

**SECOND SUPPLEMENT DATED 13 JUNE 2014 TO THE PROSPECTUS DATED 20 DECEMBER 2013**



**Banca Monte dei Paschi di Siena S.p.A.**  
*(incorporated as a joint stock company in the Republic of Italy)*

**€10,000,000,000 Covered Bond Programme**  
**unconditionally and irrevocably guaranteed as to payments of interest and principal by**

**MPS Covered Bond S.r.l.**  
*(incorporated as a limited liability company in the Republic of Italy)*

This second Supplement (the "**Supplement**") to the base prospectus dated 20 December 2013, as previously supplemented by the first supplement dated 3 April 2014 (together, the "**Prospectus**") constitutes a supplement for the purposes of Article 16 of Directive 2003/71/EC (the "**Prospectus Directive**") and Article 13.1 of Chapter 1 of Part II of the Luxembourg Act dated 10 July 2005 on prospectuses for securities as amended (the "**Prospectus Act**") and is prepared in connection with the €10,000,000,000 covered bond programme (the "**Programme**") established by Banca Monte dei Paschi di Siena S.p.A. ("**BMPS**" or the "**Issuer**") and guaranteed by MPS Covered Bond S.r.l. (the "**Guarantor**").

Capitalised terms used in this Supplement, and not otherwise defined herein, shall have the same meaning ascribed to them in the Prospectus.

This Supplement is supplemental to, and should be read in conjunction with, the Prospectus.

The purpose of the submission of this Supplement is to update the information contained in the Prospectus and, in particular:

- (A) the section named "*General Description of the Programme*" of the Prospectus, to specify that the Deed of Charge entered into by the Guarantor under the Programme is governed by English law;
- (B) the section named "*Documents Incorporated by Reference*" of the Prospectus, incorporating by reference the Issuer's 2013 audited consolidated annual report, the press release concerning the approval of the Issuer's unaudited financial results as at 31 March 2014, the upsize of the share capital of the Issuer and other recent press releases relating to the Issuer;
- (C) the section named "*Description of the Programme Documents*" of the Prospectus, supplementing the sub-section named "*Intercreditor Agreement*" to specify that a new Swap Provider has acceded to the Programme and incorporating a sub-section named "*Deed of Charge*";

- (D) the section named "*General Information*" of the Prospectus, incorporating a reference to the Issuer's 2013 audited consolidated annual report and the Deed of Charge among the listed "*Documents Available*" entered into by the Guarantor under the Programme;
- (E) the section named "*Glossary*" of the Prospectus, by incorporating the definition of "*Deed of Charge*" and updating the definitions of "*Programme Documents*" and "*Security*".

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Supplement has been approved by the *Commission de Surveillance du Secteur Financier* ("CSSF") as a supplement issued in compliance with the Prospectus Directive and relevant implementing measures in Luxembourg.

Copies of this Supplement and the documents incorporated by reference in the Supplement can be obtained free of charge from the registered office of the Issuer and are available on the Luxembourg Stock Exchange website ([www.bourse.lu](http://www.bourse.lu)). In case of any offering of securities under the Programme, the above documents will also be available on the Issuer's website (<http://english.mps.it/Investor+Relations/Comunicati>).

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Prospectus by this Supplement and (b) any other statement in, or incorporated by reference into, the Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Prospectus since the publication of the Prospectus.

In accordance with Article 13.2 of Chapter 1 of Part II of the Prospectus Act, investors who have already agreed to purchase or subscribe for the securities before this Supplement is published have the right, exercisable within two working days after the publication of this Supplement (being 17 June 2014), to withdraw their acceptances.

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(A) **GENERAL DESCRIPTION OF THE PROGRAMME**

*Under section named "General Description of the Programme" starting on page 13 of the Prospectus, the final paragraph of the sub-section named "The Covered Bonds – Governing Law" on page 24 of the Prospectus shall be deemed to be supplemented as follows:*

**"Governing Law**

The Covered Bonds and the related Programme Documents will be governed by Italian law, except for the Swap Agreements, **the Deed of Charge** and the English Account Bank Agreement which will be governed by English law."

**(B) DOCUMENTS INCORPORATED BY REFERENCE AND PRESS RELEASES**

*By virtue of this Supplement, the following information, which has been previously published or filed with the CSSF, is incorporated by reference and supplements the section of entitled "Documents incorporated by reference" beginning on page 76 of the Prospectus:*

**"DOCUMENTS INCORPORATED BY REFERENCE**

This Prospectus should be read and construed in conjunction with the following documents, which have been previously published, or are published simultaneously with this Prospectus or filed with the CSSF, together, in each case, with the audit reports (if any) thereon:

- (a) the audited consolidated annual financial statements of the Issuer as at and for the years ended 31 December 2011, 31 December 2012 **and 31 December 2013** including the relevant auditors' reports;
- (b) the unaudited semi-annual consolidated financial statements of the Issuer as at and for the period ended 30 June 2013 including the relevant auditors' review report;
- (c) the unaudited quarterly consolidated financial report of the Issuer as at and for the period ended 30 September 2013 including the relevant auditors' review report;
- (d) the financial statements of the Guarantor as at and for the years ended 31 December 2011 and 31 December 2012;
- (e) the auditors' report for the Guarantor for financial statements as at and for the years ended 31 December 2011 and 31 December 2012.

Such documents shall be incorporated into, and form part of, this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Copies of documents incorporated by reference into this Prospectus may be obtained from the registered office of the Issuer or, for the audited consolidated annual financial statements of the Issuer as at and for the years ended 31 December 2011, 31 December 2012 **and 31 December 2013**, the auditor's report for the Issuer for the financial year ended 31 December 2011, 31 December 2012 **and 31 December 2013**, the unaudited semi-annual consolidated financial statements of the Issuer as at and for the period ended 30 June 2013 and the unaudited quarterly consolidated financial report of the Issuer as at and for the period ended 30 September 2013, on the Issuer's website (<http://www.mps.it>). This Prospectus and the documents incorporated by reference will also be available on the Luxembourg Stock Exchange's web site (<http://www.bourse.lu>).

The audited consolidated financial statements referred to above, together with the audit reports thereon, are available both in the original Italian and in English. The English language versions represent a direct translation from the Italian language documents.

## Cross-reference List

The following table shows where the information incorporated by reference into this Prospectus, including the information required under Annex IX of Commission Regulation (EC) No. 809/2004, can be found in the above-mentioned financial statements incorporated into this Prospectus.

### Annual and Semi-annual consolidated financial statements of the Issuer and the Guarantor. Commission Regulation (EC) No. 809/2004, Annex IX, paragraph 11.1.

<u>Audited annual financial statements of the Issuer</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Balance Sheet	Pages 95-96	Pages 89-90	<u>Pages 121-122</u>
Income Statement	Page 97-99	Page 91-92	<u>Page 123-124</u>
Cash flow statement	Pages 102-103	Pages 98-99	<u>Pages 130-132</u>
Notes to Financial Statements	Page 104-405	Pages 101-427	<u>Pages 133-451</u>
Audit report	Pages 409-410	Pages 431-433	<u>Pages 457-459</u>

<u>Unaudited semi-annual financial statements of the Issuer</u>	<u>As at 30 June 2013</u>
Balance Sheet	Pages 79-80
Income Statement	Pages 81-82
Cash flow statement	Pages 87-88
Notes to Financial Statements	Pages 89-204
Auditors' review report	Pages 207-209

<u>Unaudited quarterly financial report of the Issuer</u>	<u>As at 30 September 2013</u>
Balance Sheet	Pages 76-77
Income Statement	Pages 78-79
Cash flow statement	Pages 85-86
Notes to Financial Statements	Pages 87-196
Auditors' review report	Pages 198-200

<u>Financial statements of the Guarantor</u>	<u>2011</u>	<u>2012</u>
Balance Sheet	Page 9	Page 10
Income Statement	Page 10	Page 11
Cash and cash equivalents	Pages 13-14	Page 14
Statements of changes in the Shareholders' Equity accounts	Page 12	Page 13
Supplementary Notes to the Financial Statements	Page 15-66	Page 16-60
Audit report	Separate document (see (e) above)	Separate document (see (e) above)

The information incorporated by reference that is not included in the cross-reference list, is considered as additional information and is not required by the relevant schedules of the Prospectus Regulation".

*Furthermore by virtue of this Supplement, the following press releases, previously published or filed with the CSSF, are incorporated by reference and supplement the section of the Prospectus entitled "Documents incorporated by reference" on page 77, immediately after the table named "Cross-reference List":*

- the press release dated 18 April 2014, concerning the resolution of the Board of Directors of BMPS to submit to the Extraordinary Shareholders' Meeting a proposal to upsize the share capital increase to up to a maximum of Euro 5,000,000,000.00 (five billion),

replacing the original amount of Euro 3,000,000,000.00 (three billion) already approved on 28 December 2013;

- the press release dated 23 April 2014, relating to a request by the Italian Securities and Exchange Commission ("**CONSOB**") to the Issuer, pursuant to article 114, par. 5 of the Financial Laws Consolidation Act, in connection with which BMPS published some information to substantiate the content of the draft Consolidated Financial Statements as at 31 December 2013 (which were published on 3 April 2014), evidencing the impact of the "*Santorini/Deutsche Bank*" transaction;
- the press release dated 9 May 2014 pursuant to which, in accordance with art. 85-*bis* of CONSOB resolution No. 11971 of 14 May 1999, the Issuer gave notice of its new share capital structure following the reverse stock split on 5 May 2014 pursuant to the resolution of the Extraordinary Shareholders' Meeting on 28 December 2013;
- the press release dated 12 May 2014, relating to the approval by the Issuer's Board of Directors of the BMPS unaudited financial results as at 31 March 2014;
- the press release dated 14 May 2014, by which the Issuer announced that, on 13 May 2014, the Bank of Italy authorized the redemption of new financial instruments for a nominal value of Euro 3,000,000,000.00 (three billion), issued by BMPS and subscribed by the Ministry of Economy and Finance and provided for by articles 23-*sexies* of Law Decree no. 95 of 6 July 2012, n. 95, converted, with amendments, into Law no. 135 of 7 August 2012, as subsequently amended, (the "**New Financial Instruments**") (*plus* Euro 126,900,000.00 (one-hundred-twenty-six-million-and-nine-hundred-thousand) as the higher amount due for the redemption pursuant to the contractual provisions governing such New Financial Instruments). In addition, given the intention already communicated by BMPS to pay the interest on the New Financial Instruments accrued with respect to the financial year 2013 through the issuance of additional New Financial Instruments (as already done with the interests on the so called "*Tremonti Bonds*" accrued in 2012) that will be redeemed at par upon issue, the Bank of Italy has also authorized the redemption of Euro 329,000,000.00 (three-hundred-and-thirty-nine million) of such New Financial Instruments;
- the press release dated 21 May 2014, regarding the resolution of the Shareholders' Meeting, held on the same date, approving the proposal submitted by the Board of Directors to increase the share capital by payment of a maximum amount of Euro 5,000,000,000.00 (five billion), inclusive of share premium, to be executed in one or more tranches, by March 31, 2015, through the issue of ordinary shares with dividend rights, to be offered to the shareholders;
- the press release dated 4 June 2014, by means of which the Issuer announced that CONSOB approved the Italian prospectus relating to the rights offering (the "**Offering**") and the admission to trading on the *Mercato Telematico Azionario* (MTA) organized and managed by the Italian Stock Exchange of the BMPS shares resulting from the capital increase up to Euro 5,000,000,000 (five billion), approved on 21 May 2014 by the Shareholders' Meeting of the Issuer;
- the press release dated 5 June 2014, regarding the resolution of the Board of Directors, held on the same date, approving the final terms of the Offering and confirming that CONSOB approved the supplement to the prospectus prepared in compliance with

articles 94, paragraph 7 and 113, paragraph 2 of the Financial Laws Consolidation Act, to update the disclosure provided in the prospectus with the final terms of the Offering.

### Cross-reference table

Document	Information incorporated	Pages
Press release dated 18 April 2014 " <i>Approved the upsizing of the capital increase to Euro 5 billion</i> "	Entire Document	All
Press Release dated 23 April 2014 " <i>Press release pursuant to art. 114, paragraph 5 law decree 58/1998. Information at the request of the Italian securities and exchange commission, CONSOB</i> "	Entire Document	All
Press release dated 9 May 2014 " <i>Banca MPS: change in share capital</i> "	Entire Document	All
Press release dated 12 May 2014 " <i>BoD approves results as at 31 March 2014</i> "	Entire Document	All
	Highlights on growth in basic income gains and operating cost containment, financial position and capital strengthening plan	Pages 1 – 2
	Group profit and loss results for Q1 2014	Pages 3 – 5
	Group balance-sheet aggregates for 2013	Pages 5 – 8
	Reclassified accounts	Pages 9 – 10
	Consolidated report on operations - highlights	Page 11
	Reclassified Income Statement	Page 12 - 13
	Reclassified Balance Sheet	Page 14 - 15

Press release dated 14 May 2014 "*BMPS: Bank of Italy authorized the partial redemption of new financial instruments*" Entire Document All

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Press release dated 21 May 2014 "*Banca MPS's Extraordinary Shareholders' Meeting. The proposal for a capital increase made by the Board of Directors has been approved*" Entire Document All

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Press release dated 4 June 2014 "*CONSOB approves the prospectus for the rights offering of Banca Monte dei Paschi di Siena. Envisaged timetable of the rights offering*" Entire Document All

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Press release dated 5 June 2014 "*The Board Of Directors sets the final terms of the rights offering. Approved supplement to the prospectus*" Entire Document All

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## (C) DESCRIPTION OF THE PROGRAMME DOCUMENTS

The section named "*Description of the Programme Documents*" on page 216 of the Prospectus shall be deemed to be supplemented in connection with the execution of the following documents, hereby announced by the Issuer:

- the accession letter dated 12 June 2014 (the "**Accession Letter**"), pursuant to which The Royal Bank of Scotland plc has acceded to the Intercreditor Agreement in the capacity of new Covered Bond Swap Provider (the "**New Covered Bond Swap Provider**");
- the new Covered Bond Swap Agreement (the "**RBS' Covered Bond Swap Agreement**") dated 12 June 2014 between the Guarantor and the New Covered Bond Swap Provider;
- the (i) supplemental Deed of Pledge dated 12 June 2014 between the Guarantor and the Representative of the Bondholders, pledging in favour of the Representative of the Bondholders the Guarantor's rights as against the New Covered Bond Swap Provider (the "**Supplemental Deed of Pledge**") and (ii) the supplemental Deed of Charge dated 12 June 2014 between the Guarantor and the Representative of the Bondholders, confirming in favour of the Representative of the Bondholders the assignment of the Guarantor's rights as against the New Covered Bond Swap Provider under the Deed of Charge (the "**Supplemental Deed of Charge**"),

(jointly, the "**Supplemental Agreements**"). The execution of the Supplemental Agreements has been subject to the prior written consent of the Representative of the Bondholders, pursuant to the consent letters dated 12 June 2014.

Further to the execution of the Supplemental Agreements, the section named "*Description of the Programme Documents*" on page 216 of the Prospectus shall be supplemented as follows:

- Under the sub-section named "*Intercreditor Agreement*" of the Prospectus on page 234, the first paragraph shall be replaced by the following paragraph:

"On 18 June 2010, the Guarantor and the Other Guarantor Creditors entered into the Intercreditor Agreement, as amended and supplemented on 17 June 2011. On 27 May 2011 BAV acceded to the Intercreditor Agreement in its capacity as Additional Seller, Additional Servicer and Additional Subordinated Lender. Following the Merger, BMPS assumed all rights and obligations of BAV in the capacity as Additional Servicer, Additional Servicer and Additional Subordinated Lender under the Programme and any reference to BAV in the Programme Documents shall be deemed to be referred to BMPS, which takes over any and all activities and roles previously carried out by BAV. Securitisation Services S.p.A. acceded (i) on 3 April 2012 as Back-Up Servicer Facilitator; and (ii) on 8 April 2013 as Back-up Servicer. Pursuant to the accession letters dated 20 December 2013, UBS Limited and Société Générale have acceded to the Intercreditor Agreement in the capacity of Covered Bond Swap Providers. Furthermore, The Royal Bank of Scotland plc has acceded to the Intercreditor Agreement also in the capacity of Covered Bond Swap Provider pursuant to an Accession Letter dated 12 June 2014. Under the Intercreditor Agreement provision is made as to the application of the proceeds from Collections in respect of the Cover Pool and as to the circumstances in which the Representative of the Bondholders will be entitled, in the interest of the Bondholders, to exercise certain of the Guarantor's rights in respect of the Cover Pool and the Programme Documents".

- After the sub-section named "Deed of Pledge" on page 241 of the Prospectus a sub-section named "**Deed of Charge**" shall be incorporated on page 242 as follows:

### **"DEED OF CHARGE**

*On 5 November 2010, the Guarantor has entered into the Deed of Charge with the Representative of the Bondholders pursuant to which, without prejudice and in addition to any security, guarantees and other rights provided by Law 130 and the Deed of Pledge securing the discharge of the Guarantor's obligations to the Bondholders and the Other Guarantor Creditors, the Guarantor has charged and assigned in favour of the Representative of the Covered Bondholders as trustee for the Bondholders and the Other Guarantor Creditors all right, title, benefit and interest in and to the Swap Agreements, including the benefit of any guarantees thereunder, and right or title on or to any asset subject to English law, including, but not limited to, the English Accounts and the English Account Bank Agreement. The security created by the Deed of Charge will become enforceable upon the service of a Guarantor Default Notice.*

#### *Governing law*

*The Deed of charge any non-contractual obligations arising out of or in connection with it are governed by English law".*

## (D) GENERAL INFORMATION

Under the section named "*Glossary*" on page 295 of the Prospectus the sub-section named "*Documents Available*" shall be supplemented as follows:

### **Documents Available**

So long as Covered Bonds are capable of being issued under the Programme, copies of the following documents will, when published, be available (in English translation, where necessary) free of charge during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for inspection at the registered office of the Issuer:

- (a) the by-laws of the Issuer and the constitutive documents of the Guarantor;
- (b) the audited consolidated annual financial statements of the Issuer as at and for the years ended 31 December 2011, 31 December 2012 **and 31 December 2013**;
- (c) the unaudited semi-annual consolidated financial statement of the Issuer as at 30 June 2013;
- (d) the unaudited quarterly consolidated financial report of the Issuer as at and for the period ended 30 September 2013;
- (e) the financial statements of the Guarantor as at and for the years ended 31 December 2011 and 31 December 2012;
- (f) the auditors' reports for the Issuer for the financial year ended 31 December 2011 and for the year ended 31 December 2012;
- (g) the auditors' reports for the Guarantor for the financial year ended 31 December 2011 and for the year ended 31 December 2012;
- (h) a copy of this Prospectus;
- (i) any future offering circular, prospectuses, information memoranda and supplements to this Prospectus including Final Terms and any other documents incorporated herein or therein by reference;
- (j) each of the following documents (the "**Programme Documents**"), namely:
  - Guarantee;
  - Subordinated Loan Agreements;
  - Master Assets Purchase Agreement;
  - Cover Pool Management Agreement;
  - Warranty and Indemnity Agreement;
  - Master Servicing Agreement;

- Asset Monitor Agreement;
- Quotaholders' Agreement;
- Cash Allocation, Management and Payments Agreement;
- English Account Bank Agreement;
- Covered Bond Swap Agreements;
- Asset Swap Agreements **(if any)**;
- Mandate Agreement;
- Deed of Pledge;
- **Deed of Charge**;
- Intercreditor Agreement;
- Guarantor Corporate Services Agreement;
- Programme Agreement; and
- Master Definitions Agreement.

(E) **GLOSSARY**

Under the section named "*Glossary*" on page 299 of the Prospectus the definition of "*Deed of Charge*" shall be incorporated and the definitions of "*Programme Documents*" and "*Security*" shall be supplemented accordingly:

*"Deed of Charge" means the English law deed of charge (if any) between the Guarantor and the Representative of the Bondholders (acting as trustee for the Bondholders and for the Other Guarantor Creditors), as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.*

*"Programme Documents" means the Master Assets Purchase Agreement, the Master Servicing Agreement, the Warranty and Indemnity Agreement, the Cash Allocation, Management and Payments Agreement, the Cover Pool Management Agreement, the Programme Agreement, the Intercreditor Agreement, each Subordinated Loan Agreement, the Asset Monitor Agreement, the Guarantee, the Corporate Services Agreement, the Swap Agreements, the Mandate Agreement, the English Account Bank Agreement, **the Deed of Charge (if any)**, the Quotaholders' Agreement, the Prospectus, the Terms and Conditions, the Deed of Pledge, the Master Definitions Agreement, any Final Term agreed in the context of the issuance of each Series or Tranche of Covered Bonds and any other agreement entered into in connection with the Programme.*

*"Security" means the security created pursuant to the Deed of Pledge **and the Deed of Charge (if any)**.*