

SECOND SUPPLEMENT DATED 17 FEBRUARY 2023 TO THE  
BASE PROSPECTUS DATED 16 JANUARY 2023

**Banca Monte dei Paschi di Siena S.p.A.**

*(Incorporated with limited liability in the Republic of Italy)*



**€50,000,000,000**

**Debt Issuance Programme**

This second supplement (the “**Supplement**”) to the Base Prospectus dated 16 January 2023, as supplemented by the first supplement dated 10 February 2023 (the “**Base Prospectus**”) constitutes a supplement for the purposes of article 23 (1) of the Prospectus Regulation and is prepared in connection with the €50,000,000,000 Debt Issuance Programme (the “**Programme**”) established by Banca Monte dei Paschi di Siena S.p.A. (“**BMPS**” or the “**Issuer**”). Terms defined in the Base Prospectus have the same meaning when used in this Supplement. When used in this Supplement, “**Prospectus Regulation**” means Regulation (EU) 2017/1129.

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

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (which has 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 will be published on the website of the Luxembourg Stock Exchange website [www.luxse.com](http://www.luxse.com).

### **Purpose of the Supplement**

The purpose of the submission of this Supplement is to update (i) the “*Risk Factors*” section of the Base Prospectus; (ii) the “*Documents incorporated by reference*” section of the Base Prospectus to incorporate by reference the press release headed “*Moody’s upgrades the Bank’s ratings: two-notch upgrade of the long-term deposit rating and three notch of the long-term senior unsecured rating*”, published by the Issuer on its website on 16 February 2023 and (iii) the “*Banca Monte dei Paschi di Siena S.p.A.*” section of the Base Prospectus.

## RISK FACTORS

The risk factor headed “*Risks related to the speculative rating assigned to the Issuer and its debt*” on pages 49-50 of the Base Prospectus is hereby deleted in its entirety and replaced as follows:

“The Issuer and its debt are subject to ratings by Moody's Investors Service (“**Moody's**”), Fitch Ratings Ireland Limited (“**Fitch**”), and DBRS Morningstar (“**DBRS**”, and together with Moody's and Fitch, the “**Agencies**”), which, as of the date of the Base Prospectus, have assigned ratings to the Issuer that fall into the non-investment grade category, which is characterised by an accentuated risk profile and includes debt securities that are particularly exposed to adverse economic, financial, and sectoral conditions. Specifically, the ratings assigned and are:

(i) for Fitch: b+ (Viability Rating), BB- (Long-term Deposit Rating), B+ (Long-term Senior Debt Rating) and B (Short-term Deposit Rating) as per the latest Rating action dated 24 November 2022. The outlook is classed as "stable". According to the rating agency Fitch, the upgrade occurred in the latest Rating action reflects the Bank's strengthened capitalisation following the capital increase which restored adequate capital buffers over regulatory requirements and gives the Bank the necessary resources to complete its restructuring plan, including crucial cost cuts and investments. The upgrade also considers a reduced stock of impaired loans and lower capital encumbrance by the unreserved portion since MPS asset-quality clean-up. The rating agency Fitch expects the cost reductions, in combination with rising interest rates, to lead to higher and more sustainable profitability and more than offset the impact from expected deterioration in the operating environment in Italy in 2023;

(ii) for Moody's: b1 (standalone Baseline Credit Assessment), Ba2 (long-term deposit rating) and B1 (long-term senior unsecured debt rating), NP (short-term deposit rating), as per the latest rating action dated 16 February 2023. The outlook is stable. According to Moody's, MPS' financial results for the final quarter of 2022 already reflect structural profitability improvements, benefitting of staff early retirements and of rising interest rates. The confirmation of a stable outlook on the long-term deposit and senior unsecured debt ratings reflects, on the one hand, MPS's strengthened viability and potential further improvements in its financial profile and, on the other hand, takes into account a general expected deterioration of the environment in Italy;

(iii) for DBRS: B (high) (Intrinsic Assessment), BB(low) (long-term deposit rating) and B (high) (longterm senior debt rating), R-4 (short-term deposit rating) as per the latest rating action dated 15 June 2022. The outlook is qualified as "stable." According to the rating agency DBRS, the ratings reflect weakness and volatility in profitability, despite a return to profit in 2021; however, due to the significant de-risking achieved in recent years, pressures from the cost of risk have decreased. The ratings also reflect low capital levels.

In determining the rating assigned to the Issuer, the rating agencies consider and examine various indicators of the Group's performance, and in particular the results of the commercial network, the Bank's profitability, cost structure, capital levels, asset quality, legal risks, funding and liquidity.

The main factors that may lead to a possible rating downgrade are:

- a failure to implement the Bank's new strategy envisaged in the Business Plan 2022-2026, with a focus on both profitability levels and its sustainability over time; and
- a failure to maintain the Issuer's current solvency and liquidity positions in case of a deterioration of economic conditions in Italy more than expected with a deterioration in asset quality above rating agencies' expectations, large unexpected cost items such as from pending legal claims or the restructuring.

Should the Issuer experience a deterioration (so-called downgrading) in the ratings assigned by the agencies, there could be a greater burden in raising financing, less easy recourse to the capital market and, more generally, potential negative repercussions for the Group's liquidity.

The Issuer's rating may also be affected by the rating of the Italian State which, as of the date of this Supplement, is Baa3 for Moody's with a negative outlook, BBB for S&P with a stable outlook, BBB

for Fitch with a stable outlook, and BBBh for DBRS with a stable outlook. Any significant downgrade in Italy's sovereign rating could adversely affect the Issuer's ratings, with consequent negative effects on the Bank's and/or the Group's business and economic, capital, and/or financial position.”

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## DOCUMENTS INCORPORATED BY REFERENCE

On 16 February 2023, the Issuer published on the Issuer’s website the press release headed “*Moody’s upgrades the Bank’s ratings: two-notch upgrade of the long-term deposit rating and three notch of the long-term senior unsecured rating*” (the “**Moody’s Press Release**”) which is available at [https://www.gruppomps.it/static/upload/pr\\_/pr\\_moody-s\\_feb-2023\\_final.pdf](https://www.gruppomps.it/static/upload/pr_/pr_moody-s_feb-2023_final.pdf).

A copy of the Moody’s Press Release has been filed with the *Commission de Surveillance du Secteur Financier (CSSF)* and, by virtue of this Supplement, is incorporated by reference in, and forms part of, the Base Prospectus.

The “*Documents Incorporated by Reference*” section on pages 76-78 of the Base Prospectus is amended as follows:

1. The list of documents under the first paragraph of “*Documents incorporated by reference*” section on page 76 of the Base Prospectus is hereby supplemented as follows:

“(g) the press release headed “*Moody’s upgrades the Bank’s ratings: two-notch upgrade of the long-term deposit rating and three notch of the long-term senior unsecured rating*” ([https://www.gruppomps.it/static/upload/pr\\_/pr\\_moody-s\\_feb-2023\\_final.pdf](https://www.gruppomps.it/static/upload/pr_/pr_moody-s_feb-2023_final.pdf)) (see cross-reference table below).”

2. The table set out under sub-section “*Cross-reference table*” on pages 76-78 of the Base Prospectus is hereby supplemented as follows:

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Press Release headed “ <i>Moody’s upgrades the Bank’s ratings: two-notch upgrade of the long-term deposit rating and three notch of the long-term senior unsecured rating</i> ” (the “ <b>Moody’s Press Release</b> ”)	Entire document	All
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## BANCA MONTE DEI PASCHI DI SIENA S.P.A

The “*Ratings*” sub-section on pages 156-157 of the Base Prospectus shall be deleted in its entirety and replaced by the following paragraph:

“On 16 February 2023 Moody’s Investors Service rating agency (“**Moody’s**”) has improved the Bank’s ratings by two notches, upgrading the Baseline Credit Assessment (“BCA”) to “b1” from “b3”, the long-term deposit rating to “Ba2” from “B1” and the subordinated debt rating to “B2” from “Caa1”. The long-term senior unsecured debt rating has been upgraded by three notches to “B1” from “Caa1”. The outlook was confirmed “stable”.

On 24 November 2022 Fitch completed its annual review, resulting in the decision to upgrade the Long-Term Issuer Default Rating (“IDR”) to “B+” from “B” and the Viability Rating (“VR”) to “b+” from “b”. The outlook has improved to “stable” from “evolving”.

On 15 June 2022 DBRS completed its annual review, resulting in the decision to confirm all BMPS ratings, including the Long-Term Issuer Rating of “B (high)”, Long-Term Senior Debt Rating of “B (high)” and Long-Term Deposits Rating of “BB (low)”. The trend on all ratings was confirmed “stable”.

<b>Ratings Agencies</b>	<b>Long term rating</b>	<b>Outlook</b>	<b>Short term rating</b>	<b>Outlook</b>	<b>Last updated</b>
Moody’s	B1 <sup>1</sup>	Stable	(P)NP <sup>2</sup>	-	16 February 2023
Fitch	B+	Stable	B <sup>3</sup>	-	24 November 2022
DBRS	B (High)	Stable	R-4 <sup>4</sup>	Stable	15 June 2022

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<sup>1</sup> Senior Unsecured debt rating.

<sup>2</sup> 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).

<sup>3</sup> 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.

<sup>4</sup> 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.

## GENERAL

To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in or any other document incorporated by reference in the Base 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 material inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus.

In accordance with article 21 of the Prospectus Regulation, copies of this Supplement and all documents incorporated by reference in the Base Prospectus can be obtained free of charge from the Issuer's website (<https://www.gruppomps.it/en/>) and from the office of the Issuer and, in case of Notes admitted to the Official List and to trading on the Luxembourg Stock Exchange's regulated market, from the principal office in Luxembourg of *Banque Internationale à Luxembourg, société anonyme*, being at 69 Route d'Esch, L-2953 Luxembourg. Copies of this Supplement and all documents incorporated by reference in the Base Prospectus will also be published on the Luxembourg Stock Exchange's website ([www.luxse.com](http://www.luxse.com)).