

**PRESS RELEASE - AZIONE MPS DENOUNCES THE ARBITRARY INTERVENTION OF THE ITALIAN STATE IN BANCA MONTE DEI PASCHI DI SIENA: COUNTERBALANCING MEASURES ARE REQUIRED IN COMPLIANCE WITH MARKET RULES**

**31 May 2017** – Azione MPS, the Association of Small Individual Shareholders and member of CONAPA, sent out a letter today addressed to the Public Authorities of the European Union and of the Italian Republic. The letter points to the main contradictions at the heart of the forced state intervention in the listed company Banca Monte dei Paschi di Siena (precautionary recapitalisation with burden sharing) that goes against the rules and principles of Commercial Law as well as the policies pursued by the European Commission towards the creation of the Single Capital Market and which will mainly cause detriment to over 150,000 Small Shareholders who collectively own more than 55% of the Company.

On 31 March 2016, MPS had announced it would break-even, without even counting the € 500 million income related to the sale of its "Credit Cards" division to ICBPI. Existing shareholders, owners of a certified net equity of about 6 billion resulting from recent capital increases, are penalised as a devaluation of over 90% of the value is imposed on them, which is further halved by an unjustified dilution in favour of the State. Moreover, as finally acknowledged by the Supervisory Authority at the end of March, Monte dei Paschi continues to meet the prudential capital requirements.

The "Monte dei Paschi di Siena case" is a clear illustration of the distortions inherent to a speculative market, which the Supervisory Authorities are supposed to fight but, in this case, actually seem to have reinforced. The choice by the ECB to submit MPS - a bank in restructuring - to the EBA stress tests in June 2016 and to publish its results seems arbitrary rather than discretionary.

Azione MPS, representing not only its Associates but all of the 150,000 Small Shareholders, does not claim to be in a position to direct, or even determine, the work of the Political, Supervisory and Control Authorities responsible for protecting citizens, consumers and investors, nor does it seek protection against the risk of equity investments that all of our associates have consciously dealt with.

We ask the Institutions to evaluate the specific remedies we have proposed - such as a free warrant assignment to existing shareholders and employees, the real stakeholders in the Bank's reorganisation - for the future acquisition of the State's share, as well as the assignment of junior notes of the securitized NPLs, as already approved by the Shareholders' Meeting last November. Alternatively, instead of the junior notes, such an arrangement could involve the shares of the "NPLs bad bank" for which MPS staff directly manages the recovery of outstanding debts and whose provisions are 10% higher than the average of the Italian Banking System. These proposals would constitute a viable alternative to what can only be described as a cheap sale to deregulated unguarded entities.

None of these proposals would cost one euro to taxpayers, depositors or to the Bank, and their adoption would help to strengthen confidence in the approach to Financial Markets as well as National and European Institutions.

Azione MPS awaits answers now, jointly agreed upon by all the Institutions that have been jointly involved in this particular case.