

Date: 30 July 2018

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**BANCA MONTE DEI PASCHI DI SIENA S.P.A.**  
**LONDON BRANCH**

**CLOSURE PLAN**

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## PART A – INTRODUCTION

### 1. SUMMARY

- 1.1 This Closure Plan sets out how Banca Monte dei Paschi di Siena S.p.A, London branch ("**MPS LB**") intends to discontinue its banking and financial service activities prior to the cancellation of its CRD branch passport. It provides background as to why MPS LB is to close and an indicative timeline of the actions set out in this Closure Plan which will lead to the closure of MPS LB.
- 1.2 All of the assets relating to MPS LB's banking and financial services activities will either be transferred to Banca Monte dei Paschi di Siena S.p.A ("**MPS**"), MPS LB's Head Office in Italy, or be terminated or repaid as the circumstances require. This is set out in further detail below.

### 2. BACKGROUND

- 2.1 On 4 July 2017, the European Commission approved Italy's plan to support a precautionary recapitalisation of MPS.<sup>1</sup> As the precautionary recapitalisation requires taxpayer money, EU state aid rules necessitate that such money can only be provided if the company will be profitable in the long term. The European Commission therefore requires that MPS put into place an agreed restructuring plan (the "**Restructuring Plan**").
- 2.2 As set out in the European Commission's State Aid Decision<sup>2</sup>, the Restructuring Plan requires that MPS will close certain overseas branches by the end of the restructuring period, which is 31 December 2018. The Restructuring Plan stipulates that the MPS LB will be one of the branches to close.
- 2.3 MPS is authorised and regulated in Italy by the Banca d'Italia. In the UK, MPS LB operates pursuant to an inward passport from Italy under the Capital Requirements Directive ("**CRD**"). The extent of MPS LB's current passport is set out in Schedule 1. MPS LB's regulators in the UK are the Prudential Regulation Authority ("**PRA**") and the Financial Conduct Authority ("**FCA**").
- 2.4 MPS will work with its Home State regulator, the Banca d'Italia, and other relevant authorities in order to cancel the CRD passport to the UK in accordance with applicable legislation and rules.
- 2.5 MPS LB has previously contacted the PRA to inform it of its intention to close pursuant to the European Commission's State Aid Decision. This Closure Plan has been requested by the PRA in order to facilitate a sufficient and orderly winding down of the business of MPS LB in order to allow the cancellation of the CRD passport and the closure of MPS LB.

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<sup>1</sup> European Commission Press Release, 4 July 2017 [http://europa.eu/rapid/press-release\\_IP-17-1905\\_en.htm](http://europa.eu/rapid/press-release_IP-17-1905_en.htm)

<sup>2</sup> European Commission State Aid Decision, 4 July 2017  
[http://ec.europa.eu/competition/state\\_aid/cases/270037/270037\\_1951496\\_149\\_2.pdf](http://ec.europa.eu/competition/state_aid/cases/270037/270037_1951496_149_2.pdf)

- 2.6 This Closure Plan has been prepared with the assistance of Clifford Chance LLP. All information about MPS LB and its assets, business, liabilities and anything related to the operation of MPS LB has been provided by either MPS or MPS LB.
- 2.7 In order to answer any questions in relation to this Closure Plan, the PRA may contact MPS LB using the following details:

Banca Monte Dei Paschi di Siena S.p.A, London branch

**Address:** 6th Floor, Capital House, 85 King William Street, London, EC4N 7BL

**Key Contact:** Floriana Rand

**Key Contact Telephone Number:** 0207 645 7800

**Key Contact Email Address:** floriana.rand@mps.it

### 3. INDICATIVE TIMELINE

Set out below is an indicative timetable of the actions set out in this Closure Plan which will lead to the closure of MPS LB. These are based on the indicative timetables set out in the Schedules for the transfer or termination of the assets. Such actions will be completed earlier to the extent that they can be.

Date	Event
August 2018	
September 2018	Start of transfer of Transfer Loans to MPS Head Office.
October 2018	
November 2018	Completion of transfer of Transfer Loans to MPS Head Office (estimated).  Transfer of Italian Treasuries and Corporate Bonds to MPS Head Office.
December 2018	End of carrying on regulated activities.  Closure of client deposit accounts.

Date	Event
2019	<p>Confirming closure of MPS LB to Companies House.</p> <p>End or transfer of the office lease contract.</p> <p>Closure of MPS LB and Cancellation of CRD branch passport.</p>

## PART B – ASSETS

### 4. LOANS - TRANSFER LOANS

- 4.1 MPS LB acts as lender with respect to certain loans which are set out in Schedule 2 (together, the "**Transfer Loans**").
- 4.2 MPS LB intends to dispose of the Transfer Loans by transferring them to MPS, its Head Office in Italy. This will be a transfer within the same legal entity.
- 4.3 Please refer to Schedule 2 with respect to details on the Transfer Loans. They will start to be transferred from September 2018 and it is intended to complete the transfer by November 2018. Clifford Chance LLP is assisting MPS LB and MPS with the transfer formalities.

### 5. LOANS – NON-TRANSFER LOANS

- 5.1 MPS LB also acts as lender with respect to certain other loans which are either on-going or in arrears as of the date of this Closure Plan but which will not be transferred to MPS and will be repaid before the closure of MPS LB (together, the "**Non-Transfer Loans**").
- 5.2 Please refer to Schedule 3 with respect to details on the Non-Transfer Loans, when they will be repaid and any other formalities.

### 6. CASH MANAGEMENT SERVICES AND DEPOSITS

- 6.1 MPS LB provides certain cash management services for both corporate and retail customers which are set out in agreements with the customers (the "**Cash Management Services Agreements**"). For some customers, this includes deposit taking activities. Further details on the customers and their deposit accounts can be provided upon request.
- 6.2 The Cash Management Services Agreements will be terminated before the closure of MPS LB and will not be transferred to MPS.
- 6.3 As at the date of this Closure Plan, customers are no longer permitted to establish new deposit accounts.
- 6.4 Where MPS LB undertakes deposit taking activities for a customer, MPS LB has already written to these customers informing them of the future closure of MPS LB and requested that they make alternative arrangements. Customers have been given three (3) months notice that their deposit accounts will be closed. Closure of customer deposit accounts has commenced and will continue as customers withdraw the balance of their deposits. All deposit accounts will be closed by December 2018 at the latest, with Residual Deposits dealt with as set out in Section 6.6.
- 6.5 If a customer requests that the balance of their deposit account be paid by cheque to them, MPS LB will keep a record of the request and ask the customer to confirm in writing where the cheque can be sent by a secure means.

- 6.6 MPS LB will monitor the transfer of funds from customers' accounts to third party banks. MPS LB will make every effort to ensure that customers transfer their funds from MPS LB before closure. However, if immediately prior to closure of MPS LB certain customers have not transferred their funds, MPS LB will transfer these customer funds to segregated accounts with a third party bank in order to ensure that it no longer holds deposits and is acting in the best interests of the customers (the "**Residual Deposits**"). The customers will then be able to retrieve their Residual Deposits following the closure of MPS LB. MPS LB is contacting prospective banks in the UK in order to set up an account for this purpose (the "**Residual Deposit Bank**").
- 6.7 If a customer is unresponsive to repeat communications with respect to the closure of their deposit account, MPS LB will continue to attempt to contact the client to facilitate the transfer of their funds whilst MPS LB continues to have permission to accept deposits. Where the customer is a corporate customer, this will include writing to their registered office. If the customer continues to not respond and the Residual Deposits are transferred to the Residual Deposit Bank, MPS LB will give written notice to such customers detailing the arrangement and how they may retrieve their Residual Deposits in the future (and where the customer is a corporate customer, this written notice will be sent to its registered office).

## 7. **ITALIAN TREASURIES AND CORPORATE BONDS**

- 7.1 MPS LB holds certain Italian treasuries and corporate bonds (the "**Italian Treasuries and Corporate Bonds**"). MPS LB intends to dispose of the Italian Treasuries and Corporate Bonds by transferring them to MPS, its Head Office in Italy.
- 7.2 Please refer to Schedule 4 with respect to details on the Italian Treasuries and Corporate Bonds. It is intended that they will be transferred by the end of November 2018.

## **PART C – OTHER MATTERS**

### **8. REPORTING REQUIREMENTS**

- 8.1 Prior to its closure, MPS LB will continue to comply with all applicable reporting requirements with respect to the PRA and the FCA. If the PRA or the FCA require any additional reports to monitor the winding down of MPS LB, then MPS LB will provide these.

### **9. COMPLAINTS AND LITIGATION**

- 9.1 MPS LB is not subject to any unresolved, unsatisfied or undischarged complaints from a customer, nor are there any anticipated.
- 9.2 MPS LB is not subject to any on-going litigation or regulatory proceedings, nor are there any anticipated.
- 9.3 To the extent that MPS LB receives a material complaint from a customer or becomes subject to litigation or regulatory proceedings following the date of this Closure Plan but prior to the closure of MPS LB, MPS LB will inform the PRA in order to discuss appropriate steps (if any) to make provisions for this.

### **10. EMPLOYEES**

- 10.1 MPS LB will put in place a programme to ensure the redeployment or release of its employees. It will ensure that sufficient employees are retained until closure in order to provide services to customers, facilitate the orderly winding down of MPS LB and to co-operate with the PRA.
- 10.2 MPS LB currently has one (1) FCA approved person. Stephen Reeves is the FCA approved person undertaking the SMF17 Money Laundering Reporting Function. An Approved Person application has been submitted for the SMF21 EEA Branch Senior Manager Function for Floriana Rand.
- 10.3 MPS LB will submit applications to the FCA to terminate these appointments after agreement with the PRA and the FCA as to when the appropriate time for this would be.

### **11. PRIOR TO CANCELLATION OF THE BRANCH PASSPORT**

- 11.1 MPS LB will work with the PRA and MPS with Banca d'Italia to facilitate the orderly winding down of MPS LB and an end to undertaking regulated activities. This is to ensure that the PRA and Banca d'Italia are able to become satisfied that the CRD branch passport can be cancelled.

### **12. FOLLOWING CANCELLATION OF THE BRANCH PASSPORT**

- 12.1 Once the CRD branch passport has been cancelled, MPS LB will complete the non-regulatory aspects of the closure. These include terminating or transferring the lease



on their offices and submitting the required forms to Companies House confirming the closure of the branch.

### **13. BREXIT – CONTINUATION OF BUSINESS**

- 13.1 On the assumption that the UK will exit the EU without any agreement on access for financial services, it is necessary to consider the impact on any cross-border passports MPS may require in order for it to carry on MPS LB's continuing business with UK counterparties which has been transferred to it.
- 13.2 As set out in Section 4 and Schedule 2, the Transfer Loans will be transferred by MPS LB to MPS, its Head Office in Italy. All of the Transfer Loans are with borrowers who are corporate entities. None of the borrowers of the Transfer Loans are retail clients.
- 13.3 As commercial lending is not a regulated activity in the UK, Brexit should not have an impact on this activity from a UK perspective. Following the closure of MPS LB and the transfer of the Transfer Loans to MPS in Italy, MPS will not require a cross-border passport to continue lending to these corporate entities.
- 13.4 Following the closure of MPS LB, MPS will not be continuing any other cross-border activities which have been transferred from MPS LB to it which have a UK counterparty. As a result, no further analysis as to the impact of Brexit on the continuing business of MPS LB is required.

### **14. AMENDMENTS TO THE CLOSURE PLAN**

- 14.1 If the PRA requests that MPS LB make any changes to the Closure Plan, these will be agreed and then the changes will be made.
- 14.2 If MPS LB is required to make any other material changes to the Closure Plan, MPS LB will make these changes and provide the PRA with a revised version of the Closure Plan.

**SCHEDULE 1**  
MPS LB – CRD INWARD PASSPORT

Country	Directive	Passport Type
ITALY	Capital Requirements Directive	Branch
1 - Acceptance of deposits and other repayable funds from the public		
12 - Safekeeping and administration of securities		
13 - Credit reference services		
2 - Lending including consumer credit, mortgage credit, factoring and financing of commercial transactions		
4 - Payment services as defined in Article 4(3) of Directive 2007/64/EC of the European Parliament and of the Council of 13 November 2007 on payment services in the internal market(*)		
5 - Issuing and administering other means of payment (e.g. travellers' cheques and bankers' drafts) insofar as this activity is not covered by point 4		
6 - Guarantees and commitments		
7a - Trading for own account or for account of customers - money market instruments (cheques, bills, CDs etc)		
7b - Trading for own account or for account of customers - foreign exchange		
7c - Trading for own account or for account of customers - financial futures and options		
7d - Trading for own account or for account of customers - exchange and interest rate instruments		
7e - Trading for own account or for account of customers - transferrable securities		
9 - Advice to undertakings on capital structure, industrial strategy and related questions and advice and services relating to mergers and the purchase of undertakings		

**SCHEDULE 2**  
**TRANSFER LOANS – DETAILS OF LOANS AND TRANSFER**

<b>Borrower</b>		<b>Loan description</b>	<b>Date transfer by (estimated)</b>	<b>Any transfer requirements?</b>	<b>Status</b>
1.	1908 Acquisition B.V.	Syndicated facility agreement.	November 2018	Request the Agent informs the Obligors. Facility Office of Lender needs to be notified to the Agent.	Awaiting transfer.
2.	Al Ezz Plat Steel Co. SAE	Syndicated facility agreement.	November 2018	To be confirmed following review.	Loan documents currently being amended, then transfer requirements will be reviewed.
3.	B&M European Value Retail Holdco 1 Limited	Syndicated facility agreement.	November 2018	Request the Agent informs the Obligors. Facility Office of Lender needs to be notified to the Agent.	Awaiting transfer.
4.	Constantin Investissement 4 (Sting)	Syndicated facility agreement.	November 2018	Request the Agent informs the Obligors. Facility Office of Lender needs to be notified to the Agent.	Awaiting transfer.
5.	Corialis Group Limited	Syndicated facility agreement.	November 2018	Request the Agent informs the Obligors. Facility Office of Lender needs to be notified to the Agent.	Awaiting transfer.
6.	Jacobs Douwe Egberts International B.V.	Syndicated facility agreement.	November 2018	Request the Agent informs the Obligors and other parties. Facility Office of Lender needs to be notified to the Agent.	Awaiting transfer.
7.	Orpea SA	Syndicated facility agreement.	November 2018	Notify Paying Agent of the change of Assignee's details.	Awaiting transfer.

Borrower	Loan description	Date transfer by (estimated)	Any transfer requirements?	Status
8. Qatar Liquefied Gas Company Limited (II)	Syndicated Islamic Facility Agreement.	November 2018	Request the Agent informs the Obligors. Facility Office of Lender needs to be notified to the Agent.	Awaiting transfer.
9. Richmond Cayman LP	Syndicated facility agreement.	November 2018	Request the Agent informs the Obligors. Facility Office of Lender needs to be notified to the Agent.	Awaiting transfer.
10. Grifols	Syndicated facility agreement.	November 2018	Request the Agent informs the Obligors. Notify the Administrative Agent of changes of address and account details.	Awaiting transfer.
11. Ministerium Capital Lux	Bilateral term loan.	November 2018	Yes. Amendment to the Facility, including notify Borrower. Notify parties to the Intercreditor.	Awaiting transfer.
12. Delfo (Ilford) HAR	Bilateral term loan.	November 2018	Yes. Amendment to the Facility, including notify Borrower. Notify parties to the Intercreditor and Debenture. Get Guarantor to agree to the changes to the Facility.	Awaiting transfer.
13. Setha Dalston Ltd	Bilateral term loan.	November 2018	Yes. Amendment to the Facility, including notify Borrower. Notify parties to the Intercreditor and Debenture.	Awaiting transfer.
14. 100 Camp Road Limited	Bilateral term loan.	November	Yes. Amendment to the Facility, including notify	Loan expired 15/01/2017. Extension proposed until

Borrower	Loan description	Date transfer by (estimated)	Any transfer requirements?	Status
		2018	Borrower. Notify parties to the Intercreditor and Debenture.	31/12/2018. Discussions on-going.  If not repaid by 30/09/2018, the loan will be transferred to MPS Head Office in Italy.
15.	Boffi UK Ltd.	Bilateral loan without collateral securities.	November 2018	Yes. Amendment to the Facility and Overdraft. Get Guarantor to agree to changes to the Facility and Overdraft.  Expected repayment by end of July 2020.  Awaiting transfer.

**SCHEDULE 3**  
**NON-TRANSFER LOANS – DETAILS OF LOANS AND END DATES**

\* = Loan in arrears. The loan has expired and repayment outstanding.

Borrower	Loan description	End date	Further details
Plinius Ltd.	Bilateral term loan	22/06/2018*	The facility will be refinanced by another lender. Approval process ongoing.  Expected repayment by end of July 2018.
Fulham Barons Ltd.	Bilateral term loan	15/10/2017*	Works financed by the loan completed. Completions for the sale of the flats should take place during July 2018.  Expected repayment by end of July 2018.
Uplands High Wycombe LLP	Bilateral term loan.	31/07/2018	Negotiations ongoing to sell the asset financed by the loan. Completion expected by September 2018.  Expected repayment by end of September 2018.
Mondial Wine	Bilateral loan without collateral securities.	31/07/2018	Expected repayment by end of July 2018.

**SCHEDULE 4**  
**ITALIAN TREASURIES AND CORPORATE BONDS – DETAILS**

<b>Issuer</b>	<b>ISIN Number</b>	<b>Description</b>	<b>Date re-booking by</b>	<b>Any requirements?</b>	<b>re-booking</b>	<b>Status</b>
REPUBLIC OF ITALY	US465410AH18	Fixed Rate Bond USD 15mln	November 2018	Transfer to MPS Head Office.		Awaiting transfer.
REPUBLIC OF ITALY	XS0098449456	Floating Rate Bond EUR 12.5mln	November 2018	Transfer to MPS Head Office.		Awaiting transfer.
REPUBLIC OF ITALY	XS0098449456	Floating Rate Bond EUR 65.9mln	November 2018	Transfer to MPS Head Office.		Awaiting transfer.
REPUBLIC OF ITALY	XS0098449456	Floating Rate Bond EUR 1.6mln	November 2018	Transfer to MPS Head Office.		Awaiting transfer.
REPUBLIC OF ITALY	XS0091349489	Floating Rate Bond EUR 13.7mln	November 2018	Transfer to MPS Head Office.		Awaiting transfer.
REPUBLIC OF ITALY	XS0091349489	Floating Rate Bond EUR 2.5mln	November 2018	Transfer to MPS Head Office.		Awaiting transfer.
INTESABCI SPA	IT0001336368	Floating Rate Bond EUR 3mln	November 2018	Transfer to MPS Head Office.		Awaiting transfer.
INTESABCI SPA	IT0001292850	Floating Rate Bond EUR 6mln	November 2018	Transfer to MPS Head Office.		Awaiting transfer.
UGF ASSICURAZIONI	XS0130717134	Fixed Rate Bond EUR 15mln	November 2018	Transfer to MPS Head Office.		Awaiting transfer.