



January 2018

MPS CAPITAL SERVICES BANCA PER LE IMPRESE S.p.A.

AML Declaration and Questionnaire

GENERAL DATA

Company: MPS Capital Services Banca per le Imprese S.p.A.
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MPS Capital Services (MPS CS) is the Corporate and Investment Bank of MPS Group, the third Italian Banking Group, created in 2007 through the integration of MPS Finance, the high reputed Investment Bank, and MPS Banca per l'Impresa Spa, the important Bank for project finance, corporate finance and special lending.

The two souls of the business are now a single Corporate organization that takes into account the different main features of the peculiar business. With the merger of these two entities, MPS Group aims to simplify the targeting strategy of creation of tailor made products or financial architecture for institutional, keeping the strong presence in Trading Bonds and Derivatives.

MPS CS has different type of Clients/Counterparties: Financial Institutions (in Italy and Abroad), Corporates (mainly Italian), Local Authorities (Italian).

We provide Foreign Institutions (Banks, Asset /Fund Managers, Insurance Companies, Brokers), with specialized professionals, a wide range of financial services:

Bond Primary Market: MPS Capital Services holds a prominent position in the Italian Fixed Income primary market, having participated in 2009 to over 200 New Issues, with orders above eur 2.15 blns. In July 09 MPS CS has been Lead Manager for the 15 years benchmark of Republic of Italy. In 2010 MPS CS has been Co-Lead Manager of the Republic o Italy 2.1% 2021 inflation linked and

of the first Issue of CCTeu dec 15. In March 2010 MPS CS has been Joint LM of the new ACEA S.p.A. 4.5% Mar 10 500 mln issue. Of course MPS CS has been involved in structuring, launching, distributing in Monte Paschi 5y eur 1 bln Covered Bond Issue.

Credit Trading - Secondary Market: MPS Capital Services is within the Italian leaders in the creation of bond structures to enhance yield or take advantage of the use of embedded derivatives. However an important part of the business is serving Foreign Financial Institutions with prices BID/OFFER on more than 700 Italian and International Bonds. With Sales force in Milan, Florence, and Siena and the Dealing Room in Siena, MPS CS quotes daily approx 700 Bonds with specialised traders in Corporate (Auto, TMT, Utilities, Industrials), Financial (Italian and European Banks, FIX and FRN, Senior and Subordinated), ABS, Structured Bonds, Government Guaranteed Bonds, Sovereign Bonds. For Italian Government Bonds, a Team of 8 traders is focused on the different parts of the yield curve and is ready to price all sort of market sizes.

BET - Electronic Trading: International Institutions (no Brokers) with retail flow business (tickets < euro 500k) may ask to access to our Bloomberg Electronic Trading Platform. The trading volume coming from International Financial Institutions reached approx. eur 250 mln in 2009. Ask International Business & Development Team to explain the fast track to access BET.

Derivatives Trading: Derivative Trading for hedging purposes has been a key factor for the success of the Investment Banking activity within Group MPS since 2002. Interest Rate derivative products, including Swaps and Options, represents the major part of derivative trading volumes. Keeping a strong position in Equity Derivatives and a role in Credit Derivatives, the fast growing business is Commodity Derivatives, where MPS Capital Services provides Corporates with hedging solutions on all major tradable commodities since 2006.

MPS Capital Services Banca per le Imprese S.p.A. operates by virtue of a license granted by Bank of Italy, in accordance with the principles and objectives set forth by its memorandum and articles of association and under the guide of its top management.

The Board of Directors consists of a number of members, decided by the Ordinary Shareholders' Meeting, which shall not be lower than nine members but shall not exceed fifteen members.

The Holding, Monte dei Paschi di Siena Bank S.p.A., is quoted on the Milan Stock Exchange and its financial statements are audited (major shareholders).

ANTI-MONEY LAUNDERING IN ITALY. LAWS AND REGULATIONS ISSUED TO COMBAT MONEY LAUNDERING AND TERRORISM FINANCING

In Italy terrorism financing and the utilization of the financial system to launder money resulting from crimes are criminal offences (Criminal Code, articles 648-bis and 648-ter). Therefore, several laws and regulations were issued to combat these crimes, also in implementation of the EU rules (Directive no 60/2005EC and 70/2006EC). Currently the subject is regulated by Law Decree November, 21st 2007 no. 231 (anti money laundering - Official Gazette no. 290 December, 14th 2007)) and Law Decree June, 22nd 2006 no. 109 (terrorism financing combat - Official Gazette no. 172 July, 26th 2007). It is worth mentioning also the "Anomaly Indicators for Intermediaries" issued by Bank of Italy on 24th August 2010 (Official Gazette no. 230 of 1st

October 2010), in order to fully implement the addressee's obligation of reporting any suspicious transaction.

THE BANK IS SUBJECT TO THE SUPERVISION OF THE AUTHORITIES RULING THE SUBJECT AND IMPLEMENTING THE RELATIVE INSPECTIONS

The activities of the qualified intermediaries (dealers of the banking and financial industries) are subject to the supervision and to the inspections carried out by the below-mentioned Authorities.

BANK OF ITALY AND "UNITA' di INFORMAZIONE FINANZIARIA" (FINANCIAL INTELLIGENCE UNIT)

While exercising its supervising and inspecting functions (s. articles 53 and 54 of the Legislative Decree no. 385/ 1993 - Banking Act) towards the banks, Bank of Italy issues the regulations provided for by the law, takes measures within its specific competence and gives instructions to the intermediaries aimed at containing risks.

In particular, In July 2007, Bank of Italy has added to its regulatory instructions a document called "Compliance Supervisory Rules". In this document, although the discretionary power of the dealers in choosing the best organizational solutions is acknowledged, it is requested the creation in each company of a special function to prevent and manage the risk of violation of rules, operating standards, deontological and ethical principles of the intermediation activity.

Bank of Italy carries out inspections of the anti-money laundering regulations system and, in particular, verifies the compliance and the adequacy of the reporting procedures of the parties concerned: identification of the customers, correct keeping of the A.U.I - Single IT Database (Archivio Unico Informatico).

Unità di Informazione Finanziaria - U.I.F. (Financial Intelligence Unit), a specialized unit within Bank of Italy, analyses financial flows with the aim to detect and prevent money laundering or terrorism financing, receives reports of suspicious transactions and assesses them, gathers any additional information useful to carry out its institutional tasks and performs statistical analysis.

MINISTRY OF TREASURY

A decree of the Ministry of Treasury establishes the criteria according to which the U.I.F. analyses the aggregate data concerning the whole operating activity of each qualified intermediary to discover money laundering activities, if any, within certain geographical areas.

SPECIAL CURRENCY SQUAD OF THE TAX POLICE

The special currency squad of the tax police verifies the compliance with the provisions and monitors the reports of suspicious transactions forwarded by the U.I.F., informing the Anti-mafia Chief Prosecutor, if they concern organized crime or files them, informing the investigatory bodies.

For further investigation and monitoring pursuant to the applicable law, the special currency squad also exercises powers assigned to them by the currency law and regulations. These powers are also extended to the revenue police officers of regional and provincial squads of the Tax Police to whom the special currency Squad may delegate the compliance with duties provided for by the law.

THE BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors (which is made of three members appointed by the majority of the shareholders' meeting, of whom at least one chosen among the persons registered in the Register of the auditors with the Ministry of Justice) has an active role in elaborating adequate programmes and assessment procedures to verify the compliance with all anti-money laundering and terrorism financing regulations and, in particular, with the reporting obligations of suspicious transactions. The Board, through the Internal Audit Dept., periodically verify functionality and efficiency of these procedures and assess the existence of quality conditions related to the operating trends of the Bank, of the organization structure and of the distribution network.

THE BANK HAS FUNCTIONS VERIFYING THE COMPLIANCE WITH A.M.L. AND T.F.C. REGULATIONS

In MPS Capital Services Banca per le Imprese S.p.A., compliance with the A.M.L. (Anti-Money Laundering) and T.F.C. (Terrorist Financing Combat) rules is assigned to following functions:

**Internal Audit Dept.
AML e Referente Rischi Dept.**

Moreover, in pursuance of the applicable law, the Board of Statutory Auditors supervises the compliance with the provisions of the same Law and is obliged to forward, to the Ministry of Treasury, copy of the findings and of the objections regarding violations, if any. For further information on our AML/KYC/TFC policies, please see our questionnaire herewith enclosed.

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