

**FOURTH SUPPLEMENT DATED 25 JANUARY 2021 TO THE PROSPECTUS
DATED 22 JULY 2020**



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

€20,000,000,000 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)

BY APPROVING THIS SUPPLEMENT, THE *COMMISSION DE SURVEILLANCE DU SECTEUR FINANCIER* GIVES NO UNDERTAKING AS TO THE ECONOMIC OR FINANCIAL OPPORTUNENESS OF THE TRANSACTION OR THE QUALITY AND SOLVENCY OF THE ISSUER IN LINE WITH THE PROVISIONS OF ARTICLE 6 (4) OF THE LUXEMBOURG LAW DATED 16 JULY 2019 ON PROSPECTUSES FOR SECURITIES.

This fourth Supplement (the "**Supplement**") to the base prospectus dated 22 July 2020, as supplemented by the first supplement dated 8 September 2020, the second supplement dated 15 October 2020 and the third supplement dated 3 December 2020 (the "**Prospectus**") constitutes a supplement for the purposes of Article 23 of Regulation EU 2017/1129 (the "**Prospectus Regulation**") and is prepared in connection with the €20,000,000,000 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 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**"), which is the Luxembourg competent authority for the purposes of the Prospectus Regulation and Luxembourg Prospectus Law, as a supplement issued in compliance with the Prospectus Regulation and relevant implementing measures in Luxembourg.

Copies of this Supplement and the documents incorporated by reference in this 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) and on the Issuer's website

<https://www.gruppomps.it/investor-relations/programmi-di-emissione-e-prospetti/emissioni-internazionali-obbligazioni-mps-2020-emptn-e-obg.html>).

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 which is capable of affecting the assessment of Covered Bonds issued under the Programme since the publication of the Prospectus.

Purpose of this Supplement

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

1. the "*cover page*" of the Prospectus;
2. the "*Responsibility Statement*" section of the Prospectus;
3. the "*Risk factors*" section of the Prospectus;
4. the "*Documents incorporated by reference*" section of the Prospectus to incorporate by reference (i) certain press releases and (ii) the 2021-2025 strategic plan published by the Issuer on its website;
5. the "*Form of Final Terms*" section of the Prospectus;
6. the "*Banca Monte dei Paschi di Siena S.p.A.*" section of the Prospectus;
7. the "*Management of the Bank*" section of the Prospectus;
8. the "*Taxation*" section of the Prospectus; and
9. the "*Subscription and Sale*" section of the Prospectus.

1. COVER PAGE

- The fifth paragraph on page (i) of the Prospectus:

"Interest amounts payable under the Covered Bonds may be calculated by reference to EURIBOR, which is provided by the European Money Markets Institute ("**EMMI**") and to LIBOR, which is provided by ICE Benchmark Administration Limited ("**ICE**"), in each case as specified in the relevant Final Terms. At the date of this Prospectus, both EMMI and ICE are authorised as benchmark administrators, respectively with respect to EURIBOR and LIBOR, and are included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to article 36 of Regulation (EU) No. 2016/1011 (the "**Benchmarks Regulation**")."

is deleted and replaced by the following paragraph:

"Interest amounts payable under the Covered Bonds may be calculated by reference to EURIBOR, which is provided by the European Money Markets Institute ("**EMMI**") and to LIBOR, which is provided by ICE Benchmark Administration Limited ("**ICE**"), in each case as specified in the relevant Final Terms. At the date of this Prospectus, the EMMI is authorised as benchmark administrator with respect to EURIBOR, and is included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to article 36 of Regulation (EU) No. 2016/1011 (the "**EU Benchmarks Regulation**"). As at the date of this Prospectus, the ICE (as administrator of LIBOR) is not included in the register of administrators maintained by ESMA under Article 36 of the EU Benchmarks Regulation. As far the Issuer is aware, the transitional provisions in Article 51 of the EU Benchmarks Regulation apply, such that ICE (as administrator of LIBOR) is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence)."

- The following paragraph on page (ii) of the Prospectus:

"Each Series or Tranche of Covered Bonds issued under the Programme, if rated, is expected to be assigned, unless otherwise stated in the applicable Final Terms, the following credit ratings: A1 by Moody's Deutschland GmbH ("**Moody's**"), A+ by Fitch Ratings Ireland Limited ("**Fitch**") and AA (low) by DBRS Ratings GmbH ("**DBRS**") and, together with Moody's and Fitch, the "**Rating Agencies**" and, each of them, a "**Rating Agency**". A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. The Covered Bonds issued under the Programme may also not be assigned a rating. If the Covered Bonds issued under the Programme may be assigned a rating, the credit rating applied for in relation to the Covered Bonds will be issued by credit rating agencies established in the EEA or United Kingdom and registered under Regulation (EU) No 1060/2009 (as amended from time to time, the "**CRA Regulation**"). Please refer to the ESMA webpage <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs> in order to consult the updated list of registered credit rating agencies Any websites included in the Prospectus are for information purposes only and do not form part of the Prospectus."

is deleted and replaced by the following paragraph:

"Each Series or Tranche of Covered Bonds issued under the Programme, if rated, is expected to be assigned, unless otherwise stated in the applicable Final Terms, the following credit ratings: A1 by Moody's Deutschland GmbH ("**Moody's**"), A+ by Fitch Ratings Ireland Limited ("**Fitch**") and AA (low) by DBRS Ratings GmbH ("**DBRS**") and, together with Moody's and Fitch, the "**Rating Agencies**" and, each of them, a "**Rating Agency**". Each of Moody's, Fitch and DBRS is established in the EEA and is registered under Regulation (EU) No 1060/2009, on credit rating agencies (the "**CRA Regulation**"). Please refer to the ESMA webpage <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs> in order to consult the updated list of registered credit rating agencies. Any websites included in this Prospectus are for information purposes only and do not form part of this Prospectus.

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. The Covered Bonds issued under the Programme may also not be assigned a rating. If the Covered Bonds issued under the Programme may be assigned a rating, the credit rating applied for in relation to the Covered Bonds will be (1) issued or endorsed by a credit rating agency established in the EEA and registered under Regulation (EU) No 1060/2009, on credit rating agencies (the "**CRA Regulation**") or by a credit rating agency which is certified under the CRA Regulation and/or (2) issued or endorsed by a credit rating agency established in the UK and registered under Regulation (EU) No 1060/2009 on credit rating agencies, as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**") or by a credit rating agency which is certified under the UK CRA Regulation, as will be disclosed in the Final Terms."

2. RESPONSIBILITY STATEMENT

- The following paragraph in the "Responsibility Statement" section on pages (iii) and (iv) of the Prospectus:

"IMPORTANT – EEA AND UK RETAIL INVESTORS If the Final Terms in respect of any Covered Bonds includes a legend entitled "Prohibition of Sales to EEA and UK Retail Investors", the Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of article 4(1) of Directive 2014/65/EU ("**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Covered Bonds or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation."

is deleted and replaced by the following paragraph:

"IMPORTANT – EEA RETAIL INVESTORS – If the Final Terms in respect of any Covered Bonds include a legend entitled "Prohibition of Sales to EEA Retail Investors", the Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Covered Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation."

- The following paragraph shall be added in the "*Responsibility Statement*" section on page (iv) of the Prospectus, after the paragraph "*Important – EEA Retail Investors*" above:

"IMPORTANT – UK RETAIL INVESTORS – If the Final Terms in respect of any Covered Bonds includes a legend entitled "Prohibition of Sales to UK Retail Investors", the Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is

one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Covered Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation."

- The following paragraph shall be added in the "*Responsibility Statement*" section on page (iv) of the Prospectus, after the paragraph "*MiFID II product governance / target market*":

"UK MiFIR product governance / target market – The Final Terms in respect of any Covered Bonds will include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Covered Bonds and which channels for distribution of the Covered Bonds are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Covered Bonds is a manufacturer in respect of such Covered Bonds, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MIFIR Product Governance Rules."

- The following paragraph in the "*Responsibility Statement*" section on page (iv) of the Prospectus:

"This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor, the Joint-Arrangers or the Dealers to subscribe for, or purchase, any Covered Bonds.

The distribution of this Prospectus and the offering or sale of the Covered Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Dealers and the Joint-Arrangers to inform themselves about and to observe any such restriction. The Covered Bonds have not been and will not be registered under the United States Securities Act of 1933, as

amended (the "Securities Act"). Subject to certain exceptions, Covered Bonds may not be offered, sold or delivered within the United States or to US persons. There are further restrictions on the distribution of this Prospectus and the offer or sale of Covered Bonds in the European Economic Area, including the United Kingdom and the Republic of Italy, and in Japan. For a description of certain restrictions on offers and sales of Covered Bonds and on distribution of this Prospectus, see "Subscription and Sale".

is deleted and replaced by the following paragraph:

"This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor, the Joint-Arrangers or the Dealers to subscribe for, or purchase, any Covered Bonds.

The distribution of this Prospectus and the offering or sale of the Covered Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Dealers and the Joint-Arrangers to inform themselves about and to observe any such restriction. The Covered Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"). Subject to certain exceptions, Covered Bonds may not be offered, sold or delivered within the United States or to US persons. There are further restrictions on the distribution of this Prospectus and the offer or sale of Covered Bonds in the European Economic Area, including the Republic of Italy, in Japan and in the United Kingdom. For a description of certain restrictions on offers and sales of Covered Bonds and on distribution of this Prospectus, see "Subscription and Sale".

3. RISK FACTORS

The "Risk Factors" section of the Prospectus is amended as follows:

- The following paragraph shall be added in the sub-paragraph "*Risks associated with the failed realisation of the Restructuring Plan*" of the paragraph titled "*Risks relating to the Issuer's financial position*" on pages 36-38 before the last paragraph:

"In addition, it should be noted that on 17 December 2020 the Board of Directors of BMPS approved the Strategic Plan which has been prepared taking into account, *inter alia*, the Commitments assumed by the Italian Government pursuant to the Restructuring Plan. For more information on the Strategic Plan, reference is made to the Strategic Plan incorporated by reference into this Prospectus, to paragraph "*Risks associated with capital adequacy*" above and to paragraph "*BMPS approves the 2021-2025 Strategic Plan to be submitted to DG Comp*" of paragraph 3.1 "*Recent developments*" of section "*Banca Monte dei Paschi di Siena S.p.A.*" of this Prospectus."

- The following paragraph shall be added in the sub-paragraph "*Risks associated with capital adequacy*" of the paragraph titled "*Risks relating to the Issuer's financial position*" on pages 38-42 after the ninth paragraph:

"The Bank has received the ECB's final decision regarding own funds requirements to be met starting from 1 January 2021. In particular, the minimum SREP requirements have been reduced by 25 basis points compared to the requirements set for the 2020. For more information in this respect, reference is made to paragraph 3.2.4 "*2020 SREP Decision*" of this Prospectus."

- The paragraphs from the twenty-seventh to the last of sub-paragraph "*Risks associated with capital adequacy*" of the paragraph titled "*Risks relating to the Issuer's financial position*" on pages 38-42 are deleted in their entirety and replaced as follows:

"With respect to the impact of the partial, non-proportional demerger with asymmetric option from BMPS in favor of Asset Management Company S.p.A. ("**AMCO**") on Bank's capital position, please refer to letter z) "*Partial, non-proportional demerger with asymmetric option from BMPS in favor of AMCO*" of paragraph 3.1 "*Recent developments*" of section "*Banca Monte dei Paschi di Siena S.p.A.*" of this Prospectus and the BMPS Press Release, the August 2020 Press Release, the September 2020 Press Release, the October 2020 Press Release, the November 2020 Press Release, the Partial Non-Proportional Demerger Deed Enrolment – November 2020 Press Release and the Partial Non-Proportional Demerger Results – December 2020 Press Release (all incorporated by reference to this Prospectus).

Regarding the assessment of capital adequacy, following i) the significant provisions on legal risks made in the third quarter of 2020, ii) the effects of the partial, non-proportional demerger with asymmetric option from BMPS in favor of AMCO, iii) the negative impact of the COVID-19 pandemic on the macroeconomic scenario and iv) regulatory headwinds, a capital shortfall is expected with respect to SREP capital requirements. For more information on risk deriving from judicial and administrative

proceedings and the relevant provisions on legal risks made in the third quarter of 2020 please refer to paragraph "Risks deriving from judicial and administrative proceedings" of this Prospectus.

In connection with the above, on 17 December 2020 the Board of Directors of the BMPS, approved the 2021-2025 strategic plan to be submitted to DG COMP (the "**Strategic Plan**"). The Strategic Plan provides for, *inter alia*, certain measures which aim at allowing the Bank to restore its regulatory capital ratios, with a phased-in CET1 ratio constantly above 12 per cent., and to bear restructuring costs related to a sustainable reduction of its cost base. In addition, BMPS will submit to the ECB by 31 January 2021 a new capital plan (the "**New Capital Plan**") setting out an assessment of capital needs (over the medium term and not limited to CET1), quantified between EUR 2.0 billion and EUR 2.5 billion, and an indication of how such capital needs will be met. The assumed capital strengthening is adequate to solve the regulatory capital shortfall scenario, quantified in more than EUR 0.3 billion as of 31 March 2021 and in about EUR 1.5 billion as of 1 January 2022. For more information in this respect, reference is made to letter FF) "*BMPS approves the 2021-2025 Strategic Plan to be submitted to DG Comp*" of paragraph 3.1 "*Recent developments*" of section "*Banca Monte dei Paschi di Siena S.p.A.*" of this Prospectus and the Strategic Plan incorporated by reference to this Prospectus.

Furthermore, with reference to the provisions of Article 2446 of the Italian Civil Code, in which respect the Bank has declared – in the Consolidated Half-yearly report as at 30 June 2020 and in the BMPS Unaudited Consolidated Interim Financial Report as at 30 September 2020 – that a net equity decrease of more than one third of its share capital has occurred, it should be noted that the board of directors of the Bank will submit to the shareholders' meeting called to approve the financial statements for the year 2020 a proposal for capital measures that adequately take into account i) the final effects of the partial, non-proportional demerger with asymmetric option from BMPS in favor of AMCO, and ii) the resolutions that will be adopted in relation to the necessary capital strengthening measures that will be detailed in the context of the New Capital Plan. For further information in this respect, reference is made to the 2021-2025 Strategic Plan – Press Release (incorporated by reference to this Prospectus).

For further information on the risks associated with the capital adequacy, please also refer to paragraph "Strategy and Restructuring Plan" of the Consolidated Half-yearly report as at 30 June 2020, and paragraph "Strategy and Restructuring Plan" of BMPS Unaudited Consolidated Interim Financial Report as at 30 September 2020."

- The eighth paragraph of sub-paragraph "*Risks deriving from judicial and administrative proceedings*" of the paragraph titled "*Risks relating to judicial and administrative proceedings and the inspections of the supervisory authorities*" on pages 50-52 is deleted in its entirety and replaced as follows:

"In relation to disputes in which the Bank is involved, it has to be specified that, as at the date of the Prospectus, it cannot be excluded that disputes against the Bank may increase in number, also in consideration of the criminal proceedings pending and/or concluded before the Courts of Milan as well as the extraordinary transactions put in place by the Bank, in particular in relation to the civil plaintiffs in the context of such proceedings and/or the filing of civil claims for damages following the conviction sentence of the Courts of Milan on 8 November 2019 (for more information, reference is made to the paragraph 11 "*Legal proceedings*" of section *Banca Monte dei Paschi di Siena S.p.A.* of this Prospectus). In this respect, it should be noted that following the

judgment of the Court of Milan in the proceedings 955/16 on 16 October 2020, there is an increasing number of disputes relating to the 2014 and 2015 share capital increases of the Bank."

- The third paragraph of sub-paragraph "*Ratings of the Covered Bonds*" of the paragraph titled "*Risks related to Covered Bonds generally*" on pages 72-73 is deleted in its entirety and replaced as follows:

Each of Moody's, Fitch and DBRS is established in the EEA and is registered under the CRA Regulation. Please refer to the ESMA webpage <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs> in order to consult the updated list of registered credit rating agencies. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA is certified under the CRA Regulation.

Similarly, in general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the UK and registered under the UK CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the UK but is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or (2) the rating is provided by a credit rating agency not established in the UK which is certified under the UK CRA Regulation.

- The sub-paragraph "*Reform of EURIBOR and other interest rate index and equity, commodity and foreign exchange rate index "benchmarks"*" of the paragraph titled "*Risks related to Covered Bonds generally*" on pages 76-78 is deleted in its entirety and replaced as follows:

The London Interbank Offered Rate ("**LIBOR**"), the Euro Interbank Offered Rate ("**EURIBOR**") and other indices which are deemed "benchmarks" are the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such "benchmarks" to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Covered Bonds linked to a "benchmark".

Regulation (EU) No. 2016/1011 as it forms part of domestic law by virtue of the EUWA (the "**UK Benchmarks Regulation**") among other things, applies to the provision of "benchmarks" and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could also have a material impact on any listed Covered Bonds linked to a "benchmark" index, including in any of the following circumstances:

- (i) an index which is a "benchmark" could not be used as such if its administrator does not obtain appropriate EU authorisations or is based in a non-EU jurisdiction which (subject to any applicable transitional provisions) does not have equivalent regulation. In such event, depending on the particular "benchmark" and the applicable terms of the Covered Bonds, the Covered Bonds could be delisted (if listed), adjusted, redeemed or otherwise impacted;
- (ii) the methodology or other terms of the "benchmark" related to a series of Covered Bonds could be changed in order to comply with the terms of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, and such changes could have the effect of reducing, increasing or affecting the volatility of the published rate or level of the relevant "benchmark", and could lead to adjustments to the terms of the Covered Bonds.

Any of the international, national or other reforms or the general increased regulatory scrutiny of "benchmarks" could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements.

For example, the sustainability of the LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of regulatory reforms) for market participants to continue contributing to such "benchmarks".

On 27 July 2017, and in a subsequent speech made by the United Kingdom Financial Conduct Authority ("FCA")'s Chief Executive on 12 July 2018, it was confirmed that banks will no longer be persuaded or compelled to submit rates for the calculation of the LIBOR "benchmark" after 2021 (the "**FCA Announcement**"). The FCA Announcement indicated that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021.

In addition, on 29 November 2017, the Bank of England and the FCA announced that, from January 2018, its working group on Sterling Risk-Free Rates has been mandated with implementing a broad-based transition to the Sterling Overnight Index Average ("**SONIA**") over the next four years across sterling bond, loan and derivative markets, so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021.

Separate workstreams are also underway in Europe to reform EURIBOR using a hybrid methodology and to provide a fallback by reference to a euro risk-free rate (based on a euro overnight risk-free rate as adjusted by a methodology to create a term rate). On 13 September 2018, the working group on euro risk-free rates recommended Euro Short-term Rate ("**€STR**") as the new risk free rate. The ECB published the €STR for the first time on 2 October 2019, reflecting trading activity on 1 October 2019. €STR will replace EONIA with effect from 3 January 2022. In addition, on 21 January 2019, the euro risk free-rate working group published a set of guiding principles for fallback provisions in new euro denominated cash products (including bonds). The guiding principles indicate, among other things, that continuing to enter into new contracts referencing EURIBOR or EONIA or €STR without more robust provisions may increase the risk to the euro area financial system.

The potential elimination of the LIBOR "benchmark" or any other "benchmark", or changes in the manner of administration of any "benchmark", could require an adjustment to the terms and conditions, or result in other consequences, in respect of any Covered Bonds referencing such "benchmark". Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any such Covered Bonds.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation and/or UK Benchmarks Regulation, as applicable, or any of the international or national reforms and the possible application of the benchmark replacement provisions of the Covered Bonds, investigations and licensing issues in making any investment decision with respect to any Covered Bonds referencing a "benchmark".

Pursuant to the terms and conditions of any applicable Covered Bonds whose return is determined by reference to any benchmark, as described in Condition 7 (Benchmark replacement) if the Issuer or Calculation Agent determines at any time that the Relevant Screen Page on which the Reference Rate for such Covered Bonds appears has been discontinued or following the adoption of a decision to withdraw the authorisation or registration as set out in Article 35 of the EU Benchmarks Regulation or any other benchmark administrator previously authorized to publish any replacement Reference Rate under any applicable laws or regulations, the Issuer will appoint an Independent Adviser who will determine an Alternative Reference Rate, as well as any necessary changes to the business day convention, the definition of business day, the interest determination date, the day count fraction, and any method for obtaining the Alternative Reference Rate.

These and other changes could significantly affect the performance of an alternative rate compared to the historical and expected performance of LIBOR or any other relevant benchmark. There can be no assurance that any adjustment factor applied to any Series of Covered Bonds will adequately compensate for this impact. This could in turn impact the rate of interest on, and trading value of, the affected Covered Bonds. Moreover, any holders of such Covered Bonds that enter into hedging instruments based on the Relevant Screen Page on which appears the Reference Rate may find their hedges to be ineffective, and they may incur costs replacing such hedges with instruments tied to the Alternative Reference Rate.

4. DOCUMENTS INCORPORATED BY REFERENCE

On 29 December 2020, the Issuer has published on the Issuer's website the press release headed "*MPS Group: ECB notifies SREP Own Funds Requirements for 2021 – Minimum SREP Requirements reduced by 25 bps vs. 2020*" (the "**ECB SREP requirements for 2021 – Press Release**") which is available at https://www.gruppomps.it/static/upload/sre/srep-2021-eng_final.pdf.

On 17 December 2020, the Issuer has published on the Issuer's website the press release headed "*Banca Monte dei Paschi di Siena has approved the 2021-2025 Strategic Plan to be submitted to DG COMP*" (the "**2021-2025 Strategic Plan – Press Release**") which is available at https://www.gruppomps.it/static/upload/ex_/ex_copy_20201217_cda_eng.pdf.

On 1 December 2020, the Issuer has published on the Issuer's website the press release headed "*Partial non-proportional demerger with asymmetric option of Banca Monte dei Paschi di Siena S.p.A. in favor of AMCO S.p.A. - Results of the exercise of the asymmetric option and variation of the share capital*" (the "**Partial Non-Proportional Demerger Results – December 2020 Press Release**") which is available at https://www.gruppomps.it/static/upload/pr_/pr_eng_comunicato_risultati_opz_asimm_avviso_85bis_re_final.pdf.

On 27 November 2020, the Issuer has published on the Issuer's website the press release headed "*Enrollment of the deed of the partial non-proportional demerger with asymmetric option of Banca Monte dei Paschi DI Siena S.p.A. in favor of Amco S.p.A.*" (the "**Partial Non-Proportional Demerger Deed Enrollment – November 2020 Press Release**") which is available at https://www.gruppomps.it/static/upload/pr_/pr_eng_comunicato-iscrizione-ed-efficacia-scissione-amco.pdf.

On 15 January 2021, the Issuer has published on the Issuer's website the press release headed "*BMPS: Group Strategic Plan 2021 - 2025*" (the "**2021-2025 Strategic Plan – January 2021 Press Release**") which is available at https://www.gruppomps.it/static/upload/pr_/pr_15_01_21_eng.pdf.

On 15 January 2021, the Issuer has published on the Issuer's website the document headed "*Group Strategic Plan 2021-2025*" (the "**Strategic Plan**") which is available at <https://www.gruppomps.it/static/upload/pia/piano-strategico-di-gruppo-2021-25-eng.pdf>.

The Issuer confirms that the profit forecasts and estimates contained in the Strategic Plan incorporated by reference herein have been compiled and prepared on the basis which is both comparable with historical financial information of the Issuer and consistent with the Issuer's accounting policies.

A copy of (i) each of the press releases listed above and (ii) the Strategic Plan has been filed with the CSSF and, by virtue of this Supplement, is incorporated by reference in, and forms part of, the Prospectus.

The "*Documents Incorporated by Reference*" section on pages 95-97 of the Prospectus is hereby supplemented with the following:

* * *

Document	Information Incorporated	Page Reference
Press Release headed " <i>MPS Group: ECB notifies SREP Own Funds Requirements for 2021 – Minimum SREP Requirements reduced by 25 bps vs. 2020</i> " dated 29 December 2020	Entire document	All
Press Release headed " <i>Banca Monte dei Paschi di Siena has approved the 2021-2025 Strategic Plan to be submitted to DG COMP</i> " dated 17 December 2020	Entire document	All
Press Release headed " <i>Partial non-proportional demerger with asymmetric option of Banca Monte dei Paschi di Siena S.p.A. In favor of AMCO S.p.A. - Results of the exercise of the asymmetric option and variation of the share capital</i> " dated 1 December 2020	Entire document	All
Press Release headed " <i>Enrollment of the deed of the partial non-proportional demerger with asymmetric option of Banca Monte dei Paschi DI Siena S.p.A. in favor of Amco S.p.A.</i> " dated 27 November 2020	Entire document	All
Press Release headed " <i>BMPS: Group Strategic Plan 2021 - 2025</i> " dated 15 January 2021	Entire document	All

Group Strategic Plan 2021- 2025 pp 1 – 3

Document headed " <i>Group Strategic Plan 2021 – 2025</i> "	Strategic Guidelines and Key Objectives	pp 4 – 13
	Refocus the Business Model to restore MPS' competitive positioning	pp 14 – 32
	Simplify, increase productivity and bring the operating model closer to business	pp 33 – 51
	Strengthen balance sheet and further improve risk management	pp 52 – 58
	Robust and focused investment plan	pp 59 – 61
	Engagement and reskilling of human capital	pp 62 – 64

For the purposes of Article 19(1) of Regulation (EU) 2017/1129, the information incorporated by reference that is not included in the cross-reference list above are either deemed not relevant for an investor or are otherwise covered elsewhere in this Supplement and, for the avoidance of doubt, unless specifically incorporated by reference into the Prospectus, information contained on the website does not form part of the Prospectus.

5. FORM OF FINAL TERMS

The "Form of Final Terms" section of the Prospectus is amended as follows:

- The following paragraph in the "Form of Final Terms" section on page 189 of the Prospectus:

[PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS - *The Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA") or in the United Kingdom (the "UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of article 4(1) of Directive 2014/65/EU ("MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "Prospectus Regulation"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "PRIIPS Regulation") for offering or selling the Covered Bonds or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPS Regulation.]*

is deleted and replaced by the following paragraph:

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS - *The Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "Prospectus Regulation"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "PRIIPs Regulation") for offering or selling the Covered Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.]¹*

- The following paragraph shall be added in the "Form of Final Terms" section on page 189 of the Prospectus, after the paragraph "Important – EEA Retail Investors" above:

[PROHIBITION OF SALES TO UK RETAIL INVESTORS - *The Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be*

¹ Legend to be included on front of the Final Terms if the Covered Bonds potentially constitute "packaged" products and no key information document will be prepared or the issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable".

offered, sold or otherwise made available to any retail investor in the United Kingdom ("UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Covered Bonds or otherwise making them available to retail investors in the Covered Bonds has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]²

- The following paragraph shall be added in the "Form of Final Terms" section on page 189 of the Prospectus, after the paragraph "MIFID II product governance / Professional investors and ECPs only target market":

"[UK MIFIR product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Covered Bonds has led to the conclusion that: (i) the target market for the Covered Bonds is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("COBS"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("UK MiFIR"); and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate. [Consider any negative target market]. Any person subsequently offering, selling or recommending the Covered Bonds (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK MiFIR Product Governance Rules") is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]³"

- In "Part A – Contractual terms", paragraph "26. Prohibition of Sales to EEA and UK Retail Investors", in the "Form of Final Terms" section, on page 196 of the Prospectus, shall be replaced as follows:

26. Prohibition of sales to EEA Retail Investors [Applicable] / [Not applicable]

² Legend to be included on the front of the Final Terms if the Covered Bonds potentially constitute "packaged" products and no key information document will be prepared in the UK or the issuer wishes to prohibit offers to UK retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable".

³ Legend to be included on front of the Final Terms if following the ICMA 1 "all bonds to all professionals" target market approach.

(If the Covered Bonds clearly do not constitute "packaged" products, "Not applicable" should be specified. If the Covered Bonds may constitute "packaged" products and no KID will be prepared, "Applicable" should be specified)

- In "Part A – Contractual terms", the following item "27. Prohibition of Sales to UK Retail Investors" in the "Form of Final Terms" section, on page 196 of the Prospectus, shall be added:

27. Prohibition of sales to UK Retail Investors [Applicable] / [Not applicable]

(If the Covered Bonds clearly do not constitute "packaged" products, "Not applicable" should be specified. If the Covered Bonds may constitute "packaged" products and no KID will be prepared, "Applicable" should be specified)

- In "Part B – Other information", paragraph "2. Ratings", in the "Form of Final Terms" section, on pages 199 - 200 of the Prospectus, shall be replaced as follows:

"2. RATINGS

Ratings:

The Covered Bonds (*Obbligazioni Bancarie Garantite*) to be issued [[have been rated]/[are expected to be]] rated:

[DBRS: [•]]

[Moody's: [•]]

[Fitch: [•]]

[[Other]: [•]]

(The above disclosure should reflect the rating allocated to Covered Bonds of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

(Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.)

[DBRS] / [Moody's] / [Fitch] / [Others] are established in the EEA and are registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**"). [DBRS] / [Moody's] / [Fitch] / [Others] appears on the latest

update of the list of registered credit rating agencies on the ESMA website <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>.

[The rating [•] has given to the Covered Bonds is endorsed by [•], which is established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**").]

[[•] has been certified under Regulation (EU) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation** ").] / [[•] has not been certified under Regulation (EU) No 1060/2009, as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**") and the rating it has given to the Covered Bonds is not endorsed by a credit rating agency established in the UK and registered under the CRA Regulation (UK).]

[Not applicable (*if not rated*)]"

6. **BANCA MONTE DEI PASCHI DI SIENA S.P.A.**

The "*Banca Monte dei Paschi di Siena S.p.A.*" section of the Prospectus is amended as follows:

- The fourth paragraph of paragraph 1 "*General*" of section "*Banca Monte dei Paschi di Siena S.p.A.*" on page 204 of the Prospectus is deleted in its entirety and replaced as follows:

"Pursuant to article 2497 and subsequent articles of the Italian Civil Code, the role of the parent company is carried out by BMPS which directs and coordinates the activities of its direct and indirect subsidiaries, including companies that, under current regulations, do not belong to the BMPS Group. BMPS has been a member of FTSE Italia Mid Cap since June 2018 with a share capital of Euro 9,195,012,196.85 as at 1 December 2020."

- The sub-paragraph Z) "*Partial, non-proportional demerger with asymmetric option from BMPS in favor of AMCO*" of paragraph 3.1 "*Recent developments*" of section "*Banca Monte dei Paschi di Siena S.p.A.*" on page 218 of the Prospectus is deleted in its entirety and replaced as follows:

"Z) Partial, non-proportional demerger with asymmetric option from BMPS in favor of AMCO

On 29 June 2020, the Board of Directors of BMPS and the Board of Directors of AMCO approved the project related to the partial, non-proportional demerger with asymmetric option from BMPS in favor of AMCO (the "**Transaction**") of a compendium consisting of NPEs, DTAs, other assets, financial debts, other liabilities and net equity, subject to certain conditions, first of all the positive scrutiny by the ECB. On 27 August 2020, the Bank's Board of Directors acknowledged receipt from the ECB of the draft decision regarding the Transaction and resolved to inform the ECB of the absence of comments on its part. The ECB draft decision set out the conditions to which the ECB's authorisation to carry out the Transaction is subject, as further detailed in the August 2020 Press Release. On 2 September 2020 BMPS received the ECB final decision confirming the draft decision received by the Bank on 27 August 2020. On 4 October 2020, the Extraordinary Shareholders' meeting of BMPS resolved to (i) approve the partial proportional demerger project of MPS Capital Services in favor of BMPS which consists in a partial proportional demerger of MPS Capital Services in favor of the Bank to be implemented through the assignment by MPS Capital Services to the Bank of a portion of its assets and liabilities (including a portfolio of non-performing exposures) and which will be subsequently transferred to AMCO as a result of the Transaction; (ii) approve the Transaction with the granting of an asymmetric option to the shareholders of BMPS, other than the MEF; and (iii) amend the Bank's by-laws (with respect to the Bank's share capital) following the approval of the Transaction. On 25 November 2020 the deed for the partial non-proportional demerger from BMPS in favor of AMCO with the granting of an asymmetric option to BMPS' shareholders, other than the Ministry of Economy and Finance, has been executed following the assessment, by the Board of Directors of BMPS, on the fulfillment of the conditions precedent which such demerger is subject to, including – in particular – the enrollment with the Companies' Register of Arezzo-Siena of the deed for the partial demerger of MPS Capital Services in favor of

the Bank which has been executed on 19 November 2020, enrolled with such Companies' Register on 20 November 2020 and effective as of 26 November 2020. The Transaction is effective (towards third parties) as of 1 December 2020. For more information in this respect, reference is made to the BMPS Press Release, the August 2020 Press Release, the September 2020 Press Release, the October 2020 Press Release, the November 2020 Press Release, Partial Non-Proportional Demerger Deed Enrollment – November 2020 Press Release and the Partial Non-Proportional Demerger Results – Press Release (all incorporated by reference to this Prospectus)."

- The following paragraph shall be deemed to be included in paragraph 3.1 "*Recent developments*" of section "*Banca Monte dei Paschi di Siena S.p.A.*" on pages 205-219 of the Prospectus:

"EE) BMPS issued a Euro 750 million senior preferred bond

On 1 December 2020 BMPS issued a fixed-rate senior preferred unsecured bond, with a 5-year maturity, reserved to institutional investors, with a size of Euro 750 million. The issue had an order-book of around EUR 1.7 billion from more than 160 investors. Thanks to the strong demand the initial price guidance of about 2.25% - 2.30% was tightened towards the final yield, set at 1.963%. The bond, issued under BMPS Debt Issuance Programme, with ratings of Caa1 (Moody's) / B (Fitch) / B (high) (DBRS), is listed on the Luxembourg Stock Exchange."

- The following paragraph shall be deemed to be included in paragraph 3.1 "*Recent developments*" of section "*Banca Monte dei Paschi di Siena S.p.A.*" on pages 205-219 of the Prospectus:

"FF) BMPS approves the 2021-2025 Strategic Plan to be submitted to DG Comp

On 17 December 2020 the Board of Directors of the BMPS, approved the Strategic Plan. The Strategic Plan has been prepared taking into account, inter alia, the Commitments assumed by the Italian Government pursuant to the Restructuring Plan and the Prime Minister's Decree (DPCM) dated 16 October 2020 relating to the disposal of the investment held by the MEF in the share capital of BMPS. In particular, the Strategic Plan has been designed assuming strategic initiatives that can be implemented while substantially retaining the Bank's current operating model and technological infrastructure, so as not to place constraints on consolidation scenarios. From a capital perspective, the Strategic Plan implies a strengthening that will allow the Bank to restore its regulatory capital ratios, with a phased-in CET1 ratio constantly above 12 per cent., and to bear restructuring costs related to a sustainable reduction of its cost base. The impacts of the new MREL framework are fully incorporated in the Strategic Plan. The Strategic Plan will be transmitted to the Italian Ministry of Economy and Finance, which will have to initiate – in compliance with the commitments undertaken – a discussion with DG Comp, pursuant to regulations in force. On 15 January 2021, BMPS has made available, upon request of CONSOB, the Strategic Plan on the Bank's website.

BMPS is committed to preparing the New Capital Plan - to be submitted to the ECB by 31 January 2021 – which will contain an assessment of capital needs (over the medium term and not limited to CET1), quantified between EUR 2.0 billion and EUR 2.5 billion, and an indication of how these needs will be met. The assumed capital strengthening is adequate to solve the regulatory capital shortfall scenario, quantified in more than EUR

0.3 billion as of 31 March 2021 and in about EUR 1.5 billion as of 1 January 2022. For more information in this respect, reference is made to the 2021-2025 Strategic Plan – Press Release (incorporated by reference to this Prospectus)."

- The following paragraph shall be deemed to be included in paragraph 3.1 "*Recent developments*" of section "*Banca Monte dei Paschi di Siena S.p.A.*" on pages 205-219 of the Prospectus:

"GG) Appointment of Credit Suisse as strategic financial advisor along with Mediobanca

The Board of Directors of MPS, held on 11 January 2021, announced that it has appointed Credit Suisse as financial advisor in order to assist Mediobanca in evaluating the strategic alternatives available to the Bank and to verify market interests by operators of primary standing.

The Bank also informed that the Board of Directors scheduled for 19 January 2021 has been postponed to 28 January 2021."

- The following paragraph shall be deemed to be included in paragraph 3.2 "*SREP Decisions*" of section "*Banca Monte dei Paschi di Siena S.p.A.*" on pages 205 - 219 of the Prospectus:

"2020 SREP Decision

On 29 December 2020 the Bank has announced that it has received the ECB's final decision regarding own funds requirements to be met starting from 1 January 2021.

For more information in this respect, reference is made to the ECB SREP requirements for 2021 – Press Release (incorporated by reference to this Prospectus)."

- The paragraph 4 "*Ratings*" of section "*Banca Monte dei Paschi di Siena S.p.A.*" on pages 222-223 of the Prospectus is deleted in its entirety and replaced as follows:

"4. RATINGS

During the months of March and April 2020, in view of the strong impact of the COVID-19 pandemic on the Italian economic and market environment, the main rating agencies revised the ratings for most Italian banks, including BMPS. These revisions mainly resulted in worsened outlooks.

In June and July DBRS and Fitch completed their annual review of the Bank's credit profile, confirming all ratings (Fitch revising the "rating watch" from "negative" to "evolving") and Moody's placed the bank's main ratings under review for upgrade on the derisking transaction with Asset Management Company S.p.A. ("**AMCO**").

Between November and December 2020, the following rating actions were taken for BMPS:

- On 19 November 2020, DBRS revised the outlook on the Group's long-term ratings to "stable" from "negative". All BMPS ratings were confirmed, including the Long-Term Issuer Rating of "B (high)", Long-Term Senior Debt of "B (high)" and Long-Term Deposits of "BB (low)".

- On 16 December 2020, Moody's extended its review for upgrade of the Bank's "b3" standalone Baseline Credit Assessment and long-term ratings (including the "Caa1" long-term senior unsecured rating and "B1" long-term bank deposits rating). The long-term outlook was confirmed "Rating under Review".

On 21 December 2020, Fitch revised its "rating watch" on BMPS long-term ratings from "evolving" (assigned in July following its annual review) to "negative".

Ratings Agencies	Long term rating	Outlook	Short term rating	Outlook	Last updated
Moody's	Caa1 ⁴ (RUR UP) ⁵	Rating Under Review	(P)NP ⁶	-	16 December 2020
Fitch	B	Rating Watch Negative	B ⁷	-	21 December 2020
DBRS	B (High)	Stable	R-4 ⁸	Stable	19 November 2020

"

⁴ Long Term Debt.

⁵ RUR UP: Rating under review for upgrade

⁶ Pursuant to the rating scale of Moody's Investor Service, "NP" rating refers to issuers rated "Not Prime", *i.e.* that do not fall within any of the "Prime" rating categories. The short-term rating is on the issuance programme and is therefore provisional (P).

⁷ Pursuant to the rating scale of Fitch Ratings, "B" rating refers to minimal capacity for timely payment of financial commitments, plus heightened vulnerability to adverse changes in financial and economic conditions in the in short term.

⁸ Pursuant to the rating scale of DBRS, "R-4" rating refers to a short-term security (or to a short-term securities portfolio) with a highly speculative grade whose short-term redemption capacity is uncertain.

7. MANAGEMENT OF THE BANK

- Rows no. 2 and 3 of the table set out in paragraph "Board of Statutory Auditors" of section "*Management of the Bank*" on pages 271-277 of the Prospectus are deleted in its entirety and replaced as follows:

2	Luigi Soprano	Auditor	Napoli, 22 February 1959	Sole Director of Asiago Immobiliare S.r.l.
				Sole Director of Unico di H & B Immobiliare S.r.l.
				Director of Interservice S.p.A.
				Auditor of Del Bo Scrl
				Auditor of Del Bo Impianti S.r.l.
				Auditor of Del Bo Roma S.r.l.
				Auditor of Del Bo S.p.A.
				Chairperson of the Board of Statutory Auditors of Del Bo Servizi S.p.A.
				Auditor of SIA S.p.A.
				Liquidator of Italgrani S.r.l. in liquidazione
				Liquidator of Italsilos S.r.l.
				Sole auditor of Aedifica S.r.l.
				Auditor of La. Me.s. S.p.A.

					Chairperson of the Board of Statutory Auditors of Tufano Holding S.p.A.
					Auditor of A.R.I.N. Azienda Speciale
					Auditor of Consorzio Meditech
					Administrator of Fallimento IAP S.r.l.
					Sole Auditor of Fondazione Regina per le arti contemporanee
					Liquidator of Fiorino Sud S.r.l.
					Liquidator of Mairo S.r.l.
3	Alessia Bastiani	Auditor	Firenze, July 1968	12	Auditor of Savino del Bene S.p.A.
					Auditor of Aprile S.p.A.
					Auditor of AGC Biologics S.p.A.
					Auditor of Publiacqua S.p.A.
					Auditor of Albatrans S.p.A.
					Auditor of Leonardi & C. S.p.A.
					Auditor of Commercial Department Container CDC S.p.A.

Auditor of CNA
Servizi e Consulenze
S.r.l.

Auditor of Arimar
International S.p.A.
a socio unico

Chairperson of the
Board of Statutory
Auditors of Azzurra
Aeroporti S.p.A.

Auditor of Ambiente
e impresa S.c.a.r.l.

Auditor of
INFOBLU S.p.A.

Chairperson of the
Board of Statutory
Auditors of I
Praticelli S.p.A.

Chairperson of the
Board of Statutory
Auditors of Paper
Interconnector
S.c.p.a.

Auditor of
Interconnector
Energy Italia S.c.p.a.

Chairperson of the
Board of Statutory
Auditors of Monita
Interconnector S.r.l.

Chairperson of the
Board of Statutory
Auditors of
Leonardo Energia
S.c.r.l.

Auditor of
Consorzio Energy
Paper S.c.r.l.

Chairperson of the
Board of Statutory
Auditors of

COMIECO
Consorzio Nazionale
Recupero e Riciclo
degli imballaggi a
base cellulosica

Auditor of Museo
Nazionale Romano

Liquidator of G.
Fanin Società Coop.
Edil.

- The paragraph "*Main Shareholders as at the date of this Prospectus*" of section "*Management of the Bank*" on page 277 of the Prospectus is deleted in its entirety and replaced as follows:

"Main Shareholders as at 8 December 2020

The entities that, as at 8 December 2020, directly and/or indirectly hold ordinary shares for more than 3 per cent. of the Issuer's share capital and that do not fall under any of the exemptions provided for by article 119-*bis* of the CONSOB Regulation No. 11971 of 14 May 1999, are as follows:

Shareholders	% share capital on overall share capital
Italian Ministry of Economy and Finance	64.230%
Assicurazioni Generali S.p.A.(*)	4.319%
Banca Monte dei Paschi di Siena S.p.A(**)	3.619%

(*). *Shares held through its subsidiaries, based on the communications received, pursuant to applicable legislation, as at 28 November 2017.*

(**). *Own shares held by BMPS, directly and indirectly through MPS Capital Services S.p.A., upon completion of the Transaction.*

As at 8 December 2020, pursuant to article 93 of the Consolidated Finance Act, the Issuer is controlled by the MEF, following the subscription of the share capital increase reserved to the MEF pursuant to the Decree of 23 December 2016, no. 237 and its related ministerial Decree adopted on 27 July 2017 and upon completion of the Transaction."

8. TAXATION

The "*Taxation*" section of the Prospectus is amended as follows:

- The paragraph "*Italian resident Bondholders*" of section "*Taxation*" on pages 384-386 of the Prospectus is deleted in its entirety and replaced as follows:

"Pursuant to Decree No. 239, where an Italian resident Bondholders, who is the beneficial owner of the Covered Bonds, is:

- (a) an individual not engaged in an entrepreneurial activity to which the Covered Bonds are connected (unless the investor has entrusted the management of his financial assets, including the Covered Bonds, to an authorised intermediary and has opted for the so called "*regime del risparmio gestito*" (the "**Asset Management Regime**") according to article 7 of Italian Legislative Decree No. 461 of 21 November 1997, as amended and supplemented from time to time ("**Decree No. 461**") – see under "*Capital gains tax*" below for an analysis of such regime); or
- (b) a partnership (other than a *società in nome collettivo* or *società in accomandita semplice* or similar partnership) or a *de facto* partnership not carrying out commercial activities or professional associations; or
- (c) a private or public institution other than companies, trusts not carrying out mainly or exclusively commercial activities, the Italian State and public and territorial entities, with the exclusion of collective investments funds; or
- (d) an investor exempt from Italian corporate income taxation,

Interest payments relating to the Covered Bonds, accrued during the relevant holding period, are subject to a tax, referred to as "*imposta sostitutiva*", levied at the rate of 26 per cent., either when Interest is paid or when payment thereof is obtained by the holder on a sale of the Covered Bonds. In the event that the Bondholders described under (a) and (c) above are engaged in an entrepreneurial activity to which the Covered Bonds are connected, the *imposta sostitutiva* applies as a provisional tax. Interest will be included in the relevant beneficial owner's Italian income tax return and will be subject to Italian ordinary income taxation and the *imposta sostitutiva* may be recovered as a deduction from Italian income tax due.

Subject to certain limitations and requirements (including a minimum holding period), Interest in respect of Covered Bonds received by Italian resident individuals holding the Covered Bonds not in connection with an entrepreneurial activity may be exempt from taxation, including the 26 per cent. *imposta sostitutiva*, if the Covered Bonds are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in article 1, paragraphs 100 – 114, of Law No. 232 of 11 December 2016 ("**Law No. 232**") and Article 1, paragraphs 211-215, of Law No. 145 of 30 December 2018 ("**Law No. 145**") and Article 13-*bis* of Law Decree No. 124 of 26 October 2019 ("**Law Decree No. 124**") as amended and applicable from time to time. Pursuant to Article 1, paragraphs 219-225 of Law n. 178 of 30 December 2020 as further amended and applicable from time to time ("**Finance Act 2021**"), it is further provided that Italian resident individuals investing in long-term individual savings account compliant with Article 13-*bis*, paragraph 2-*bis* of Decree 124 may benefit from a tax credit corresponding to possible capital losses, losses and negative

differences realized in respect of certain qualifying financial instruments comprised in the long-term individual savings account, provided that certain conditions and requirements are met (e.g. including the loss of the possibility to subsequently set off the relevant capital losses, losses and negative differences against future capital gains).

Where an Italian resident Bondholder is a company or similar commercial entity (including limited partnership qualified as *società in nome collettivo* or *società in accomandita semplice* and private and public institutions carrying out commercial activities and holding the Covered Bonds in connection with this kind of activities), or a permanent establishment in Italy of a foreign company to which the Covered Bonds are effectively connected, and the Covered Bonds are deposited with an authorised intermediary, Interest from the Covered Bonds will not be subject to *imposta sostitutiva*. They must, however, be included in the relevant Bondholder's income tax return and are therefore subject to Italian corporate income taxation (and, in certain circumstances, depending on the "*status*" of the Bondholder, also to IRAP (the regional tax on productive activities)). Interest on the Covered Bonds that are not deposited with an authorised intermediary, received by the above persons is subject to a 26 per cent. *imposta sostitutiva* levied as provisional tax.

Where a Bondholder is an Italian resident real estate investment fund or a real estate SICAF, to which the provisions of Law Decree No. 351 of 25 September 2001, as subsequently amended, apply, Interest accrued on the Covered Bonds will be subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the real estate investment fund or the SICAF. The income of the real estate fund or the real estate SICAF is subject to tax, in the hands of the unitholder, depending on the *status* and percentage of participation, or, when earned by the fund, through distribution and/or upon redemption or disposal of the units.

If the investor is resident in Italy and is an open-ended or closed-ended investment fund (the "**Fund**"), a SICAV or a non-real estate SICAF and either (i) the Fund, the SICAV or the non-real estate SICAF or (ii) their manager is subject to the supervision of a regulatory authority and the relevant Covered Bonds are held by an authorised intermediary, Interest accrued during the holding period on the Covered Bonds will not be subject to *imposta sostitutiva*. They must, however, be included in the management results of the Fund, the SICAV or the non-real estate SICAF, accrued at the end of each tax period. The Fund, the SICAV or the non-real estate SICAF will not be subject to taxation on such result, but a withholding tax of 26 per cent. will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders (the "**Collective Investment Fund Substitute Tax**").

Where an Italian resident Bondholder is a pension fund (subject to the regime provided for by article 17 of the Legislative Decree No. 252 of 5 December 2005 ("**Decree No. 252**") and the Covered Bonds are deposited with an authorised intermediary, Interest relating to the Covered Bonds and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 20 per cent. substitute tax (the "**Pension Fund Tax**") on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Covered Bonds).

Subject to certain conditions (including minimum holding period) and limitations, Interest relating to the Covered Bonds may be excluded from the taxable base of the Pension Fund Tax if the Covered Bonds are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in article 1, paragraphs 100 – 114, of Law No. 232 and Article 1, paragraphs 211-215, of Law No. 145 and in Article 13-

bis of Law Decree No. 124, as amended and applicable from time to time. Pursuant to Article 1, paragraphs 219-225 of the Finance Act 2021, it is further provided that Italian resident individuals investing in long-term individual savings account compliant with Article 13-bis, paragraph 2-bis of Decree 124 may benefit from a tax credit corresponding to possible capital losses, losses and negative differences realized in respect of certain qualifying financial instruments comprised in the long-term individual savings account, provided that certain conditions and requirements are met (e.g. including the loss of the possibility to subsequently set off the relevant capital losses, losses and negative differences against future capital gains).

Pursuant to Decree No. 239, *imposta sostitutiva* is applied by banks, *società di intermediazione mobiliare* ("**SIMs**"), fiduciary companies, *società di gestione del risparmio* ("**SGRs**"), stockbrokers and other entities identified by a decree of the Ministry of Finance (each an "**Intermediary**").

An Intermediary must (a) be resident in Italy or be a permanent establishment in Italy of a non-Italian resident financial intermediary, and (b) intervene, in any way, in the collection of interest or in the transfer of the Covered Bonds. For the purpose of the application of the *imposta sostitutiva*, a transfer of Covered Bonds includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Covered Bonds or in a change of the Intermediary with which the Covered Bonds are deposited.

Where the Covered Bonds are not deposited with an authorised Italian Intermediary (or with a permanent establishment in Italy of a foreign Intermediary), the *imposta sostitutiva* is applied and withheld by any Italian Intermediary paying Interest to the Bondholders or, absent that by the Issuer paying the Interest."

- The paragraph "*Atypical securities*" of section "*Taxation*" on page 388 of the Prospectus is deleted in its entirety and replaced as follows:

"Interest payments relating to Covered Bonds that are not deemed to fall within the category of bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*) may be subject to a withholding tax, levied at the rate of 26 per cent. For this purpose, securities similar to bonds are securities that incorporate an unconditional obligation to pay, at maturity, an amount not lower than their nominal value.

In the case of Covered Bonds issued by an Italian resident issuer, where the Bondholder is:

- (a) an Italian individual engaged in an entrepreneurial activity to which the Covered Bonds are connected;
- (b) an Italian company or a similar Italian commercial entity;
- (c) a permanent establishment in Italy of a foreign entity to which the Covered Bonds are connected;
- (d) an Italian commercial partnership; or
- (e) an Italian commercial private or public institution,

such withholding tax is a provisional withholding tax.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from any income taxation, including the withholding tax on interest, premium and other income relating to Covered Bonds qualifying as "*titoli atipici*", if those Covered Bonds are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in article 1, paragraphs 100-114, of Law No. 232 and Article 1, paragraphs 211-215, of Law No. 145 and in Article 13-bis of Law Decree No. 124, as amended and applicable from time to time. Pursuant to Article 1, paragraphs 219-225 of the Finance Act 2021, it is further provided that Italian resident individuals investing in long-term individual savings account compliant with Article 13-bis, paragraph 2-bis of Decree 124 may benefit from a tax credit corresponding to possible capital losses, losses and negative differences realized in respect of certain qualifying financial instruments comprised in the long-term individual savings account, provided that certain conditions and requirements are met (e.g. including the loss of the possibility to subsequently set off the relevant capital losses, losses and negative differences against future capital gains).

In all other cases, including when the Bondholder is a non-Italian resident, the withholding tax is a final withholding tax. For non-Italian resident Bondholders, the 26 per cent. withholding tax rate may be reduced by any applicable tax treaty."

- The paragraph "Capital gains tax - *Italian resident Bondholders*" of section "*Taxation*" on pages 389-391 of the Prospectus is deleted in its entirety and replaced as follows:

Any gain obtained from the sale or redemption of the Covered Bonds would be treated as part of the taxable income (and, in certain circumstances, depending on the "*status*" of the Bondholder, also as part of the net value of the production for IRAP purposes) if realised by an Italian company, a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Covered Bonds are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Covered Bonds are connected.

Where a Bondholder is (i) an Italian resident individual not engaged in an entrepreneurial activity to which the Covered Bonds are connected, (ii) an Italian resident partnership not carrying out commercial activities, or (iii) an Italian private or public institution not carrying out mainly or exclusively commercial activities, any capital gain realised by such Bondholder from the sale or redemption of the Covered Bonds would be subject to an *imposta sostitutiva*, levied at the rate of 26 per cent.

In respect of the application of *imposta sostitutiva* on capital gains, taxpayers may opt for one of the three regimes described below:

- (a) Under the "tax declaration regime" (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Covered Bonds are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains (net of any incurred capital loss) realised by the Italian resident individual Bondholders any given fiscal year. In this instance, "capital gains" means any capital gain not connected with an entrepreneurial activity pursuant to all sales or redemptions of the Covered Bonds carried out during any given tax year. Italian resident individuals holding the Covered Bonds not in connection with an entrepreneurial activity must indicate the overall

capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay the *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.

- (b) As an alternative to the tax declaration regime, holders of the Covered Bonds who are:
- (i) Italian resident individuals holding the Covered Bonds not in connection with an entrepreneurial activity;
 - (ii) Italian resident partnerships not carrying out commercial activities; and
 - (iii) Italian private or public institutions not carrying out mainly or exclusively commercial activities,

may elect for the administrative savings regime ("*regime del risparmio amministrato*") to pay the *imposta sostitutiva* separately on capital gains realised on each sale, transfer or redemption of the Covered Bonds. Such separate taxation of capital gains is allowed subject to (i) the Covered Bonds being deposited with Italian banks, SIMs or certain authorised financial intermediaries and (ii) an express election for the administrative savings regime being timely made in writing by the relevant Bondholder. The depository must account for the *imposta sostitutiva* in respect of capital gains realised on each sale, transfer or redemption of the Covered Bonds (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss. The depository must also pay the relevant amount to the Italian tax authorities on behalf of the holder of the Covered Bonds, deducting a corresponding amount from the proceeds to be credited to the holder of the Covered Bonds or using funds provided by the holder of the Covered Bonds. Under the administrative savings regime, where a sale or transfer or redemption of the Covered Bonds results in a capital loss, the intermediary is entitled to deduct such loss from gains of the same kind subsequently realised on assets held by the holder of the Covered Bonds within the same relationship of deposit in the same tax year or in the following tax years up to the fourth. Under the administrative savings regime, the realised capital gain is not required to be included in the annual income tax return of the Bondholder and the Bondholder remains anonymous.

- (c) Alternatively to the above described regimes, the aforementioned Bondholders may elect for the Asset Management Regime (the "*risparmio gestito*" regime), under which any capital gains realised upon sale, transfer or redemption by Italian resident individuals holding the Covered Bonds not in connection with an entrepreneurial activity who have entrusted the management of their financial assets (including the Covered Bonds) to an authorised intermediary, will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 26 per cent. substitute tax, to be paid by the managing authorised intermediary. Any depreciation of the managed assets accrued at the year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Also under the asset management regime the realised capital gain is not required to be included in the annual income tax return of the Bondholder and the Bondholder remains anonymous.

Subject to certain limitations and requirements (including a minimum holding period), capital gains in respect of Covered Bonds realised upon sale, transfer or redemption by Italian resident individuals holding the Covered Bonds not in connection with an entrepreneurial activity may be exempt from taxation, including the 26 per cent. *imposta sostitutiva*, if the Covered Bonds are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in article 1, paragraphs 100 – 114, of Law No. 232 and Article 1, paragraphs 211-215, of Law No. 145 and in Article 13-*bis* of Law Decree No. 124, all as amended and applicable from time to time. Pursuant to Article 1, paragraphs 219-225 of the Finance Act 2021, it is further provided that Italian resident individuals investing in long-term individual savings account compliant with Article 13-*bis*, paragraph 2-*bis* of Decree 124 may benefit from a tax credit corresponding to possible capital losses, losses and negative differences realized in respect of certain qualifying financial instruments comprised in the long-term individual savings account, provided that certain conditions and requirements are met (e.g. including the loss of the possibility to subsequently set off the relevant capital losses, losses and negative differences against future capital gains).

Where a Bondholder is an Italian resident real estate investment fund or a real estate SICAF, to which the provisions of Law Decree No. 351 of 25 September 2001, as subsequently amended, apply, capital gains realised will be subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the real estate investment fund or the real estate SICAF. The income of the real estate fund or the SICAF is subject to tax, in the hands of the unitholder or shareholder, depending on the *status* and percentage of participation, or, when earned by the fund, through distribution and/or upon redemption or disposal of the units or share.

Any capital gains realised by a Bondholder who is an Italian Fund, a SICAV or a non-real estate SICAF will be included in the result of the relevant portfolio accrued at the end of the tax period. The Fund, SICAV or non-real estate SICAF will not be subject to taxation on such increase, but the Collective Investment Fund Substitute Tax will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders.

Where an Italian resident Bondholder is a pension fund (subject to the regime provided for by article 17 of the Legislative Decree No. 252) and the Covered Bonds are deposited with an Italian resident intermediary, any capital gains realised upon sale, transfer or redemption of the Covered Bonds and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the Pension Fund Tax on the increase in value of the managed assets accrued at the end of each tax year (which increase would include capital gains accrued on the Covered Bonds).

Subject to certain limitations and requirements (including minimum holding period), capital gains in respect of Covered Bonds realized upon sale, transfer or redemption by Italian pension fund may be excluded from the taxable base of the Pension Fund Tax if the Covered Bonds are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in article 1, paragraphs 100 – 114, of Law No. 232 and Article 1, paragraphs 211-215, of Law No. 145 and in Article 13-*bis* of Law Decree No. 124, all as amended and applicable from time to time. Pursuant to Article 1, paragraphs 219-225 of the Finance Act 2021, it is further provided that Italian resident individuals investing in long-term individual savings account compliant with Article 13-*bis*, paragraph 2-*bis* of Decree 124 may benefit from a tax credit corresponding to possible capital losses, losses and negative differences realized in respect of certain qualifying financial instruments comprised in the long-term individual savings account, provided that certain conditions and

requirements are met (e.g. including the loss of the possibility to subsequently set off the relevant capital losses, losses and negative differences against future capital gains)."

- The paragraph "*Wealth tax on financial assets deposited abroad*" of section "*Taxation*" on page 393 of the Prospectus is deleted in its entirety and replaced as follows:

"According to article 19 of Decree No. 201/2011, as amended by article 1 par. 582 of Law No. 147 of 27 December 2013, Italian resident individuals, non-commercial entities, non-commercial partnerships and similar institutions holding financial assets – including the Covered Bonds – outside of the Italian territory are required to pay in their own annual tax declaration a wealth tax (**IVAFE**) at the rate of 0.2 per cent. Starting from fiscal year 2020, the wealth tax cannot exceed €14,000 for taxpayers which are not individuals. The tax applies on the market value at the end of the relevant year or – in the lack of the market value – on the nominal value or redemption value, or in the case the face or redemption values cannot be determined, on the purchase value of any financial assets held outside of the Italian territory."

9. SUBSCRIPTION AND SALE

The "*Subscription and Sale*" section of the Prospectus is amended as follows:

- The paragraph "*Prohibition of Sales to EEA and UK Retail Investors*" in the "*Subscription and Sale*" section, on page 398-399 of the Prospectus, is deleted in its entirety and replaced as follows:

"Prohibition of sales to EEA Retail Investors

Unless the Final Terms in respect of any Covered Bonds specifies the "Prohibition of Sales to EEA Retail Investors" as "Not applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Covered Bonds which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or
- (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of article 4(1) of MiFID II;
- (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"); and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds.

If the Final Terms in respect of any Covered Bonds specifies "*Prohibition of Sales to EEA Retail Investors*" as "Not applicable", in relation to each Member State of the EEA (each, a "**Relevant State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Covered Bonds which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto (or are the subject of the offering contemplated by a Drawdown Prospectus, as the case may be) to the public in that Member State except that it may make an offer of such Covered Bonds to the public in that Relevant State:

- *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

- *Fewer than 150 offerees*: at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- *Other exempt offers*: at any time in any other circumstances falling within article 1(4) of the Prospectus Regulation,

provided that no such offer of Covered Bonds referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to article 3 of the Prospectus Regulation or supplement a prospectus pursuant to article 23 of the Prospectus Regulation.

For the purposes of this provision, (i) the expression an "**offer of Covered Bonds to the public**" in relation to any Covered Bonds in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds and (ii) the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129."

Prohibition of sales to UK Retail Investors

Unless the Final Terms in respect of any Covered Bonds specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Covered Bonds which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms (or Pricing Supplement, as the case may be) in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression "**retail investor**" means a person who is one (or more) of the following:
 - (i) *Qualified investors*: a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or
 - (ii) *Fewer than 150 offerees*: a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
 - (iii) *Other exempt offers*: not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and
- (b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds.

If the Final Terms in respect of any Covered Bonds specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Covered Bonds which are the subject of the offering contemplated by this Prospectus as completed by the final terms in relation thereto to the public in the United Kingdom except that it may make an offer of such Covered Bonds to the public in the United Kingdom:

- at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Covered Bonds referred to in paragraphs (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision:

- the expression "**an offer of Covered Bonds to the public**" in relation to any Covered Bonds means the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds; and
- the expression "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.