

Resolution Plan of Banca Monte dei Paschi di Siena S.p.A.
for
Banca Monte dei Paschi di Siena S.p.A., New York Branch
("BMPSNY")
Year 2015

1. Public Section

1. Foreword to BMPSNY's 2015 Resolution Plan

Banca Monte dei Paschi di Siena New York Branch (BMPSNY) is an entity belonging to the Monte dei Paschi di Siena Group ("BMPS") which is present throughout Italy and in major international financial centers, 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 December 20th 2014, the General Manager of BMPSNY, Enrico Vignoli, was appointed by the Board of Directors of the BMPS as the designated officer for coordinating and submitting to the FDIC and Federal Reserve the Resolution Plan. The Resolution Plan was filed by Mr. Vignoli on December 31st 2014.

Unless otherwise indicated, information in this Public Summary is provided as at December 31, 2014.

2. Contents of BMPSNY's 2015 Resolution Plan: exemption from certain informational requirements

The Board of Governors of the Federal Reserve System and the FDIC (the Agencies) reviewed the Resolution Plan submitted by BMPSNY on December 31, 2014.

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, 2015, the covered company is exempted from all informational requirements of section 4 of the Rule, other than the requirements of paragraphs 4(b)(2) , 4(b)(3) and 4(c)(1)(vi).

Specifically, the BMPSNY's 2015 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 2014 and 2) any actions taken by BMPSNY since the 2014 Plan to improve the effectiveness of its Resolution Plan.

BMPSNY was notified by the FDIC of the above determination on July 25, 2015.

By the following sections BMPSNY has intended to comply with the Resolution Plan requirement for 2015 by submitting information that is responsive to and consistent with the determination reached by the Agencies.

3. Material changes requiring modifications to BMPSNY's 2014 Resolution Plan

On September 15, 2015 Mr. Massimo Tononi was appointed to serve as Chairman on the Board of Directors.

Mr. Tononi graduated with a degree in business administration from Bocconi University. He joined the Investment Banking Division of Goldman Sachs in 1988. From 1993 to 1994, he worked as Personal Assistant to the Chairman of the Istituto per la Ricostruzione Industriale (IRI). In 1994, he returned to Goldman Sachs, where he became a Managing Director and Partner. From 2006 to 2008, he served as Treasury Undersecretary in Italy's Ministry Of Economy and Finance. From 2008 to 2010, he was a Partner of Goldman Sachs. He has been Chairman of Borsa Italiana (2011 to 2015), Cassa di Compensazione e Garanzia (2013 to 2015), EuroTLX (2013 to 2015), and a Director of the London Stock Exchange Group (2010 to 2015) and Sorin (2011 to 2015). He is currently Non-Executive Chairman of Prysmian and the Institute of Development Atesino.

In January the European Central Bank ("ECB") asked BMPS to cover the capital deficit deriving from the Comprehensive Assessment by implementing the Capital Plan submitted in November which – among the various measures - envisages a share capital increase of EUR 2.5 bn.

On May 13, 2015, the ECB approved the EUR 3 bn share capital increase with rights issue and the repayment of New Financial Instruments for a nominal value of EUR 1.071 bn. On May 21, 2015, the Board of Directors set the final terms of the share capital increase with rights issue for a maximum of EUR 3 bn.

On June 15, 2015, BMPS fully repaid the remaining nominal value of EUR 1.071 bn of New Financial Instruments. With that repayment, which follows the repayment for a nominal value of EUR 3 bn made on July 1, 2014, BMPS completed the return of government aid received in 2013 far ahead of the final deadline of 2017 set forth as part of the commitments made to the Ministry of Economy and Finance and the DG for Competition of the European Commission.

On July 1, 2015, the Board of Directors approved the issuance of 117,997,241 ordinary shares, representing 4% of BMPS's share capital, in favor of the Ministry of Economy and Finance ("MEF"), as payment in kind of the interest accrued as of December 31, 2014 on bonds issued by BMPS to MEF, the principal of such bonds has been fully repaid. The issuance increased BMPS's share capital to Euro 243,073,800.

As at September 30, 2015, the share capital were represented by the following:

| | |
|-----------------------------------|---------|
| Fintech Advisory INC | 4.500% |
| MEF | 4.024% |
| AXA SA | 3.170% |
| BTG Pactual Europe LLP | 3.130% |
| People's Bank of China | 2.004% |
| Other shareholders (less than 2%) | 83.172% |

BMPSNY has assumed that, taking into account the current shareholder structure, in which no single shareholders may be considered to control BMPS – the Resolution Plan for the year 2015 has been submitted to the Board of Directors of BMPS itself which has authorized Mr. Vincenzo Ciancio to file the required documentation to the FDIC and Federal Reserve within December 31st, 2015.

There have been no material changes directly affecting BMPSNY's operations during 2015.

4. Actions taken by BMPSNY in 2015 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.

The effectiveness of the Resolution Plan remains unchanged, due to 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

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. BMPS 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 of September 30, 2015, the Group had approximately 5.3 million customers, of which approximately 5.2 million, including customers Consum.it, were managed by the Bank's sales & distribution network and the Financial Advisory network.

At the same date, the Group had a domestic network of 2,178 branches in Italy (as reported by the Bank of Italy).

The organizational 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: BMP Belgio (8 branches in Belgium) and MP Banque (19 branches in France).

As of September 30, 2015, the Group employed approximately 25,700 .

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 (“**BMPSNY**”).

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 U.S. or Italian governments.

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.

B. 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 BMPSNY 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.

C. 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’ 2014 Annual Report. Exhibit C.1 summarizes the balance sheet for BMPSNY.

| | <u>Dec 31, 2014</u> | <u>Dec 31, 2013</u> |
|--|---------------------|---------------------|
| ASSETS: | | |
| Cash and balances due from depository institutions | 85.5 | 174.6 |
| U.S. Government securities | | |
| Corporate securities | | 27.6 |
| Fed Funds sold and reverse repo transactions | | |
| Loans secured by real estate | 55.1 | 53.2 |
| Loans to banks in foreign countries | 7.5 | 33.8 |
| Loans to other Financial Institutions | 110.5 | 100 |
| Commercial and industrial Loans: U.S. addresses | 92.2 | 86.6 |
| Commercial and industrial Loans: Non-U.S. addresses | 47.3 | 66.5 |
| Loans to foreign governments and official Institutions | 5.7 | |
| - 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 | 3.1 | 8.4 |
| Net due from related institutions in the U.S. and in foreign countries | 166.5 | |
| <u>TOTAL ASSETS</u> | <u>573.5</u> | <u>550.7</u> |
| LIABILITIES: | | |
| Total deposits and credit balances | 172.6 | 102.2 |
| Fed Funds sold and reverse repo transactions | | |
| Other borrowed money | 399.0 | |
| Trading liabilities | | |
| Other liabilities to nonrelated parties | 1.9 | 21.0 |
| Net due to related institutions in the U.S. and in foreign countries | | 427.5 |
| <u>TOTAL LIABILITIES</u> | <u>573.5</u> | <u>550.7</u> |

2. Capital

As a branch of BMPS, BMPSNY does not hold standalone capital, nor is it 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.

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

The primary source of funding for BMPSNYs 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 BMPSNY with a liquidity cushion and BMPSNY maintains this balance in the reserve account of BMPSNY at the Federal Reserve Bank of New York.

D. DESCRIPTION OF DERIVATIVE AND HEDGING ACTIVITIES

BMPSNY has engaged in a notional amount of interest rate swaps activities in connection with the hedging of BMPSNY's fixed rate assets. As of December 31, 2014, there were no derivatives maintained by BMPSNY.

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' 2014 Annual Report.

E. 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 BMPSNY is a member. These systems are used by BMPS' U.S. operations to facilitate customer payment services in a global economy.

F. 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 Banca 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' 2014 Annual Report and Accounts.

G. 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 | European Central Bank |
| | Bank of Italy |
| | The Commissione Nazionale per le Società e la Borsa |
| | Istituto per la Vigilanza sulle Assicurazioni Private e di Interesse Collettivo |
| BMPSNY | New York State Department of Financial Services |
| | Federal Reserve Bank of New York |

H. PRINCIPAL OFFICERS

The tables below provide a list of the principal officers for BMPS, as at September 30, 2015.

BMPS Board of Directors

| Name | Position |
|----------------------------|-----------------|
| Massimo Tononi | Chairman |
| Roberto Isolani | Deputy Chairman |
| Fabrizio Viola | CEO |
| Stefania Bariatti | Director |
| Fiorella Bianchi | Director |
| Béatrice Derouvroy Bernard | Director |
| Daniele Bonvicina | Director |
| Lucia Calvosa | Director |
| Maria Elena Cappello | Director |
| Alessandro Falciai | Director |
| Fiorella Kostoris | Director |
| Stefania Truzzoli | Director |
| Antonino Turicchi | Director |
| Christian Whamond | Director |

BMPS Board of Statutory Auditors

| Name | Position |
|--------------------------|-------------------|
| Elena Cenderelli | Chairman |
| Anna Girello | Statutory Auditor |
| Paolo Salvadori | Statutory Auditor |
| Gabriella Chersicla | Statutory Auditor |
| Carmela Regina Silvestri | Statutory Auditor |

Senior Management Officials of BMPS

| Name | Position |
|-------------------|--|
| Fabrizio Viola | CEO and General Manager |
| Angelo Barbarulo | Deputy General Manager, Head of Credit |
| Arturo Betunio | 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 |

I. 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 2015 Resolution Plan to the Federal Reserve and the FDIC on December 17, 2015, in Siena, Italy prior to its submission by BMPSNY's General Manager - Vincenzo Ciancio - under delegated authority from the Board.

J. 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 BMPSNY 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.

K. 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 BMPSNY, 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, BMPSNY 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 BMPSNY's size and limited geographic profile, it is expected that liquidation of BMPSNY by the Superintendent would be substantively completed within six months.