

Resolution Plan of Banca Monte dei Paschi di Siena S.p.A.
for
Banca Monte dei Paschi di Siena New York Branch
("BMPS-NY")

1. Public Section

1. Foreword to BMPSNY's 2014 Resolution Plan

Banca Monte dei Paschi di Siena US Branch (BMPSNY) is an entity belonging to Monte dei Paschi di Siena Group which is present all over Italy and in the major international financial centres, with operations ranging from traditional banking activities to Private Banking and Corporate Banking, and a traditional vocation for household accounts and small and medium enterprises.

On March 29th 2013, the "Fondazione Monte dei Paschi di Siena" (the Foundation) notified the FDIC and Federal Reserve to be a foreign-based Bank Holding Company under the requirements of paragraph (a)(3)(i) of both Federal Reserve System 12 CFR part 243 and Federal Deposit Insurance Corporation 12 CFR part 381 and therefore to be obligated to file a tailored Resolution Plan pursuant to paragraph (a)(3)(ii) of the above regulations.

On December 20th 2013, the General Manager of BMPSNY, Enrico Vignoli, was appointed by the Foundation as the designated officer for coordinating and submitting to the FDIC and Federal Reserve the Resolution Plan. In fact, the Resolution Plan was filed successfully by Mr Vignoli himself on December 31st 2013.

2. Contents of BMPSNY's 2014 Resolution Plan: exemption from certain informational requirements

The Board of Governors of the Federal Reserve System and FDIC (the Agencies) reviewed the Resolution Plan submitted by BMPSNY on December 31, 2013.

Following the review, the Agencies determined that pursuant to paragraph 4(k) of the Resolution Plan Rule [Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, 12 U.S.C. § 5365(d), and the jointly issued implementing regulation, 12 CFR Part 243 (Board) and 12 CFR Part 381 (FDIC)] in preparing the resolution plan required to be submitted on or before December 31, 2014, the covered company is exempted from all informational requirements of section 4 of the Rule, other than the requirements of paragraphs 4(b)(2) and 4(b)(3).

Specifically, the BMPSNY's 2014 Resolution Plan is only required to contain information concerning 1) material changes that require modifications to the company's most recently filed resolution plan in 2013 and 2) any actions taken by BMPSNY itself in 2014 to improve the effectiveness of its Resolution Plan.

BMPSNY was notified by FDIC of the above determination on August 14, 2014.

By the following sections BMPSNY has intended to comply with the Resolution Plan requirement for 2014 by submitting information that is responsive to and consistent with the determination reached by the Agencies.

3. Material changes requiring modifications to BMPSNY's 2013 Resolution Plan

During the 2014 the parent company Banca Monte dei Paschi di Siena (either the Bank or BMPS) went through a major financial restructuring which led to a significant change in the pie chart shareholder due - in comparison to the share capital breakdown at the beginning of the year - to

the entrance of large institutional investors and reductions in the shareholding of Foundation from 33.5% at the end of 2013 to 2.50% in the third quarter 2014.

Specifically, on 18 April 2014, the Board of Directors of BMPS resolved to submit to the Shareholders' Meeting a proposal to upsize the share capital increase to up to a maximum of Euro 5 billion, replacing an original amount of Euro 3 billion already approved on 28 December 2013, on 21 May 2014, an Extraordinary Shareholders' meeting approved the proposal.

As a result of the share capital increase of approximately EUR 5 bn, completed on 4 July 2014, the BMPS share capital increased from EUR 7,484,508,171 at the end of June to EUR 12,484,206,649.

On November 5, 2014, the Board of Directors of BMPS resolved to submit to European and Italian Supervisors a Capital Plan aimed at covering a capital shortfall of Euro 2.1 billion, identified by the comprehensive assessment coordinated by the European Central Bank.

As at 30 September 2014, the major shareholders of the Bank held a total of 20.62% of the share capital and were represented by the following:

York Capital Management Global Advisors LLC	5.025 %
Fintech Advisory INC	4.500%
AXA SA	3.725%
UBS AG	2.870%
Fondazione MPS	2.500%
BTG Pactual Europe LLP	2.000%
Other shareholders (less than 2%)	79.380%

Therefore, BMPSNY has assumed that the Foundation no longer represents its top tier holding and taken also into account the current shareholder structure, in which no single shareholders may be considered to control BMPS – the Resolution Plan for the year 2014 has been submitted to the Board of Directors of BMPS itself which has authorized Mr. Enrico Vignoli to file the required documentation to the FDIC and Federal Reserve within December 31st, 2014.

In light of the above, both the Public and the Confidential Section of the Resolution Plan for 2014 have been revised to reflect the circumstance that the Foundation is no more entitled to submit the Resolution Plan itself. Accordingly, any reference to the Foundation has been replaced with "BMPS".

No material changes have directly affected BMPSNY's operations during 2014.

4. Actions taken by BMPSNY in 2014 to improve the effectiveness of its Resolution Plan

The Resolution Plan of BMPSNY may be reasonably considered effective due to the organizational structure of the Branch and to the low complexity and magnitude of operations carried out.

That said, even in the absence of material changes occurred during 2014 – as stated in the above paragraph - the effectiveness of the Resolution Plan is improved, due to the increase of the liquidity cushion held with the Federal Reserve (see the Confidential Section of the Resolution

Plan), which contributes to strengthen the resources promptly available to the Branch for ensuring a fast and orderly liquidation of its activities.

INTRODUCTION

Banca Monte dei Paschi di Siena (hereinafter identified as either the Parent Company or BMPS) has developed a U.S. Resolution Plan (the “**Resolution Plan**”) as required pursuant to the final rule (the “**165(d) Rule**”) issued by the Board of Governors of the Federal Reserve System (“**Federal Reserve**”) and the Federal Deposit Insurance Corporation (“**FDIC**”) pursuant to Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“**Dodd-Frank Act**”).

The 165(d) Rule requires foreign banking organizations that are treated as bank holding companies (“**BHCs**”) under Section 8(a) of the International Banking Act, with total global consolidated assets of U.S. \$50 billion or more to submit periodically to the Federal Reserve and FDIC a plan for the rapid and orderly resolution in the event of material distress or failure of the U.S. operations of the BHC.

BMPS and its branches/subsidiaries operate in the different segments of the banking and financial industry, with activities ranging from traditional banking to special purpose loans, asset management, bancassurance and investment banking. The Bank performs functions of direction, coordination and control over the Group’s companies, as part of the more general guidelines set out by the Board of Directors in compliance with the instructions provided by the Bank of Italy in the interest of the Banking Group’s stability.

As at September 2014, the Group had 5,384,594 customers, of which 5,253,456 were managed by the Bank’s sales & distribution network and the Financial Advisory network; 131,138 were managed exclusively by Consum.it, the Group company specialised in consumer loans.

At the same date, the Group had a network of 2,328 branches in Italy (as reported by the Bank of Italy), 283 specialised centres [126 dedicated to SME customers, 92 to Private/Top Private customers, and 65 to Institutions] and 3,030 ATMs.

In addition, there were: 12 branches of the subsidiary MPS Leasing & Factoring, 624 Financial Advisors and 120 local support offices.

The organisational structure of the Foreign Network remains unchanged and includes:

- 4 operational branches (London, New York, Hong Kong and Shanghai);
- 10 representative offices located in various “target areas” of the EU, Central-Eastern Europe,

North Africa, India and China;

- 2 banks under foreign law: MP Belgio (8 branches in Belgium) and MP Banque (17 branches in France).

As at 30 September 2014, the Group employed 27,258 people.

The objective of the Group is the creation of value over time for all stakeholders, giving priority to customer satisfaction, personal professional development, shareholders' interests, and the territory of reference. All this is pursued through an established, shared system of values based on:

- A responsibility ethic
- Orientation towards the customer
- Attention to change
- Entrepreneurship and productivity
- Professional competence
- Team spirit and cooperation

The Group's U.S. activities primarily relate to corporate financing, the provision of payment services and banking facilities to corporate and retail clients and a notional amount of foreign exchange transactions to satisfy the foreign currency needs of customers. These activities are principally undertaken by the New York branch of BMPS ("**BMPS-NY**").

The Bank is supportive of the regulatory reform efforts to promote global financial stability and mitigate the systemic risks arising from the failure of any individual large financial institution. It also supports the goal that financial institutions should be able to be resolved without taxpayer or U.S. government involvement.

Given the above, it needs to be specified that BMPS has a limited footprint in the U.S. and has no core business lines, critical operations or material entities whose failure or discontinuance would pose a threat to the financial stability of the United States. In the unlikely event of material financial distress or failure, the Resolution Plan demonstrates how the U.S. operations of BMPS can be resolved in an orderly manner without any need for extraordinary financial support from the the U.S. or Italian governments.

Unless otherwise indicated, information in this Public Summary is provided as at December 31, 2013.

A. MATERIAL ENTITIES

Rule 165(d) defines a "material entity" as an entity that is significant to the activities of a core business line or critical operation. BMPS performed a review of its operations in the U.S. and identified one entity that is significant to BMPS' limited U.S. business activities. However, because BMPS has no core business lines or critical operations, it has determined that the primary U.S. operating entity of BMPS is not a material entity for the purposes of the Resolution Plan.

CORE BUSINESS LINES

For the purposes of the 165(d) Rule, “core business lines” are those business lines of the covered company, including associated operations, services, functions and support, that in the view of the covered company, upon failure, would result in a material loss of revenue, profit or franchise value.

The principal business activities undertaken by BMPS in the U.S. primarily relate to: (i) corporate financing; and (ii) the provision of payment services and banking facilities to corporate and retail clients. To assess whether a particular business line is a core business line, BMPS looked at a variety of factors, including the ratio of total U.S. assets and revenues such business lines account for relative to the global assets and revenues for that business line, as well as other subjective factors such as the assessment of whether failure of a particular business line would result in a significant loss of franchise value to BMPS. Based on this analysis, BMPS determined that none of the business activities undertaken in the U.S. are “core business lines” for the purposes of the Resolution Plan.

B. SUMMARY FINANCIAL INFORMATION REGARDING ASSETS, LIABILITIES, CAPITAL AND MAJOR FUNDING SOURCES

1. Assets and Liabilities

For detailed financial information on BMPS’ global operations, please refer to in BMPS’ 2013 Annual Report. Exhibit C.1 summarizes the balance sheet for BMPS-NY.

Exhibit C.1: Balance Sheet for BMPS-NY

	2012	2013
<u>ASSETS:</u>		
Cash and balances due from depository institutions	29.1	174.6
U.S. Government securities		
Corporate securities	20.8	27.6
Fed Funds sold and reverse repo transactions		
Loans secured by real estate	6	53.2
Loans to banks in foreign countries	51.5	33.8
Loans to other Financial Institutions	100	100
Commercial and industrial Loans: U.S. addresses	105.2	86.6
Commercial and industrial Loans: Non-U.S. addresses	28.2	66.5
Loans to foreign governments and official Institutions	17.1	
- Loans for purchasing or carrying securities	-	-
All other Loans and leases	0.1	
- Lease financing receivables	-	-
- Unearned income on Loans and Leases		
Trading assets	-	
Other assets	9.1	8.4
Net due from related institutions in the U.S. and in foreign countries	287	
TOTAL ASSETS	654.1	550.7
<u>LIABILITIES:</u>		
Total deposits and credit balances	162.9	102.2
Fed Funds sold and reverse repo transactions		
Other borrowed money	483.6	
Trading liabilities		
Other liabilities to nonrelated parties	7.6	21
Net due to related institutions in the U.S. and in foreign countries		427.5
TOTAL LIABILITIES	654.1	550.7

2. Capital

As a branch of BMPS, BMPS-NY does not hold standalone capital, nor it is subject to standalone regulatory capital minimums.

3. Funding sources

The Treasury Department of BMPS manages all currency liquidity and funding on a global basis for the consolidated BMPS operations in line with global asset/liability management guidelines.

BMPS-NY's Treasury Operations manage the day to day asset/liability management position and liquidity needs of BMPS-NY in line with Group policy and risk limits established and allocated by BMPS.

The primary source of funding for BMPS' U.S. operations is through intercompany deposits. Sources of external funding include issuances of Yankee certificates of deposit and other customer deposits from Corporate Banking activities.

BMPS provides BMPS-NY with a liquidity cushion and BMPS-NY maintains this balance in the reserve account of BMPS-NY at the Federal Reserve Bank of New York.

C. DESCRIPTION OF DERIVATIVE AND HEDGING ACTIVITIES

BMPS-NY engages in a notional amount of interest rate swaps activities in connection with the hedging of BMPS-NY's fixed rate assets. No other trading or derivatives activities are undertaken in the United States.

The Group's trading in derivatives is exclusively intended to meet customers' hedging needs and is targeted at the Group's corporate customers classified as Retail clients or Professional/Qualified investors under the Markets in Financial Instruments Directive.

Derivatives products offered are broken down into two main classes:

- Derivatives for new hedges; and
- Debt-rescheduling hedges.

Each class is in turn subdivided into three sub-classes depending on the type of underlying assets:

- Interest rate hedges;
- Foreign exchange hedges; and
- Commodity hedges.

Group trading in OTC derivatives is regulated according to the following main guidelines:

- Trading in derivatives by customers is conditional upon ascertaining and monitoring that they are only used for hedging purposes. Three types of hedging relationships are possible:
 - Micro-hedges, i.e. hedging of individual, well-defined items in the customer's assets and/or liabilities held with the Group or other intermediaries;
 - Macro-hedges, i.e. hedging of a portfolio of assets and/or liabilities, or a part of it, held with the Group or other intermediaries; and
 - Forward transaction hedges, i.e. by way of example, hedging through OTC derivatives in which the underlying is an exchange rate against future settlement of specific business transactions;

- Customer trading shall not in any case have a leverage effect on hedged positions;
- Trading must occur in compliance with the requirement of appropriateness (to ensure the highest level of customer protection) and adequate financial advice; and
- Trading under the appropriateness regime is only allowed as a marginal option for participation in tenders, for a subset of Corporate clients with proven high level of financial culture and for Financial Institutions. The execution of transactions qualifying as inappropriate is in any case prevented.

Further details of the Group's derivatives and trading activities are set forth in BMPS' 2013 Annual Report.

D. MEMBERSHIPS IN MATERIAL PAYMENT, CLEARING AND SETTLEMENT SYSTEMS

The Group uses payment, settlement and clearing systems to conduct its operations and meet customer needs. The U.S. operations rely on the Fedwire Funds Service and the Society for Worldwide Interbank Financial Telecommunication messaging service, of which BMPS-NY is a member. These systems are used by BMPS' U.S. operations to facilitate customer payment services in a global economy.

E. FOREIGN OPERATIONS

Foreign banking operations are focused on the globalisation processes of Italian corporate clients in all major foreign financial markets as well as some emerging countries that have business relations with Italy. To facilitate this cross border activity, BMPS, as anticipated above, owns and manages a small number of foreign subsidiaries consisting of:

- Two European banking subsidiaries (Monte Paschi Banque, based in France, and Monte Paschi Belgium, based in Belgium); and
- Four branches located in New York, London, Shanghai and Hong Kong.

While this international network plays an important role in the global business strategy of the Group, the foreign banking operations do not undertake consumer oriented marketing activity. As such, the international operations remain small, relative to the Group's global operations.

BMPS is a public company, listed on the Italian Stock Exchange, and is a member of FTSE MIB40 index (the main benchmark index of the Italian stock market). For further information on BMPS' global operations, please refer to BMPS' 2013 Annual Report and Accounts.

F. MATERIAL SUPERVISORY AUTHORITIES

The banking operations of BMPS are subject to a significant body of laws and regulations that are a condition for authorization to conduct its banking and financial services business in each jurisdiction where it conducts operations. These requirements are largely prescribed on a

jurisdictional basis by the applicable government, central bank, regulatory authorities or other applicable bodies. Details of the supervisory authorities for BMPS and its U.S. operations (other than for supervision on the Resolution Plan Rule) are included at Exhibit G.1 below.

Exhibit G.1: Regulators by Entity

Entity	Regulatory Authority
BMPS	Bank of Italy
	The Commissione Nazionale per le Società e la Borsa
	Istituto per la Vigilanza sulle Assicurazioni Private e di Interesse Collettivo
BMPS-NY	New York State Department of Financial Services
	Federal Reserve Bank of New York

G. PRINCIPAL OFFICERS

The tables below provide a list of the principal officers for BMPS, as at December 8th, 2014.

BMPS Board of Directors

Name	Position
Alessandro Profumo	Chairman
Pietro Giovanni Corsa	Deputy Chairman
Fabrizio Viola	CEO
Isolani Roberto	Director
Alberto Giovanni Aleotti	Director
Béatrice Bernard	Director
Martinez David Manuel	Director
Daniele Discepolo	Director
Angelo Dringoli	Director
Lorenzo Gorgoni	Director
Marco Miccinesi	Director
Marina Rubini	Director

BMPS Board of Statutory Auditors

Name	Position
Paolo Salvadori	Chairman
Claudio Gasperini	Statutory Auditor
Stefano Andreadis	Statutory Auditor
Franco Michelotti	Statutory Auditor

Senior Management Officials of BMPS

Name	Position
Fabrizio Viola	CEO and General Manager
Angelo Barbarulo	Deputy General Manager, Head of Credit
Bernardo Mingrone	CFO
Ilaria Dalla Riva	Head of Human Resources and Internal Communication
Marco Bragadin	Head of Retail and network
Sergio Vicinanza	Head of Corporate and Investment Banking
Andrea Rovellini	Head of Risk

H. RESOLUTION PLANNING CORPORATE GOVERNANCE STRUCTURE AND PROCESSES

The Resolution Plan has been developed, reviewed and approved in conjunction with senior management, various internal governance committees and subject matter experts including the following departments at BMPSNY level (Operations Department, Risk Management Department, IT Department, Information Security Department, Credit Department, MCR Department, General Manager) and Head Office Level (International Division, Compliance Division).

The BMPS' Board of Directors considered and approved the submission of the 2014 Resolution Plan to the Federal Reserve and the FDIC on December 18, 2014, in Siena, Italy prior to its submission by BMPSNY's General Manager - Enrico Vignoli - under delegated authority from the Board.

I. MATERIAL MANAGEMENT INFORMATION SYSTEMS

The banking operations of BMPS rely on robust management information systems to monitor the financial health and risk of their global operations and business activities. BMPS maintains comprehensive management information systems to capture and aggregate relevant information to inform decisions regarding the overall management of BMPS' business, including its U.S. operations.

Systems used for credit and market risk management, banking transaction recordkeeping, accounting, and financial and regulatory reporting, used in the day-to-day operations of BMPS-NY are licensed from third-party vendors and are subject to contractual terms with the licensor.

BMPS maintains a number of policies governing the information technology control environment and key management information applications licensed are included in detailed business continuity plans designed to ensure continuity of operations in the event of a business interruption.

Given the noncritical nature of BMPS' U.S. operations and the limited scope of its U.S. footprint, the information collected and maintained, and the delivery systems used to report to management

and the Board of Directors of BMPS are fully adequate to provide the necessary information required to monitor and respond to material issues in a timely fashion.

J. DESCRIPTION OF RESOLUTION STRATEGY

As described above, BMPS has a limited footprint in the U.S. and has no core business lines, critical operations or material entities whose failure or discontinuance would pose a threat to the financial stability of the United States. Because of the limited operations of BMPS in the U.S., and the existence of a resolution regime for BMPS-NY, it is expected that the discontinuation of the U.S. operations would proceed in an orderly fashion and would not have an adverse effect on the financial stability of the United States.

BMPS believes that the only basis upon which its U.S. operations would be put at risk of failure is as a result of severe financial distress from its activities in its principal markets. In the event of BMPS' failure, BMPS-NY would be liquidated pursuant to the insolvency and liquidation provisions of the New York Banking Law by the Superintendent of the New York State Department of Financial Services. Given BMPS-NY's size and limited geographic profile, it is expected that liquidation of BMPS-NY by the Superintendent would be substantively completed within six months.