risk Board concluded in July 2016.

Specifically, following the reverse stock split of 1 new BMPS share per 100 existing BMPS shares and the reduction in the share capital of the Bank from Euro 9,001,756,820.70 to Euro 7,365,674,050.07 to absorb the losses recorded for the 9 months ended 30 September 2016, the Transaction provides for the following components:

- a) the deconsolidation of the NPL Portfolio by way of (i) a securitization transaction pursuant to Italian Legislative Decree No. 130/1999 (the “**Securitization**”); (ii) a transfer to BMPS shareholders (who are shareholders at the date on which the right is granted) of junior notes issued in the context of the Securitization (the “**NPL Portfolio Deconsolidation Transaction**”);
- b) a capital increase for consideration of the Bank in a maximum amount of Euro 5 billion (including any premium), also on a divisible basis, in one or more issues and in one or more tranches, with exclusion or limitation of pre-emption rights pursuant to Article 2441, paragraph 5 of the Italian Civil Code (the “**Capital Increase**”), to be carried out through a delegation mechanism granted by the Extraordinary Shareholders Meeting convened for 24 November 2016 to the Board of Directors pursuant to Article 2443 of the Italian Civil Code (the “**Delegation**”).

In addition, in the context of the Transaction as a whole, as previously announced, an increase in average levels of coverage has been considered for loans classified as “*unlikely to pay*” and “*non-performing past due*”.

Currently, such Capital Increase is structured to include the following components:

- (i) a component to service a liability management exercise (“**LME**”), of which this Offer is a part, which will give holders of certain subordinated securities issued or guaranteed by BMPS the right to voluntarily participate in a cash tender offer with the cash amount due to participating holders mandatorily applied to subscribe for new shares to be issued in the Capital Increase, with the subscription price for newly issued shares to be the price fixed by the Board of Directors ;
- (ii) a cash component reserved to potential cornerstone investors, that may express interest in acquiring a significant holding in the share capital of the Bank;
- (iii) an additional cash component, offered to the general public and institutional investors (as further described below), a portion of which may be reserved to current shareholders of the Bank.

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The LME described in point (i) above assumes two distinct tender offers which will relate to the same Securities (except the Upper Tier II Notes, which are targeted in this Offer only). As such:

- 1) the Offer is to be made available in Italy only and directed towards holders of Securities which are not “qualified investors” pursuant to article 34-ter, paragraph 1), letter b), of CONSOB Regulation no. 11971 of 14 May 1999, except in respect of the Upper Tier II Notes, which will be for all holders of the Upper Tier II Notes, regardless of whether they are qualified investors or not; and
- 2) an institutional offer made available exclusively to holders of Securities (excluding the Upper Tier II Notes) which are classified as qualified investors pursuant to article 34-ter, paragraph 1), letter b), of CONSOB Regulation no. 11971 of 14 May 1999, and which are resident or domiciled in or outside Italy, excluding holders of Securities which are “U.S. Persons” and which are located and resident in the United States. (the “**Institutional Offer**” and, together with the Offer, the “**LME Offers**”).

The Bank is also evaluating the possibility to include in the LME an offer in respect of the €1,000,000,000 *Floating Rate Exchangeable FRESH Bonds due 30 December 2099* (XS0357998268) (the “**FRESH 2008**”) issued by Mitsubishi UFJ Investor Services & Banking (Luxembourg) S.A. (which replaced The Bank of New York Mellon (Luxembourg) S.A., as fiduciary issuer on 10 October 2016) (the “**FRESH 2008 Offer**”). In respect of this, analysis of a technical nature is being carried out, which is expected to be concluded shortly, as well as an exchange of information with the supervisory authorities in relation to regulatory matters and prospective implications. Should such evaluations have a positive outcome, the FRESH 2008 Offer may be launched and, if launched, would be launched at the same time as the LME Offers.

Despite having a common settlement date (as described below), the Capital Increase will be carried out as set out below:

- (i) part of the Capital Increase (the “**LME Capital Increase**”) reserved for holders of Securities (and the FRESH 2008 if the FRESH 2008 is launched) who participate in the LME, to be carried out pursuant to the subscription by the participants in the LME Offers of newly issued ordinary shares of BMPS (the “**LME New Shares**”), through the mandatory application of all cash amounts offered to participating holders of Securities (and the FRESH 2008 if the FRESH 2008 is launched); and
- (ii) part of the Capital Increase to be carried out by way of an offer of newly-issued BMPS ordinary shares (the “**New BMPS Shares**”) to be subscribed for by the public in Italy and/or through placement with institutional investors both in and outside Italy and a placement reserved for any commitments made by cornerstone and/or anchor investors (the “**BMPS Capital Increase**”).

The BMPS Capital Increase will be launched following the expiry of the offer period relating to the LME Offers. However, given that the LME Offers are conditional upon the satisfaction of certain conditions set out below, the settlement date in respect of the Offer and the Institutional Offer (and, if launched, the FRESH 2008 Offer) can take place only once the subscription period for the BMPS

Capital Increase has been completed and will be the same as the BMPS Capital Increase settlement date.

In both of the LME Offers, participants will be required to reinvest all cash amounts due to participating holders of Securities towards the subscription of the New LME Shares. The participants in the LME Offers will be entitled to cash amounts for Securities tendered, which will be used for the subscription of the New LME Shares. As a result, it will only be possible to determine the calculation of the exact amount of the LME Capital Increase following the conclusion of the offer period of the LME Offers and the FRESH 2008 Offer (if launched).

The Transaction, as briefly described above, has complex characteristics, as it comprises of a number of different components, each of which is essential in order to complete the Transaction. The components of the Transaction, including this Offer, are inextricably linked to each other, and, as such, the completion of each of these is required reciprocally.

On one hand, the deconsolidation of the NPL Portfolio, which is the primary objective of the Transaction, will result in an increase in capital requirements of the Offeror, which will only be satisfied by the subscription of the entire Capital Increase. Furthermore, only the subscription of the entire Capital Increase will allow the creation of capital reserves, out of which the junior notes relating to the Securitization will be distributed to existing shareholders of the Bank allowing the Bank to deconsolidate its NPL Portfolio, as a result of which BPMS will be able to meet its balance sheet objectives.

In consideration of the above, any failure to complete all of these components will result in the failure of the entire Transaction and, as such, of the Offer.

As such, in addition to presenting significantly complex characteristics, the completion of each phase of the Transaction is subject to a number of uncertainties. In particular, the Capital Increase is very large in size (approximately 6.8 times the market capitalization of the Bank on 11 November 2016), and, therefore, there is no guarantee as to whether there will be a full subscription of the Capital Increase.

It is, therefore, essential for the purposes of the Capital Increase and the Transaction as a whole that there is high participation in the LME by the holders of the Securities (and the FRESH 2008 if the FRESH 2008 Offer is launched). This would allow the reduction of the portion of the Capital Increase to be allocated in the context of the offer for subscription and, subsequently, increase the probability of its success.

In this regard on 24 October 2016 the Bank executed a pre-underwriting agreement with J.P. Morgan Securities plc and Mediobanca – Banca di Credito Finanziario S.p.A., as Joint Global Coordinators and Joint Bookrunners, and Banco Santander, S.A., Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, Goldman Sachs International e Merrill Lynch International as Co-Global Coordinators and Joint Bookrunners (each Joint Global Coordinator and Co-Global Coordinator, a “**Global Coordinator**”), and Banco Bilbao Vizcaya Argentaria, S.A., Commerzbank Aktiengesellschaft, ING Bank N.V., Jefferies International Limited, and Société Générale - as Joint Bookrunners (together with the Global Coordinator, the “**Guarantors**” or the “**Syndicate**”) whereby the Syndicate agreed to execute, by the starting date of the offer of the

newly issued ordinary shares, an agreement to underwrite the shares unsubscribed (if any) upon completion of the Capital Increase for a maximum amount of €5 billion. Such maximum amount will be reduced in an amount equal to (a) the amount of shares that may be irrevocably underwritten by qualified and/or institutional investors prior to the date of the underwriting agreement, and (b) the amount of shares in respect of which there may be commitments from other financial institutions that may form part of the Syndicate and (c) the amount of newly issued shares to be transferred to investors that participate in the LME Offers (and the FRESH 2008 Offer, if launched) whose participation can not be subject to withdrawal rights pursuant to art. 95bis, paragraph 2, of the Italian Financial Act.

The terms and conditions of the undertaking to subscribe are in line with the best market practice for similar transactions and to other conditions more related to the Italian banking industry and to the financial situation of the Bank and its group, including among others (a) the process of deconsolidation of the NPL Portfolio to be advanced to a stage that can be considered satisfactory, in the opinion of each member of the Syndicate acting as Global Coordinator, (b) the feedback received from investors in the context of the marketing activities is considered satisfactory to each of the Global Coordinator members of the Syndicate, and (c) the outcome of the LME is considered satisfactory to each of the Global Coordinator members of the Syndicate, acting in good faith.

As a result, should the outcome of the LME not be satisfactory in the good faith opinion of each member of the Syndicate acting as Global Coordinator, the agreement of the Guarantors to enter into an underwriting agreement for the unsubscribed amount would fall away, and as such the Offeror would be unlikely to be able to complete the Capital Increase.

Should the Offeror, for whatever reason, be unable to successfully conclude the Capital Increase, it would not be possible to complete the NPL Portfolio Deconsolidation Transaction. This could result in the Offeror becoming subject to the extraordinary measures of the competent authorities, which could include, amongst others, the resolution measures provided for by Legislative Decree No. 180 of November 16, 2015 (together with Legislative Decree No 181 of 2015, the “**Italian BRRD Implementation**”), which transposed the Bank Recovery and Resolution Directive (Directive 2014/59/EU) (the “**BRRD**”) into Italian law.

Moreover, if BMPS is not able to complete the Transaction and it becomes necessary to reduce BMPS’s capital shortfall in connection with its NPL Portfolio and/or there is a deterioration of such portfolio, BMPS may not be able to respect the capital requirements applicable to it, including in respect of the ECB’s 2015 SREP (or future SREP requirements). In that scenario, there could be a material adverse effect on the Bank’s business, to the point of placing its activities at risk, causing significant negative effects on its economic, balance sheet and financial condition. In such case, a failure to comply with the capital requirements could trigger the application of the resolution measures provided for by the Italian BRRD Implementation, which include the mandatory conversion of subordinated securities.

If certain resolution measures were to be applied, the Bank’s own funds, including the Securities, could be subject to a reduction in nominal value or to conversion into shares of BMPS, pursuant to the criteria and order set out in the Italian BRRD Implementation.

Cash Amount of the Offer

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Each participant in the Offer (together, the “**Participants**”) which tenders its Securities as part of the Offer will be entitled to a cash amount equal to the purchase price indicated, for each series of Securities, in the table above⁽¹⁾, together with, in respect of Tier 1 Securities, an amount equal to certain required dividends (payable prior to the settlement date of the Offer) resulting from the Transaction pursuant to the relevant contractual arrangements and, in respect of the Tier II Securities, the accrued interest from and including the last interest payment date for the relevant series of Tier II Securities prior to the settlement of the Offer to but excluding the date of settlement of the Offer (the “**Cash Amount**”).

In the event that an interest payment date for any Securities falls after the date on which such Securities are tendered but prior to settlement of the Offer, any amount due pursuant to the contractual documentation of the relevant Securities will be paid directly to the Participants and will not be included in the Cash Amount calculation.

On settlement of the Offer, Participants will be entitled to the Cash Amount, as calculated above, which shall be mandatorily reinvested by the Participants in the subscription of LME New Shares.

The number of LME New Shares to be delivered to the Participants will be determined on the basis of: (A) the Cash Amount and (B) the subscription price of the LME New Shares. Such price will be equal to the subscription price that the Board of Directors of BMPS, together with the Global Coordinators, will determine, following the offer relating to the shares to be issued in the Capital Increase. As a result, the subscription price of the LME New Shares, will be the same as that of the Capital Increase.

In the event that the number of LME New Shares to be delivered to a Participant is not a whole number, the number of LME New Shares to be delivered to such Participant shall be rounded down to the nearest whole number and the mechanism to be applied in respect of fractions of LME New Shares will be set out in the Offer Document.

Offer period and payment date

The offer period is expected to start by the end of this month, subject to agreement with CONSOB.

The participation in the Offer will take place through the depositaries with which the Securities are held in accordance with the procedures indicated in the Offer Document.

The settlement date of the Offer will, instead, be fixed in line with the timetable for the BMPS Capital Increase.

Conditions of the Offer

The launch of the Offer, in addition to being subject to Consob approval pursuant to article 102, para 4, of the Italian Financial Act, is conditional upon each of the following events:

- 1) approval by way of the Extraordinary Shareholders’ Meeting of the Bank convened for 24 November 2016 of the proposal to grant the Delegation to the Board of Directors for the

¹ The purchase price is expressed in percentage terms in relation to the minimum denomination / liquidation preference for each series of Securities.

Capital Increase;

- 2) approval by the Bank of Italy and the European Central Bank, as applicable, of the Capital Increase and the purchase by the Offeror of the Securities subject to the LME Offers (and, if relevant, the FRESH 2008 Offer).

The Bank also announces, for completeness, that it has received confirmation from the European Commission Directorate General for Competition that the LME is in compliance with the undertakings given by the Bank in the context of its 2013-2017 restructuring plan that was approved by the Bank's Board of Directors on 7 October 2013, with respect to the process relating to the issue of so-called Monti Bonds pursuant to the European regime on state aid.

In addition to the conditions above, the Consent Securities may only be included in the LME Offers to the extent that (i) the requisite consent is obtained in relation to such series to amend the relevant contractual provisions, and (ii) the modifications necessary to reflect the relevant changes have been implemented, in each case, prior to the launch date of the LME Offers.

Furthermore, the Offer is conditional upon the following events (the "**Conditions of the Offer**"):

- 1) the settlement date of the Offer being no later than 31 December 2016 (the "**Settlement Date Condition**");
- 2) the successful outcome of the Capital Increase, i.e. (i) the receipt by the Bank, in the context of the subscription of New BMPS Shares, the Offer, the Institutional Offer (and the FRESH 2008 Offer, if launched) and/or, outside such offers, orders and/or underwriting commitments to subscribe to New BMPS Shares for a value of Euro 5 billion, it being understood that, for this condition to be satisfied, such orders and/or underwriting commitments must be correctly carried out in the context of the procedures set out in the documentation governing the BMPS Capital Increase, the Institutional Offer (and the FRESH 2008 Offer, if launched), which will provide for the same settlement procedures as this Offer, and (ii) the satisfaction of the conditions for the perfection of the Capital Increase that may be required by the Board of Directors of BMPS pursuant to the Delegation (the "**Successful Outcome of the Capital Increase Condition**").

The Conditions of the Offer are set out in the interests of the Participants and, as such, may not be waived by the Bank.

Comparison between cash amount offered and market price of the Securities

The indication of the price of the Securities, (on the basis of the average over the counter price provided by the principal market makers in the course of the relevant periods, as published on Bloomberg), compared to the relative nominal value, as at 11 November 2016, the day prior to the approval of this Offer, are indicated in the table below, together with the premium which the Offeror, by way of entitlement to the Cash Amount, compared to the latest market price and the average price of the last semester, trimester and the last month for each series of Securities.

Issuer	Series	ISIN	Price as at 11.11.2016	Premium against price as at 11.11.2016	Price compared to previous semester	Price compared to last trimester	Price compared to last month
Antonveneta Capital Trust I	€80,000,000 Noncumulative Floating Rate Guaranteed Trust Preferred Securities guaranteed by Banca Monte dei Paschi di Siena S.p.A.	XS0122238115	53.4%	31.6%	43.3%	47.2%	42.3%
MPS Capital Trust I	€350,000,000 7.990% Noncumulative Trust Preferred Securities guaranteed by Banca Monte dei Paschi di Siena S.p.A.	XS0121342827	48.8%	36.3%	38.1%	37.7%	36.4%
Antonveneta Capital Trust II	€220,000,000 Noncumulative Floating Rate Guaranteed Trust Preferred Securities guaranteed by Banca Monte dei Paschi di Siena S.p.A.	XS0131739236	48.3%	36.7%	39.6%	40.1%	37.5%
MPS Capital Trust II	€699,999,999.52 Noncumulative Floating Rate Guaranteed Convertible FRESH Preferred Securities guaranteed by Banca Monte dei Paschi di Siena S.p.A.	XS0180906439	16.4%	3.6%	5.5%	4.8%	3.6%
Banca Monte dei Paschi di Siena S.p.A.	€2,160,558,000 Floating Rate Subordinated Upper Tier II 2008 – 2018 (“Upper Tier II Notes”)	IT0004352586	66.4%	33.6%	34.1%	32.8%	32.6%
Banca Monte dei Paschi di Siena S.p.A.	€500,000,000 Subordinated Floating Rate Notes due 2017	XS0236480322	77.4%	22.6%	20.5%	24.4%	22.7%
Banca Monte dei Paschi di Siena S.p.A.	€150,000,000 Subordinated Lower Tier II Floating Rate Notes due 2018	XS0238916620	75.6%	24.4%	21.9%	25.9%	24.4%
Banca Monte dei Paschi di Siena S.p.A.	€100,000,000 Subordinated 10NC5 Lower Tier II Notes due October 2018	XS0391999801	74.5%	25.5%	23.3%	27.1%	26.6%
Banca Monte dei Paschi di Siena S.p.A.	€500,000,000 Lower Tier II Subordinated 7.00 per cent. Notes due 2019	XS0415922730	73.1%	26.9%	21.5%	26.2%	27.9%
Banca Monte dei Paschi di Siena S.p.A.	€500,000,000 Lower Tier II Subordinated 5.00 per cent. Notes Due 2020	XS0503326083	73.5%	26.5%	20.5%	26.3%	26.2%
Banca Monte dei Paschi di Siena S.p.A.	€500,000,000 Lower Tier II Subordinated 5.60 per cent. Notes due 2020	XS0540544912	73.7%	26.3%	20.0%	26.2%	26.0%

Intermediaries responsible for coordinating the collection of acceptances

The intermediaries chosen by the Offeror to coordinate the collection of acceptances of the Offer received from the depositary intermediaries are MPS Capital Services - Banca per le Imprese S.p.A., of Via Pancaldo, 4 - 50127 Firenze, Italia, and Lucid Issuer Services Limited, of Tankerton Works, 12 Argyle Walk, London WC1H 8HA, United Kingdom.

Offer Restrictions

Except as described below in relation to the Upper Tier II Notes, this Offer is available exclusively in Italy and is made to holders of Securities who are not classed as “qualified investors” pursuant to article 34-ter, paragraph 1), letter b), of CONSOB Regulation no. 11971 of 14 May 1999.

Holders of Securities who are qualified investors pursuant to article 34-ter, paragraph 1), letter b), of the Issuer Regulation and who are resident or domiciled in or outside Italy may participate in the Institutional Offer, which will be carried out pursuant to the exemption for the publication of an offer document to be approved by CONSOB, pursuant to article 35-bis, paragraph 3 of the Issuer Regulation.

In relation to the Upper Tier II Notes, this Offer is carried out in Italy in respect of all holders of such Securities, whether they are “qualified investors” or not, pursuant to article 34-ter, paragraph 1), letter b), of CONSOB Regulation no. 11971 of 14 May 1999.

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 portion of the Offering in the United States.

The LME Offers have not been and 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 of or of any facilities of a national securities exchange of the United States, Canada, Australia or Japan or any other jurisdiction where the LME Offers would require the approval of local authorities (including, without limitation, fax, telex, electronic mail, telephone or internet). Any Securities will not be able to be tendered in the LME Offers by any such use, means, instrumentality or facility from or within the United States, Canada, Australia or Japan or any other jurisdiction where the LME Offers would require the approval of local authorities 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.

The Offer has not been and will not be, either directly or indirectly, offered to a person (a “**Sanctions Restricted Person**”) (i) that is, or is owned or controlled by a person that is, described or designated as a "specially designated national" or "blocked person" in the most current U.S. Treasury Department list of "Specially Designated National and Blocked Persons" or an entity included in the Sectoral Sanctions Identifications List (which can be found at: <http://sdnsearch.ofac.treas.gov/>); or (ii) that is currently subject to, or in violation of, any sanctions

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under (x) the laws and regulations that have been officially published and are administered or enforced by the U.S. Government (including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State), or any enabling legislation or executive order relating thereto; or (y) any equivalent sanctions or measures officially published and imposed by the European Union, any member state of the European Union, Her Majesty's Treasury, the United Nations or any other relevant sanctions authority, including sanctions imposed against certain states, organisations and individuals under the European Union's Common Foreign & Security Policy.

Website

All communications relating to the Offer and the Offer Document will be published on the Offeror's website: www.mps.it.

Legal Advisors:

The Offeror is assisted by Studio Legale BonelliErede, as its legal advisors.

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Siena, 14 November 2016

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