

SUPPLEMENT DATED 3 APRIL 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 first Supplement (the "**Supplement**") to the base prospectus dated 20 December 2013 (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..

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 "*Documents Incorporated by Reference*" of the Prospectus, incorporating by reference the press release dated 12 March 2014 relating to the Issuer's financial statements as at 31 December 2013;
- (B) the section named "*Description of the Programme Documents*" of the Prospectus, supplementing the sections named "*English Account Bank Agreement*", "*Intercreditor Agreement*" and "*Cash Allocation Management and Payments Agreement*", further to the execution of certain amendment agreements entered into by the Issuer on 28 February 2014 and 28 March 2014;
- (C) the section named "*Credit Structure*" of the Prospectus, by updating the definition of "*Potential Commingling Amount*" and the Issuer's rating thresholds specified in items "Y" and "W" of the calculation formula relating to the "*Asset Coverage Test*" further to the execution of certain amendment agreements entered into by the Issuer on 28 March 2014;
- (D) the section named "*Taxation*" of the Prospectus, replacing it in accordance with certain legislative changes and updates;

- (E) the section named "*Glossary*" of the Prospectus, by updating the definitions of "*Eligible Institution*", "*English Account Bank*" and "*Italian Account Bank*", in accordance with certain amendment agreements executed by the Issuer on 28 February 2014 and 28 March 2014.

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). 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 7 April 2014), to withdraw their acceptances.

(A) **DOCUMENTS INCORPORATED BY REFERENCE**

The section named "*Documents Incorporated by Reference*" on page 76 of the Prospectus shall be deemed to be supplemented with the following:

Press release dated 12 March 2014 summarising the Group's 2013 annual financial results

A press release dated 12 March 2014, summarising the Group's financial results as at and for the year ended 31 December 2013, which have been approved by the Issuer's Board of Directors, has been published by the Issuer and filed with the *Commission de Surveillance du Secteur Financier* and, by virtue of this Supplement, such press release is incorporated by reference in, and forms part of, the Prospectus.

The information set out in the following sections of the press release shall be incorporated by reference in, and form part of, the Prospectus:

Cross-reference table

Document	Information incorporated	Pages
Press release dated 12 March 2014 reporting that the Board of Directors has approved the Issuer's annual results as at 31 December 2013		Whole document
	Highlights	Pages 1 – 3
	Profit and loss results for FY 2013	Pages 3 – 5
	Group balance-sheet aggregates for 2013	Pages 6 – 9
	Reclassified accounts	Pages 10 – 16

(B) 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 letters dated 20 December 2013, pursuant to which UBS Limited and Société Générale S.A. have acceded to the Intercreditor Agreement in the capacity of new Covered Bond Swap Providers (the "**Accession Letters**");
- the swap termination letter dated 20 December 2013, unwinding the Asset Swap Agreement in place between the Guarantor and Banca Monte dei Paschi di Siena S.p.A., as Asset Swap Provider (the "**Asset Swap Termination Letter**");
- the amendment agreement to the Covered Bond Swap Agreement (the "**Amendment Agreement to the Covered Bond Swap Agreement**") dated 20 December 2013, by means of which with reference to certain Covered Bond Swap Agreements, the Guarantor has novated the obligations of Banca Monte dei Paschi di Siena S.p.A., in the capacity of Covered Bond Swap Provider by appointing, respectively: (i) Société Générale S.A., with respect to the €1,250,000,000 Fixed Rate Covered Bonds due 15 September 2016 with ISIN no.IT0004702251 and the €470,000,000.00 Fixed Rate Covered Bonds due 9 February 2018 (with ISIN no. IT0004689912 and to be consolidated and form a single series with the existing €1,000,000,000.00 Fixed Rate Series 4 Covered Bonds issued on 9 February 2011) and (ii) UBS Limited, with respect to the €1,000,000,000 Fixed Rate Covered Bonds due 2018 with ISIN no. IT0004689912, in each case as new Covered Bond Swap Providers (the "**New Covered Bond Swap Providers**");
- the (i) supplemental Deed of Pledge dated 20 December 2013 between the Guarantor and the Representative of the Bondholders, pledging in favour of the Representative of the Bondholders the Guarantor's rights as against Société Générale S.A. as New Covered Bond Swap Provider (the "**Supplemental Deed of Pledge**") and (ii) the supplemental Deed of Charge dated 23 December 2013 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 UBS Limited as new Covered Bond Swap Counterparty (the "**Supplemental Deed of Charge**");
- the amendment and restatement agreement to the English Account Bank Agreement dated 28 February 2014 (the "**Amendment and Restatement Agreement to the English Account Bank Agreement**") establishing, *inter alia*, that the balance of the Collateral Accounts will be utilised in accordance with the terms of each Credit Support Annex, prior to the occurrence of an Early Termination Date under the relevant Swap Agreement while, following the occurrence of an Early Termination Date: (i) the excess of the balance over the termination amount (if any) that would have otherwise been payable by the relevant Swap Provider to the Guarantor had the collateral not been provided pursuant to the relevant Credit Support Annex will be returned directly to the relevant Swap Provider; and (ii) the remaining balance will be transferred to the Main Programme Account henceforth forming part of the Guarantor Available Funds pursuant to item (ix) of the definition of "*Interest Available Funds*". Furthermore, the amendments clarified that any Collateral Account(s) are to be operated in line with the standard account mandate provisions regarding the English Accounts;

- the amendment agreement to the Intercreditor Agreement and to the Master Definitions Agreement dated 28 February 2014 (the "**Amendment Agreement to the Master Definitions Agreement and Intercreditor Agreement**"), by means of which the Issuer and, *inert alios*, the Other Guarantor Creditors have (i) included a mutual acknowledgement, specifying that the balance of the relevant Collateral Accounts will not form part of the Guarantor Available Funds, save as otherwise envisaged in the English Account Bank Agreement, as described in the above paragraph and (ii) amended and supplemented the definition of "*English Account Bank*" to better clarify that, further to the accession on 5 November 2010 by The Bank of New York Mellon S.A./N.V., London Branch, in the capacity of English Back-Up Account Bank, to the English Account Bank Agreement, the original role English Account Bank carried out by Banca Monte dei Paschi di Siena S.p.A., London Branch has been taken over by the English Back-Up Account Bank;
- the amendment agreement to the Master Definitions Agreement and Cover Pool Management agreement dated 28 March 2014 (the "**Amendment Agreement to the Master Definitions Agreement and Cover Pool Management Agreement**"), by means of which the Issuer and the Other Guarantor Creditors have amended the definition of (i) "*Eligible Institution*", in order to correct a typographical error in the rating threshold, where Moody's short-term rating is specified (as opposed to Moody's long term rating) and (ii) "*Italian Account Bank*", to better clarify that The Bank of New York Mellon (Luxembourg) S.A., Italian Branch, in the capacity of Italian Back-Up Account Bank, has assumed the role of Italian Account Bank originally referred to Banca Monte dei Paschi di Siena S.p.A. In addition certain typographical errors were corrected in the rating levels specified in Clause 3 (*Asset Coverage Test*) in line with the Rating Agencies' criteria,

(jointly, the "**Amendment Agreements**"). The execution of the Amendment Agreements has been subject to the prior written consent of the Representative of the Bondholders, pursuant to the consent letters dated, respectively, 20 December 2013, 28 February 2014 and 28 March 2014.

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

The section named "*English Account Bank Agreement*" on page 229 of the Prospectus shall be amended by incorporating the following additional paragraphs (iv) and (v):

- "(iv) the English Account Bank has agreed to establish and maintain from time to time and in the name of the Guarantor one or more separate Collateral Account(s) to receive any collateral posted by any relevant Swap Provider under the provisions of any Swap Agreement, in accordance with the provisions of the Credit Support Annex, provided that (i) prior to the occurrence of an Early Termination Date (as defined in the relevant Swap Agreement), all cash and/or securities (if any) standing to the credit of the relevant Collateral Account may be withdrawn from the relevant Collateral Account and paid exclusively in or towards satisfaction of the amounts (if any) that are due and payable to the Swap Provider pursuant to the relevant Credit Support Annex, irrespective of the applicable Priority of Payments, and (ii) following the occurrence of an Early Termination Date and following any realisation of any securities deposited in the relevant Collateral Account:

- (a) amounts standing to the credit of the relevant Collateral Account that exceed the termination amount (if any) that would have otherwise been payable by the Swap Provider to the Guarantor, had the collateral not been provided pursuant to the relevant Credit Support Annex, shall be withdrawn and paid in or towards satisfaction of the amounts (if any) that are due and payable by the Guarantor to the relevant Swap Provider pursuant to the relevant Swap Agreement upon such termination of the relevant Swap Agreement, irrespective of the applicable Priority of Payments; and
- (b) after application in accordance with (a) above and to the extent only that there are no further amounts payable by the Guarantor to the Swap Provider upon the termination of the relevant Swap Agreement, any remaining amounts standing to the credit of the relevant Collateral Account may be paid into the Main Programme Account, where they will then form part of the Guarantor Available Funds in accordance with item (ix) of the definition of "Interest Available Funds";
- (v) further to a letter of accession dated 5 November 2010 the Guarantor appointed The Bank of New York Mellon S.A./N.V., London Branch, being the English Back-up Account Bank (i) to succeed to Banca Monte dei Paschi di Siena S.p.A., London Branch in the role of English Account Bank and the Guarantor has transferred the Main Programme Account, the Reserve Account, the Italian Securities Collection Account and the Eligible Investment Securities Account to the English Back-up Account Bank and (ii) any Collateral Account has been opened thereafter with the English Back-up Account Bank in accordance with the provisions of the Intercreditor Agreement and the Swap Agreements executed from time to time by the Guarantor and the relevant Covered Bond Swap Provider(s). As a consequence, the English Back-Up Account Bank has assumed the role of English Account Bank under the English Account Bank Agreement and any reference thereunder to the English Account Bank shall be referred to, *mutatis mutandis*, The Bank of New York Mellon S.A./N.V., London Branch;"

Under the 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. 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".

Under the section named "Cash Allocation Management and Payments Agreement" of the Prospectus a new paragraph (x) shall be incorporated on page 228 as follows:

- "(x) pursuant to a letter dated 4 November 2010 the Guarantor appointed and instructed The Bank of New York Mellon (Luxembourg) S.A., Italian Branch, being the Italian Back-up Account Bank to succeed to Banca Monte dei Paschi di Siena S.p.A. in the capacity of Italian Account Bank and the Guarantor has transferred the Italian Collection Account and the Expenses Account to the Italian Back-up Account Bank, in accordance with the applicable provisions of the Cash Allocation, Management and Payments Agreement pursuant to which, if the Italian Account Bank ceases to be an Eligible Institution, any funds standing to the credit of, *inter alia*, the Italian Collection Account must be transferred to the Italian Back-Up Account Bank. As a consequence the Italian Back-up Account Bank has assumed the role of Italian Account Bank under the Cash Allocation, Management and Payments Agreement and any reference thereunder to the Italian Account Bank shall as of today be referred to, *mutatis mutandis*, The Bank of New York Mellon (Luxembourg) S.A., Italian Branch".

(C) **CREDIT STRUCTURE**

Under the section named "*Credit Structure*" on page 243 of the Prospectus, the paragraph named "*Asset Coverage Test*" shall be deemed supplemented on page 249, by replacing the definitions of "Y", "W" and "*Potential Commingling Amount*" in their entirety as follows:

"Y" is equal to nil, as long as the Issuer's short term rating or the Issuer's long term rating is, respectively, at least "F1" and "A" by Fitch or the Issuer's short term rating is at least "P-1" by Moody's, otherwise it is equal to the Potential Set-Off Amounts;

"W" is equal to nil, as long as the Issuer's short term rating or the Issuer's long term rating is, respectively, at least "F1" and "A" by Fitch or the Issuer's short term rating is at least "P-1" by Moody's, otherwise it is equal to the Potential Commingling Amount.

For the purpose of the above definitions:

"**Potential Commingling Amount**" means an amount equal to the higher of (i) an amount which shall not prejudice the rating assigned to the Covered Bonds in accordance with the criteria of the Rating Agencies and (ii) the Maximum Collections Amount.

For the avoidance of doubt, it is understood that, if upon a downgrading of the Issuer's rating assigned (1) by Fitch below "F1" with respect to the Issuer's short term rating or "A", with respect to the Issuer's long term rating, or (2) by Moody's below "P-1" with respect to the Issuer's short term rating and the remedies provided for under Clause 5.2.1 of the Master Servicing Agreement has been put in place, the amount appropriate for the purposes of the definition of "*Potential Commingling Amount*" shall be equal to nil. If on the contrary the remedies provided for under Clause 5.2.1 of the Master Servicing Agreement has not been put in place than the Potential Commingling Amount shall be deducted from the Asset Coverage Test as being equal to the higher of (i) or (ii) above".

(D) TAXATION

The section named "*Taxation*" on page 282 of the Prospectus shall be deemed to be supplemented with the following:

- the introductory paragraph shall be amended by incorporating the following:

"In March 2014, the Italian Prime Minister announced that his Cabinet may introduce tax provisions aimed at increasing the base rate of withholding and substitute taxes of income from financial sources (other than government bonds), including the imposta sostitutiva (as defined below), from 20% to 26%."

- the paragraph headed "*Transfer tax*" of the Prospectus on page 288, shall be substituted by the following:

"Contracts relating to the transfer of securities are subject to a Euro 200 registration tax as follows: (i) public deeds and notarised deeds are subject to mandatory registration; (ii) private deeds are subject to registration only in the case of voluntary registration."

- the paragraph headed "*Stamp Duty*" of the Prospectus on page 288, shall be substituted by the following:

"According to Article 19(1) of Decree No. 201 of 6 December 2011 ("**Decree No. 201/2011**"), a proportional stamp duty applies on an annual basis to any periodic reporting communications which may be sent by a financial intermediary to their clients in respect of any Covered Bonds which may be deposited with such financial intermediary in Italy. The stamp duty applies at a rate of 0.2 per cent. and it cannot exceed €14,000 for taxpayers which are not individuals. This stamp duty is determined on the basis of the market value or – if no market value figure is available – the nominal value or redemption amount of the Covered Bonds held.

The statement is considered to be sent at least once a year, even for instruments for which is not mandatory nor the deposit nor the release or the drafting of the statement. In case of reporting periods of less than 12 months, the stamp duty is payable pro-rata.

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy on 24 May 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy on 9 February 2011) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory."

- the paragraph headed "*Wealth tax on financial assets deposited abroad*" of the Prospectus on page 288, shall be substituted by the following:

"According to Article 19 of Decree No. 201/2011, Italian resident individuals holding financial assets – including the Covered Bonds – outside of the Italian territory are required to pay a wealth tax at the rate of 0.2 per cent. This tax is calculated on the market value at the end of the relevant year or – if no market value figure is available – on the nominal value or redemption value, or in the case the nominal or redemption values cannot be determined, on the purchase value of any financial asset (including

banking bonds, *obbligazioni* and capital adequacy financial instruments) held outside of the Italian territory."

- the paragraph headed "*Tax monitoring obligations*" shall be incorporated on page 288 of the Prospectus after the paragraph "*Wealth tax on financial assets deposited abroad*", as follows:

" Pursuant to Law Decree No. 167 of 28 June 1990, converted by Law No. 227 of 4 August 1990, as amended by Law No. 97 of 6 August 2013 and subsequently amended by Law No. 54 of 28 March 2014, individuals, non-profit entities and certain partnerships (*società semplici* or similar partnerships in accordance with Article 5 of Decree No. 917) resident in Italy who hold investments abroad or have financial activities abroad must, in certain circumstances, disclose the aforesaid and related transactions to the Italian tax authorities in their income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return).

Furthermore, the above reporting requirement is not required to comply with respect to Covered Bonds deposited for management with qualified Italian financial intermediaries and with respect to contracts entered into through their intervention, upon condition that the items of income derived from the Covered Bonds have been subject to tax by the same intermediaries."

(E) **GLOSSARY**

Under the section named "*Glossary*" on page 299 of the Prospectus the following definitions shall be incorporated and replace the existing definitions of "*Eligible Institution*", "*Italian Account Bank*" and "*English Account Bank*":

"*Eligible Institution*" means any credit institution incorporated under the laws of any state which is a member of the European Union or of the United States, whose short-term unsecured and unsubordinated debt obligations are rated at least "**F1**" by Fitch and at least "**P-1**" by Moody's and whose long-term unsecured and unsubordinated debt obligations are rated at least "**A**" by Fitch and at least "**A-2**" by Moody's (provided that, if any of the above credit institutions is on rating watch negative, it shall be treated as one notch below its current Fitch rating) or any other rating level from time to time provided for in the Rating Agencies' criteria.

"*English Account Bank*" means Banca Monte dei Paschi di Siena S.p.A., acting through its London branch with offices at 6th Floor, Capital House 85, King William Street, London EC4N 7BL, United Kingdom or, should Banca Monte dei Paschi di Siena S.p.A. cease to be an Eligible Institution, the English Back-Up Account Bank, or any other subject acting as such pursuant to the English Account Bank Agreement and/or any successor thereto.

"*Italian Account Bank*" means BMPS in its capacity as Italian account bank or, should BMPS cease to be an Eligible Institution, the Italian Back-Up Account Bank or any other subject acting as such pursuant to the Cash Allocation, Management and Payments Agreement.