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

(incorporated as a joint stock company (società per azioni) 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 (società a responsabilità limitata) in the Republic of Italy)

Except where specified otherwise, capitalised words and expressions in this Base Prospectus have the meaning given to them in the section entitled "*Glossary*".

Under this € 20,000,000,000 covered bond programme (the "**Programme**"), Banca Monte dei Paschi di Siena S.p.A. ("**BMPS**" or the "**Issuer**" or the "**Bank**") may from time to time issue covered bonds (*Obbligazioni Bancarie Garantite*) (the "**Covered Bonds**") in accordance with Title I-bis of Italian law No. 130 of 30 April 1999 (as amended from time to time, "**Law 130**") which has implemented Directive (EU) 2019/2162 of 29 November 2019 establishing a common framework for covered bonds and the supervisory guidelines of the Bank of Italy set out in Part III, Chapter 3 of the "*Disposizioni di vigilanza per le banche*" (Circolare No. 285 of 17 December 2013) (as amended and supplemented from time to time, including on 30 March 2023, the "**Bank of Italy Regulations**"). The maximum aggregate nominal amount of all Covered Bonds from time to time outstanding under the Programme will not exceed € 20,000,000,000 (or its equivalent in other currencies calculated as described herein). The Covered Bonds constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will rank *pari passu* without preference among themselves and (save for any applicable statutory provisions) at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer from time to time outstanding. In the event of a compulsory winding-up of the Issuer, any funds realised and payable to the Bondholders will be collected by the Guarantor on their behalf. MPS Covered Bond S.r.l. (the "**Guarantor**") has guaranteed payments of interest and principal under the Covered Bonds pursuant to a guarantee (the "**Guarantee**") which is collateralised by a pool of assets (the "**Cover Pool**") made up of Mortgage Loans assigned and to be assigned to the Guarantor by the Principal Seller and the Additional Seller(s), and of other Eligible Assets. Recourse against the Guarantor under the Guarantee is limited to the Cover Pool.

This Base Prospectus has been approved by the *Commission de Surveillance du Secteur Financier* (the "**CSSF**") in its capacity as competent authority in Grand Duchy of Luxembourg as a base prospectus under article 8(1) of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") and the Luxembourg act relating to prospectuses for securities dated 16 July 2019 (*Loi du 16 juillet 2019 relative aux prospectus pour valeurs mobilières et portant mise en oeuvre du règlement (UE) 2017/1129*) (the "**Luxembourg Prospectus Law**"). The CSSF only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the CSSF should not be considered as an endorsement of the Issuer or the Guarantor or the quality of the Covered Bonds that are subject to this Base Prospectus. Investors should make their own assessment as to the suitability of investing in Covered Bonds. Application has been made for Covered Bonds to be admitted during the period of 12 months from the date of this Base Prospectus to listing on the official list and trading on the regulated market of the Luxembourg Stock Exchange, which is a regulated market for the purposes of Markets in Financial Instruments Directive 2014/65/UE (*MiFID II*) as subsequently amended. The Programme also permits Covered Bonds to be issued on the basis that (i) they will be

admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer or (ii) they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system. As referred to in Article 6(4) of the Luxembourg Prospectus Law, by approving this Base Prospectus, in accordance with Article 20 of the Prospectus Regulation, the CSSF does not engage in respect of the economic or financial opportunity of the operation or the quality and solvency of the Issuer.

This Base Prospectus – which supersedes the Base Prospectus dated 12 October 2023 – will be valid until 2 July 2025. For the avoidance of doubt, the Issuer shall have no obligation to supplement this Base Prospectus in the event of significant new factors, material mistakes or material inaccuracies after the end of its 12-month validity period.

Interest amounts payable under Floating Rate Covered Bonds may be calculated by reference to euro interbank offered rate ("**EURIBOR**") or such other reference rate, as specified in the relevant Final Terms. At the date of this Base Prospectus, the European Money Markets Institute (as administrator of EURIBOR) is included in the register of administrators maintained by the European Securities and Markets Authority ("**ESMA**") under article 36 of Regulation (EU) No. 2016/1011 (the "**EU Benchmarks Regulation**").

An investment in Covered Bonds issued under the Programme involves certain risks. See "Risk Factors" for a discussion of certain factors to be considered in connection with an investment in the Covered Bonds and the section entitled "*Banca Monte dei Paschi di Siena S.p.A.*".

From their relevant issue dates, the Covered Bonds will be issued in bearer and dematerialised form or in any other form as set out in the relevant Final Terms. The Covered Bonds issued in bearer and dematerialised form will be held on behalf of their ultimate owners by Euronext Securities Milan ("**Euronext Securities Milan**") for the account of the relevant Euronext Securities Milan account holders. Euronext Securities Milan will also act as depository for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream**"). The Covered Bonds issued in bearer and dematerialised form will at all times be evidenced by book-entries in accordance with the provisions of the Financial Laws Consolidation Act and with the joint regulation of the Commissione Nazionale per le Società e la Borsa ("**CONSOB**") and the Bank of Italy dated 13 August 2018 and published in the Official Gazette No. 201 of 30 August 2018, as subsequently amended and supplemented. No physical document of title will be issued in respect of the Covered Bonds issued in bearer and dematerialised form.

The Covered Bonds of each Series or Tranche will be subject to mandatory and/or optional redemption in whole or in part in certain circumstances (as set out in Condition 9 (*Redemption and Purchase*)). Unless previously redeemed in full in accordance with the Conditions and the relevant Final Terms, the Covered Bonds of each Series or Tranche will be redeemed at their Final Redemption Amount on the relevant Maturity Date (or, as applicable, the Extension Determination Date), **provided that** if:

(i) a Guarantee Enforcement Notice has been served on the Issuer and the Guarantor as a result of the Issuer having failed to pay, in whole or in part, the Guaranteed Amounts on the Maturity Date for such Series of Covered Bonds and, on the relevant Extension Determination Date, the Guarantor has insufficient funds to pay, in accordance with the Guarantee Priority of Payments, the Guaranteed Amounts in respect of such Series of Covered Bonds; or

(ii) a Guarantee Enforcement Notice has been served on the Issuer and the Guarantor following the occurrence of an Issuer Event of Default (other than the Issuer Event of Default referred to in paragraph (i) above) and, on the Maturity Date for such Series of Covered Bonds, the Guarantor has insufficient funds to pay, in accordance with the Guarantee Priority of Payments, the Guaranteed Amounts in respect of such Series of Covered Bonds,

then the relevant Series or Tranche of Covered Bonds shall become a Pass Through Series and (in

accordance with article 7-*terdecies*, paragraph 2 of Law 130) payment of the unpaid amount by the Guarantor under the Guarantee shall be automatically deferred until the Extended Maturity Date, provided that any amount representing the Final Redemption Amount due and remaining unpaid on such Pass Through Series after the relevant Extension Determination Date may be paid by the Guarantor on any Guarantor Payment Date thereafter up to (and including) the relevant Extended Maturity Date for such Pass Through Series in accordance with the applicable Priority of Payments.

Investors should also consider that if, on any Test Calculation Date following the service of a Guarantee Enforcement Notice (and, in case of a Guarantee Enforcement Notice delivered as a result of an Article 74 Event, prior to the service of an Article 74 Event Cure Notice), the Test Calculation Agent notifies, through the Test Performance Report, the Issuer, the Sellers, any Additional Seller and the Guarantor that the Amortisation Test is not met, then all Series of Covered Bonds shall become Pass Through Series.

As at the date of this Base Prospectus, payments of interest and other proceeds in respect of the Covered Bonds may be subject to withholding or deduction for or on account of Italian substitute tax, in accordance with Italian Legislative Decree No. 239 of 1 April 1996 (the "**Decree No. 239**"), as amended and supplemented from time to time, and any related regulations. Upon the occurrence of any withholding or deduction for or on account of tax from any payments under any Series or Tranche of Covered Bonds, neither the Issuer nor any other person shall have any obligation to pay any additional amount(s) to any holder of Covered Bonds any Series or Tranche. For further details see the section entitled "*Taxation*".

Each Series or Tranche of Covered Bonds may or may not be assigned a rating by one or more Rating Agencies.

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: Aa3 by Moody's Italia S.r.l. ("**Moody's**"), AA- by Fitch Ratings Ireland Limited ("**Fitch**") and AA 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 "**EU 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 Base Prospectus are for information purposes only and do not form part of this Base Prospectus.

A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by any or all of the Rating Agencies and each rating shall be evaluated independently of any other.

Whether or not each credit rating applied for in relation to relevant Series of Covered Bonds will be (1) issued or endorsed by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 on credit rating agencies as amended from time to time (the "**EU CRA Regulation**") or by a credit rating agency which is certified under the EU CRA Regulation and/or (2) issued or endorsed by a credit rating agency established in the United Kingdom ("**UK**") and registered under Regulation (EC) No. 1060/2009, as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (as amended by the European Union (Withdrawal Agreement) Act 2020) (the "**UK CRA Regulation**") or by a credit rating agency which is certified under the UK CRA Regulation will be disclosed in the Final Terms. 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 European Union and registered under the EU CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the European Union but endorsed by a credit rating agency established in the European Union and registered under the EU CRA Regulation or (2) the rating is provided by a credit rating agency not established in the European Union which is certified under the EU CRA Regulation. 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 European Securities and Markets Authority (the "**ESMA**") is obliged to maintain on its website, https://www.esma.europa.eu/page/List-registered-and-certified-CRAs, a list of credit rating agencies registered and certified in accordance with the EU CRA Regulation. The Financial Conduct Authority (the "**FCA**") is obliged to maintain on its website, https://www.fca.org.uk/firms/credit-rating-agencies, a list of credit rating agencies registered and certified in accordance with the UK CRA Regulation.

Other than in relation to the documents which are deemed to be incorporated by reference (see the section headed "*Documents Incorporated by Reference*"), the information on the websites to which this Base Prospectus refers does not form part of this Base Prospectus and has not been scrutinized or approved by the CSSF.

JOINT-ARRANGERS FOR THE PROGRAMME

Barclays | **Banca Monte dei Paschi di Siena S.p.A.** | **NatWest Markets**

DEALERS

Barclays | **NatWest Markets**

The date of this Base Prospectus is 2 July 2024.

RESPONSIBILITY STATEMENT

This Base Prospectus is a base prospectus for the purposes of article 8(1) of the Prospectus Regulation and for the purposes of giving information which, according to the particular nature of the Covered Bonds, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer and of the Guarantor and of the rights attaching to the Covered Bonds.

The Issuer and the Guarantor accept responsibility for the information contained in this Base Prospectus. To the best of the knowledge of the Issuer and the Guarantor, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is in accordance with the facts and this Base Prospectus makes no omission likely to affect the import of such information.

This Base Prospectus is to be read and construed in conjunction with any supplements hereto, with all documents which are incorporated herein by reference (see "Documents Incorporated by Reference") and, in relation to any Series or Tranche of Covered Bonds (as defined herein), with the relevant Final Terms (as defined herein).

Other than in relation to the documents which are deemed to be incorporated by reference (see Documents Incorporated by Reference), the information on the websites to which this Base Prospectus refers does not form part of this Base Prospectus and has not been scrutinised or approved by the CSSF.

Third Party Information – Certain information and statistics presented in this Base Prospectus regarding markets and market share of the Issuer or the Group are either derived from, or are based on, internal data or publicly available data from external sources. In respect of information in this Base Prospectus that has been extracted from a third party, the Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Although the Issuer believes that the external sources used are reliable, the Issuer has not independently verified the information provided by such sources.

Neither the Joint-Arrangers nor the Dealers have undertaken, nor are responsible for, any assessment of the ESG Framework or the Green Eligible Projects and Social Eligible Projects, any verification of whether the Green Eligible Projects and Social Eligible Projects meet the criteria set out in the ESG Framework or the monitoring of the use of proceeds.

No person has been authorised to give any information or to make any representation other than those contained in this Base Prospectus in connection with the issue or sale of the Covered Bonds and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor, the Representative of the Bondholders or any of the Dealers or the Joint-Arrangers. Neither the delivery of this Base Prospectus nor any sale made in connection therewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Guarantor since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer or the Guarantor since the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

PRIIPs / 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 of the European Parliament and of the Council on markets in financial instruments (as*

*amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive 2016/97/EU (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; 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.*

***PRIIPs / 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 (as amended by the European Union (Withdrawal Agreement) Act 2020) (the "**EUWA**"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (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 Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the "**UK Prospectus Regulation**"). Consequently, no key information document required by the PRIIPs Regulation 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.*

***MiFID II PRODUCT GOVERNANCE / TARGET MARKET** – The Final Terms in respect of any Covered Bonds will include a legend entitled "MiFID II 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 such Covered Bonds (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II 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 at the time of issue about whether, for the purpose of the product governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Covered Bonds is a manufacturer in respect of such Covered Bonds, but otherwise neither the Joint-Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.*

***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 Joint-Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MIFIR Product Governance Rules.

This Base 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 Base Prospectus and the offering or sale of the Covered Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Base 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 Base 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 Base Prospectus, see "Subscription and Sale".*

The Joint-Arrangers and the Dealers have not separately verified the information contained in this Base Prospectus. No representation, warranty or undertaking, express or implied, is made by any of the Joint-Arrangers, the Dealers or any of their respective affiliates (including parent companies) and no responsibility or liability is accepted by any of the Joint-Arrangers, the Dealers or any of their respective affiliates (including parent companies) as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by either Issuer or the Guarantor in connection with the Programme. Neither this Base Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Guarantor, the Representative of the Bondholders, the Joint-Arrangers or the Dealers that any recipient of this Base Prospectus or any other financial statements should purchase the Covered Bonds. Each potential purchaser of Covered Bonds should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of Covered Bonds should be based upon such investigation as it deems necessary. None of the Dealers, the Representative of the Bondholders or the Joint-Arrangers undertake to review the financial condition or affairs of the Issuer or the Guarantor during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in Covered Bonds of any information coming to the attention of any of the Dealers, the Representative of the Bondholders or the Joint-Arrangers.

In this Base Prospectus, unless otherwise specified or unless the context otherwise requires, all references to "£" or "Sterling" are to the currency of the United Kingdom, "Dollars" are to the currency of the United States of America and all references to "€", "euro" and "Euro" are to the lawful currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended from time to time.

For the avoidance of doubt, the content of any website referred to in this Base Prospectus does not form part of the Prospectus.

Figures included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same item of information may vary, and figures which are totals may not be the arithmetical aggregate of their components.

*In connection with any Series or Tranche of Covered Bonds, one or more Dealers or Managers may act as a stabilising manager (the "**Stabilising Manager**"). The identity of the Stabilising Manager will be disclosed in the relevant Final Terms. References in the next paragraph to "the issue" of any Series or Tranche of Covered Bonds are to each Series or Tranche of Covered Bonds in relation to which any Stabilising Manager is appointed.*

In connection with the issue of any Series or Tranche of Covered Bonds, the Dealer(s) or the Manager(s) (if any) named as the Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Covered Bonds or effect transactions with a view to supporting the market price of the Covered Bonds at a level higher than that which might otherwise prevail. However, there can be no assurance that the Stabilising Manager(s) (or any person acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the relevant Series or Tranche of Covered Bonds is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Series or Tranche of Covered Bonds and 60 days after the date of the allotment of the relevant Series or Tranche of Covered Bonds. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

Covered Bonds to be issued under the Programme as from the date of this Base Prospectus, are intended to be eligible for the "European Covered Bond (Premium)" label as set out under article 7-viciesbis of Law 130, provided that they comply with Law 130, the Bank of Italy Regulations and article 129 of the CRR. However, no representation is made or assurance given that any Covered Bonds issued under the Programme will be and will remain allowed to use the "European Covered Bond (Premium)" label until their maturity. Whether the Covered Bonds are intended to benefit, benefit or do not benefit from the "European Covered Bond (Premium)" label will be specified in the relevant Final Terms.

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SUPPLEMENTS, FINAL TERMS AND FURTHER PROSPECTUSES

The Issuer and the Guarantor have undertaken that, for the duration of the Programme, (i) in the event that a significant new factor, material mistake or inaccuracy relating to the information included in the Prospectus arises or is noted which is capable of affecting the assessment of any Covered Bonds which may be issued under the Programme, and/or (ii) on or before each anniversary of the date of this Base Prospectus, it shall prepare a supplement to this Base Prospectus (following consultation with the Joint-Arrangers which will consult with the Dealer(s)) or, as the case may be, publish a replacement Prospectus for use in connection with any subsequent offering of the Covered Bonds and shall supply to each Dealer any number of copies of such supplement as a Dealer may reasonably request.

In addition, the Issuer and the Guarantor may agree with the Dealer(s) to issue Covered Bonds in a form not contemplated in the section entitled "*Form of Final Terms*". To the extent that the information relating to that Series or Tranche of Covered Bonds constitutes a significant new factor in relation to the information contained in this Base Prospectus, a separate prospectus specific to such Series or Tranche ("**Drawdown Prospectus**") will be made available and will contain such information.

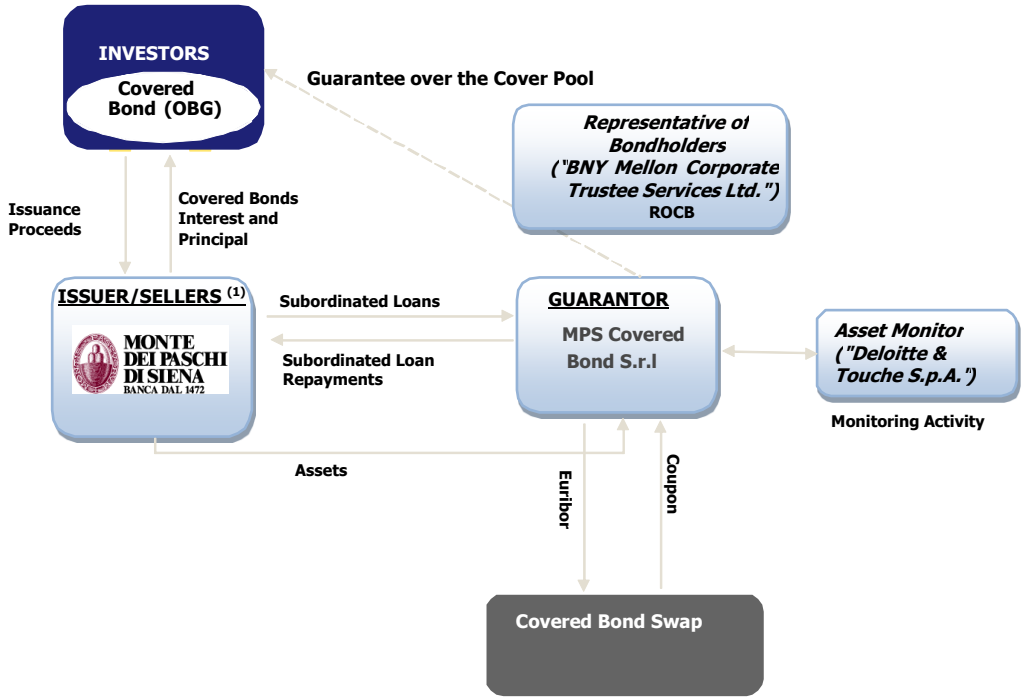
The terms and conditions applicable to any particular Series or Tranche of Covered Bonds will be the conditions set out in the section entitled "*Terms and Conditions of the Covered Bonds*", as completed in the relevant Final Terms or amended and/or replaced to the extent described in the Drawdown Prospectus. In the case of a Series or Tranche of Covered Bonds which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being completed in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

Each Drawdown Prospectus will be constituted either (1) by a single document containing the necessary information relating to the Issuer and the Guarantor and the relevant Covered Bonds or (2) by a registration document containing the necessary information relating to the Issuer and/or the Guarantor, a securities note containing the necessary information relating to the relevant Covered Bonds and, if applicable, a summary note.

STRUCTURE OVERVIEW

This section constitutes a general description of the Programme for the purposes of Commission Delegated Regulation (EU) No. 2019/980. The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Series or Tranche of Covered Bonds, the applicable Final Terms. Words and expressions defined elsewhere in this Base Prospectus shall have the same meaning in this overview.

STRUCTURE DIAGRAM



Notes:

(1) *Banca Monte dei Paschi di Siena S.p.A. acting as Principal Seller. Additional Seller might be any other bank which is a member of the Group and wishes to sell Eligible Assets to the Guarantor within the scope of the Programme, subject to satisfaction of certain conditions and which, for such purpose, shall enter into, inter alia, the Master Asset Purchase Agreement and any other required Programme document.*

(2) *One or more suitably rated entities for the relevant Series or Tranche of Covered Bonds.*

PARTIES

Issuer	**Banca Monte dei Paschi di Siena S.p.A.** a bank incorporated under the laws of the Republic of Italy as *a società per azioni*, having its registered office at Piazza Salimbeni, 3, 53100, Siena, Italy, fiscal code and enrolment with the companies register of Siena number 00884060526, registered under number 5274 with the register of banks held by the Bank of Italy pursuant to article 13 of the Consolidated Banking Act ("**BMPS**" or the "**Issuer**"). For a more detailed description of the Issuer, see section "*Banca Monte dei Paschi di Siena S.p.A.*".
Guarantor	**MPS Covered Bond S.r.l.**, a limited liability company incorporated in Italy pursuant to Law No. 130 of 30 April 1999 ("**Law 130**"), having as its exclusive purpose the purchase of receivables and bonds, by means of financing granted or guaranteed also by the originating bank and the granting of security for bonds issued by the same bank or by other banks pursuant to Title I -*bis* of Law 130, having its registered office at via V. Alfieri 1, 31015, Conegliano (TV), Italy, fiscal code and registration with the companies' registerer of Treviso-Belluno number 04323680266, MPS VAT Group - VAT number 01483500524, subjected to management and coordination activities by Banca Monte dei Paschi di Siena S.p.A. and belonging to the Montepaschi Group (the "**Guarantor**"). For a more detailed description of the Guarantor, see section "*The Guarantor*".
Principal Seller	BMPS, pursuant to the terms of the Master Assets Purchase Agreement. For a more detailed description of BMPS, see section " *Banca Monte dei Paschi di Siena S.p.A.*".
Additional Seller(s)	Any other bank which is a member of the Montepaschi Group and wishes to sell Eligible Assets to the Guarantor within the scope of the Programme, subject to satisfaction of certain conditions and which, for such purpose, shall enter into, *inter alia*, the Master Assets Purchase Agreement with the Guarantor and any other Programme Document. On 27 May 2011, Banca Antonveneta S.p.A. ("**BAV**") acceded to the Master Assets Purchase Agreement and to the Programme in the capacity as Additional Seller. Following the merger by way of incorporation of BAV in BMPS with effect as of 28 April 2013 (the "**Merger**"), BMPS assumed all rights and obligations of BAV in the capacity as Additional Seller under the Programme and any reference to BAV in the Programme Documents shall

	be deemed to be referred to BMPS, which takes over any and all activities and roles previously carried out by BAV.
Principal Servicer	Pursuant to the terms of the Master Servicing Agreement, BMPS will act as Principal Servicer. For a more detailed description of the Principal Servicer, see section " *Banca Monte dei Paschi di Siena S.p.A.*".
Additional Servicer(s)	Any Additional Seller that, subject to satisfaction of certain conditions, wishes to act as Additional Servicer for the administration, management and collection activities relating to the Eligible Assets from time to time assigned by it to the Guarantor and, for such purpose, has acceded to the Master Servicing Agreement. On 27 May 2011, BAV acceded to the Master Servicing Agreement and to the Programme in the capacity as Additional Servicer. Following the Merger, BMPS assumed all rights and obligations of BAV in the capacity as Additional Servicer under the Programme and any reference to BAV in the Programme Documents shall be deemed to be referred to BMPS, which takes over any and all activities and roles previously carried out by BAV.
Back-Up Servicer Facilitator	Banca Finanziaria Internazionale S.p.A., *breviter "BANCA FININT S.P.A."*, a bank incorporated under the laws of Italy as a "*società per azioni*", having its registered office in Via V. Alfieri 1, 31015 Conegliano (TV), Italy, share capital of Euro 91,743,007.00 fully paid up, tax code and enrolment in the Companies' Register of Treviso-Belluno number 04040580963, VAT Group "*Gruppo IVA FININT S.P.A.*" - VAT number 04977190265, registered in the Register of the Banks under number 5580 pursuant to article 13 of the Consolidated Banking Act and in the Register of the Banking groups as Parent Company of the *Banca Finanziaria Internazionale* Banking Group, member of the "*Fondo Interbancario di Tutela dei Depositi*" and of the "*Fondo Nazionale di Garanzia*", further to its accession to the Master Servicing Agreement and to the Programme on 3 April 2012.
Back-up Servicer	Banca Finanziaria Internazionale S.p.A. or any eligible counterparty appointed upon the long-term rating of the Servicer being downgrading below "Baa3" by Moody's, "BBB-" Fitch and BBB (low) by DBRS, pursuant to the Master Servicing Agreement.
Principal Subordinated Lender	BMPS, pursuant to the Subordinated Loan Agreement. For a more detailed description of the Principal Subordinated Lender, see section " *Banca Monte dei Paschi di Siena S.p.A.*".

Additional Subordinated Lender(s)	Each Additional Seller will act as Subordinated Lender in respect of the Eligible Assets transferred by itself to the Guarantor. On 27 May 2011, BAV became a Subordinated Lender following the execution of a Subordinated Loan Agreement with the Guarantor. Following the Merger, BMPS assumed all rights and obligations of BAV in the capacity as Additional Subordinated Lender under the Programme and any reference to BAV in the Programme Documents shall be deemed to be referred to BMPS, which takes over any and all activities and roles previously carried out by BAV.
Cash Manager	Pursuant to the Cash Allocation, Management and Payments Agreement, Banca Monte dei Paschi di Siena S.p.A..
Principal Paying Agent	The Bank of New York Mellon SA/NV, Milan Branch, a bank incorporated under the laws of Belgium, having its registered office at Multi Tower, Boulevard Anspachlaan 1 - B-1000 Brussels, Belgium, acting through its Milan branch at via Mike Bongiorno, No. 13, 20124 Milan, Italy, fiscal code and enrolment with the companies register of Milan No. 09827740961, enrolled as a "*filiale di banca estera*" under No. 8070 and with ABI Code 3351.4 with the register of banks held by the Bank of Italy pursuant to article 13 of the Consolidated Banking Act.
Guarantor Calculation Agent	Banca Finanziaria Internazionale S.p.A.
Test Calculation Agent	Prior to an Issuer Event of Default, Banca Monte dei Paschi di Siena S.p.A., in its capacity as Pre-Issuer Default Test Calculation Agent and, after an Issuer Event of Default, Banca Finanziaria Internazionale S.p.A., which will act in its capacity as Post-Issuer Default Test Calculation Agent.
Pre-Issuer Default Test Calculation Agent	Banca Monte dei Paschi di Siena S.p.A.
Post-Issuer Default Test Calculation Agent	Banca Finanziaria Internazionale S.p.A.
Italian Account Bank	Banca Monte dei Paschi di Siena S.p.A. or any other entity appointed to act as such pursuant to the Cash Allocation, Management and Payments Agreement.
Payments Account Bank	The Bank of New York Mellon SA/NV, Milan Branch, subject to it being an Eligible Institution.
Italian Back-Up Account Bank	The Bank of New York Mellon SA/NV, Milan Branch, subject to it being an Eligible Institution.
Asset Monitor	Deloitte & Touche S.p.A. a company incorporated under the laws of Italy, enrolled with the Companies' Register of Milano Monza Brianza Lodi under number 03049560166 and with the special register of accounting firms held by the "Ministero

	dell'Economia e delle Finanze" n. 132587, having its registered office at via Tortona 25, 20144 Milan, Italy.
Asset Swap Provider(s)	No Asset Swap Provider has been appointed as of the date of this Base Prospectus.
Covered Bond Swap Providers	One or more suitably rated entities as may be appointed for each Series or Tranche of Covered Bonds.
Guarantor Corporate Servicer	Banca Finanziaria Internazionale S.p.A.
Guarantor Quotaholders	Banca Monte dei Paschi di Siena S.p.A. and SVM Securitisation Vehicles Management S.r.l. a company incorporated under the laws of Italy as *società a responsabilità limitata con socio unico*, having its registered office at Via Vittorio Alfieri 1, 31015, Conegliano (TV), Italy, fiscal code and enrolment with the companies register of Treviso No. 03546510268.
Representative of the Bondholders	The Bank of New York Mellon Corporate Trustee Services Limited, a company incorporated under the laws of England, having its registered office at 160 Queen Victoria Street, London EC4V 4LA, United Kingdom.
Luxembourg Listing Agent	Matheson LLP, a law firm established under the laws of Ireland, having its address at 70 Sir John Rogerson's Quay, Dublin 2, Ireland.
Joint-Arrangers	BMPS; Barclays Bank Ireland PLC, a public limited company incorporated under the laws of Ireland with registered number 396330 and having its registered office at One Molesworth Street, Dublin 2, Ireland, D02 RF29; and NatWest Markets N.V., a public limited liability company (*naamloze vennootschap*) incorporated under the laws of the Netherlands, registered with the commercial register of the Dutch Chamber of Commerce under 33002587.
Dealer(s)	Barclays Bank Ireland PLC, a public limited company incorporated under the laws of Ireland with registered number 396330 and having its registered office at One Molesworth Street, Dublin 2, Ireland, D02 RF29; NatWest Markets N.V., a public limited liability company (*naamloze vennootschap*) incorporated under the laws of the Netherlands, registered with the commercial register of the Dutch Chamber of Commerce under 33002587; and any other Dealer(s) appointed in accordance with the Programme Agreement.
THE PROGRAMME	
Programme description	Under the terms of the Programme, the Issuer has issued and

will issue Covered Bonds (*Obbligazioni Bancarie Garantite*) to Bondholders on each Issue Date. The Covered Bonds will be direct, unsubordinated, unsecured and unconditional obligations of the Issuer guaranteed by the Guarantor under the Guarantee.

Programme Limit

The aggregate nominal amount of the Covered Bonds at any time outstanding will not exceed Euro 20,000,000,000 (or its equivalent in other currencies to be calculated as described in the Programme Agreement subject to any increase thereof). The Issuer may however increase the aggregate nominal amount of the Programme in accordance with the Programme Documents.

THE COVERED BONDS

Form of Covered Bonds

Unless otherwise specified in the relevant Terms and Conditions and Final Terms, the Covered Bonds will be issued in bearer and dematerialised form and held on behalf of their ultimate owners by Euronext Securities Milan for the account of Euronext Securities Milan Account Holders and title thereto will be evidenced by book entries. Euronext Securities Milan will act as depository for Euroclear and Clearstream. No physical document of title will be issued in respect of any such bearer and dematerialised Covered Bonds.

Denomination of Covered Bonds

The Covered Bonds will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements and save that the minimum denomination of each Covered Bond admitted to trading on a regulated market within the European Economic Area or offered to the public in a member state of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Regulation will be €100,000 (or where the relevant Series or Tranche is denominated in a currency other than euro, the equivalent amount in such other currency).

Status of the Covered Bonds

The Covered Bonds will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will rank *pari passu* without preference among themselves and (save for any applicable statutory provisions) at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer from time to time outstanding. In the event of a compulsory winding-up (*liquidazione coatta amministrativa*) of the Issuer, any funds realised and payable to the Bondholders will be collected by the Guarantor on their behalf, provided that, pursuant to article 7-*quaterdecies* of Law 130, further to enforcement of the Guarantee, the Bondholders shall participate in the final distribution of the Issuer's assets in respect of any residual amount due to them with any other unsecured creditor including – pursuant to article 7-*quaterdecies* of Law 130 – any

	derivative transaction counterparty.
Specified Currency	Subject to any applicable legal or regulatory restrictions, each Series or Tranche of Covered Bonds will be issued in such currency or currencies as may be agreed from time to time by the Issuer, the relevant Dealer(s), the Principal Paying Agent and the Representative of the Bondholders, subject to prior notice to the Rating Agencies (as set out in the applicable Final Terms) subject to compliance with all applicable legal, regulatory and/or central bank requirements.
Maturities	The Covered Bonds will have such Maturity Date as may be agreed between the Issuer and the relevant Dealer(s) and indicated in the applicable Final Terms, subject to such minimum or maximum maturities as may be allowed or required from time to time by any relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Redemption	The applicable Final Terms relating to each Series or Tranche of Covered Bonds will indicate either that the Covered Bonds of such Series or Tranche of Covered Bonds cannot be redeemed prior to their stated maturity (other than in specified instalments if applicable, or for taxation reasons or if it becomes unlawful for any Covered Bond to remain outstanding or following a Guarantor Event of Default) or that such Covered Bonds will be redeemable at the option of the Issuer upon giving notice to the Bondholders on a date or dates specified prior to the specified Maturity Date and at a price and on other terms as may be agreed between the Issuer and the Dealer(s) as set out in the applicable Final Terms. The applicable Final Terms may provide that the Covered Bonds may be redeemable in two or more instalments of such amounts and on the dates indicated in the Final Terms. For further details, see Condition 9 (*Redemption and purchase*).
Redemption at the option of Bondholders	If the relevant Final Terms of the Covered Bonds provide for a put option to be exercised by the Bondholders prior to an Issuer Event of Default, the Issuer shall, at the option of any Bondholder, redeem such Covered Bonds held by it on the date which is specified in the relevant put option notice at a price (including any interest (if any) accrued to such date) and on other terms as may specified in, and determined in accordance with, the relevant Final Terms.
Extended Maturity Date and Pass Through Series	The applicable Final Terms relating to each Series or Tranche of Covered Bonds issued will indicate, in the interest of the Guarantor, that the Guarantor's obligations under the Guarantee to pay Guaranteed Amounts equal to the Final Redemption Amount of the applicable Series or Tranche of Covered Bonds on their Maturity Date may be deferred until the Extended Maturity Date. Such deferral will occur automatically: (A) in respect of a Series

of Covered Bonds (each such Series, a "**Pass Through Series**") if (i) a Guarantee Enforcement Notice has been served on the Issuer and the Guarantor as a result of the Issuer having failed to pay, in whole or in part, the Guaranteed Amounts on the Maturity Date for such Series of Covered Bonds and, on the relevant Extension Determination Date, the Guarantor has insufficient funds to pay, in accordance with the Guarantee Priority of Payments, the Guaranteed Amounts in respect of such Series of Covered Bonds, or (ii) a Guarantee Enforcement Notice has been served on the Issuer and the Guarantor following the occurrence of an Issuer Event of Default (other than the Issuer Event of Default referred to in paragraph (i) above) and, on the Maturity Date for such Series of Covered Bonds, the Guarantor has insufficient funds to pay, in accordance with the Guarantee Priority of Payments, the Guaranteed Amounts in respect of such Series of Covered Bonds; and (B) in respect of all Series of Covered Bonds, which all become Pass Through Series, if, on any Test Calculation Date following the service of a Guarantee Enforcement Notice (and, in case of a Guarantee Enforcement Notice delivered as a result of an Article 74 Event, prior to the service of an Article 74 Event Cure Notice), the Test Calculation Agent notifies, through the Test Performance Report, the Issuer, the Sellers, any Additional Seller and the Guarantor that the Amortisation Test is not met.

Payment of all unpaid amounts shall be deferred automatically until the applicable Extended Maturity Date, **provided that** any amount representing the Final Redemption Amount due and remaining unpaid on the Extension Determination Date or the Maturity Date (as the case may be) may be paid, in accordance with the Guarantee Priority of Payments, by the Guarantor on any Guarantor Payment Date thereafter, up to (and including) the relevant Extended Maturity Date for such Pass Through Series.

The Guarantor will be obliged to (A) apply on each Guarantor Payment Date any Guarantor Available Funds towards redemption in full of all Pass Through Series in accordance with the Guarantee Priority of Payments; and (B) prior to a breach of the Amortisation Test, use its best efforts to sell, in accordance with the provisions of the Cover Pool Management Agreement, Selected Assets, for an amount as close as possible to the amount necessary (i) to redeem in full (a) the Pass Through Series and/or (only on the GEN Sale Date (as defined in the Cover Pool Management Agreement)) the Earliest Maturing Covered Bonds and (ii) to pay any interest amount due in respect of the Covered Bonds, net of any amounts standing to the credit of the Programme Accounts, **provided that**, prior to and following the sale of such Selected Assets, the Amortisation Test is complied with.

If, on any Test Calculation Date following the service of a

Guarantee Enforcement Notice (and, in case of a Guarantee Enforcement Notice delivered as a result of an Article 74 Event, prior to the service of an Article 74 Event Cure Notice), the Test Calculation Agent notifies, through the Test Performance Report, the Issuer, the Sellers, any Additional Seller and the Guarantor that the Amortisation Test is not met, the Guarantor shall use its best effort (but shall not be obliged) to sell all Eligible Assets included in the Cover Pool, on a semi-annual basis starting from the date falling 30 calendar days after the date of the relevant Test Performance Report, **provided that** the proceeds of the sale (net of any costs connected thereto), together with any amount standing to the credit of the Guarantor Accounts, are sufficient to redeem in full the Pass Through Series. For further details, see section headed "*Disposal of the Eligible Assets included in the Cover Pool following the delivery of a Guarantee Enforcement Notice and the breach of the Amortisation Test*".

For the avoidance of doubt, failure by the Guarantor to sell Selected Assets (or, following the breach of the Amortisation Test, all Eligible Assets included in the Cover Pool) in accordance with the Cover Pool Management Agreement shall not constitute a Guarantor Event of Default.

Interest will continue to accrue and be payable on the unpaid amount (to the extent permitted by Italian law) on each Guarantor Payment Date up to the Extended Maturity Date, subject to and in accordance with the provisions of the relevant Final Terms.

For further details, see Condition 9 (*Redemption and Purchase*).

Issue Price

Covered Bonds may be issued at par or at a premium or discount to par on a fully-paid or partly-paid basis (as set out in the relevant Final Terms).

Interest

Covered Bonds may be interest bearing or no interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate and the method of calculating interest may vary between the Issue Date and the Maturity Date of the relevant Series or Tranche. Covered Bonds may also have a maximum rate of interest, a minimum rate of interest or both (as indicated in the applicable Final Terms). Interest on Covered Bonds in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer(s), will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, in each case as may be agreed between the Issuer and the relevant Dealer(s).

Any series of Covered Bonds becoming a Pass Through Series will accrue the interest rate provided under the relevant Final Terms for the period from the Maturity Date to the Extended Maturity Date.

Fixed Rate Covered Bonds	Fixed Rate Covered Bonds will bear interest at a fixed rate, which will be payable on the date or dates as may be agreed between the Issuer and the relevant Dealer(s) and on redemption and will be calculated on the basis of such day count fraction as may be agreed between the Issuer and the relevant Dealer(s) (as set out in the applicable Final Terms).
Floating Rate Covered Bonds	Floating Rate Covered Bonds will bear interest at a rate determined: (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the ISDA Definitions; or (b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or in each case, as set out in the applicable Final Terms. The Margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer(s) for each issue of Floating Rate Covered Bonds, as set out in the applicable Final Terms.
Zero Coupon Covered Bonds	Zero Coupon Covered Bonds, bearing no interest, may be offered and sold at a discount to their nominal amount, as specified in the applicable Final Terms.
Amortising Covered Bonds	Covered Bonds may be issued with a predefined, prescheduled amortisation schedule where, in addition to interest, the Issuer will pay, on each relevant Interest Payment Date, a portion of principal up to the relevant Maturity Date (as set out in the applicable Final Terms) in instalments.
Taxation	All payments in relation to Covered Bonds will be made without tax deduction or withholding except where required by law. If any tax deduction or withholding is made, the Issuer shall be required to pay additional amounts in respect of the amounts so deducted or withheld, subject to a number of exceptions including deductions on account of Italian substitute tax pursuant to Decree No. 239. Under the Guarantee, the Guarantor will not be liable to pay any such additional amounts to any Bondholders in respect of the amount of such withholding or deduction. For further details, see Condition 11 (*Taxation*).
Cross default provisions	Each Series or Tranche of Covered Bonds will cross accelerate as against each other Series or Tranches, but will not otherwise contain a cross default provision. Accordingly, neither an event of default under any other indebtedness of the Issuer (including other debt securities of the Issuer) nor any acceleration of such indebtedness will of itself give rise to an Issuer Event of Default (except where such events constitute

an Insolvency Event in respect of the Issuer).

In addition, an Issuer Event of Default will not automatically give rise to a Guarantor Event of Default, provided however that, where a Guarantor Event of Default occurs and the Representative of the Bondholders serves a Guarantor Default Notice upon the Guarantor, such Guarantor Default Notice will accelerate each Series or Tranche of outstanding Covered Bonds issued under the Programme.

For further details, see Condition 12 (*Segregation Event and Events of Default*).

Notice to the Rating Agencies

The issue of any Series or Tranche of Covered Bonds (including, for the avoidance of doubt, Fixed Rate Covered Bonds, Floating Rate Covered Bonds, Zero Coupon Covered Bonds and Amortisation Covered Bonds) in each case as specified in the applicable Final Terms shall be subject to prior notice to the Rating Agencies.

Listing and admission to trading

Application has been made for Covered Bonds issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list and to trading on the regulated market of the Luxembourg Stock Exchange. The Programme also permits Covered Bonds to be issued on the basis that (i) they will be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer or (ii) they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system.

Issue Ratings

Each Series or Tranche of Covered Bonds may or may not be assigned a rating by one or more Rating Agencies. Each Series or Tranche of Covered Bonds, if rated, is expected to be assigned the following ratings on the relevant Issue Date unless otherwise stated in the applicable Final Terms:

Moody's	Fitch	DBRS
Aa3	AA-	AA

The issuance of any Series or Tranche of Covered Bonds (including any unrated Covered Bonds) shall be subject to prior notice to the Rating Agencies.

Governing Law

The Covered Bonds and the related Programme Documents will be governed by Italian law, except for the Swap Agreements which will be governed by English law.

SEGREGATION EVENTS, ISSUER EVENTS OF DEFAULT AND GUARANTOR EVENTS OF DEFAULT

Segregation Events

A Segregation Event will occur upon the notification by the relevant Test Calculation Agent that:

(a) a breach of one of the Mandatory Tests on the relevant Quarterly Test Calculation Date; and/or

(b) prior to the delivery of a Guarantee Enforcement Notice, a breach of the Asset Coverage Test on the relevant Test Calculation Date,

has not been remedied within the applicable Test Grace Period.

Upon the occurrence of a Segregation Event, the Representative of the Bondholders will serve notice (the "**Breach of Tests Notice**") on the Issuer and the Guarantor that a Segregation Event has occurred.

In such case:

(i) no further Series or Tranche of Covered Bonds may be issued by the Issuer;

(ii) there shall be no further payments to the Subordinated Lender under any relevant Term Loan, other than where necessary for the purpose of complying with the limits set forth under article 129, paragraph 1a, of the CRR as better specified in the Cover Pool Management Agreement (and to the extent that no purchase of Eligible Assets is possible to this effect in accordance with the provisions of the Master Assets Purchase Agreement and the Cover Pool Management Agreement and/or in compliance with the limits set out in the Bank of Italy Regulations);

(iii) the purchase price for any Eligible Assets to be acquired by the Guarantor shall be paid using the proceeds of a Term Loan or, to the extent necessary to comply with the limits set forth under article 129, paragraph 1a, of the CRR as better specified in the Cover Pool Management Agreement, the Guarantor Available Funds; and

(iv) payments due under the Covered Bonds will continue to be made by the Issuer until a Guarantee Enforcement Notice has been delivered.

If any of the Mandatory Tests and/or the Asset Coverage Test is/are met within the Test Remedy Period, the Representative of the Bondholders will promptly deliver to the Issuer, the Guarantor and the Asset Monitor a notice informing such parties that the Breach of Tests Notice then outstanding has been revoked (the "**Breach of Tests Cure Notice**").

For further details, see section "*Description of the Programme Documents - Cover Pool Management Agreement*".

Issuer Event of Default

An Issuer Event of Default will occur if:

(a) *Non-payment (also as a result of claw-back)*: the Issuer fails to pay any amount of interest and/or principal due and payable on any Series or Tranche of Covered Bonds and such breach is not remedied within 15 calendar days, in case of amounts of interest, or 7 calendar days (other than in case of non-payment as at the Maturity Date), in case of amounts of principal, as the case may be;

(b) *Breach of obligation (other than non-payment)*: a material breach by the Issuer of any obligation under the Programme Documents occurs and such breach is not remedied within 30 calendar days after the Representative of the Bondholders has given written notice thereof to the Issuer; or

(c) *Insolvency*: an Insolvency Event occurs in respect of the Issuer;

(d) *Article 74 Event*: a resolution pursuant to Article 74 of the Consolidated Banking Act is issued in respect of the Issuer;

(e) *Cessation of business*: a Cessation of Business occurs in respect of the Issuer; or

(f) *Breach of Mandatory Tests and/or Asset Coverage Test*: following the delivery of a Breach of Tests Notice, any of the Mandatory Tests and/or the Asset Coverage Test is/are not met on, or prior to, the Test Calculation Date falling at the end of the Test Remedy Period unless a resolution of the Bondholders is passed resolving to extend the Test Remedy Period.

If any of the events set out in points (a), (c), (d) or (f) above occurs and is continuing, then the Representative of the Bondholders shall serve to the Issuer and the Guarantor a notice to demand payments under the Guarantee (a "**Guarantee Enforcement Notice**"), specifying in case of the Issuer Event of Default referred to under item (d) above, that the Issuer Event of Default may be temporary and the relevant Guarantee Enforcement Notice may be revoked accordingly.

Upon the service of a Guarantee Enforcement Notice:

(i) no further Series or Tranche of Covered Bonds may be issued by the Issuer;

(ii) there shall be no further payments to the Subordinated Lender under any relevant Term Loan;

(iii) the purchase price for any Eligible Assets to be acquired by the Guarantor shall be paid using the proceeds of a Term Loan;

(iv) *Guarantee*: (i) interest and principal falling due on the Covered Bonds will be payable by the Guarantor at the time and in the manner provided under the Conditions and the Final Terms of the relevant Series or Tranche of Covered Bonds, subject to and in accordance with the terms of the Guarantee and the Guarantee Priority of Payments; then (ii) the Guarantor (or the Representative of the Bondholders pursuant to the Intercreditor Agreement) shall be entitled to request from the Issuer an amount up to the Guaranteed Amounts and any sum so received or recovered from the Issuer will be used to make payments in accordance with the Guarantee;

(v) *Pass Through Series*: to the extent that the Guarantor does not have sufficient funds to pay the Final Redemption Amount on a Series of Covered Bonds (also taking into account amounts referred under letter (ii) of paragraph (d) above (if any)), such Series shall become a Pass Through Series in accordance with Condition 9(b);

(vi) *Disposal of Eligible Assets*: the Guarantor shall use its best effort to sell the Eligible Assets included in the Cover Pool in accordance with the provisions of the Cover Pool Management Agreement,

provided that, in case of the Issuer Event of Default determined by a resolution issued in respect of the Issuer pursuant to article 74 of the Consolidated Banking Act (referred to under item (iv) (Article 74 Event) above) (the "**Article 74 Event**"), the effects listed in items (a) (*Application of the Segregation Event provisions*), (b) (*Guarantee*) and (d) (*Disposal of Eligible Assets*) above will only apply for as long as the suspension of payments pursuant to Article 74 of the Consolidated Banking Act will be in force and effect (the "**Suspension Period**"). Accordingly (A) the Guarantor, in accordance with Law 130, shall be responsible for the payments of the amounts due and payable under the Covered Bonds during the Suspension Period and (B) at the end of the Suspension Period, the Issuer shall be again responsible for meeting the payment obligations under the Covered Bonds.

For the avoidance of doubt (i) in case of delivery of a Guarantee Enforcement Notice further to a non- payment of interest on a Series of Covered Bonds the relevant Series becomes a Pass Through Series on the relevant Maturity Date if and only to the extent that, on the Extension Determination Date, the Guarantor does not have sufficient funds to redeem the Final Redemption Amount of such Series and (ii) in case of delivery of a Guarantee Enforcement Notice further to an Insolvency Event of the Issuer or further to an Article 74 Event, if the Guarantor does not have sufficient funds pay the Final

Redemption Amount due on a Series of Covered Bond on the relevant Maturity Date, such Series becomes a Pass Though Series on such Maturity Date.

If any of the events set out in points (b) or (e) above occurs and is continuing, then the Representative of the Bondholders shall serve a notice to the Issuer, the Guarantor, the Principal Seller and any Additional Seller (if any), the Principal Servicer and any Additional Servicer (if any), the Asset Monitor, the Rating Agencies, the Guarantor Calculation Agent, the Swap Counterparties, the Post-Issuer Default Test Calculation Agent and the Rating Agencies (an "**Issuer Default Notice**").

Upon the service of an Issuer Default Notice the provisions governing the Segregation Event from item (i) to (iv) shall apply.

Please also see Condition 12.2 (*Issuer Event of Default*).

Guarantor Event of Default

Following the occurrence of an Issuer Event of Default and delivery of the relevant Guarantee Enforcement Notice (to the extent not revoked), a Guarantor Event of Default will occur if:

(a) *Non-payment*: the Guarantor fails to pay any interest and/or principal due and payable under the Guarantee and such breach is not remedied within the next following 7 Business Days; or

(b) *Insolvency*: an Insolvency Event occurs in respect of the Guarantor; or

(c) *Breach of other obligation*: a material breach of any obligation under the Programme Documents by the Guarantor occurs (other than payment obligations referred to in item (i) (*Non-payment*) above) which is not remedied within 30 calendar days after the Representative of the Bondholders has given written notice thereof to the Guarantor.

If any of the events set out in points from (a) to (c) above (each, a "**Guarantor Event of Default**") occurs and is continuing then the Representative of the Bondholders shall serve a Guarantor Default Notice to the Issuer, the Guarantor, the Principal Seller and any Additional Seller (if any), the Principal Servicer and any Additional Servicer (if any), the Asset Monitor, the Guarantor Calculation Agent, the Italian Account Bank, the Principal Paying Agent and the Guarantor Corporate Servicer and the Rating Agencies, unless the Representative of the Bondholders, having exercised its discretion, resolves otherwise or a resolution of the Bondholders is passed resolving otherwise.

Upon the delivery of a Guarantor Default Notice:

(i) *Acceleration of Covered Bonds*: the Covered Bonds shall become immediately due and payable at their

Early Termination Amount together, if appropriate, with any accrued interest and will rank *pari passu* among themselves in accordance with the Post-enforcement Priority of Payments;

(ii) *Guarantee*: subject to and in accordance with the terms of the Guarantee, the Representative of the Bondholders, on behalf of the Bondholders, shall have a claim against the Guarantor for an amount equal to the Early Termination Amount, together with accrued interest and any other amount due under the Covered Bonds (other than additional amounts payable as gross up) in accordance with the Priority of Payments;

(iii) *Disposal of Eligible Assets*: the Guarantor shall immediately sell all Eligible Assets included in the Cover Pool in accordance with the provisions of the Cover Pool Management Agreement; and

(iv) *Enforcement*: the Representative of the Bondholders may, at its discretion and without further notice, take such steps and/or institute such proceedings against the Issuer or the Guarantor (as the case may be) as it may think fit to enforce such payments, but it shall not be bound to take any such proceedings or steps unless requested or authorised by a resolution of the Bondholders.

Please also see Condition 12.3 (*Guarantor Event of Default*).

Breach of Tests

If on any Test Calculation Date or Quarterly Test Calculation Date, as the case may be, a Test Performance Report specifies that the Cover Pool is not in compliance with the relevant Test, then the Principal Seller and/or any Additional Seller(s) in respect of each relevant New Portfolio transferred to the Guarantor will either (i) sell additional Eligible Assets to the Guarantor for an amount sufficient to allow the relevant Test to be met on the next following Test Calculation Date as determined in the immediately following Test Performance Report, in accordance with the Master Assets Purchase Agreement and the Cover Pool Management Agreement, to be financed through the proceeds of Term Loans to be granted by the Principal Seller and/or any Additional Seller(s), (ii) substitute any relevant assets in respect of which the right of repurchase can be exercised under the terms of the Master Assets Purchase Agreement with new Eligible Assets, for an amount sufficient to allow the relevant Test to be met on the next following Test Calculation Date as determined in the immediately following Test Performance Report or (iii) take any other action deemed appropriate to allow the relevant Tests to be cured on the next Test Calculation Date (it being understood that, in case of breach of the Liquidity Reserve Requirement, the relevant asset(s) can be replaced only with

Liquidity Assets until such breach is remedied).

If, within the Test Grace Period the relevant breach of the Mandatory Tests or the Asset Coverage Test is not remedied in accordance with the terms of the Cover Pool Management Agreement, the Representative of the Bondholders will deliver a Breach of Tests Notice.

If, after the delivery of a Breach of Tests Notice, the relevant breach of the Mandatory Tests or the Asset Coverage Test is not remedied, within the Test Remedy Period, in accordance with the terms of the Cover Pool Management Agreement, the Representative of the Bondholders will deliver a Guarantee Enforcement Notice.

Breach of the Amortisation Test

If, after the delivery of a Guarantee Enforcement Notice (and, in case of a Guarantee Enforcement Notice delivered as result of an Article 74 Event, prior to the delivery of an Article 74 Event Cure Notice), a breach of the Amortisation Test occurs:

- *Pass Through Series*: any and all Series of Covered Bonds will become immediately Pass Through Series in accordance with Condition 9(b); and
- *Disposal of Eligible Assets*: the Guarantor shall use its best effort to sell the Eligible Assets included in the Cover Pool in accordance with the provisions of the Cover Pool Management Agreement.

Eligible Assets Limits

The aggregate amount of Eligible Assets which are in compliance with Article 7-*duodecies*, paragraph 2, letter (b), of Law 130 (the "**Liquidity Assets**") and other Eligible Assets other than the Mortgage Loans included in the Cover Pool may not be in excess of the thresholds set out under Article 129, paragraph 1a., of the CRR.

In this respect, on each Test Calculation Date, the Test Calculation Agent shall determine the amount of such Liquidity Assets forming part of the Cover Pool and the result of such calculation will be set out in each Test Performance Report to be prepared and delivered by the Test Calculation Agent in accordance with the provisions of the Cover Pool Management Agreement.

Should the result from any Test Performance Report show that the aggregate amount of Eligible Assets other than Mortgage Loans included in the Cover Pool is in excess of the thresholds set out under Article 129, paragraph 1a., of the CRR, then the Seller may, but shall not obliged to, transfer to the Guarantor New Portfolio(s) of Eligible Assets in order to cure such excess or alternatively, the Seller may repurchase Liquidity Assets to comply with such limits. In the meantime, the Eligible Assets other than Mortgage Loans in excess of the limits set out in

Article 129, paragraph 1a., will not be computed for the purpose of the Tests.

Any breach of the limits under article 129, paragraph 1a., of the CRR shall constitute neither an Issuer Event of Default nor a Guarantor Event of Default.

THE TESTS

The Programme provides that the assets of the Guarantor are subject to (a) the Mandatory Tests, (b) the Asset Coverage Test, (c) the Amortisation Test and (d) the Liquidity Reserve Requirement.

Accordingly, for so long as Covered Bonds remain outstanding, the Seller, each Additional Seller (if any) and the Issuer must always ensure that the following tests are satisfied on each Test Calculation Date:

(i) the Nominal Value Test;

(ii) the Net Present Value Test;

(iii) the Interest Coverage Test,

(the "**Mandatory Tests**");

(iv) the Liquidity Reserve Requirement;

(v) until the date on which a Guarantee Enforcement Notice is delivered, the Asset Coverage Test; and

(vi) starting from the date on which a Guarantee Enforcement Notice is delivered, the Amortisation Test.

The Mandatory Tests and the Asset Coverage Test (or, following the delivery of an Issuer Default Notice, the Amortisation Test) are intended to ensure that the Cover Pool is sufficient to repay the Covered Bonds.

The Liquidity Reserve Requirement is intended to ensure that the amount of Eligible Assets which are in compliance with Article 7-*duodecies*, paragraph 2, of Law 130, composing the Outstanding Principal Balance of the Cover Pool, including the Required Reserve Amount (the "**Liquidity Reserve**"), is in an amount equal to or greater than the maximum cumulative Net Liquidity Outflows expected in the next following 180 days.

For a detailed description of the Tests, see paragraph "*Tests*" of section "*Credit Structure*" below.

THE GUARANTOR AND THE GUARANTEE

Guarantee

Payments of Guaranteed Amounts in respect of the Covered Bonds when Due for Payment will be unconditionally and

	irrevocably guaranteed by the Guarantor. The obligations of the Guarantor to make payments in respect of such Guaranteed Amounts when Due for Payment are subject to the conditions that an Issuer Event of Default has occurred, and a Guarantee Enforcement Notice has been served on the Issuer and on the Guarantor. The obligations of the Guarantor will accelerate once a Guarantor Default Notice has been delivered to the Guarantor. The obligations of the Guarantor under the Guarantee constitute direct, unconditional and unsubordinated obligations collateralised by the Cover Pool and recourse against the Guarantor is limited to such assets. For further details, see "*Description of the Programme Documents – Guarantee*".
Cover Pool	The Guarantee will be collateralised by the Cover Pool constituted by (i) the Portfolio comprised of Mortgage Loans and the related collateral, assigned to the Guarantor by the Principal Seller and/or the Additional Seller(s) in accordance with the terms of the Master Assets Purchase Agreement, (ii) any proceeds arising from the Eligible Swap Agreements, (iii) the Liquidity Assets and (iii) any other Eligible Assets held by the Guarantor with respect to the Covered Bonds and the proceeds thereof which will, *inter alia*, comprise the funds generated by the Portfolio, the other Eligible Assets including, without limitation, funds generated by the sale of assets from the Cover Pool and funds paid in the context of a liquidation of the Issuer. For further details, see "*Description of the Cover Pool*".
Limited recourse	The obligations of the Guarantor to the Bondholders and, in general, to the Seller and/or any Additional Seller(s) and other creditors will be limited recourse obligations of the Guarantor. The Bondholders, the Seller and /or any Additional Seller(s) and such other creditors will have a claim against the Guarantor only to the extent of the Guarantor Available Funds subject to the relevant Priorities of Payments, in each case subject to, and as provided for in, the Guarantee and the other Programme Documents.
Term Loans	Under the terms of the Subordinated Loan Agreements, the Principal Seller and the Additional Seller(s), in their capacity, respectively, as Principal Subordinated Lender and Additional Subordinated Lender, will from time to time grant to the Guarantor Term Loans in the form of (i) a Programme Term Loan, or (ii) a Floating Interest Term Loan, or (iii) a Fixed Interest Term Loan. The Programme Term Loan will be granted for the purpose of, *inter alia* (i) funding the purchase price of the Eligible Assets included in the Initial Portfolio and in any New Portfolios to be transferred to the Guarantor pursuant to the Master Assets

Purchase Agreement, and/or (ii) remedying any breach of the Tests, and/or (iii) repayment of any other Floating Interest Term Loan or Fixed Interest Term Loan as necessary, and/or (iv) allowing the Guarantor to credit on the Reserve Account or to create a reserve sufficient to respect the Liquidity Reserve Requirement.

Each Floating Interest Term Loan or Fixed Interest Term Loan will be granted for the purpose of, *inter alia* (i) funding the purchase price of the Eligible Assets included in any New Portfolios to be transferred to the Guarantor in connection with the issue of a Corresponding Series or Tranche of Covered Bonds to be issued under the Programme, and/or (ii) reimbursing (also in part) any Term Loan for an amount equal to the Corresponding Series or Tranche of Covered Bonds, and/or (iii) allowing the Guarantor to credit on the Reserve Account or to create a reserve sufficient to respect the Liquidity Reserve Requirement.

Amounts owed to each Subordinated Lender by the Guarantor under the Subordinated Loan Agreements will be subordinated to amounts owed by the Guarantor under the Guarantee.

For further details, see "*Description of the Programme Documents – Subordinated Loan Agreements*".

Excess Assets and support for further issues

Any Eligible Assets forming part of the Cover Pool which are in excess of the value of the Eligible Assets required to satisfy the Tests may be (i) purchased by the Seller in accordance with the provisions of the Cover Pool Management Agreement and the Master Assets Purchase Agreement or (ii) retained in the Cover Pool, also to be applied to support the issue of new Series or Tranche of Covered Bonds or ensure compliance with the Tests, **provided that** in each case any such disposal or retention shall occur in accordance with any relevant law, regulation or interpretation of any authority (including, for the avoidance of doubts, the Bank of Italy or the Minister of Economy and Finance) which may be enacted with respect to Law 130 and the Bank of Italy Regulations and no disposal under item (i) above may occur if it would cause the Tests to be breached.

For further details, see "*Description of the Programme Documents – The Cover Pool Management Agreement*".

Segregation of Guarantor's rights and collateral

The Covered Bonds benefit from the provisions of title I-*bis* of Law 130, pursuant to which the Cover Pool is segregated by operation of law from the Guarantor's other assets.

In accordance with article 7-*octies* of Law 130, prior to and following a winding up of the Guarantor and an Issuer Event of Default or Guarantor Event of Default causing the Guarantee to be called, proceeds of the Cover Pool paid to the Guarantor and amounts standing to the credit of the accounts

opened in the name of the Guarantor will be exclusively available for the purpose of satisfying the obligations owed to the Bondholders, to the Swap Providers under the Swap Agreements and to any other creditors exclusively in satisfaction of the transaction costs of the Programme.

The Cover Pool may not be seized or attached in any form by creditors of the Guarantor other than the entities referred to above, until full discharge by the Guarantor of its payment obligations under the Guarantee or cancellation thereof.

Cross-collateralisation

All Eligible Assets transferred from the Seller(s) to the Guarantor from time to time or otherwise acquired by the Guarantor and the proceeds thereof, any proceeds arising from the Swap Agreements and any funds generated by the sale of assets included in the Cover Pool form the collateral supporting the Guarantee in respect of all Series or Tranches of Covered Bonds.

Claim under Covered Bonds

The Representative of the Bondholders, for and on behalf of the Bondholders, may submit a claim to the Guarantor and make a demand under the Guarantee in case of an Issuer Event of Default or Guarantor Event of Default.

Disposal of the Eligible Assets included in the Cover Pool following the delivery of a Guarantee Enforcement Notice

After the service of a Guarantee Enforcement Notice, the Guarantor (or the Principal Servicer on behalf of the Guarantor) shall use its best effort to sell the Eligible Assets in the Cover Pool (any such Eligible Assets, the "**Selected Assets**") in accordance with the provisions of the Cover Pool Management Agreement.

The Guarantor shall use its best efforts to sell the Selected Assets within at least (provided that the Guarantor may also commence before), the date falling (i) 30 calendar days after the service of a Guarantee Enforcement Notice following a non-payment referred under Condition 11.2(a) or (ii) in any other case of Guarantee Enforcement Notice delivered other than for a non payment on a Series of Covered Bonds, six months prior to the Maturity Date of the Earliest Maturing Covered Bonds (to the extent that no breach of the Amortisation Test occurred, in which case the timing set out under Clause 8.2 of the Cover Pool Management Agreement) (the "**First GEN Sale Date**").

The Guarantor shall use its best effort to sell the Selected Assets, in accordance with the provisions of the Cover Pool Management Agreement, in an amount as close as possible to the amount necessary (i) to redeem in full (a) the Pass Through Series and/or (only on the GEN Sale Date (as defined in the Cover Pool Management Agreement)) the Earliest Maturing Covered Bonds, and (ii) to pay any interest amount due in respect of the Covered Bonds, net of any amounts standing to the credit of the Programme Accounts, **provided that**, (i) prior to and following the sale of such Selected Assets, the

Amortisation Test is complied with and (ii) the Guarantor and the Portfolio Manager shall use their best effort to sell the Selected Assets, at the first attempt, at a price that ensures that the ratio between the aggregate Outstanding Principal Balance of the Cover Pool and the Principal Amount Outstanding of all Series of Covered Bonds remains unaltered or is improved following the sale of the relevant Selected Assets and repayment of the Pass Through Series and/or Earliest Maturing Covered Bonds (as the case may be).

Any such sale shall be subject to the right of pre-emption in favour of the Issuer (other than in case of *liquidazione coatta amministrativa* of the Issuer), as Principal Seller, or any Additional Seller(s) in respect of such Selected Assets.

The proceeds from any such sale will be credited (net of the cost connected to the sale of such Selected Assets) to the Main Programme Account and applied as set out in the Guarantee Priority of Payments to (i) pay interest on the relevant Series of Covered Bonds and (ii) redeem any relevant Pass Through Series.

The Selected Assets to be sold will be selected from the Cover Pool on a random basis by the Principal Servicer on behalf of the Guarantor.

Disposal of the Eligible Assets included in the Cover Pool following the delivery of a Guarantee Enforcement Notice and the breach of the Amortisation Test

Following the delivery of a Guarantee Enforcement Notice (and, in case of a Guarantee Enforcement Notice delivered as result of an Article 74 Event, prior to the delivery of an Article 74 Event Cure Notice), in case a Test Performance Report specifies that a breach of the Amortisation Test occurred, the Guarantor shall use its best effort to sell all Eligible Assets included in the Cover Pool, on a semi-annual basis starting from the date falling 30 calendar days after the date of the relevant Test Performance Report.

The Guarantor shall use its best effort to sell the Eligible Assets in an amount as close as possible to the amount necessary (i) to redeem in full the Pass Through Series and (ii) to pay any interest amount due in respect of the Covered Bonds net of any amounts standing to the credit of the Programme Accounts.

Disposal of the Eligible Assets included in the Cover Pool following the delivery of a Guarantor Default Notice

After the service of a Guarantor Default Notice, the Guarantor shall immediately sell all Eligible Assets included in the Cover Pool in accordance with the procedures described in the Cover Pool Management Agreement, subject to the right of preemption in favour of the Issuer (other than in case of *liquidazione coatta amministrativa* of the Issuer), as Principal Seller, or the Additional Seller **provided that** the Guarantor will instruct the Portfolio Manager to use all reasonable endeavours to procure that such sale is carried out as quickly as reasonably practicable taking into account the market conditions at that time.

	For further details, see Condition 12.3 (*Guarantor Event of Default*).

SALE AND DISTRIBUTION

Distribution	Covered Bonds may be distributed by way of private or public placement and in each case on a syndicated or non syndicated basis, subject to the restrictions set forth in the Programme Agreement.
Purchase of Covered Bonds by the Issuer	The Issuer or any such subsidiary may at any time purchase any Covered Bonds in the open market or otherwise and at any price.
Certain restrictions	Each Series or Tranche of Covered Bonds issued will be denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply and will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time. There are restrictions on the offer, sale and transfer of Covered Bonds in the United States, the European Economic Area (including the Republic of Italy), the United Kingdom and Japan. Other restrictions may apply in connection with the offering and sale of a particular Series or Tranche of Covered Bonds. For further details, see section "*Subscription and Sale*" below.

RISK FACTORS

In purchasing Covered Bonds, investors assume the risk that BMPS may become insolvent or otherwise be unable to make all payments due in respect of the Covered Bonds. There is a wide range of factors which individually or together could result in BMPS becoming unable to make all payments due in respect of the Covered Bonds.

Each of the Issuer and the Guarantor believes that the following factors may affect their ability to fulfil their obligations under the Covered Bonds issued under the Programme. All these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor is in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which the Issuer and the Guarantor believe may be material for the purpose of assessing the market risks associated with Covered Bonds issued under the Programme are also described below.

Each of the Issuer and the Guarantor believes that the factors described below represent the principal risks inherent in investing in the Covered Bonds issued under the Programme, but the inability of the Issuer or the Guarantor to pay interest, principal or other amounts on or in connection with any Covered Bonds may occur for other reasons which may not be considered significant risks by the Issuer and the Guarantor based on the information currently available to them or which they may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus (including any document incorporated by reference) and reach their own views prior to making any investment decision.

The following sections describe the principal risk factors associated with an investment in the Covered Bonds. Prospective purchasers of Covered Bonds should consider carefully all the information contained in this Base Prospectus, including the considerations set out below, before making any investment decision.

FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE COVERED BONDS

The risks below have been classified into the following categories:

1. *Risks factors relating to the Issuer and the Group;*
2. *Risk factors related to the operating activity and the industry in which the Issuer and the Group operate;*
3. *Risk factors related to the legal and regulatory framework of the sector of business in which the Issuer and the Group operate*; *and*
4. *Risk factors related to environmental, social and governance factors*.

1. Risk factors relating to the Issuer and the Group

1.1. Risks related to capital adequacy

The Issuer is subject to the capital adequacy requirements of the Directive (EU) 2013/36 of the European Parliament and European Council in relation to credit institutions' activities, credit institutions' prudential supervision and investment undertakings, as amended by Directive (EU) 2019/878 (the "**CRD IV**") and of the Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions (the "**CRR**") as amended by Regulation (EU) 2019/876.

As of 31 December 2023, the Group has a CET 1 and Tier 1 Ratio of 18.1%, and a Total Capital Ratio of 21.6%[1].

It should be noted that the Group has a leverage ratio of 7% as at 31 December 2023[2] which is above the minimum requirement of 3%.

The Group, on a consolidated basis, meets all capital requirements, including those related to the Pillar II Capital Guidance ("**P2G**").

The European Banking Authority ("**EBA**"), in cooperation with the relevant supervisory authorities, may in the future decide to recommend a new asset quality review (or "**Asset Quality Review**" or "**AQR**") on the most important European banks, including the Issuer, in order to verify the classifications and assessments they have made on their loans for addressing concerns related to the deterioration of the asset quality. Such review exercise of the asset quality may also be combined with an additional stress test conducted by the European Central Bank (the "**ECB**") as part of a new global assessment exercise.

Given the impossibility of quantifying the impacts arising from the stress tests before the stress tests are conducted, there can be no assurance that, should the EBA and other relevant supervisory authorities conduct new comprehensive assessment exercises (or stress test exercises or asset quality review exercises), these exercises will not have significant impacts on the capital adequacy profile of the Issuer.

[1] Coefficients calculated considering the transitional provisions of the regulatory framework in force on the reference date.

[2] Coefficients calculated considering the transitional provisions of the regulatory framework in force on the reference date.

However, it should be noted that during 2023 the Bank obtained the best result ever in the EBA stress test (with stressed capital ratios well above the required regulatory minimums), and that in 2022 it was subject to on site investigation ("**OSI**") by the ECB on the Bank's credit portfolio without any significant impact on the adequacy profile of the Group.

For further information in such regard, please refer to the "Capital adequacy" paragraph of the 2022 Consolidated Financial Statements, to the "Capital adequacy" paragraph of the 2023 Consolidated Financial Statements incorporated by reference into this Base Prospectus.

1.2. Risks related to non-compliance with MREL requirements

Pursuant to Article 45 of Directive 2014/59/EU, as amended by Directive (EU) 2019/879, institutions must meet at all times a minimum requirement for own funds and eligible liabilities ("**MREL**") defined by the resolution authority for each institution, in order to ensure that a bank, in the event of the application of the bail-in procedure, has sufficient liabilities to absorb losses and to ensure compliance with the Primary Tier 1 Capital requirement for the authorization to conduct banking activities, as well as to generate sufficient confidence in it in the market.

As at 31 December 2023, the Group had values higher than the intermediate requirements set for 2023:

- an MREL capacity of 28.17% in terms of TREA ("*Total Risk Exposure Amount*") and 10.81% in terms of LRE ("*Leverage ratio exposure measure*"); and
- an MREL subordination capacity of 21.93% in terms of TREA and 8.42% in terms of LRE.

Notwithstanding the Issuer plans to meet all MREL requirements on a consolidated basis in the future thanks to its solid capital position and sound funding strategies, the Group is exposed to the risk of incurring breaches of the MREL requirements, in the event of failure to meet the institutional issuance volume required in order to comply with MREL targets, which could be challenged by any systemic tensions in the debt markets and/or idiosyncratic circumstances of the Group.

In addition, it cannot be excluded that in the future the Group will breach the MREL and/or the combined buffer requirement ("**CBR**") targets, due to, among other things, possible changes in bank resolution regulations and/or the criteria for determining MREL requirements by the resolution authorities, such as raising the requirements or reducing the instruments that are eligible for MREL purposes. Such circumstance could lead, in addition to the prohibition on dividend distributions and the prohibition to perform certain activities, which may be imposed by the resolution authorities, to the adoption of specific measures against the Issuer by the same authorities; should the Issuer and/or the Group be unable to comply with such measures or to fulfil the obligations imposed by such authorities, there could be significant consequences for the Issuer's and/or the Group's economic, equity and financial situation.

1.3. Liquidity risk for the 12-month period and risks related to the Issuer's indebtedness and system liquidity support measures

The Group's liquidity position could be exposed, in a time horizon beyond 12 months from the date of this Base Prospectus, to a series of both external and internal events that could generate a decrease in its customers' deposits, difficulties or inability to have access to markets, to receive funds from counterparties outside the Group, or result in the impairment of certain assets and/or the inability to finance or liquidate them. Among these, the possible systemic economic/financial crisis (e.g., in case of escalation of the conflicts in Russia/Ukraine and in the Middle East), the worsening of the Issuer's

reputational profile, and possible tensions in the debt market (making more difficult to implement the Group's issuance programme) are of particular relevance. As of the date of this Base Prospectus, the Issuer has reserves that are deemed sufficient for the twelve months following such date even in the case that severe adverse events should occur.

With respect to risks related to the Issuer's indebtedness and interventions to support system liquidity, significant reduction or withdrawal of systemic liquidity support by governments and central authorities or reduction of liquidity obtainable through access to the Eurosystem could generate difficulties and/or higher costs in accessing market sources of liquidity, with potential significant adverse effects on the Bank's and/or the Group's activities and economic, capital and/or financial position.

The ECB, within the 2023 SREP Decision (please refer to the subparagraph "*2023 SREP DECISION*" of the paragraph "*Major events*" under the "*Banca Monte dei Paschi di Siena S.p.A.*" section of this Base Prospectus), also gave its opinion on the Internal Liquidity Adequacy Assessment Process ("**ILAAP**") implemented by the Group, concluding that no additional liquidity requirements are deemed necessary.

Compared to the previous year, the Issuer reduced its reliance on ECB funding, represented by targeted longer-term refinancing operations ("**TLTRO III**"), Main Refinancing Operations ("**MRO**") and Long Term Refinancing Operations ("**LTRO**") (indeed, ECB funding/total liabilities decreased from 16% as at December 2022 to 11% as at December 2023). As of 31 December 2023 any adverse change to the ECB's lending policy or funding requirements, including changes to the asset class criteria accepted by the ECB as collateral could affect the Group's results of operations, business and financial condition. However, in light of the findings set forth in the EBA third report on LCR and NSFR monitoring[3], the Issuer remains attentive to the evolution of the funding market to ensure that its ordinary refinancing strategies and normal businesses are not affected by the cumulative effect of the maturity of all the remaining central bank funding and additional outflows due to the impact of adverse market liquidity scenarios.

1.4. Risks related to the rating assigned to the Issuer and its debt

The Issuer and its debt are subject to ratings by Moody's Investors Service ("**Moody's**"), Fitch Ratings Ireland Limited ("**Fitch**"), and DBRS Ratings GmbH ("**DBRS**", and together with Moody's and Fitch, the "**Agencies**"), which, as of the date of this Base Prospectus, have assigned ratings to the Issuer, some of which 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.

The Issuer's rating may also be affected by the rating of the Italian State: 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.

Should the Issuer experience a deterioration (so-called "downgrading") in the ratings assigned by one or more Agencies, there could be a greater burden in raising financing, a more difficult and/or expensive recourse to the capital market, additional collateral could be required in specific transactions or agreements and, more generally, it could have potential negative repercussions for the Group's liquidity and on the Group's reputation among institutional, retail investors and clients.

[3]EBA Report on "*Monitoring of liquidity coverage ratio and net stable funding ratio implementation in the EU*" of 15 June 2023.

1.5. Risks related to deterioration in credit quality and the impacts of the worsening economic environment, particularly in Italy, on credit quality and banking in general

The Group is exposed to risks relating to lending activities and to the possibility that its contractual counterparties fail to fulfil all or part of their payment obligations. These risks have been rendered even more severe considering the interest rate trends which may negatively affect payment obligations of the clients. As of 31 December 2023: (i) the Group has an amount of customer loans classified as non-performing exposures (i.e., including non-performing loans, unlikely-to-pay and past due exposures) of Euro 3,485 million gross, Euro 1,774 million net; (ii) the Group's coverage ratio of impaired loans to customers for the Group as a whole is 49.1%; and (iii) the incidence rates of net loans to customers at amortised cost classified as stage 1 (financial instruments that have not experienced a significant increase in credit risk since initial recognition) and stage 2 (financial instruments that have experienced a significant increase in credit risk since initial recognition but have no objective evidence of loss) are substantially in line with what was observed at the end of December 2023 (85.2% and 12.5% respectively), respectively. Considering the uncertainties associated with the conflicts in Ukraine and Middle East, in the event of a deterioration in credit quality the provisions to be set aside to manage this risk may have a significant adverse effect on the Group's operating results and economic, equity and/or financial position.

For more information, please refer to the 2023 Consolidated Financial Statements incorporated by reference into this Base Prospectus.

It is to be noted that the 2023 SREP Decision contains a requirement to submit a strategic plan to address the high level of non-performing exposures ("**NPEs**") in the CRE and SME portfolio. ECB pointed out that the BMPS' level of NPEs for the CRE and SME portfolios is still high in comparison with the average gross level of NPEs of credit institutions under the direct supervision of the ECB. Taking this into account, on 29 March 2024 BMPS has presented, as every year, to the ECB a three-year strategic plan for the management of NPEs, with a specific focus on CRE and SME portfolios. As part of this plan, the Bank is already planning sales of non-performing loans ("**NPL**") in 2024 in order to achieve the NPL objectives required for the CRE and SME portfolios over time. Finally, it should be noted that in the 2023 SREP Decision there are no references to the remaining credit portfolios (such as, for example, Retail Mortgages, Consumer Credit, Corporate).

The Group is in line with the non-performing exposures coverage targets set out in the 2023 SREP Decision. These coverage levels have already been factored into both the prospective calendar provisioning impact estimates in the business plan 2022-2026 headed "A clear and simple commercial bank" approved by its Board of Directors on 22 June 2022 (the "**Business Plan 2022-2026**") and the non-performing exposure strategy. In the event that the provisions in the financial statements, determined in accordance with the accounting standards, are not sufficient to align with the minimum coverage required by the so-called "calendar provisioning", the Group proceeds to apply deductions from regulatory capital up to the amount necessary to adjust to the minimum coverage required, as provided by the applicable regulations.

The Bank is also exposed to the risk of deteriorating credit quality as a result of the domestic and international economic situation.

To assess the effects of a worsening scenario, the Group estimated that a cumulative negative change in Italian gross domestic product ("**GDP**") of about 100 basis points could determine an increase in the cost of risk of about Euro 90 million.

1.6. Risk of exposure to debt securities issued by sovereign states

The Group is exposed to the risk of exposure to debt securities issued by sovereign states and has exposure to bonds issued by central and local governments and government entities of the Republic of Italy. As of 31 December 2023, the overall exposure in securities to the Italian government is about Euro 10 billion, stable compared to the exposure as at 31 December 2022.

Tensions in the sovereign bond market and the volatility of government bonds, significant increases in inflation, and increases in interest rates by the ECB may therefore have negative effects on the Group's business, economic, capital and/or financial position, operating results, and prospects. In particular, rising rates may have a negative effect on the Group's positions measured at fair value by virtue of the short exposure, in terms of sensitivity, to a +1 basis point change in interest rates.

Similarly, any deterioration in the yield differential of Italian government bonds compared to other European benchmark government bonds and/or any joint actions by the major rating agencies, such as to result in a credit rating of the Italian government below investment grade, could result in negative impacts on the Group's liquidity position and negative impacts on the value of the portfolio, as well as on capital ratios.

For more information on the Issuer's risks related to the exposure to debt securities issued by sovereign states, please refer to the "Exposure to sovereign debt risk" paragraph of the 2023 Consolidated Financial Statements incorporated by reference into this Base Prospectus.

1.7. Risks associated with assignments of impaired loans

In the Business Plan 2022-2026, non-performing exposure disposals for a total of Euro 2 billion are envisaged; as of the date of this Base Prospectus, the sales planned for 2022-2023 have been carried out, sales for approximately Euro 900 million remain to be carried out in 2024-2026 according to the business plan.

With exclusive reference to the sales of impaired receivables already completed as of the date of this Base Prospectus, the Group is also exposed to risks attributable to (a) any potential indemnity obligations to which it would be subject if the representations and warranties issued in relation to each portfolio of receivables sold turned out to be untrue or incorrect; and (b) the risk that the claims already notified to it would be deemed well-founded or, in any case, founded to a greater extent than estimated by the same.

In this regard, it should be noted in particular that as of the date of this Base Prospectus: (i) in relation to certain sale transactions, all claims notified to the Bank have not yet been analyzed; (ii) the terms for the notification of claims arising from the incorrectness of the representations and warranties of the Issuer have not yet expired; (iii) there is uncertainty as to the occurrence of a future and uncertain event that could expose the Bank to indemnifications[4]; and (iv) there is no certainty as to the fate of the claims

[4] In particular, in relation to the assignment in favour of Siena NPL 2018 S.r.l. (Pjt. "Valentine/Crystal"), the Bank is exposed to the risk of receiving further claims since: (i) in relation to certain receivables in respect of which are pending passive judicial proceedings (listed in a specific annex of the relevant receivables transfer agreement), Siena NPL 2018 S.r.l. has the right to notify a claim until the conclusion of the aforementioned judicial proceedings; and (ii) Siena NPL 2018 S.r.l. has notified, before 31 July 2021 (i.e. the deadline for the notification of claims), certain claims having a "preventive" nature (so called "pre-claims"), which could give right to indemnification, also beyond the aforementioned date, upon the occurrence of the future and uncertain event deducted in the relevant pre-claim.

assessed as unfounded by the Issuer (both in the event that such assessment has been rejected by the counterparties and in the event that the counterparties have not expressed an opinion in this regard).

It should be noted that as of the date of this Base Prospectus, the Group has received notifications of disputes related to:

- the securitization transaction "Valentine/Crystal" carried out by the Group in December 2017 through Siena NPL 2018 S.r.l. (concerning Euro 22 billion of impaired loans) in the context of which all the notified claims have been analysed and those deemed grounded have also been paid[5];
- the deleverage transaction "Morgana" carried out in 2019 concerning Euro 0.7 billion of gross non-performing leasing loans whose representation and warranties expired in October 2021. All claims deemed grounded have been paid and no residual risks are outstanding;;
- the demerger transaction "Hydra-M" finalized in fiscal year 2020 concerning Euro 7.2 billion of impaired loans and whose deadline for sending claims expired on 1 December 2022. In the context of this transaction all the notified claims have been analyzed and those deemed grounded have also been paid[6];
- the securitization "Fantino" in the context of which the Group is exposed to the following disbursement risk:

    - illimity Bank S.p.A.: sale of Euro 0.3 billion of impaired loans; the deadline for notifying claims has expired on 4 March 2024; all notified claims have been considered not grounded[7];
    - AMCO – Asset Management Company S.p.A.: sale of Euro 0.2 billion of impaired loans. The deadline for notifying claims has expired on 20 May 2024; notified claims, close to the dead line, are still under review;
    - no residual risks are remaining for the sale to Intrum Holding S.r.l. of Euro 0.4 billion of impaired loans and for which the deadline for notifying claims has expired on 20 October 2023.

- "Mugello" deleverage transaction completed in the last quarter of 2023, concerning a portfolio of non-performing loans for a total amount of Euro 0.2 billion, whose representations and warranties will expire by the deadline of the first quarter of 2025.

In this regard, it should be noted that as of the date of this Base Prospectus further disputes to the detriment of the Group could emerge from the aforementioned transactions.

Finally, it should be noted that, without prejudice to provisions set aside by the Group, for the overall disposal transactions they are also determined through the use of statistical techniques to take into account the overall expected risk. It cannot be ruled out that the provisions set aside by the Group will prove to be insufficient, or with possible negative effects on the Bank's and/or Group's economic, equity and/or financial situation.

1.8. Risks related to the impairment of DTAs

As of the date of this Base Prospectus, the Issuer is exposed to the risk that the recorded deferred tax assets ("**DTAs**") may in the future be subject to partial or full impairment in the financial statements (i)

[5] As regards the claims deemed unfounded, the positions of BMPS and the assignee are not yet aligned.

[6] AMCO – Asset Management Company S.p.A. has notified, before 1 December 2022 (i.e. the deadline for the notification of claims), certain claims having a "preventive" nature (so called "pre-claims"), which could give right to indemnification, also beyond the aforementioned date, upon the occurrence of the future and uncertain event deducted in the relevant pre-claim.

7 See previous footnote 5.

should the Issuer's future profitability levels be lower than estimated and insufficient to ensure the reabsorption of DTAs (including in view of the possible impacts resulting from the conflict in Ukraine and in Middle East), or (ii) should significant changes in current tax legislation and related practice occur.

As at 31 December 2023, DTAs at the Group level amounted to Euro 1,842.6 million, of which Euro 522.7 million can be converted into a tax credit under Law of 22 December 2011, no. 214 ("**Law 214/2011**").The recognition was made to the extent that the contingent DTAs were deemed, under the assumption of continuity of current tax legislation and related practice, recoverable (so-called "probability test") either because they can be transformed into tax credits pursuant to Law 214/2011 (DTAs with guaranteed recovery), or because they can be offset against the taxes that will be due against estimated future taxable income. As a result of the aforementioned probability test as of 31 December 2023, DTAs amounting to an additional Euro 2,575.7 million are unrecognized.

With regard to insufficient future taxable income, the risk of impairment would concern only the DTAs that cannot be transformed into tax credits (amounting to Euro 1,319.9 million as of 31 December 2023), since the recovery of the transformable DTAs is irrespective of the Issuer's future earning capacity. In the event of future regulatory changes, on the other hand, the risk of impairment could affect the total amount of DTAs recorded in the financial statements.

The effects of the aforementioned write-downs (as well as any revaluations) on capital ratios for regulatory supervisory purposes would differ depending on the type of DTAs affected, depending on the different prudential treatment provided. Specifically, the impact of any write-down or revaluation: (i) with regard to DTAs from tax losses would be nil, (ii) with regard to DTAs that can be transformed into tax credits under Law 214/2011 would be higher, and (iii) with respect to DTAs having a different nature from the previous ones, the impact on capital ratios would be relevant for the amount of said DTAs within given thresholds, and nil for the amount exceeding the aforementioned thresholds.

In addition, the Issuer is exposed to the risk that unrecognized DTAs could also be subject to partial or total write-downs in the future, resulting in the non-existence of the associated latent assets. In particular, they could be subject to reduction if significant changes to current tax regulations and related practices occur, as well as a result of any denials made by the tax authorities with respect to disapplication rulings submitted by the Issuer in connection with the business combination transactions carried out in 2023 as envisaged in the Business Plan 2022-2026. In particular, Articles 172 and 173 of the D.P.R. 22 December 1986, no. 917 provide, inter alia, limitations on the carry-forward of tax losses and "ACE" surpluses (with respect to merger and demerger transactions, respectively).

2. Risk factors related to the operating activity and the industry in which the Issuer and the Group operate

2.1. *Risks related to outstanding legal proceedings*

The Group is involved in various capacities in certain legal proceedings (civil, tax, labour, criminal and administrative) originated either in the ordinary course of business and in an extraordinary and exceptional context related to the criminal investigations that specifically affected the Issuer in the years 2012, 2013, and from 2015 until the date of this Base Prospectus.

As at 31 December 2023, the overall petitum of court proceedings, where quantified, amounts to Euro 3.5 billion (rounded) and the out-of-court claims' petitum amounts to Euro 0.063 billion; in this respect it should be noted that only a portion of the relevant proceedings and out-of-court claims brought

against the Issuer were classified as "probable" for the purposes of estimating the relevant provisions under the accounting and financial reporting rules applicable to the Issuer.

As at the date of this Base Prospectus, the Bank is involved in two criminal proceedings with respect to which the Bank has been charged with liability under Legislative Decree No. 231/2001 dated 8 June 2001 (as amended, the "**Legislative Decree No. 231/2001**"), specifically:

(i) criminal proceeding no. 955/16, settled by a decision of the Court of Appeal of Milan against which, as at date of this Base Prospectus, the terms for the appeal to the Court of Cassation are pending, and relating to the accounting of the Alexandria and Santorini transactions, in which: (a) the Bank and all the defendants were discharged from administrative liability pursuant to Legislative Decree No. 231/01 due to the absence of the requirements for the liability of the Bank, and (b) the decisions taken in the first instance court in favour of the civil plaintiffs as to compensation for damages and the reimbursement of court costs were revoked; and

(ii) criminal proceeding no. 33714/2016 which is still in the early phase of preliminary hearing (*udienza preliminare*) before the Court of Milan for the charge of the crime of false corporate communications pursuant to Article 2622 of the Royal Decree 16 March 1942 no. 262 (the "**Italian Civil Code**") relating to the Issuer's financial statements for 2012, 2013, 2014 and to the half-yearly report as at 30 June 2015, in the course of which the Bank's position as responsible party pursuant to Legislative Decree No. 231/2001 was eliminated.

Without prejudice to the positive jurisprudential trend which, in the fourth quarter 2023, registered important verdicts in favour of the Bank, allowing a release of provisioning, as of 31 December 2023, of Euro 466.1 million, it cannot be excluded that the costs, expenses, penalties, claims for damages and restitution related to pending or future proceedings may in any case exceed the provisions made by the Issuer in accordance with the applicable accounting and financial reporting rules, due to possible court outcomes that differ from the estimates made by the Bank, the establishment of further significant litigation in the future and/or due to developments in case law, which could have an adverse effect on the Issuer's and/or the Group's economic and financial situation and prospects; the above with a possible negative impact on the economic and financial situation and prospects of the Issuer and/or the Group.

In this regard, it should be noted that as part of the analysis carried out on the individual SREP pillars, the ECB highlighted among the Bank's weaknesses/points of attention the persistence of, among other things, the operational risk, to which the Issuer is exposed, as a result of past legal proceedings which have weakened the Group's reputation, and of the number of pending lawsuits.

For further information in respect of the proceedings mentioned in this paragraph, please see paragraph 10 "*Legal Proceedings*" of "Banca Monte dei Paschi di Siena S.p.A." section of this Base Prospectus.

2.2. Risks related to the administrative liability of legal persons and the possible inadequacy of the Issuer's organization and management model pursuant to Legislative Decree No. 231/2001

Although the Issuer and the Group have adopted and maintain organization, management and control models provided for under Legislative Decree No. 231/2001 and subsequent amendments and additions (the "**231 Model**"), it cannot be excluded that they remain exposed to the application of sanctions resulting from any assessment of the inadequacy of the 231 Model adopted and/or the commission of an offence entailing the administrative liability of the Issuer and the Group pursuant to Legislative Decree No. 231/2001, as well as pursuant to similar provisions applicable in countries the Group operates in.

In fact, the adequacy and suitability of the 231 Model to prevent the crimes covered by the legislation is ascertained from time to time by the judicial authority who verifies the individual cases of crime. If the 231 Model is not considered adequate by the judicial authorities, a fine and the confiscation of any price or profit of the crime, if any, may be issued against the Issuer together with the publication of the conviction, as well as, in more serious cases, the possible application of prohibitive sanctions, such as the suspension or revocation of authorizations, licenses or concessions, the prohibition to contract with the public administration, the exclusion from facilitations, financing, subsidies and the possible revocation of those already granted as well as, finally, the prohibition to advertise goods and services, with consequent significant negative effects on the activity, the prospects, the economic, equity and financial situation of the Issuer and the Group.

2.3. Risks related to bancassurance relationships

As at the date of this Base Prospectus, the Group carries out bancassurance activities on the basis of an agreement with the group headed by AXA S.A. concerning the development of activities in the bancassurance, life and non-life and supplementary pension business, effective until 2027, the date of natural dissolution, unless otherwise agreed between the parties.

The shareholders' agreement originally entered into between MPS Finance Banca Immobiliare S.p.A. ("**MPS Finance**") (which was later universally succeeded by the Bank) and AXA Mediterranean Holding S.A. ("**AXA MH**") with the Bank and AXA S.A. also participating, aimed at regulating the governance of certain joint ventures between the two companies, provides that upon the occurrence of certain material events – such as change of control, breach of lock-up clauses, natural expiration of the agreement, serious default of one of the parties and/or invalidity of the agreement itself – the following rights arise: (a) the right of AXA MH to sell to the Bank the shares of AXA MPS Assicurazioni Vita S.p.A. ("**AMAV**") and AXA MPS Assicurazioni Danni S.p.A. ("**AMAD**") held by AXA MH (the "**Put Option**") as well as (b) the right of MPS Finance (as at the date of this Base Prospectus, the right is of BMPS) to purchase the shares of AMAV and AMAD held by AXA MH (the "**Call Option**"). Depending on the relevant event that triggers the exercise of the Call Option or the Put Option, it is expected that the sale or purchase price of the shares AMAV and AMAD will vary between 80% and 120% of the value of the shares of the two aforementioned companies, as determined by the Bank and AXA MH and/or a team of independent experts. This value of the shares will be determined: (i) for the life business, taking into consideration the embedded value and goodwill, whereas (ii) for the non-life business, using the discounted cash flow methodology.

Should the relevant framework agreement terminate (as a result of the activation of the Put Option or the Call Option arising from the occurrence of one of the relevant events), the Bank would be required to purchase the entire share capital of the existing joint ventures with AXA S.A., under the terms and conditions described above. The resulting investment is not envisaged under the Business Plan 2022-2026 and, as at the date of this Base Prospectus, cannot be quantified, even taking into account the existing contractual provisions; such an investment could impact the Business Plan 2022-2026's, making it necessary to revise the Business Plan 2022-2026.

The actual exercise of the Put Option by AXA MH – on the occurrence of one of the relevant events provided for in the shareholders' agreement, including the change of control in the Bank resulting from the sale by the MEF of the stake held in it – and consequently the obligation of BMPS to purchase the shares of AMAV and AMAD held by AXA MH could result in negative effects on the Bank's and/or the Group's equity and/or financial situation. In particular, said purchase transactions could have impacts on the Issuer's solvency ratios based on the rules in force from time to time relating to the prudential treatment of insurance holdings.

2.4. Operational risks

The Group is exposed to operational risk, which consists of the risk of incurring losses resulting from internal or external fraud, the inadequacy or improper functioning of business procedures, errors or deficiencies in human resources and internal systems, interruptions or malfunctions of services or systems, errors or omissions in the provision of services offered, or exogenous events.

The ECB, in the 2023 SREP Decision, observed that the main element of BMPS' exposure to operational risk would remain its exposure to legal risk. Furthermore, with respect to BMPS' exposure to the ICT risk, the ECB stressed the need to strengthen cyber risk prevention and mitigation processes with a view to minimizing the risk of the occurrence of major cyber incidents.

Finally, the ECB acknowledges that BMPS started addressing the deficiencies highlighted in the decision of the ECB regarding the capital requirements to be respected starting from 1 January 2023 and also completed the follow-up actions in response to most of the findings reported in the previous SREP Decisions. Despite these improvements, in the 2023 SREP Decision, the ECB highlighted weaknesses in the governance and IT infrastructure, data aggregation and reporting that BMPS itself has self-assessed.

2.5. Interest Rate Risk in the Banking Book (IRRBB)

The Group is exposed to interest rate trends in the markets in which it operates, changes in which (both positive and negative) can have a negative impact on the value of the Group's assets and liabilities and on net interest income.

The banking book identifies all the Group's commercial operations related to the maturity transformation of balance sheet assets and liabilities, treasury, foreign branches, and reference hedging derivatives. The Group is exposed to interest rate trends in the markets in which it operates, changes in which (both positive and negative) can have an impact on the value of the Group's assets and liabilities and on net interest income. In turn, interest rate trends are driven by a number of factors outside the Group's control, such as monetary policies, macroeconomic trends, and political conditions in the relevant countries. In addition, it has to be considered that the results of banking and financing operations also depend on the management of the Group's exposure to interest rates.

The banking book's interest rate risk measurements are mainly based on the exposure to interest rate risk for a change in the interest margin (short-term perspective) and economic value (long-term perspective) of assets and liabilities in the banking book, applying both parallel shifts, of varying magnitude, to all rate curves and non-parallel shifts in rate curves.

2.6. Market risks

The Group is exposed to market risk represented by potential losses in the value of financial instruments held by the Issuer, including securities of sovereign states, as a result of movements in market variables (such as, by way of example, interest rates, credit spreads, share prices, exchange rates, inflation levels) or other factors, which could generate a deterioration in the Issuer's and/or the Group's capital strength, both with regard to the trading portfolio (so-called "trading book"), and with regard to the portion of the banking portfolio (so-called "banking book") subject to market risks.

The Issuer quantifies this type of risk through the use of a "Value at Risk" measure (the "**VaR**").

The Group believes that it is particularly exposed to market risks, both with reference to external elements (the potential volatility of underlying risk factors) and to internal factors related, for example, to the VaR methodology used to estimate unexpected losses related to the overall trading and banking book portfolio. Please refer to the "Market Risks" section of the 2023 Consolidated Financial Statements for more information on VaR methodology.

Banking portfolios, in particular, represent the main component of the Group's market in terms of VaR, mainly attributable to BMPS' exposure to debt securities, concentrated on the component of Italian government securities measured at amortized cost (i.e., positions in amortizing cost).

With regard to the trading book, the market risk, measured in terms of VaR, is lower than in the past and stems from liquidity providing/market making activities in the markets concerned, from trading with customers with a related risk taking activity, from offering products and services for corporate and institutional customers (bancassurance products, hedging derivatives, structured bonds and certificates) with active risk management from a risk warehousing perspective, and from the Bank's treasury hedging activities for customer service transactions. The short/medium-term proprietary trading component is insignificant, limited to liquid instruments with low transaction costs.

2.7. Risks related to the impact of current uncertainties in the macroeconomic, financial and political environment on the performance of the Issuer and the Group

The economic results of the Issuer and the Group companies, in view of their activities, are significantly influenced by the dynamics of global financial markets as well as by the macroeconomic environment (with particular regard to growth outlook) of Italy.

The national and global macroeconomic scenario is marked by significant profiles of uncertainty in terms of magnitude of the dampening effects on demand due to monetary policies' measures, the prices' dynamic, the conflict between Ukraine and Russia and growing geopolitical tensions. Since October 2023, geopolitical risk has increased following the Israel-Middle East conflict. A possible escalation in the Middle East area could result in significant disruptions in energy markets and major trade routes and, moreover, additional risk repricing in financial markets could slow growth and add to inflation. Headwinds from rising trade restrictions, inward-looking policies and the restructuring of global value chains could also dampen global growth via global trade deceleration. The elections in UE, France and US, could also add global political uncertainty on the scenario.

Even if inflation is currently normalizing and central banks are starting to ease monetary policy, renewed rises in energy and food prices, cost pressure or signs of an upward drift in inflation expectations, could compel central banks to keep policy rates higher for longer than expected, potentially generating additional stress in financial markets, tighter credit standards and leading to a more severe slowdown in economic activity. Tighter than expected global financial conditions would also intensify financial vulnerabilities to the economies and add to debt-servicing pressures.

The global macroeconomic picture could also be influenced by: (a) spillovers from weaker growth in China and tensions in the Chinese residential property market, (b) other global geopolitical tensions (i.e. disputes between the United States of America and China on Taiwan), (c) the sovereign debt sustainability of certain countries, (d) political fragmentation, (e) banking sector's crisis, (f) competitive devaluations of some countries domestic currencies, (g) upward pressure to inflation due to wages renegotiation and the effects of unfolding climate changes, (h) a resurge of the pandemic and (i) international terrorism.

Alongside the international macroeconomic situation, there are also specific risks associated with the current economic, financial and political conditions in Italy. In fact the Issuer operates mainly in the domestic market and therefore, its business is particularly sensitive to investor perception of Italy's reliability and financial solidity as well as its prospects of economic growth. A partial implementation of the National Recovery and Resilience Plan, that fails in supporting growth or green transition, could affect investors' perception of country risk, by being reflected in a high yield differential between the Italian 10-year (the "**BTP10Y**") and the German bund. Also a potential failure in complying with the domestic debt reduction trajectories agreed with the EU could put the BTP10Y-Bund spread under pressure. On the other hand, the requested tightening of the Italian fiscal policy might weigh on domestic households disposable income and on corporate profits.

Such risks may lead to a stagnation or recessionary trend in the Italian economy in the short to medium term and could adversely affect the dynamics of the main banking aggregates and the specific impacts on the Bank's and Group's economic, financial and capital position could be relevant.

In this context, there is the possibility, in particular for the banking sector, that the economic slowdown will lead to a deterioration in the quality of the loan portfolio, with a consequent increase in the incidence of non-performing loans and the need to increase provisions in the income statement. Also, as a result, the Group's ability to generate revenues may be affected due to the weakening of demand for both financing and investment services and products from customers.

Any recessionary scenario would also therefore have negative impacts on: (i) commissions, with negative effects due to the volatility of financial markets, which are reflected in securities prices and on the contribution from indirect deposits, operations and products placed; (ii) net interest income, which, in addition to the reduction in intermediated volumes, would suffer due to higher "funding" spreads and potential constraints on repricing; (iii) the result of securities portfolio management activities due to the aforementioned volatility of financial markets; and (iv) the fair value measurements of financial assets and liabilities, due to their lower market value.

2.8. Counterparty Risks

As part of its operations, the Group trades derivative contracts on a wide variety of underlying assets, such as interest rates, foreign exchange rates, prices in equity indices, commodity derivatives, and credit rights with counterparties in the financial services sector, commercial banks, government departments, financial and insurance companies, investment banks, funds, and other institutional clients, and with non-institutional clients.

For the purpose of mitigating the counterparty risk exposure, credit risk mitigation techniques (i.e. netting agreement, collateral agreement) are widely used in the Group, in compliance with the requirements set by current regulations. The Group also oversees the counterparty risk associated with derivative and repo transactions through the definition of guidelines and policies for management, measurement and monitoring differentiated according to counterparty characteristics.

In light of the above, the Group is exposed to the risk of default by its counterparties to derivative contracts, or that they become insolvent before the maturity of the relevant contract. This risk, which has been exacerbated as a result of the volatility of financial markets, may also arise in the presence of collateral, when any such collateral provided by the counterparty in favour of the Bank, or other Group company, against derivative exposures is not realized or settled at a value sufficient to cover the exposure with respect to the relevant counterparty.

2.9. Risks related to the purchase and use of Superbonus/Ecobonus/Sismabonus tax credits

The Bank is exposed to the risk of non-recoverability of tax credits purchased for transactions under Article 121, of Law Decree No. 34/2020, as lastly amended by the Law Decree No. 39/2024 which has been converted into Law No. 67/2024 with further amendments.

As of 31 December 2023, the nominal amount of such tax credits is Euro 2,279.4 million. As of the same date, such receivables have already been offset for an amount of Euro 441.8 million; the remaining nominal amount (Euro 1,837.6 million) will be subject to recovery in subsequent annual instalments (up to a maximum of ten annual instalments).

The Issuer has purchased tax credits arising from transactions related to interventions in the construction sector (so-called "superbonus", "ecobonus", "sismabonus", "bonus facciate", etc.) in accordance with Article 121 of Law Decree No. 34/2020 ("Urgent measures on health, support for labor and the economy, as well as social policies related to the epidemiological emergency from COVID-19"), as lastly amended by the Law Decree No. 39/2024 (converted into Law No. 67/2024 with further amendments). According to such provisions, tax credits shall be used in order to offset payments of taxes and contributions (due to Law Decree No. 39/2024 contributions offsetting is allowed until 2024) due (the so-called "tax capacity") or shall be transferred to third parties for use by the transferees. Failure to use or transfer such tax credits within the terms provided by law results in a loss equal to the value not used or not transferred. Notwithstanding the controls and preliminary verifications provided by the relevant legislation – which aims at ascertaining the existence of all the requirements prescribed by law for the regular accrual of credits in the hands of taxpayers – that the Issuer carries out as part of the credit purchase process, the Issuer is subject to the risk of challenge by the tax authorities for alleged breach by the taxpayers from which the tax credits are originated. In such circumstance, the Issuer would be subject to administrative sanctions and to joint and several liability for the payment of taxes and interest with the taxpayer.

It should be noted that if, for any reason, (i) significant changes in the current tax legislation were to occur or (ii) the payments on which to offset were less than the amount of the credits acquired, and the credits acquired in excess of the offsetting "tax capacity" were not sold to third parties in a timely manner or (iii) joint responsibility arose for breach by the taxpayers, or, (iv) credits were purchased despite the fact that there are situations for which the conditions set forth in Articles 35 ("obligation to report suspicious transactions") and 42 ("abstention") of Legislative Decree 231/2007 apply, then the value of the purchased tax credit, which was not recovered, would have to be charged to loss, with negative effects on the Issuer's economic, asset and/or financial situation.

2.10. Risks related to the territorial concentration of the Group's activities

The operations of BMPS's commercial network show a concentration of branches and volumes of deposits and loans in the Tuscan administrative region, in terms of incidences related to the total of BMPS in Italy, with values (based on customers' residence) of 18.8% for loans and 20.6% for deposits in March 2024, significantly higher than the other administrative regions, which show average values of 4.3% and 4.2% respectively. Similarly, the Group's distribution network is strongly rooted in the reference territories, as is also evident from the market shares in Tuscany of loans (14.8% compared to 4.4% of all of total Italy as of 31March 2024) and deposits (13.7% compared to 3.8% of all of total Italy as of 31 March 2024).

In light of the above, it cannot be excluded that the specific regional context may change and deteriorate, even in relative terms compared to the trend of the national economy, with possible negative effects on the Group's activities and economic, equity and/or financial situation. Adverse changes in credit quality

of the Issuer's borrowers and counterparties, particularly concentrated in the region of Tuscany, could affect the recoverability and value of the Issuer's assets and require an increase in impairment provisions for bad and doubtful loans and other provisions. Nevertheless, the effects of unfolding climate changes (for example the flood that hit some areas of the region in November 2023) could also have negative impacts on the Bank's activity in Tuscany.

2.11. Risks related to supervisory authority investigations

Since the Issuer carries out banking activities and provides investment services, it is subject to extensive regulation and supervision by, among others, the ECB, Bank of Italy, and CONSOB, each for the aspects under its jurisdiction.

The regulatory authorities, in the exercise of their supervisory powers, subject the Issuer to various ordinary and extraordinary inspection and/or verification activities in order to carry out their prudential supervisory tasks and to assure that the credit institution is equipped with appropriate capital and organizational safeguards with respect to the risks assumed, ensuring the overall management balance.

In light of the foregoing, the Group is exposed to the risk that as a result of the aforementioned inspections and/or verification activities, procedural deficiencies may emerge that could imply the need to take organizational actions and reinforce safeguards aimed at addressing these deficiencies.

For further information on the assessment procedures on the Issuer please refer to paragraph "ECB/Bank of Italy and CONSOB inspections" of "Banca Monte dei Paschi di Siena S.p.A." section of this Base Prospectus.

2.12. Risks related to Sanctioned Countries

The Issuer and the Group have customers and partners located in various countries around the world, some of which are, or may become, subject to comprehensive country-wide or territory-wide sanctions issued by the United States of America, the European Union and/or the United Nations Organisation (e.g., the Russian Federation, Iran, Syria and Cuba) (the "**Sanctioned Countries**"). Such measures may limit the ability of the Issuer and/or the Group to maintain their operations with such customers and partners in the future.

As of the date of this Base Prospectus, the Bank carries out commercial transactions with a limited number of private and state-owned banks with registered addresses in Sanctioned Countries. All such commercial transactions have been, and will be, conducted in full compliance with all sanctions laws and regulations applicable to the Bank (including Council Regulation (EC) No 2271/96 of 22 November 1996, the so-called "Blocking Regulation") and the Bank's internal constantly updated sanctions-related policies and procedures for the purpose of supporting the Bank's selected Italian customers. Neither the Bank nor the Group maintains a physical presence in Iran, Cuba and/or Syria and the Bank's existing activities as described above are conducted solely through the use of correspondent banking relationships. The Bank and/or the Group do not otherwise engage in any other material business with such sanctioned persons or entities. As at the date of this Base Prospectus, this position is not expected to materially change going forward.

In addition, it should be noted that the Group operates in compliance with the sanctions regime imposed on the Russian Federation since 2014, including the new financial and economic sanctions implemented by NATO and other countries against the Russian Federation and certain Russian organisations and/or

individuals (the "**Russia Sanctions**"), constantly adapting its operations to the international development on this matter. In fact, since the beginning of the Russia's invasion of Ukraine in February 2022, the operations of the Group in the Russian Federation have drastically decreased and are likely to reduce further in case the Russia Sanctions should be maintained or strengthened.

The Groups' ability to engage in activity with certain customers and institutional businesses in the above mentioned Sanctioned Countries or involving certain businesses and customers in these countries, is dependent in part upon whether such engagements are restricted under any current or future new sanctions and may be discontinued in light of any developments.

Notwithstanding the foregoing, if the Group's counterparties or the Group itself were to be subject to sanctions investigations and/or sanctions, the investigation costs, remediation required and/or payments or other legal liabilities incurred could potentially adversely affect the net assets and results of operations of BMPS. Such an adverse outcome could have a material adverse effect on the Group's reputation and business, results of operations or financial condition.

3. Risk factors related to the legal and regulatory framework of the sector of business in which the Issuer and the Group operate

3.1. Risks associated with uncertainty about the future results of stress tests or Asset Quality Review exercises

The Single Supervisory Mechanism (the "**SSM**") is responsible for the prudential supervision of all credit institutions in participating member states and ensures that the EU policy on the prudential supervision of credit institutions is implemented consistently and effectively and that credit institutions are subject to the highest quality of supervision. In this context, the ECB has been entrusted with specific prudential supervisory tasks over credit institutions by, among other things, providing for the possibility for credit institutions to conduct, where appropriate in coordination with the EBA, stress tests (supervisory stress tests) to ascertain whether the measures, strategies, processes and mechanisms put in place by credit institutions and the own funds they hold would enable sound risk management and hedging in dealing with future, but plausible, adverse events. The stress tests are designed to serve as inputs to the SREP: the outcome of the SREP could result in an additional own funds requirement, as well as other qualitative and quantitative measures.

The EBA conducted an EU-wide stress test for 2023 aimed at assessing the resilience of the European banking sector, including the Group. The results are available on the EBA website (https://www.eba.europa.eu/risk-and-data-analysis/risk-analysis/eu-wide-stress-testing).

On 28 July 2023, the EBA announced the results of the 2023 EU-wide stress test to which Banca MPS was subject. Such test was conducted by the EBA, in cooperation with the ECB and the European Systemic Risk Board (the "ESRB"). The adverse stress test scenario was set by the ECB/ESRB and covers a three-year time horizon (2023-2025). The stress test has been carried out applying a static balance sheet assumption as of December 2022 and a number of constraints to the profit and loss accounts. The results, best ever in the Group's stress test exercises, have confirmed the strong solidity achieved by the Group and its capability to generate sustainable profitability, proven also by the positive net results in years 2024 and 2025 even in the adverse scenario, considering the human resources cost savings. For further information in such regard, please refer to the paragraph "*Recent developments*" of "*Banca Monte dei Paschi di Siena S.p.A.*" section of this Base Prospectus.

3.2. Risks related to changes in banking and financial sector regulations and additional regulations to which the Group is subject

The Group is subject to compliance with a complex set of regulations and supervision by, among others, the Bank of Italy, CONSOB and, from 4 November 2014, the ECB, which is entrusted, pursuant to the regulations establishing the SSM, with the task of, inter alia, ensuring the homogeneous application of the regulatory provisions of the Euro Area and is responsible for the prudential supervision of all "significant" credit institutions in the participating member states. In addition, the Bank is subject to the supervision of the EU Directorate-General for Competition (the "**DG Comp**") until the completion of the Restructuring Plan (as defined in "Banca Monte dei Paschi di Siena S.p.A." section of this Base Prospectus). Supervision by the aforementioned authorities covers various areas of the Issuer's and the Group's activities and may concern, among other things, levels of liquidity, capital adequacy and leverage, regulations on transactions with related parties and connected persons, prevention and combating of money laundering, protection of privacy, transparency and fairness in customer relations, and reporting and record-keeping obligations.

Any changes in the regulations, or even in the manner in which they are applied, as well as the possibility that the Issuer and/or Group companies fail to ensure compliance with the applicable regulations, could result in adverse effects on the Bank's and/or Group's activities, assets, liabilities, and financial position, as well as on the products and services they offer.

It should be noted that simulations run so far did not evidence increase in risk-weighted assets, therefore the impact of this risk is considered not material.

Moreover, with the 47th Update of Circular 285, the Bank of Italy included a Systemic Risk Buffer (SyRB) in the list of its macroprudential instruments available.

In this regard, the Bank of Italy decided to apply a SyRB equal to 1.0 percent of credit and counterparty risk-weighted exposures to Italian residents to all banks authorized to operate in Italy. The target buffer of 1.0 percent is to be achieved gradually by setting aside a reserve of 0.5 percent of material exposures by December 31, 2024; the remaining 0.5 percent by 30 June 2025. The SyRB is to be applied at both the consolidated and the individual level.

Moreover, the 2021 so called Banking Reform Package has been adopted with the publication of EU Regulation 2024/1623 (amending CRR) and EU Directive 2024/1619 (amending CRD IV Directive) in the Official Journal of the European Union on 19 June 2024. EU Regulation 2024/1623 and EU Directive 2024/1619 will enter into force on 9 July 2024. EU Regulation 2024/1623 shall apply from 1st January 2025 (with some exceptions). As for EU Directive 2024/1619, Member States shall adopt and publish, by 10 January 2026, the laws, regulations and administrative provisions necessary to comply with CRD VI, and shall apply those measures from 11 January 2026 (with some exceptions). These regulatory changes will impact the entire banking system and consequently could determine changes in the capital calculation and increase capital requirements applicable to the Issuer and the Group.

Changes in the regulatory framework and prudential capital requirements – including the recent publication of EU Regulation 2024/1623 (amending CRR) and EU Directive 2024/1619 (amending CRD IV Directive) – and in how such regulations are interpreted and/or transposed into the national legal/regulatory framework and/or applied by the supervisory authorities may have a material effect on the Issuer and the Group and on the Covered Bonds. The manner in which the new framework of banking laws and regulations will be applied to the operations of financial institutions is still evolving and still

uncertain. No assurance can be given that laws and regulations will be adopted, enforced or interpreted in a manner that will not have an adverse effect on the operational results and the economic and financial situation of the Issuer and the Group.

4. Risk factors related to environmental, social and governance factors

4.1. Risks related to the Group's key figures and the Group's ability to retain or attract certain professional skills

The Group's results and the future success of its activities depend to a significant extent on the Group's ability to attract, retain and motivate qualified personnel with considerable experience in the business sectors in which the Group operates, as well as on the work of certain key figures, who, in view of their consolidated experience in the sector in which the Group operates, as well as their technical and professional skills, have contributed and continue to contribute significantly to the development of the Group's activities and its business strategies.

In particular, the Issuer counts among the key figures of its Board of Directors and key managers the Managing Director Luigi Lovaglio and the members of the Management Committee.

In this regard, it should be noted that, in view of the regulations applicable to the Bank, its ability to attract and retain key personnel could be hindered by:

(i) the commitments entered into between the Republic of Italy and the European Commission in relation to the Bank (the "**Commitments**"), pursuant to which, among other things, the Bank shall implement stringent executive compensation policies and the remuneration of any employee shall not exceed ten times the average remuneration of the Bank's employees (so-called "salary cap"); and,

(ii) the provisions pursuant to Part One, Title IV, Chapter 2, Section V of the supervisory provisions, for banks and banking groups benefiting from exceptional public interventions; in such cases, in fact, variable remuneration is strictly limited as a percentage of net operating income when it is not compatible with the maintenance of an adequate level of capitalization and with a timely exit from public support; moreover, no variable remuneration must be paid to corporate officers unless justified.

In fact, the aforementioned conditions could lead to a reduction in the Group's competitive capacity, its ability to retain key personnel, as well as, where necessary, its activities to identify, in a short time, equally qualified persons capable of replacing them and providing the same operational and professional contribution to the Issuer. The occurrence of the aforementioned circumstances could therefore lead to a slowdown in the Group's growth and development process, a reduction in the Group's competitive ability, as well as jeopardize the achievement of its objectives.

RISKS RELATED TO COVERED BONDS

The risks below have been classified into the following categories:

1. Risks related to Covered Bonds generally;

2. Risks related to the Guarantor;

3. Risks related to the underlying; and

4. Risks related to the market generally.

1. Risks related to Covered Bonds generally

1.1. Issuer liable to make payments when due on the Covered Bonds

The Issuer is liable to make payments when due on the Covered Bonds. The obligations of the Issuer under the Covered Bonds are direct, unsecured, unconditional and unsubordinated obligations, ranking *pari passu* without any preference amongst themselves and equally with its other direct, unsecured, unconditional and unsubordinated obligations.

The Guarantor has no obligation to pay the Guaranteed Amounts payable under the Guarantee until the occurrence of an Issuer Event of Default, after the service by the Representative of the Bondholders on the Issuer and on the Guarantor of a Guarantee Enforcement Notice. The occurrence of an Issuer Event of Default does not constitute a Guarantor Event of Default.

However, failure by the Guarantor to pay amounts due under the Guarantee would constitute a Guarantor Event of Default which would entitle the Representative of the Bondholders to accelerate the obligations of the Issuer under the Covered Bonds (if they have not already become due and payable) and the obligations of the Guarantor under the Guarantee. Although certain of the Eligible Assets included in the Cover Pool are originated by the Issuer, they are transferred to the Guarantor on a true sale basis and an insolvency of the Issuer would not automatically result in the insolvency of the Guarantor.

1.2. Obligations under the Covered Bonds

The Covered Bonds will not represent an obligation or be the responsibility of any of the Joint-Arrangers, the Dealers, the Representative of the Bondholders or any other party to the Programme, their officers, members, directors, employees, security holders or incorporators, other than the Issuer and, after the service by the Representative of the Bondholders of a Guarantee Enforcement Notice, the Guarantor. The Issuer and the Guarantor will be liable solely in their corporate capacity for their obligations in respect of the Covered Bonds and such obligations will not be the obligations of their respective officers, members, directors, employees, security holders or incorporators.

1.3. Extendible obligations under the Guarantee

The Guarantor's obligations under the Guarantee to pay the Guaranteed Amounts of the relevant Series of Covered Bonds on their Maturity Date may be deferred pursuant to the Conditions until the Extended Maturity Date. Such deferral will occur automatically:

(a) in respect of a Series of Covered Bonds (each such Series, a Pass Through Series) if (i) a Guarantee Enforcement Notice has been served on the Issuer and the Guarantor as a result of the Issuer having failed to pay, in whole or in part, the Guaranteed Amounts on the Maturity Date for such Series of Covered Bonds and, on the relevant Extension Determination Date, the Guarantor has insufficient funds to pay, in accordance with the Guarantee Priority of Payments, the Guaranteed Amounts in respect of such Series of Covered Bonds, or (ii) a Guarantee Enforcement Notice has been served on the Issuer and the Guarantor following the occurrence

of an Issuer Event of Default (other than the Issuer Event of Default referred to in paragraph (i) above) and, on the Maturity Date for such Series of Covered Bonds, the Guarantor has insufficient funds to pay, in accordance with the Guarantee Priority of Payments, the Guaranteed Amounts in respect of such Series of Covered Bonds; and

(b) in respect of all Series of Covered Bonds, which all become Pass Through Series, if, on any Test Calculation Date following the service of a Guarantee Enforcement Notice (and, in case of a Guarantee Enforcement Notice delivered as a result of an Article 74 Event, prior to the service of an Article 74 Event Cure Notice), the Test Calculation Agent notifies, through the Test Performance Report, the Issuer, the Sellers, any Additional Seller and the Guarantor that the Amortisation Test is not met.

To the extent that the Guarantor has received a Guarantee Enforcement Notice insufficient time and has sufficient moneys available to pay in part the Guaranteed Amounts corresponding to the relevant Final Redemption Amount in respect of the relevant Series or Tranche of Covered Bonds, the Guarantor shall make partial payment of the relevant Final Redemption Amount in accordance with the Guarantee Priority of Payments and as described in Condition 9 (*Redemption and Purchase*) and payment of all unpaid amounts shall be deferred automatically until the applicable Extended Maturity Date, **provided that** any amount representing the Final Redemption Amount due and remaining unpaid on the Extension Determination Date or the Maturity Date (as the case may be) may be paid by the Guarantor on any Guarantor Payment Date thereafter, up to (and including) the relevant Extended Maturity Date, in accordance with the applicable Priority of Payments. The Extended Maturity Date will fall 38 years after the Maturity Date.

Interest will continue to accrue and be payable on the unpaid amount in accordance with Condition 9 (*Redemption and Purchase*) and the Guarantor will pay Guaranteed Amounts, constituting interest due on each Guarantor Payment Date and on the Extended Maturity Date. In these circumstances, except where the Guarantor has failed to apply money in accordance with the Guarantee Priority of Payments, failure by the Guarantor to make payment in respect of the Final Redemption Amount on the Maturity Date (subject to any applicable grace period) (or such later date within the applicable grace period) shall not constitute a Guarantor Event of Default. However, failure by the Guarantor to pay the Guaranteed Amounts corresponding to the Final Redemption Amount on or the balance thereof or prior to the Extended Maturity Date and/or Guaranteed Amounts constituting interest on any Guarantor Payment Date will (subject to any applicable grace periods) be a Guarantor Event of Default.

1.4. Bondholders are bound by Extraordinary Resolutions and Programme Resolution

A meeting of Bondholders may be called to consider matters which affect the rights and interests of Bondholders. These include (but are not limited to): instructing the Representative of the Bondholders to take enforcement action against the Issuer and/or the Guarantor; waiving an Issuer Event of Default or a Guarantor Event of Default; cancelling, reducing or otherwise varying interest payments or repayment of principal or rescheduling payment dates; extending the Test Remedy Period; altering the priority of payments of interest and principal on the Covered Bonds; and any other amendments to the Programme Documents. Certain resolutions are required to be passed as Programme Resolutions, passed at a single meeting of all holders of Covered Bonds, regardless of Series. A Programme Resolution will bind all Bondholders, irrespective of whether they attended the Meeting or voted in favour of the Programme Resolution. No Resolution, other than a Programme Resolution, passed by the holders of one Series of Covered Bonds will be effective in respect of another Series unless it is sanctioned by an Ordinary Resolution or an Extraordinary Resolution, as the case may require, of the holders of that other Series. Any Resolution passed at a Meeting of the holders of the Covered Bonds of a Series shall bind all other holders of that Series, irrespective of whether they attended the Meeting and whether they voted in favour of the relevant Resolution.

In addition, the Representative of the Bondholders may agree to the modification of the Programme Documents without consulting the Bondholders to correct a manifest error or an error established as such to the satisfaction of the Representative of the Bondholders or where such modification (i) is of a formal, minor, administrative or technical nature or to comply with mandatory provisions of law, including Law 130 and the Bank of Italy Regulations, as amended and supplemented from time to time, and the relevant implementation or (ii) in the sole opinion of the Representative of the Bondholders is expedient to make, is not or will not be materially prejudicial to Bondholders of any Series or Tranche.

It shall also be noted that after the delivery of a Guarantee Enforcement Notice, the protection and exercise of the Bondholders' rights against the Issuer will be exercised by the Guarantor (or the Representative of the Bondholders on its behalf). The rights and powers of the Bondholders may only be exercised in accordance with the Rules of the Organisation of the Bondholders. In addition, after the delivery of a Guarantor Default Notice, the protection and exercise of the Bondholders' rights against the Guarantor and the security under the Guarantee is one of the duties of the Representative of the Bondholders. The Conditions limit the ability of each individual Bondholder to commence proceedings against the Guarantor by conferring on the meeting of the Bondholders the power to determine in accordance with the Rules of Organisation of the Bondholders, whether any Bondholder may commence any such individual actions.

1.5. Representative of the Bondholders' powers may affect the interests of the holders of the Covered Bonds

In the exercise of its powers, trusts, authorities and discretions the Representative of the Bondholders shall only have regard to the interests of the holders of the Covered Bonds and the Other Guarantor Creditors but if, in the opinion of the Representative of the Bondholders, there is a conflict between these interests the Representative of the Bondholders shall have regard solely to the interests of the Bondholders. In the exercise of its powers, trusts, authorities and discretions, the Representative of the Bondholders may not act on behalf of the Seller.

If, in connection with the exercise of its powers, trusts, authorities or discretions, the

Representative of the Bondholders is of the opinion that the interests of the holders of the Covered Bonds of any one or more Series or Tranche would be materially prejudiced thereby, the Representative of the Bondholders shall not exercise such power, trust, authority or discretion without the approval of such holders of the Covered Bonds by Extraordinary Resolution or by a direction in writing of such holders of the Covered Bonds of at least 75 per cent. of the Principal Amount Outstanding of Covered Bonds of the relevant Series or Tranche then outstanding.

1.6. Priority of Payments

Should any swap counterparty have its registered office in United Kingdom or United States of America, it is to be considered that the validity of contractual priorities of payments such as those contemplated in this transaction has been challenged in the English and U.S. courts. The hearings have arisen due to the insolvency of a secured creditor (in that case a hedging counterparty) and have considered whether such payment priorities breach the "antideprivation" principle under English and U.S. insolvency law. This principle prevents a party from agreeing to a provision that deprives its creditors of an asset upon its insolvency. It was argued that where a secured creditor subordinates itself to bondholders in the event of its insolvency, that secured creditor effectively deprives its own creditors. The Supreme Court of the United Kingdom in Belmont Park Investments PTY Limited (Respondent) v BNY Mellon Corporate Trustee Services Limited and Lehman Brothers Special Financing Inc. 2011 UK SC 38 unanimously upheld the decision of the Court of Appeal in dismissing this argument and upholding the validity of similar priorities of payment, stating that, **provided that** such provisions form part of a commercial transaction entered into in good faith which does not have as its predominant purpose, or one of its main purposes the deprivation of the property of one of the parties on bankruptcy, the anti-deprivation principle was not breached by such provisions.

In parallel proceedings in New York, Judge Peck of the U.S. Bankruptcy Court for the Southern District of New York granted Lehman Brothers Special Finance Inc.'s ("**LBSF**") motion for summary judgement on the basis that the effect was that the provisions infringed the antideprivation principle in a U.S. insolvency. Judge Peck acknowledged that this resulted in the U.S. courts coming to a decision "directly at odds with the judgement of the English Courts". In New York, whilst leave to appeal was granted, the case was settled before an appeal was heard.

This is an aspect of cross border insolvency law which remains untested. Whilst the priority issue is considered largely resolved in England and Wales, concerns still remain that the English and the U.S. courts may diverge in their approach which, in the case of an unfavourable decision in the U.S. may adversely affect the Issuer's ability to make payments on the Covered Bonds.

There remains the issue whether in respect of the foreign insolvency proceedings relating to a creditor located in a foreign jurisdiction, an English court will exercise its discretion to recognise the effects of the foreign insolvency proceedings, whether under the Cross Border Insolvency Regulations 2006 or any similar common law principles. Given the current state of U.S. law, this is likely to be an area of continued judicial focus particularly in respect of multijurisdictional insolvencies.

Additionally, there can be no assurance as to how such subordination provisions would be viewed in other jurisdictions such as Italy or whether they would be upheld under the insolvency laws of any such relevant jurisdiction. If a subordination provision included in the Programme Documents was successfully challenged under the insolvency laws of any relevant jurisdiction and any relevant foreign judgement or order was recognised by the Italian courts, there can be no assurance that these actions would not adversely affect the rights of the Bondholders, the rating of the Covered Bonds, the market value of the Covered Bonds and/or the ability of the Issuer to satisfy all or any of its obligations under the Covered Bonds.

1.7. Ratings of the Covered Bonds

One or more independent credit rating agencies may assign credit ratings to the Covered Bonds. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Covered Bonds.

The ratings that may be assigned by Moody's to the Covered Bonds address the expected loss posed to the Bondholders following a default. The ratings that may be assigned by Fitch to the Covered Bonds incorporate both an indication of the probability of default and the probability of recovery following a default of such debt instrument. The ratings that may be assigned by DBRS to the Covered Bonds evaluates both qualitative and quantitative factors when assigning ratings.

The expected ratings of the Covered Bonds are set out in the relevant Final Terms for each Series of Covered Bonds. Whether or not a rating in relation to any Covered Bonds will be treated as having been issued or endorsed by a credit rating agency established in the European Union or in the UK and registered or certified under the EU CRA Regulation or the UK CRA Regulation will be disclosed in the relevant Final Terms.

Any Rating Agency may lower its rating or withdraw its rating if, in the sole judgment of the Rating Agency, the credit quality of the Covered Bonds has declined or is in question. If any rating assigned to the Covered Bonds is suspended, lowered or withdrawn for any reason, no person or entity is obliged to provide any additional support or credit enhancement with respect to the Covered Bonds. As a result, the market value of the Covered Bonds may reduce.

In general, European regulated investors are restricted from using credit ratings for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the EU CRA Regulation, unless (1) the rating is provided by a credit rating agency not established in the European Union but endorsed by a credit rating agency established in the European Union and

registered under the EU CRA Regulation; or (2) the rating is provided by a credit rating agency not established in the European Union which is certified under the EU CRA Regulation. 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.

1.8. Covered Bonds issued under the Programme

Covered Bonds issued under the Programme will either be fungible with an existing Series of Covered Bonds (in which case one or more Tranche of Covered Bonds will form part of such Series) or have different terms to an existing Series of Covered Bonds (in which case they will constitute a new Series).

All Covered Bonds issued from time to time will rank *pari passu* with each other in all respects and will share in the security granted by the Guarantor under the Guarantee. Following the service on the Issuer and on the Guarantor of a Guarantee Enforcement Notice (but prior to a Guarantor Event of Default and service of a Guarantor Default Notice on the Guarantor) the Guarantor will use all monies to pay Guaranteed Amounts in respect of the Covered Bonds when the same shall become Due for Payment subject to paying certain higher ranking obligations of the Guarantor in the Guarantee Priority of Payments. In such circumstances, the Issuer will only be entitled to receive payment from the Guarantor of interest, Premium and repayment of principal under the Term Loans granted, from time to time, pursuant to the Subordinated Loan Agreement, after all amounts due under the Guarantee in respect of the Covered Bonds have been paid in full or have otherwise been provided for. Following the occurrence of a Guarantor Event of Default and service of a Guarantor Default Notice on the Guarantor, the Covered Bonds will become immediately due and repayable and Bondholders will then have a claim against the Guarantor under the Guarantee for an amount equal to the Principal Amount Outstanding plus any interest accrued in respect of each Covered Bond, together with accrued interest and any other amounts due under the Covered Bonds, and any Guarantor Available Funds will be distributed according to the Post-Enforcement Priority of Payments.

In order to ensure that any further issue of Covered Bonds under the Programme does not adversely affect existing holders of the Covered Bonds:

(a) any Term Loan granted by the Issuer and/or any Additional Seller(s) to the Guarantor under the terms of the Subordinated Loan Agreements, may only be used by the Guarantor (i) as consideration for the acquisition of Eligible Assets from the Principal Seller, or any Additional Seller(s) pursuant to the terms of the Master Assets Purchase Agreement and the Cover Pool Management Agreement; (ii) in certain specific circumstances and in respect of the Floating Interest Term Loan or Fixed Interest Term Loan, for the purpose of reimbursing (also in part) any Term Loan for an amount equal to the Corresponding Series or Tranche of Covered Bonds; and (iii) to credit on the Reserve Account an amount, or establishing a cash reserve, sufficient to remedy a breach of the Liquidity Reserve Requirement; and

(b) the Issuer must always ensure that the Mandatory Tests, the Asset Coverage Test (or, following the delivery of a Guarantee Enforcement Notice, the Amortisation Test) and the Liquidity Reserve Requirement are satisfied on each Test Calculation Date or, as applicable, Quarterly Test Calculation Date (when required by Programme Documents) in order to ensure that the Guarantor can meet its obligations under the Guarantee; and

(c) on or prior to the date of issue of any further Series or Tranche of Covered Bonds, the Issuer will be obliged within the limits of the criteria of the relevant Rating Agency from time to time involved, to obtain a Rating Agency confirmation.

1.9. Controls over the transaction

The Bank of Italy Regulations require certain controls to be performed by the Issuer aimed at, *inter alia*, mitigating the risk that any obligation of the Issuer or the Guarantor under the Covered Bonds is not complied with. Whilst the Issuer believes it has implemented the appropriate policies and controls in compliance with the relevant requirements, investors should note that there is no assurance that such compliance ensures that the aforesaid controls are actually performed and that any failure to properly implement the respective policies and controls could have an adverse effect on the Issuers' or the Guarantor's ability to perform their obligations under the Covered Bonds.

1.10. Changes of law

The structure of the issue of the Covered Bonds and the ratings which are to be assigned to them are based on Italian law and, in the case of the Swap Agreements, English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible change to Italian or English law or administrative practice or to the law applicable to any Programme Document and to administrative practices in the relevant jurisdiction or that any such change will not negatively impact the structure of the Programme and the treatment of the Covered Bonds. Except to the extent that any such changes represent a significant new factor or result in this Base Prospectus containing a material mistake or inaccuracy, in each case which is capable of affecting the assessment of the Covered Bonds, the Issuer and the Guarantor will be under no obligation to update this Base Prospectus to reflect such changes.

On 18 December 2019, the following provisions were published on the Official Journal of the European Union:

(i) Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of covered bonds and covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EU (the "**Directive**"); and

(ii) Regulation (EU) 2019/2160 of the European Parliament and of the Council of 27 November 2019 amending Regulation (EU) No 575/2013 as regards exposures in the form of covered bonds (the "**Regulation**").

The Regulation and the Directive amend certain provisions of the CRR on covered bonds and introduce standards on the issuance of covered bonds and covered bond public supervision. More in particular, the new Regulation makes certain amendments to the CRR to strengthen the quality of the covered bonds eligible for favourable capital treatment, and the new Directive aims to harmonize the regulation and treatment of covered bonds across Member States. The Regulation applies from 8 July 2022.

On 10 February 2022, the European Commission adopted the Delegated Regulation amending liquidity coverage rules for covered bond issuers amending Delegated Regulation (EU) 2015/61 (the "**LCR Delegated Regulation**") to supplement the CRR on the Liquidity Coverage Ratio (LCR) requirements. The LCR Delegated Regulation is applicable since 8 July 2022 to all credit institutions, including those issuing covered bonds, and it permits credit institutions to treat liquid assets held as part of the cover pool liquidity buffer as unencumbered up to the amount of net liquidity outflows from the associated covered bond programme.

On 8 May 2021, the Law No. 53 of 22 April 2021 (the "**European Delegated Law 2019-2020**") has entered into force. It delegated the Italian Government to implement – inter alia – Directive (EU) 2019/2162.

The Directive (EU) 2019/2162 has been transposed into the Italian legal framework by Decree 190/2021, which designated the Bank of Italy as the competent authority for the public supervision of the covered bonds, which was entrusted with the issuing of the implementing regulations of Title I-bis of Law 130, as amended, in accordance with article 3, paragraph 2, of Decree 190/2021. In this respect, the provisions of Law 130, as amended by Decree 190/2021, apply to covered bonds issued starting from 8 July 2022.

Moreover, following a public consultation launched by the Bank of Italy on 12 January 2023 and ended on 11 February 2023, on 30 March 2023 Bank of Italy issued the 42nd amendment to the Bank of Italy Regulations, providing for the implementing measures referred to under article 3, paragraph 2, of Decree 190/2021. Such amendment to the Bank of Italy Regulations provided for, inter alia, the definition of (i) the criteria for the assessment of the eligible assets and the conditions for including covered bonds among eligible assets for derivative contracts with hedging purposes; (ii) the procedures for calculating hedging requirements; (iii) the conditions establishing new issuance programmes and the interim discipline regarding new issues under issuance programmes already existing as of 30 March 2023; (iv) the possibility also to banks that qualify for credit quality step 3 to act as counterparties of a derivative contract with hedging purposes.

In accordance with the Bank of Italy Regulations, as amended on 30 March 2023, the Bank of Italy did not exercise the option provided for in the Directive (EU) 2019/2162 that allows Member States to lower the threshold of the minimum level of overcollateralization.

As of the date of this Base Prospectus, given the novelty of the recent amendments to the Bank of Italy Regulations and Law 130, the new legislative framework has not yet been tested and thus possible uncertainties of interpretation may arise. Accordingly, there is a risk that certain changes may need to be reflected, according to the provisions of the Rules of the Organisation of the Bondholders, in the Programme (including the Terms and Conditions of the Covered Bonds) in order for it to continue to be compliant with Law 130 and the Bank of Italy Regulations. Prospective investors should therefore inform themselves of the above legal changes, in addition to any other regulatory requirements applicable to their investment in the Covered Bonds.

In addition, it should be noted that regulatory requirements may be recast or amended and there can be no assurance that any such changes will not adversely affect the compliance position of any transaction described in this Base Prospectus or of any party and perspective investors under any applicable law or regulation, nor can any assurance be given as to whether any such changes could adversely affect the ability of the Issuer to meet its obligations in respect of the Covered Bonds or the Guarantor to meet its obligations under the Guarantee. Any such change could adversely impact the value of the Covered Bonds.

1.11. Tax changes may affect the tax treatment of the Covered Bonds

Law No. 111 of 9 August 2023, published in the Official Gazette No. 189 of 14 August 2023 ("**Law 111**"), delegates power to the Italian government to enact, within twenty-four months from its publication, one or more legislative decrees implementing the reform of the Italian tax system (the "**Tax Reform**").

According to Law 111, the Tax Reform will significantly change the taxation of financial incomes and capital gains and introduce various amendments in the Italian tax system at different levels. The precise nature, extent, and impact of these amendments cannot be quantified or foreseen with certainty at this stage.

The information provided in this Base Prospectus may not reflect the future tax landscape accurately.

Investors should be aware that the amendments that may be introduced to the tax regime of financial incomes and capital gains could increase the taxation on interest, similar income and/or capital gains accrued or realised under the Covered Bonds and could result in a lower return of their investment.

Prospective investors should consult their own tax advisors regarding the tax consequences described above.

1.12. Tax consequences of holding the Covered Bonds – No Gross-up for Taxes

Potential investors should consider the tax consequences of investing in the Covered Bonds and consult their tax adviser about their own tax situation. Notwithstanding anything to the contrary in this Base Prospectus, if withholding of, or deduction of any present or future taxes, duties, assessments or charges

of whatever nature is imposed by or on behalf of Italy, any authority therein or thereof having power to tax, the Issuer or, as the case may be, the Guarantor will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Bondholders, as the case may be. The Issuer shall be obliged to pay an additional amount pursuant to Condition 11 (*Taxation*) subject to customary exceptions including Decree No. 239 withholdings. Neither the Issuer nor the Guarantor shall be obliged to pay any additional amounts to the Bondholders or to gross up in relation to withholdings or deductions on payments made by the Guarantor. As a result, investors may receive amounts that are less than expected. Perspective investors should therefore be aware of the potential negative result of such lack of gross-up or compensation by the Issuer and the Guarantor on the expected amounts to be received by the Bondholders.

There is no authority directly on point regarding the Italian tax regime of payments made by an Italian resident Guarantor under the Guarantee. For further details see the section entitled "*Taxation*".

1.13. Law 130

Law 130 was enacted in Italy in April 1999 and further amended to allow for the issuance of covered bonds in 2005. As at the date of this Base Prospectus, no interpretation of the application of Law 130 as it relates to covered bonds has been issued by any Italian court or governmental or regulatory authority, except for Part III, Chapter 3 of the "*Disposizioni di Vigilanza per le Banche*" (*Circolare No. 285 of 17* December *2013*) as amended and supplemented from time to time (the "**Bank of Italy Regulations**") concerning guidelines on, among others, the valuation of assets, controls required to ensure compliance with the legislation, the liquidity reserve and the requirements for applying for the "European Covered Bond (Premium)" label.

Consequently, it is possible that such or different authorities may issue further regulations relating to Law 130 or the interpretation thereof, the impact of which cannot be predicted by the Issuer as at the date of this Base Prospectus. Any changes of the rules and/or changes of the interpretation and/or implementation of the same by the competent authorities could give rise to new burdens and obligations for the Issuer, with possible negative impacts on the operational results and the economic and financial situation of the Issuer and of the Programme.

Furthermore, Law 130 has been amended by legislative decree No. 190 of 5 November 2021 (the "**Decree 190/2021**"), which transposed into the Italian legal framework Directive (EU) 2019/2162 and designated the Bank of Italy as the competent authority for the public supervision of the covered bonds, which was entrusted with the issuing of the implementing regulations of the Title I-bis of Law 130, as amended, in accordance with article 3, paragraph 2, of Decree 190/2021. In this respect, the provisions of Law 130, as amended by Decree 190/2021, apply to covered bonds issued starting from 8 July 2022.

Moreover, following a public consultation launched by the Bank of Italy on 12 January 2023 and ended on 11 February 2023, on 30 March 2023 Bank of Italy issued the 42nd amendment to the Bank of Italy Regulations, providing for the implementing measures referred to under article 3, paragraph 2, of Decree 190/2021. Such amendment to the Bank of Italy Regulations provided for, *inter alia*, the definition of (i) the criteria for the assessment of the eligible assets and the conditions for including covered bonds among eligible assets for derivative contracts with hedging purposes; (ii) the procedures for calculating hedging requirements; (iii) the conditions for establishing new issuance programmes and the interim discipline regarding new issues under issuance programmes already existing as of 30 March 2023; (iv) the possibility also to banks with credit quality step 3 to act as counterparties of a derivative contract with hedging purposes.

In accordance with the Bank of Italy Regulations, as amended on 30 March 2023, the Bank of Italy did not exercise the option provided for in the Directive (EU) 2019/2162 that allows Member States to lower the threshold of the minimum level of overcollateralization.

Consequently, given the novelty recent amendments to the Bank of Italy Regulations and Law 130, it is possible that the issuance of further guidelines or implementing regulations relating to Law 130 and the

Bank of Italy Regulations, or the interpretation thereof, may have an impact which cannot be predicted by the Issuer as at the date of this Base Prospectus. In this respect please make reference also to risk factor "*Changes of law*". Furthermore, with respect to any Series of Covered Bonds issued under the Programme before the publication of the Decree 190/2021, it is uncertain to assess the possible impacts which Law 130 and the Bank of Italy Regulations, as recently amended, may have.

1.14. Risks related to the structure of a particular issue of Covered Bonds

A wide range of Covered Bonds may be issued under the Programme. A number of these Covered Bonds may have features which contain particular risks for potential investors. Set out below is a description of the most common of these features:

(a) Covered Bonds subject to optional redemption by the Issuer

If in the case of any particular Tranche of Covered Bonds the relevant Final Terms specifies that the Covered Bonds are redeemable at the Issuer's option pursuant to Condition 9(d) (*Redemption at the option of the Issuer*), the Issuer may choose to redeem the Covered Bonds at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Covered Bonds.

An optional redemption feature of Covered Bonds is likely to limit their market value. During any period when the Issuer may elect to redeem Covered Bonds, the market value of those Covered Bonds generally will not rise substantially above the price at which they can be redeemed. Further, during any period in which there is an actual or perceived increase in the likelihood that the Issuer may redeem the Covered Bonds, the price of the Covered Bonds may also be adversely impacted. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Covered Bonds when its cost of borrowing is lower than the interest rate on the Covered Bonds. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Covered Bonds being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

(b) Zero Coupon Covered Bonds

The Issuer may issue Covered Bonds bearing no interest, which may be offered and sold at a discount to their nominal amount. A holder of a zero coupon covered bond may experience price volatility in response to changes in the market interest rate. Prices of zero coupon Covered Bonds tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining terms of such Covered Bonds, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

(c) Amortising Covered Bonds

The Issuer may issue amortising Covered Bonds with a predefined, prescheduled amortisation schedule where, alongside interest, the Issuer will pay, at each Interest Payment Date specified in the relevant Final Terms, a portion of principal until maturity.

(d) Fixed/Floating Rate Covered Bonds

Fixed/Floating Rate Covered Bonds may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Covered Bonds since the Issuer may be expected to convert the rate when it is likely to produce a lower

overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Covered Bonds may be less favourable than then prevailing spreads on comparable Floating Rate Covered Bonds tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Covered Bonds. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Covered Bonds.

1.15. Redemption for tax reasons

In the event that the Issuer would be obliged to increase the amounts payable in respect of any Covered Bonds due to any withholding or deduction for or on account of, any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any taxing jurisdiction (as referred to in Condition 11 (*Taxation*)), as a result of any change in, or amendment to, the laws or regulations of any taxing jurisdiction or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date of issue of the first Series of the Covered Bonds and such obligation cannot be avoided by the Issuer taking reasonable measures available to it, the Issuer may redeem all outstanding Covered Bonds in accordance with the Terms and Conditions. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Covered Bonds.

1.16. Floating rate risks

Investment in Floating Rate Covered Bonds involves the risk for the Bondholders of fluctuating interest rate levels and uncertain interest earnings.

1.17. In respect of any Covered Bonds issued with a specific use of proceeds, such as a "Green Covered Bond", "Social Covered Bond" and "Sustainability Covered Bond", there can be no assurance that such use of proceeds will be suitable for the investment criteria of an investor

The applicable Final Terms relating to any specific Series (or Tranche) of Covered Bonds may provide that it will be the Issuer's intention to apply the proceeds from an offer of those Covered Bonds specifically for projects and activities that promote climate-friendly and other environmental purposes ("**Green Eligible Projects**") and/or that promote access to labor market and accomplishment of general interest initiatives ("**Social Eligible Projects**") in accordance with the principles set out by the International Capital Market Association ("**ICMA**") (respectively, the Green Bond Principles ("**GBP**"), the Social Bond Principles ("**SBP**") and the Sustainability Bond Guidelines ("**SBG**")).

Prospective investors should have regard to the information in the applicable Final Terms regarding such use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in such Covered Bonds together with any other investigation such investor deems necessary and must assess the suitability of that investment in light of their own circumstances. In particular no assurance is given by the Issuer or the Dealer(s) that the use of such proceeds for the funding of any Green Eligible Projects and for any Social Eligible Projects, as the case may be, will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether (i) by any present or future applicable law or regulations, including, amongst others, Regulation (UE) 2020/852 on the establishment of a framework to facilitate sustainable development (the "**EU Taxonomy Regulation**") and the Sustainable Finance Taxonomy Regulation Delegated Acts for climate change adaptation and mitigation objectives (the "**EU Taxonomy Regulation Delegated Acts**") approved in principle by the EU Commission on 21 April 2021 and formally adopted on 4 June 2021 (the EU Taxonomy Regulation and the EU Taxonomy Regulation Delegated Acts, jointly, the "**EU Taxonomy Framework**") or (ii) by its own by-laws or other governing rules or investment portfolio mandates (in particular with regard to any direct or

indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, the relevant Green Eligible Projects or Social Eligible Projects).

On 9 December 2021, a first delegated act on sustainable activities for climate change mitigation and adaptation objectives of the EU Taxonomy ("**Climate Delegated Act**") was published in the Official Journal and is applicable from 1 January 2022. With respect to the remaining environmental objectives, a second delegated act setting out proposed technical screening criteria for economic activities that make a substantial contribution to the (non-climate) environmental objectives of the Taxonomy Regulation was adopted by the Commission on 27 June 2023. On 6 July 2021 the European Commission adopted the delegated act supplementing Article 8 of the EU Taxonomy Regulation which was then published in the Official Journal on 10 December 2021 and is applicable since January 2022. This delegated act specifies the content, methodology and presentation of information to be disclosed by financial and non-financial undertakings concerning the proportion of environmentally sustainable economic activities in their business, investments or lending activities. On 9 March 2022, the European Commission adopted a complementary climate delegated act including, under strict conditions, specific nuclear and gas energy activities in the list of economic activities covered by the EU taxonomy. It was published in the Official Journal on 15 July 2022 and will apply as of January 2023. The criteria for the specific gas and nuclear activities are in line with EU climate and environmental objectives and will help accelerate the shift from solid or liquid fossil fuels, including coal, towards a climate-neutral future.

On 18 June 2019, the Commission Technical Expert Group on sustainable finance published its final report on a future European standard for green bonds (the "**EU Green Bond Standard**"). In the context of the public consultation on the renewed sustainable finance strategy, the European Commission launched a targeted consultation on the establishment of an EU Green Bond Standard, that builds and consults on the work of the Commission Technical Expert Group and has run between 12 June and 2 October 2020. On 19 October 2020, the European Commission published the Commission Work Programme 2021, in which the European Commission expressed the intention to deliver a legislative proposal by the end of the second quarter of 2021. On 6 July 2021, the European Commission officially adopted a legislative proposal for a EU Green Bond Standard setting out four main requirements: (i) allocation of the funds raised by the green bond should be made in compliance with the EU Taxonomy Regulation; (ii) full transparency on the allocation of the green bond proceeds; (iii) monitoring and compliance activities to be carried out by an external reviewer; and (iv) registration of external reviewers with the ESMA and subject to its supervision. In this respect, on 28 February 2023, the European Parliament and the Council reached a political agreement on the Commission's proposal for an EU Green Bond Standard. In particular, issuers of an EU Green Bond Standard would need to ensure that at least 85% of the funds raised by the bond are allocated to economic activities that align with the Taxonomy Regulation. The proposal was approved by the European Parliament on 5 October 2023 and by the Council on 23 October 2023. Consequently, on 30 November 2023, Regulation (EU) 2023/2631 (the "**EU Green Bond Standard Regulation**") was published in the Official Journal of the EU. The EU Green Bond Standard Regulation will be applicable from 21 December 2024.

Furthermore, on 6 April 2022 the European Commission adopted the Regulatory Technical Standards (RTS) to Regulation (EU) 2019/2088 which applies from 1 January 2023.

Furthermore, on 25 July 2022 Commission Delegated Regulation (EU) 2022/1288, supplementing the SFDR with regard to RTS specifying the details of the content and presentation of the information in relation to the principle of "do no significant harm", specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports ("**SFDR RTS**"), was published in the Official Journal. The new RTS apply from 1 January 2023.

On 31 October 2022 the European Commission adopted the Delegated Regulation (EU) 2023/363 amending and correcting the standards laid down in the SFDR RTS to ensure investors receive information reflecting provisions set out in the Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022. The Delegated Regulation has been published in the Official Journal on 17 February 2023 and has come into force on the third day after publication in the Official Journal.

Furthermore, it should be noted that there is currently no clearly established definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes or may be classified as a "green", "social" or "sustainable" or equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as "green" or "social" or "sustainable" or such other equivalent label. The EU Taxonomy Framework is nevertheless subject to further developments. Even if a definition or market consensus as to what constitutes, a "green", "social" or "sustainable" or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as "green" or "sustainable" or such other equivalent label, should develop or be established, no assurance is or can be given to investors that any projects or uses, the subject of or related to, any Green Eligible Projects or any Social Eligible Projects will meet any or all investor expectations regarding such "green", "social" or "sustainable" or other equivalently labelled performance objectives (including those set out under the EU Taxonomy Framework) or that any adverse green, social, sustainable and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Green Eligible Projects and any Social Eligible Projects, as the case may be, towards which proceeds of the Covered Bonds are to be applied. Moreover, in light of the continuing development of legal, regulatory and market conventions in the green, sustainable and positive social impact markets, there is a risk that the legal frameworks and/or definitions may (or may not) be modified to adapt any update that may be made to the GBP and/or the SBP and/or the SBG and/or the EU Taxonomy Framework. Any such consequences could have an adverse effect on the liquidity and value of and return on any such Covered Bonds.

As at the date of this Base Prospectus, the Issuer has published a framework relating to an investment in Green Eligible Projects and Social Eligible Projects (the "**ESG Framework**") as better detailed in the section "*Use of Proceeds*" below.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer) (including the Second Party Opinion, as defined in the "*Use of Proceeds*" section of the Base Prospectus) which may or may not be made available in connection with the issue of any Green Covered Bonds, Social Covered Bonds or Sustainability Covered Bonds and in particular with any Green Eligible Projects or Social Eligible Projects to fulfil any environmental, sustainability, social and/or other criteria. For the avoidance of doubt, any such opinion or certification (including the Second Party Opinion) is not, nor shall be deemed to be, incorporated in and/or form part of this Base Prospectus. Any such opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer, the Dealers or any other person to buy, sell or hold any such Green Covered Bonds, Social Covered Bonds or Sustainability Covered Bonds. Any such opinion or certification (including the Second Party Opinion) is only current as of the date that opinion was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification (including the Second Party Opinion) and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in such Green Covered Bonds, Social Covered Bonds or Sustainability Covered Bonds. Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight.

Any Green Covered Bonds issued under the Programme will not be compliant with the EU Green Bond Standard Regulation and are only intended to comply with the requirements and processes in the ESG Framework (as defined in the "*Use of Proceeds*" section of this Base Prospectus). It is not clear if the establishment of the "European Green Bond" or "EuGB" label and the optional disclosures regime for bonds issued as "environmentally sustainable" under the EU Green Bond Standard Regulation could have an impact on investor demand for, and pricing of, green use of proceeds bonds that do not comply with the

requirements of the EuGB label or the optional disclosures regime, such as the Green Covered Bonds issued under this Programme. It could result in reduced liquidity or lower demand or could otherwise affect the market price of any Green Covered Bonds issued under this Programme that do not comply with the standards under the EU Green Bond Standard Regulation.

In the event that any such Covered Bonds are listed or admitted to trading on any dedicated "green", "social", "sustainable" or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Issuer, the Dealer(s) or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Green Eligible Projects and to any Social Eligible Projects. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Issuer, the Dealer(s) or any other person that any such listing or admission to trading will be obtained in respect of any such Covered Bonds or, if obtained, that any such listing or admission to trading will be maintained during the life of the Covered Bonds.

While it is the intention of the Issuer to apply an amount equivalent to the proceeds of any Covered Bonds so specified for Green Eligible Projects and/or Social Eligible Projects in, or substantially in, the manner described in the applicable Final Terms, there can be no assurance that the relevant project(s) or use(s) the subject of, or related to, any Green Eligible Projects and any Social Eligible Projects (either resulting from the original application of the proceeds of the Covered Bonds or a subsequent reallocation of such proceeds) will be capable of being implemented in or substantially in such manner and/or in accordance with any timing schedule and that accordingly such proceeds will be totally applied for the specified Green Eligible Projects and for the specified Social Eligible Projects. Nor can there be any assurance that (i) such Green Eligible Projects or such Social Eligible Projects will be completed within any specified period or at all, (ii) with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the Issuer or (iii) the originally designated green project or social project will not be the potentially or actual disqualified as such.

Any such event or failure by the Issuer will not constitute an Issuer Event of Default under the Covered Bonds. Any such event or failure to apply the proceeds of any issue of Covered Bonds for any Green Eligible Projects and for any Social Eligible Projects as aforesaid and/or withdrawal of any such opinion or certification or any such opinion or certification attesting that the Issuer is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on and/or any such Covered Bonds no longer being listed or admitted to trading on any stock exchange or securities market as aforesaid may: (i) have a material adverse effect on the value of such Covered Bonds and also potentially the value of any other Covered Bonds which are intended to finance Green Eligible Projects and to finance Social Eligible Projects; and/or (ii) result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose; and/or (iii) limit Issuer's access to market relating to "green" or other equivalently-labelled instruments; and/or (iv) determine delisting of such Covered Bonds for any Green Eligible Projects and any Social Eligible Projects from any segment or market dedicated to listing of "green" or other equivalently-labelled instruments.

1.18. Reform of EURIBOR and other interest rate index and equity, commodity and foreign exchange rate index "benchmarks"

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".

Key international reforms of "benchmarks" include IOSCO's proposed Principles for Financial Market Benchmarks (July 2013) (the "**IOSCO Benchmark Principles**") and the EU's Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (the "**Benchmarks Regulation**").

The IOSCO Benchmark Principles aim to create an overarching framework of principles for benchmarks to be used in financial markets, specifically covering governance and accountability, as well as the quality and transparency of benchmark design and methodologies. A review published in February 2015 on the status of the voluntary market adoption of the IOSCO Benchmark Principles noted that, as the benchmarks industry is in a state of change, further steps may need to be taken by IOSCO in the future, but that it is too early to determine what those steps should be. The review noted that there has been a significant market reaction to the publication of the IOSCO Benchmark Principles, and widespread efforts being made to implement the IOSCO Benchmark Principles by the majority of administrators surveyed.

On 17 May 2016, the Council of the European Union adopted the Benchmarks Regulation. The Benchmarks Regulation was published in the Official Journal on 29 June 2016 and entered into force on 30 June 2016. Subject to various transitional provisions, the Benchmarks Regulation applies from 1 January 2018, except that the regime for 'critical' benchmarks has applied from 30 June 2016 and certain amendments to Regulation (EU) No 596/2014 (the Market Abuse Regulation) have applied from 3 July 2016. The Benchmarks Regulation applies to the provision of "benchmarks", the contribution of input data to a "benchmark" and the use of a "benchmark" within the EU. It will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities (such as the Issuer) of "benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). The scope of the Benchmarks Regulation is wide and, in addition to so-called "critical benchmark" indices such as EURIBOR, could also potentially apply to many other interest rate indices, as well as equity, commodity and foreign exchange rate indices and other indices (including "proprietary" indices or strategies) which are referenced in listed financial instruments (including listed Covered Bonds), financial contracts and investment funds.

The Benchmarks Regulation 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 Benchmarks Regulation, 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, including determination by the Guarantor Calculation Agent of the rate or level in its discretion.

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.

Separate workstreams are also underway in Europe to provide a fallback by reference to a euro riskfree 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 the new Euro shortterm rate ("**€STR**") as the new risk free rate for the area euro. The €STR was published for the first time on 2 October 2019. The euro risk free-rate working group for the euro area has also published a set of guiding principles and high level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system. Actually, although EURIBOR has been reformed in order to comply with the terms of the Benchmark Regulation, it remains uncertain as to system how long it will continue in its current form, or whether it will be further reformed or replaced with €STR or an alternative benchmark. It is not possible to predict with certainty whether, and to what extent, EURIBOR will continue to be supported going forwards. This may cause EURIBOR to perform differently than it has done in the past and may have other consequences which cannot be predicted.

Furthermore, in order to address systemic risk, on 2 February 2021 the Council of the European Union approved the final text of the Regulation (EU) 2021/168 amending the Regulation (EU) 2016/1011 as regards the exemption of certain third-country spot foreign exchange benchmarks and the designation of replacements for certain benchmarks in cessation, and amending Regulation (EU) No 648/2012. The new framework delegates the Commission to designate a replacement for benchmarks qualified as critical under the Regulation 2016/2011, where the cessation or wind-down of such a benchmark might significantly disrupt the functioning of financial markets within the European Union. In particular, the designation of a replacement for a benchmark should apply to any contract and any financial instrument as defined in Directive 2014/65/EU that is subject to the law of a Member State. In addition, with respect to supervised entities, Regulation (EU) 2021/168 extends the transitional period for the use of third-country benchmarks until 2023 and the Commission, on 14 July 2023, adopted a delegated act (which, as of the date of this Prospectus, has not yet been published in the Official Journal) under the Benchmarks Regulation in order to extend this period until 2025. On 10 February 2021 the Council of the European Union adopted the Regulation (EU) 2021/168 that was published in the Official Journal on 12 February 2021 and entered into force on the following day.

The potential elimination of any "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". The Benchmarks Regulation could have a material impact on any Covered Bonds linked EURIBOR or another benchmark rate or index, in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the terms of the Benchmarks Regulation and such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level of the "benchmark". More broadly, any of the international, national or other proposals for reform, 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. Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or participate in certain "benchmarks", (ii) triggering changes in the rules or methodologies used in certain "benchmarks", and/or (iii) leading to the discontinuance, unavailability or disappearance of certain "benchmarks".

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 linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

The terms and conditions of the Covered Bonds provide that, if the Issuer determines that the relevant Reference Rate specified in the relevant Final Terms has ceased to be published on the relevant Screen

Page, or a Benchmark Disruption Event occur (even if the rate continues to be published), when any Rate of Interest (or the relevant component part thereof) remains to be determined by such Reference Rate, then the Issuer shall use reasonable endeavours to appoint an Independent Adviser for the purposes of determining a Successor Rate or an Alternative Reference Rate (as further described in Condition 7 (*Benchmark Replacement*) of the Terms and Conditions of the Covered Bonds and, if applicable, an Adjustment Spread. If the Issuer is unable to appoint an Independent Adviser or if the Independent Adviser fails to determine the Successor Rate or Alternative Reference Rate, the Issuer may determine the replacement rate, provided that if the Issuer is unable or unwilling to determine the Successor Rate or Alternative Reference Rate, the further fallbacks described in the Terms and Conditions of the Covered Bonds shall apply. In certain circumstances, including but not limited to where the Issuer is unable or unwilling to determine an Alternative Reference Rate, the ultimate fallback for the purposes of calculation of interest for a particular Interest Period may result in the rate of interest of the last preceding Interest Period being used. This may result in effective application of a fixed rate of interest for Covered Bonds initially designated to be Floating Rate Covered Bonds. In addition, due to the uncertainty concerning the availability of Successor Rates and Alternative Reference Rates and the involvement of an Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time. The use of a Successor Rate or an Alternative Reference Rate may result in interest payments that are substantially lower than or that do not otherwise correlate over time with the payments that could have been made on the Covered Bonds if the relevant benchmark remained available in its current form. Furthermore, if the Issuer is unable to appoint an Independent Adviser or if the Independent Adviser fails to determine a Successor Rate or an Alternative Reference Rate or Adjustment Spread, if applicable with the Independent Adviser, the Issuer may have to exercise its discretion to determine (or to elect not to determine) an Alternative Reference Rate or Adjustment Spread, if applicable in a situation in which it is presented with a conflict of interest. In addition, while any Adjustment Spread may be expected to be designed to eliminate or minimise any potential transfer of value between counterparties, the application of the Adjustment Spread to the Covered Bonds may not do so and may result in the Covered Bonds performing differently (which may include payment of a lower interest rate) than they would do if the Reference Rate were to continue to apply in its current form.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation 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 linked to or referencing a "benchmark".

1.19. European Covered Bond (Premium) Label

The Covered Bonds to be issued under this Base Prospectus are intended to be labelled as "European Covered Bond (Premium)", as set out in Article 7-viciesbis of Law 130, provided that the Covered Bonds are in compliance with Law 130, the Bank of Italy Regulations and the CRR, and the Cover Pool comprises only assets listed in Article 129(1) of the CRR (and the requirements under paragraphs 1a to 3 of Article 129 of the CRR are met). Given that the labelling of the Covered Bonds as "European Covered Bond (Premium)" depends on the fulfilment of legal requirements under Law 130 and the CRR, investors should consider, amongst other things, any regulatory impacts when deciding whether or not to purchase any Covered Bonds and assess autonomously the compliance of the Covered Bonds with the applicable regulatory framework at the time when the relevant investment is made and at any time thereafter. No assurance or representation is given as to the assets that comprise the Cover Pool (including, without limitation, whether such assets comply with Article 129(1) of the CRR) nor as to any label assigned to any Series of Covered Bonds (including, without limitation, where such Covered Bonds are labelled as "European Covered Bond (Premium)". Furthermore, no assurance is given whether Covered Bonds labelled as European Covered Bond (Premium) will continue to maintain such label even after their issuance.

2. Risks related to the Guarantor

2.1. Guarantor only obliged to pay Guaranteed Amounts when they are Due for Payment

The Guarantor has no obligation to pay any Guaranteed Amounts payable under the Guarantee until the delivery of an Issuer Default Notice, which may be delivered after the occurrence of (i) an Issuer Event of Default or (ii) a Resolution Event, unless the Issuer has fulfilled its payment obligations under the Covered Bonds by the relevant payment date. Such provision complies with Article 5 of the Directive (EU) 2019/2162, pursuant to which the payment obligations attached to Covered Bonds are not subject to automatic acceleration (which would be the case if a Guarantor Default Notice is delivered) upon the insolvency or resolution of the Issuer. Following service of a Guarantee Enforcement Notice on the Issuer and the Guarantor, under the terms of the Guarantee the Guarantor will only be obliged to pay Guaranteed Amounts as and when the same are Due for Payment, **provided that**, in the case of any amounts representing the Final Redemption Amount due and remaining unpaid as at the original Maturity Date, the Guarantor may pay such amounts in accordance with the applicable Priority of Payments on any Guarantor Payment Date thereafter, up to (and including) the Extended Maturity Date. Such Guaranteed Amounts will be paid subject to and in accordance with the Guarantee Priority of Payments or the Post-Enforcement Priority of Payments, as applicable. In such circumstances, the Guarantor will not be obliged to pay any other amounts in respect of the Covered Bonds which become payable for any other reason.

Subject to any grace period, if the Guarantor fails to make a payment when Due for Payment under the Guarantee or any other Guarantor Event of Default occurs, then the Representative of the Bondholders will accelerate the obligations of the Guarantor under the Guarantee by service of a Guarantor Default Notice, whereupon the Representative of the Bondholders will have a claim under the Guarantee for an amount equal to the Guaranteed Amounts. Following service of a Guarantor Default Notice, the amounts due from the Guarantor shall be applied by the Representative of the Bondholders in accordance with the Post-Enforcement Priority of Payments, and Bondholders will receive amounts from the Guarantor on an accelerated basis. If a Guarantor Default Notice is served on the Guarantor, then the Covered Bonds may be repaid sooner or later than expected or not at all.

In accordance with article 7-*bis* of Law 130, prior to and following a winding up of the Guarantor and an Issuer Event of Default or Guarantor Event of Default causing the Guarantee to be called, proceeds of the Cover Pool paid to the Guarantor will be exclusively available for the purpose of satisfying the obligations owed to the Bondholders, to the Other Guarantor Creditors and to any other creditors exclusively in satisfaction of the transaction costs of the Programme. The Cover Pool may not be seized or attached in any form by creditors of the Guarantor other than the entities referred to above, until full discharge by the Guarantor of its payment obligations under the Guarantee or cancellation thereof.

2.2. Limited resources available to the Guarantor

Following the service of a Guarantee Enforcement Notice on the Issuer and on the Guarantor, the Guarantor will be under an obligation to pay the Bondholders and shall procure the payment of the Guaranteed Amounts when they are due for payment. The Guarantor's ability to meet its obligations under the Guarantee will depend on (a) the amount of interest and principal generated by the Cover Pool and the timing thereof, (b) amounts received from the Swap Providers and (c) the proceeds of any Eligible Investments. The Guarantor will not have any other source of funds available to meet its obligations under the Guarantee.

If a Guarantor Event of Default occurs and the Guarantee is enforced, the proceeds of enforcement may not be sufficient to meet the claims of all the secured creditors, including the Bondholders. If, following enforcement and realization of the assets in the Cover Pool, creditors have not received the full amount due to them pursuant to the terms of the Programme Documents, then they may still have an unsecured claim against the Issuer for the shortfall. There is no guarantee that the Issuer will have sufficient funds to pay that shortfall.

Each Other Guarantor Creditor has undertaken in the Intercreditor Agreement not to petition or commence proceedings for a declaration of insolvency (nor join any such petition or proceedings) against the Guarantor at least until one year and one day after the date on which all Series and Tranches of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with their Conditions and the relevant Final Terms.

2.3. Reliance of the Guarantor on third parties

The Guarantor has entered into agreements with a number of third parties, which have agreed to perform services for the Guarantor. In particular, but without limitation, the Principal Servicer has been appointed, and upon accession to the Programme, each Additional Servicer will be appointed to carry out the administration, management, collection and recoveries activities relating to the Eligible Assets comprised in the relevant Portfolios sold to the Guarantor and (i) the Issuer has been appointed as Pre-Issuer Default Test Calculation Agent for any calculations in respect of the Mandatory Tests, the Asset Coverage Test and the Liquidity Reserve Requirement to be performed during the period prior to a Guarantee Enforcement Notice; (ii) the Guarantor Calculation Agent has been appointed as Post-Issuer Default Test Calculation Agent for any calculation in respect of the Mandatory Tests, the Amortisation Test and the Liquidity Reserve Requirement to be performed during the period following a Guarantee Enforcement Notice.

In the event that any of these parties fails to perform its obligations under the relevant agreement to which it is a party, the realisable value of the Cover Pool or any part thereof or pending such realization (if the Cover Pool or any part thereof cannot be sold) the ability of the Guarantor to make payments under the Guarantee may be affected. For instance, if the Principal Servicer and/or any Additional Servicer(s) has failed to administer the Mortgage Loans adequately, this may lead to higher incidences of non-payment or default by Debtors. The Guarantor is also reliant on the Swap Providers to provide it with the funds matching its obligations under the Guarantee, as described in the following two investment considerations.

If a Servicer Termination Event occurs pursuant to the terms of the Master Servicing Agreement, then the Guarantor and/or the Representative of the Bondholders will be entitled to terminate the appointment of the Servicer and appoint a new servicer in its place. In addition, the Servicer may resign from the Master Servicing Agreement, within 12 months from the relevant Execution Date, by giving not less than a 6 months prior written notice to the Representative of the Bondholders, the Rating Agencies, the Asset Swap Provider and Joint-Arrangers. There can be no assurance that a substitute servicer with sufficient experience of administering mortgages of residential or commercial properties would be found who would be willing and able to carry out the administration, management, collection and recovery activities relating to the Eligible Assets on the terms of the Master Servicing Agreement. The ability of a substitute servicer to perform fully the required services would depend, *inter alia*, on the information, software and records available at the time of the appointment. Any delay or inability to appoint a substitute servicer may affect the realisable value of the Cover Pool or any part thereof, and/or the ability of the Guarantor to make payments under the Guarantee.

The Servicer has no obligation to advance payments if the Debtors fail to make any payments in a timely fashion. Bondholders will have no right to consent to or approve of any actions taken by the Servicer under the Master Servicing Agreement.

The Representative of the Bondholders is not obliged in any circumstances to act as the Servicer or the Additional Servicer (as the case may be) or to monitor the performance by the Servicer or the Additional Servicer (as the case may be) of its obligations.

2.4. Change of counterparties

The parties to the Programme Documents who receive and hold monies pursuant to the terms of such documents (such as the Italian Account Bank or the Principal Servicer and, upon accession to the Programme, each Additional Servicer(s)) are required to satisfy certain criteria in order to continue to receive and hold such monies.

These criteria include, *inter alia*, requirements in relation to the short-term and long-term, unguaranteed and unsecured ratings ascribed to such party by the Rating Agencies. If the party concerned ceases to satisfy the ratings criteria, then the rights and obligations of that party (including the right or obligation to receive monies, or to effect payments, on behalf of the Guarantor) may be required to be transferred to another entity which does satisfy the applicable criteria. In these circumstances, the terms agreed with the replacement entity may not be as favourable as those agreed with the original party pursuant to the Programme Documents.

In addition, should the applicable criteria cease to be satisfied, then the parties to the relevant Programme Document may agree to amend or waive certain of the terms of such document, including the applicable criteria, in order to avoid the need for a replacement entity to be appointed. The consent of Bondholders may not be required in relation to such amendments and/or waivers.

2.5. Reliance on Swap Providers

To mitigate possible variations in the performance of the Cover Pool, the Guarantor may, but it is not obliged to, enter into one or more Asset Swap Agreements with one or more Asset Swap Providers. In addition, to mitigate interest rate, currency and/or other risks in respect of each Series or Tranche of Covered Bonds issued under the Programme, the Guarantor may, but it is not obliged, to enter into one or more Covered Bond Swap Agreements with one or more Covered Bond Swap Providers in respect of each Series or Tranche of Covered Bonds.

A Swap Provider is (unless otherwise stated in the relevant Swap Agreement) only obliged to make payments to the Guarantor as long as the Guarantor complies with its payment obligations under the relevant Swap Agreement. In circumstances where non-payment by the Guarantor under a Swap Agreement does not result in a default under that Swap Agreement, the Swap Provider may be obliged to make payments to the Guarantor pursuant to the Swap Agreement as if payment had been made by the Guarantor.

If a Swap Provider is not obliged to make payments or if it defaults in its obligations to make payments of under the relevant Swap Agreement, the Guarantor may be exposed to changes in the relevant currency exchange rates to Euro and to any changes in the relevant rates of interest and/or to the performance of the Cover Pool. In addition, subject to the then current ratings of the Covered Bonds not being adversely affected, the Guarantor may hedge only part of the possible risk and, in such circumstances, may have insufficient funds to meet its payment obligations, including under the Covered Bonds or the Guarantee.

If a Swap Agreement terminates, then the Guarantor may be obliged to make a termination payment to the relevant Swap Provider. There can be no assurance that the Guarantor will have sufficient funds available to make a termination payment under the relevant Swap Agreement, nor can there be any assurance that the Guarantor will be able to enter into a replacement swap agreement with an adequately rated counterparty, or if one is entered into, that the credit rating of such replacement swap provider will remain sufficiently high to prevent a downgrade by the Rating Agencies of the then current ratings of the Covered Bonds. In addition, the Swap Agreements may provide that notwithstanding the downgrading of a Swap Provider and the failure by such Swap Provider to take the remedial action set out in the relevant Swap Agreement, the Guarantor may not terminate the Swap Agreement until a replacement swap provider has been found.

Following the service of a Guarantee Enforcement Notice, payments (other than principal payments) by the Guarantor (including any termination payment) under the Covered Bond Swap Agreements and Asset Swap Agreements will rank *pari passu* and *pro rata* to interest amounts due on the Covered Bonds under

the Guarantee. Accordingly, the obligation to pay a termination payment may adversely affect the ability of the Guarantor to meet its obligations under the Covered Bonds or the Guarantee.

2.6. Differences in timings of obligations under the Covered Bond Swaps

It is expected that pursuant to the Covered Bond Swap Agreements, the Guarantor will pay on each quarterly Guarantor Payment Date, a floating rate option such as, for Series or Tranches of Covered Bonds denominated in Euro, a floating rate linked to EURIBOR. Each Covered Bond Swap Provider is expected to make corresponding swap payments to the Guarantor on the Interest Payment Date of the relevant Series or Tranche of Covered Bonds, which could be monthly, quarterly, semi-annual or annual.

Due to the mismatch in timing of payments under the Covered Bond Swap Agreements, on many Guarantor Payment Dates, the Guarantor will be required to make a payment to the Covered Bond Swap Provider without receiving a payment in return and therefore there can be no netting of payments except on the date when the Covered Bond Swap Provider is required to make a payment to the Guarantor.

2.7. No gross up on withholding tax

In respect of payments made by the Guarantor under the Guarantee, to the extent that the Guarantor is required by law to withhold or deduct any present or future taxes, duties, assessments or charges of any kind imposed or levied by or on behalf of the Republic of Italy from such payments, the Guarantor will not be under an obligation to pay any additional amounts to Bondholders, irrespective of whether such withholding or deduction arises from existing legislation or its application or interpretation as at the relevant Issue Date or from changes in such legislation, application or official interpretation after the Issue Date.

2.8. Tax consequences of holding the Covered Bonds – No Gross-up for Taxes

Potential investors should consider the tax consequences of investing in the Covered Bonds and consult their tax adviser about their own tax situation. Notwithstanding anything to the contrary in this Base Prospectus, if withholding of, or deduction of any present or future taxes, duties, assessments or charges of whatever nature is imposed by or on behalf of Italy, any authority therein or thereof having power to tax, the Guarantor will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Bondholders, as the case may be, and shall not be obliged to pay any additional amounts to the Bondholders.

2.9. VAT Group

Italian Law No. 232 of 11 December 2016 (the "**2017 Budget Law**") has introduced new VAT rules allowing groups to act as a single taxable person for value added tax purposes (articles from 70-*bis* to 70-*duodecies* of Presidential Decree No. 633 of 26 October 1972) and which, if so elected by the group head, applies from 1 January 2019. Pursuant to such rules, all entities included in the relevant VAT group are jointly and severally liable to the Italian Tax Authority for any VAT payments due by all members of the VAT group.

On 31 October 2018, the Italian Tax Authority issued circular No. 19/E ("**Circular letter No. 19/2018**") specifying that funds, as pools of segregated assets, would be liable only for the VAT payment obligations specifically relating to their assets. Although reasonable, it is unclear whether the same limitation would apply also to the assets held by a covered bond guarantor in the case of non-payment of VAT by any other member of its VAT group.

The Group has opted into the new VAT regime introduced by the 2017 Budget Law in respect of the Issuer's group (including the Guarantor) with effect from 1 January 2019. Pending further clarifications on the scope of application of the new rules, the Issuer has submitted a ruling application to the Italian Tax Authority with the effect of excluding the Guarantor from the VAT group regime.

However, on 15 November 2019, the Italian Tax Authority issued an official answer to the ruling request No. 487 specifying that the interpretation expressed with regard to the funds in the Circular Letter No. 19/2018 applies also with respect to covered bond guarantors, being also their pools of assets segregated by law with the sole aim of servicing payments due to the covered bondholders.

As a consequence, segregated pools of assets of covered bond guarantors included in an Italian VAT group are deemed to be liable only for the portion of VAT, interest and penalties – due in case of audit or assessment – which arise in connection with the management of such pools of assets.

However, no assurance can be given as to any different interpretation and or provision to be issued in the future by the Italian Tax Authority, which could require the Guarantor to incur in costs, expenses, losses, liabilities, damages, fines, penalties and other charges as a result of its participation in the VAT group. Such circumstance could negatively affect the ability of the Guarantor to comply with its obligations under the Guarantee and the transaction documents.

3. Risks related to the underlying

3.1. *Factors that may affect the realisable value of the Cover Pool or the ability of the Guarantor to make payments under the Guarantee*

Following the occurrence of certain Issuer Event of Default and the corresponding service of a Guarantee Enforcement Notice on the Issuer and on the Guarantor, the realisable value of the Eligible Assets comprised in the Cover Pool may be reduced (which may affect the ability of the Guarantor to make payments under the Guarantee) by:

- default by Debtors in the payment of amounts due on their Mortgage Loans;
- sale of the Eligible Assets;
- changes to the lending criteria of the Issuer;
- set-off risks in relation to some types of Mortgage Loans in the Cover Pool;
- usury Law;
- compounding interest;
- regulations in Italy that could lead to some terms of the Mortgage Loans being unenforceable;
- possible regulatory changes by the Bank of Italy, CONSOB and other regulatory authorities;
- *status* of real estate market in the areas of operation of the Issuer; and
- limited recourse to the Guarantor.

Certain of these factors are considered in more detail below. However, it should be noted that the Mandatory Tests, the Amortisation Test, the Asset Coverage Test and the Eligibility Criteria are intended to ensure that there will be an adequate amount of Eligible Assets in the Cover Pool to enable the Guarantor to repay the Covered Bonds following an Issuer Event of Default, service of a Guarantee Enforcement Notice on the Issuer and on the Guarantor and accordingly it is expected (although there is no assurance) that assets comprised in the Cover Pool could be realised for sufficient values to enable the Guarantor to meet its obligations under the Guarantee.

3.2. Default by borrowers in paying amounts due on their Mortgage Loans

Borrowers may default on their obligations due under the Mortgage Loans for a variety of reasons. The Mortgage Loans are affected by credit, liquidity and interest rate risks. Various factors influence mortgage

delinquency rates, prepayment rates, repossession frequency and the ultimate payment of interest and principal, such as changes in the national or international economic climate, regional economic or housing conditions, changes in tax laws, interest rates, inflation, the availability of financing, yields on alternative investments, political developments and government policies. Other factors in borrowers' individual, personal or financial circumstances may affect the ability of borrowers to repay the Mortgage Loans. Loss of earnings, illness, divorce and other similar factors may lead to an increase in default by and bankruptcies of borrowers, and could ultimately have an adverse impact on the ability of borrowers to repay the Mortgage Loans. In addition, the ability of a borrower to sell a property given as security for a Mortgage Loan at a price sufficient to repay the amounts outstanding under that Mortgage Loan will depend upon a number of factors, including the availability of buyers for that property, the value of that property and property values in general at the time.

The recovery of amounts due in relation to Defaulted Receivables will be subject to the effectiveness of enforcement proceedings in respect of the Cover Pool which in Italy can take a considerable time depending on the type of action required and where such action is taken and on several other factors, including the following: proceedings in certain courts involved in the enforcement of the Mortgage Loans and Mortgages may take longer than the national average; obtaining title deeds from land registries which are in process of computerising their records can take up to two or three years; further time is required if it is necessary to obtain an injunction decree (*decreto ingiuntivo*) and if the relevant Debtor raises a defence to or counterclaim in the proceedings; and it takes an average of six to eight years from the time lawyers commence enforcement proceedings until the time an auction date is set for the forced sale of any Real Estate Asset.

Law number 302 of 3 August 1998 allowed notaries, accountants and lawyers to conduct certain stages of the enforcement procedures in place of the courts in order to reduce the length of enforcement proceedings by between two and three years.

3.3. Sale of the Eligible Assets following the delivery of a Guarantee Enforcement Notice

Following a Guarantee Enforcement Notice, the Guarantor shall use its best effort to sell the Eligible Assets (selected on a random basis) included in the Cover Pool (the "**Selected Assets**") in order to make payments to the Guarantor's creditors including making payments under the Guarantee, see "*Description of the Programme Documents – Cover Pool Management Agreement*".

There is no guarantee that a buyer will be found to acquire the Selected Assets at the times required and there can be no guarantee or assurance as to the price which may be obtained for such Selected Assets, which may affect payments under the Guarantee.

In any case, after the delivery of a Guarantee Enforcement Notice the Guarantor (or the Principal Servicer on behalf of the Guarantor) shall use its best efforts to sell the Selected Assets in an amount as close as possible to the amount necessary to (i) redeem in full the Pass Through Series and/or the Earliest Maturing Covered Bonds (if maturing in the next succeeding six months), and (ii) to pay any interest amount due in respect of the Covered Bonds, net of any amounts standing to the credit of the Programme Accounts, **provided that**: (A) prior to and following the sale of such Selected Assets, the Amortisation Test is complied with; and (B) the Guarantor and the Portfolio Manager shall use their best effort to sell the Selected Assets, at the first attempt, at a price that ensures that the ratio between the aggregate Outstanding Principal Balance of the Cover Pool and the Principal Amount Outstanding of all Series of Covered Bonds remains unaltered or is improved following the sale of the relevant Selected Assets and repayment of the Pass Through Series and/or Earliest Maturing Covered Bonds (as the case may be).

If the proceeds of the sale of Selected Assets raised on the first attempt are insufficient to pay the amounts referred to above, the Guarantor shall repeat its attempt to sell Selected Assets every sixth months thereafter until the earlier of (i) the date on which the Pass Through Series of Covered Bonds have been redeemed in full and (ii) the date on which a Guarantor Default Notice is delivered.

If, on any Test Calculation Date following the service of a Guarantee Enforcement Notice (and, in case of a Guarantee Enforcement Notice delivered as a result of an Article 74 Event, prior to the service of an Article 74 Event Cure Notice), the Test Calculation Agent notifies, through the Test Performance Report, the Issuer, the Sellers, any Additional Seller and the Guarantor that the Amortisation Test is not met, the Guarantor shall use its best effort (but shall not be obliged) to sell all Eligible Assets included in the Cover Pool, on a semi-annual basis starting from the date falling 30 calendar days after the date of the relevant Test Performance Report, **provided that** the proceeds of the sale (net of any costs connected thereto), together with any amount standing to the credit of the Guarantor Accounts, are sufficient to redeem in full the Pass Through Series. For further details, see section headed "*Disposal of the Eligible Assets included in the Cover Pool following the delivery of a Guarantee Enforcement Notice and the breach of the Amortisation Test*".

3.4. Liquidation of assets following the occurrence of a Guarantor Event of Default

If a Guarantor Event of Default occurs and a Guarantor Default Notice is served on the Guarantor, then the Representative of the Bondholders will be entitled to enforce the Guarantee and use the proceeds from the liquidation of the Cover Pool towards payment of all secured obligations in accordance with the "*Post-Enforcement Priority of Payments*" described in the section entitled "*Cashflows*" below.

There is no guarantee that the proceeds of the liquidation of the Cover Pool will be in an amount sufficient to repay all amounts due to creditors (including the Bondholders) under the Covered Bonds and the Programme Documents. If a Guarantor Default Notice is served on the Guarantor then the Covered Bonds may be repaid sooner or later than expected or not at all.

3.5. Changes to the lending criteria of the relevant Seller

Each of the Mortgage Loans originated by the relevant Seller will have been originated in accordance with its lending criteria at the time of origination. Each of the Mortgage Loans sold to the Guarantor by the relevant Seller, but originated by a person other than the relevant Seller (a "**Third Party Originator**"), will have been originated in accordance with the lending criteria of such Third Party Originator at the time of origination. In the event of the sale or transfer of any Mortgage Loans to the Guarantor, the Issuer will warrant that (a) such Mortgage Loans as were originated by it were originated in accordance with the Issuer's lending criteria applicable at the time of origination and (b) such Mortgage Loans as were originated by a Third Party Originator, were originated in accordance with the relevant Third Party Originator's lending criteria applicable at the time of origination. The Issuer retains the right to revise its lending criteria from time to time subject to the terms of the Master Assets Purchase Agreement. Other Third Party Originators may additionally revise their lending criteria at any time. However, if such lending criteria change in a manner that affects the creditworthiness of the Mortgage Loans, that may lead to increased defaults by Borrowers and may affect the realisable value of the Cover Pool and the ability of the Guarantor to make payments under the Guarantee. However, Defaulted Receivables having Instalments not paid for more than 180 calendar days in the Cover Pool will be given a zero weighting for the purposes of the calculation of the Mandatory Tests, the Asset Coverage Test and the Amortisation Test.

3.6. Set-off risks

The assignment of receivables under Law 130 is governed by article 58, paragraph 2, 3 and 4, of the Consolidated Banking Act. According to the prevailing interpretation of such provision, such assignment becomes enforceable against the relevant debtors as of the later of (i) the date of the publication of the notice of assignment in the Official Gazette, and (ii) the date of registration of the notice of assignment in the local Companies' Registry. Consequently, the rights of the Guarantor may be subject to the direct rights of the Debtors against the Seller or, as applicable the relevant Originator, including rights of set-off on claims arising existing prior to notification in the Official Gazette and registration at the local Companies' Registry, having a negative impact on its recoveries and, therefore, its ability to make

payments under the Guarantee. In addition, the exercise of set-off rights by Debtors may adversely affect any sale proceeds of the Cover Pool and, ultimately, the ability of the Guarantor to make payments under the Guarantee.

Moreover, further to certain amendments to article 4 of Law 130, it is now expressly provided by Law 130 that the Debtors cannot exercise rights of set-off against the Guarantor on claims arising *vis-à-vis* the Sellers after the publication of the notice of assignment in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*).

3.7. Usury Law

Pursuant to the Usury Law, lenders are prevented from applying interest rates higher than those deemed to be usurious (the "**Usury Rates**"). Usury Rates are set on a quarterly basis by a decree issued by the Italian Treasury. With a view to limiting the impact of the application of the Usury Law to Italian loans executed prior to the entering into force of the Usury Law, Italian Law No. 24 of 28 February 2001 ("**Law 24/2001**") provides (by means of interpreting the provisions of the Usury Law) that an interest rate is usurious if it is higher than the relevant limit in force at the time at which such interest rate is promised or agreed, regardless of the time at which interest is repaid by the borrower. A few commentators and debatable lower court decisions have held that, irrespective of the principle set out in Law 24/2001, if interest originally agreed at a rate falling below the then applicable usury limit (and thus, not usurious) were, at a later date, to exceed the usury limit from time to time in force, such interest should nonetheless be reduced to the then applicable usury limit. The Italian Supreme Court (*Corte di Cassazione*), under decision No. 24675 of 19 October 2017, rejected such interpretation and it clarified that only the moment of execution of the agreement is relevant to verify if the interest rate is usurious in the mortgage loans with fixed interest rate. In the last years, a number of objection have been raised on the basis of the excess of the usury limit from the sum of the default interest and the compensatory rate, based on the erroneous interpretation under decision of the Italian Supreme Court (*Corte di Cassazione*) no. 350 of 2013 that the default interest is relevant for the purposes of determining if an interest rate is usurious. Such interpretation has been constantly rejected by the Italian Courts. Other objections raised in the last years are based on the violation of the Usury Law by, for example, the sole default interest exceeding the usury limit or making reference to additional components (such as penalties and insurance policies). In this respect, the Italian Courts have not reached an unanimous position.

In addition to the above and according to certain court precedents of the Italian Supreme Court (*Corte di Cassazione*), the remuneration of any given financing must be below the applicable Usury Rate from time to time applicable. Based on this recent evolution of case law on the matter, it will constitute a breach of the Usury Law if the remuneration of a financing is lower than the applicable Usury Rate at the time the terms of the financing were agreed but becomes higher than the applicable Usury Rate at any point in time thereafter.

Finally, the Italian Supreme Court (*Corte di Cassazione*) joint sections (*Sezioni Unite*) (n. 19597 dated 18 September 2020) stated that, in order to assess whether a loan complies with the Usury Law, also default interest rates shall be included in the calculation of the remuneration to be compared with the Usury Rates. In this respect, should that remuneration be higher than the Usury Rates, only the 'type' of rate which determined the breach shall be deemed as null and void. As a consequence, the entire amount referable to the rate which determined the breach of said threshold shall be deemed as unenforceable according to the last interpretation of the Supreme Court.

3.8. Compounding interest

Pursuant to article 1283 of the Italian Civil Code, in respect of a monetary claim or receivable, accrued interest may be capitalised after a period of not less than six months or from the date when any legal proceedings are commenced in respect of that monetary claim or receivable. Article 1283 of the Italian Civil Code allows derogation from this provision in the event that there are recognised customary practices

to the contrary. Banks and other financial institutions in the Republic of Italy have traditionally capitalised accrued interest on a quarterly basis on the grounds that such practice could be characterised as a customary practice. However, a number of recent judgements from Italian courts (including judgements from the Italian Supreme Court (*Corte di Cassazione*) have held that such practices may not be defined as customary practices. Consequently, if Debtors were to challenge this practice, it is possible that such interpretation of the Italian Civil Code would be upheld before other courts in the Republic of Italy and that the returns generated from the relevant Mortgage Loans may be prejudiced. Therefore, potential investors should be aware of the potential negative impact of application by the merits courts of such interpretation of the Italian Civil Code on the recoveries and cash flows of the Issuer.

In this respect, it should be noted that Article 25, paragraph 3, of Legislative Decree No. 342 of 4 August 1999 ("**Decree No. 342**"), enacted by the Italian Government under a delegation granted pursuant to law No. 142 of 19 February 1992, has considered the capitalisation of accrued interest (*anatocismo*) made by banks prior to the date on which it came into force (19 October 1999) to be valid. After such date, the capitalisation of accrued interest is no longer possible upon the terms established by a resolution of the CICR issued on 22 February 2000. Law No. 342 has been challenged and decision No. 425 of 17 October 2000 of the Italian Constitutional Court has declared as unconstitutional under the provisions of Law No. 342 regarding the validity of the capitalisation of accrued interest made by banks prior to the date on which Law No. 342 came into force.

Article 17 bis of law decree 18 of 14 February 2016 as converted into Law no. 49 of 8 April 2016 amended article 120, paragraph 2, of the Consolidated Banking Act, providing that the accrued interest shall not produce further interests, except for default interests, and are calculated exclusively on the principal amount. On 8 August 2016, the decree no. 343 of 3 August 2016 issued by the Minister of Economy and Finance, in his quality of President of the CICR, implementing article 120, paragraph 2, of the Consolidated Banking Act, has been published. Given the absence of any jurisprudential interpretation, the impact of such new legislation may not be predicted as at the date of this Base Prospectus, and may have a potential negative impact on the Portfolio. Indeed, if Debtors were to challenge this practice, it is possible that such interpretation of the Italian civil code would be upheld before other courts in the Republic of Italy and that the returns generated from the relevant Mortgage Loans may be prejudiced. The occurrence of such event shall reduce the amount of collections and recoveries of the Guarantor with a negative impact of its ability to fulfil its obligations under the Guarantee.

3.9. Value of the Cover Pool

The Guarantee granted by the Guarantor in respect of the Covered Bonds will be backed by the Cover Pool and the recourse against the Guarantor will be limited to such assets. Since the economic value of the Cover Pool may increase or decrease, the value of the Guarantor's assets may decrease (for example if there is a general decline in property values). The Issuer makes no representation, warranty or guarantee that the value of a Real Estate Asset will remain at the same level as it was on the date of the origination of the related Mortgage Loan or at any other time. If the residential property market in Italy experiences an overall decline in property values, the value of the Mortgage Loan could be significantly reduced and, ultimately, may result in losses to the Bondholders if such security is required to be enforced.

3.10. Limits to Integration

The integration of the Cover Pool through Eligible Assets shall be carried out in accordance with the modalities, and subject to the limits, set out in the Bank of Italy Regulations (see "*Description of Certain Relevant Legislation in Italy – Substitution of Assets*").

More specifically, under the Bank of Italy Regulations, integration is allowed exclusively for the purpose of complying with (a) the Tests in accordance with Law 130 and (b) the overcollateralisation requirements as set forth by the Bank of Italy Regulations in accordance with article 129 of CRR.

Investors should note that Integration is not allowed in circumstances other than as set out in the Bank of Italy Regulations and specified above.

3.11. Mortgage borrower protection

Certain legislation enacted in Italy has given new rights and certain benefits to mortgage debtors and/or reinforced existing rights, including, *inter alia*, and as better regulated under the relevant applicable laws and regulations, (i) the right of prepayment of the principal amount of the mortgage loan, without incurring a penalty or, as applicable, at a reduced penalty rate, (ii) the right to the substitution (*portabilità*) of a mortgage loan with another mortgage loan, (iii) the right of first home-owners to suspend instalment payments under mortgage loans up to a maximum of two times and for a maximum aggregate period of 18 months, (iv) the right to suspend the payment of principal instalments relating to mortgage loans for a 12 months period, (v) the automatic suspension of instalment payments of mortgages and loans, up to certain periods, to residents, both individuals and businesses, in certain municipalities affected by environmental disasters and listed in the relevant laws and regulations.

The legislations as described above may have an adverse effect on the Cover Pool and, in particular, on any cash flow projections concerning the Cover Pool as well as on the overcollateralisation required in order to maintain the then current ratings of the Covered Bonds. However, the Asset Coverage Test has been structured in such a way to attribute different weight to Receivables arising from Mortgage Loan as better described in the Cover Pool Management Agreement. To the extent any underweight in respect of the Receivables arising from Mortgage Loan included in the Cover Pool could lead to a breach of Tests, the Issuer will be required to sell to the Guarantor subsequent portfolios of Eligible Assets in accordance with the Cover Pool Management Agreement and the Master Assets Purchase Agreement in order to remedy such breach, see "*Description of Certain Relevant Legislation in Italy*". However, upon occurrence of an Issuer Event of Default a massive adhesion to such payment holidays may adversely affect the cashflows deriving from the Cover Pool and as a consequence the repayment of the Covered Bonds.

3.12. Maintenance of the Cover Pool

Pursuant to the terms of the Master Assets Purchase Agreement, the Principal Seller has agreed (and the Additional Seller(s) upon their accession to the Master Assets Purchase Agreement) to transfer New Portfolios to the Guarantor and the Guarantor has agreed to purchase New Portfolios in order to ensure that the Cover Pool is in compliance with (i) prior to delivery of a Guarantee Enforcement Notice, the Mandatory Tests, the Asset Coverage Test and the Liquidity Reserve Requirement and (ii) following delivery of a Guarantee Enforcement Notice, the Mandatory Tests, the Liquidity Reserve Requirement and the Amortisation Test. The Initial Portfolio Purchase Price was funded through the proceeds of the Term Loan granted under the Subordinated Loan Agreement between the Guarantor and BMPS and the New Portfolio Purchase Price will be funded through (A) (i) any Guarantor Available Funds available in accordance with the Pre-Issuer Default Principal Priority of Payments; (ii) to the extent the Guarantor Available Funds are not sufficient to pay the relevant New Portfolio Purchase Price, the proceeds of a Term Loan granted under the Subordinated Loan Agreements, for an amount equal to the portion of the New Portfolio Purchase Price not paid in accordance with item (i); (B) in certain circumstances, entirely by means of a Term Loan granted under the Subordinated Loan Agreements.

Under the terms of the Cover Pool Management Agreement, the Issuer has undertaken (and the Additional Seller(s) will undertake upon their accession to the Cover Pool Management Agreement) to ensure that on each Test Calculation Date the Cover Pool is in compliance with (i) prior to delivery of a Guarantee Enforcement Notice, the Mandatory Tests, the Asset Coverage Test and the Liquidity Reserve Requirement and (ii) following delivery of a Guarantee Enforcement Notice, the Mandatory Tests, the Liquidity Reserve Requirement and the Amortisation Test. If on any Test Calculation Date, the Cover Pool is not in compliance with the relevant Tests, then the Guarantor will require the Principal Seller and/or the Additional Seller to grant further Term Loans for the purposes of funding the purchase of New Portfolios,

Eligible Assets, representing an amount sufficient to allow the relevant Tests to be met on the next following Test Calculation Date. If the Cover Pool is not in compliance with the Mandatory Tests or the Asset Coverage Test on the next following Test Calculation Date, the Representative of the Bondholders will serve a Breach of Tests Notice on the Issuer and the Guarantor. The Representative of the Bondholders shall revoke the Breach of Tests Notice if on any Test Calculation Date, the relevant Tests are subsequently satisfied, unless any other Segregation Event has occurred and is outstanding and without prejudice to the obligation of the Representative of the Bondholders to serve a Breach of Tests Notice in the future. If, following the delivery of a Breach of Tests Notice, the relevant Tests are not met on, or prior to, the Test Calculation Date falling at the end of the Test Remedy Period, the Representative of the Bondholders will serve a Guarantee Enforcement Notice on the Issuer and the Guarantor, unless a Programme Resolution is passed resolving to extend the Test Remedy Period.

If the aggregate collateral value of the Cover Pool has not been maintained in accordance with the terms of the Tests, that may affect the realisable value of the Cover Pool or any part thereof (both before and after the occurrence of a Guarantor Event of Default) and/or the ability of the Guarantor to make payments under the Guarantee. Failure to satisfy the Amortisation Test on any Test Calculation Date following the delivery of a Guarantee Enforcement Notice will cause all Covered Bonds becoming immediately Pass Through Series.

Pursuant the Asset Monitor Engagement Letter entered on 18 June 2010 by and between the Issuer and the Asset Monitor, the Asset Monitor has agreed to perform, in accordance with Article 7-*sexiesdecies* of Law 130, certain procedures relating, *inter alia*, to the control of (i) the fulfilment of the eligibility criteria set out under Article 7-*novies* of Law 130, the Bank of Italy Regulations and Article 129 of the CRR with respect to the Eligible Assets included in the Cover Pool; (ii) the compliance with the internal limits to the transfer of Eligible Assets set out under Article 7-*novies* of Law 130 and the Bank of Italy Regulations; (iii) the calculation performed by the Issuer with respect to the Mandatory Tests, the Asset Coverage Test, the Amortisation Test and the Liquidity Reserve Requirement and the compliance with the limits set out under Articles 7-*undecies* and 7-*duodecies* of Law 130 and Article 129, paragraph 1, letter (a) of the CRR; (iv) the effectiveness and adequacy of the risk protection provided by any Swap Agreement entered into in the context of the Programme; (v) the segregation of the Eligible Assets included in the Portfolio according to article 7-*octies* of Law 130; (vi) the correct application and notification of the extension of the maturity of the Covered Bonds issued as required by Article 7-*terdecies* of Law 130; and (vii) the completeness, correctness and the timely delivery of the information provided to investors pursuant to Article 7-*septiesdecies* of Law 130 and the Bank of Italy Regulations. See further "*Description of the Programme Documents – Asset Monitor Agreement*".

3.13. Limited description of the Cover Pool

Bondholders will not receive detailed statistics or information in relation to the Eligible Assets in the Cover Pool, because it is expected that the constitution of the Cover Pool will frequently change due to, for instance:

- the Issuer, or any Additional Seller(s), selling further Eligible Assets (or types of Eligible Assets, which are of a type that have not previously been comprised in the Cover Pool) to the Guarantor; and
- the Issuer, or any Additional Seller(s), repurchasing or substituting Eligible Assets in accordance with the Master Assets Purchase Agreement.

However, each Eligible Asset will be required to meet the Eligibility Criteria and to conform with the representations and warranties set out in the Warranty and Indemnity Agreement — see "*Description of the Programme Documents — Warranty and Indemnity Agreement*". In addition, the Asset Coverage Test is intended to ensure that the Adjusted Aggregate Asset Amount is an amount equal to or in excess of the aggregate outstanding principal amount of the Covered Bonds for so long as Covered Bonds remain

outstanding and the Pre-Issuer Default Test Calculation Agent will provide monthly reports that will set out certain information in relation to the Asset Coverage Test.

Nonetheless, the main composition details of the Cover Pool are available on the Issuer's website (www.mps.it) by the publication of the Payments Report and updated on a quarterly basis pursuant to the Bank of Italy Regulations.

3.14. No due diligence on the Cover Pool

None of the Joint-Arrangers, any Dealer, the Guarantor or the Representative of the Bondholders has undertaken or will undertake any investigations, searches or other actions in respect of any of the Eligible Assets or other Receivables. Instead, the Guarantor will rely on the Common Criteria, the Specific Criteria, the Additional Criteria and the relevant representations and warranties given by the relevant Seller(s) and, upon accession to the Programme, each Additional Seller(s), in the Warranty and Indemnity Agreement. The remedy provided for in the Warranty and Indemnity Agreement for breach of representation or warranty is for the relevant Seller(s) to indemnify and hold harmless the Guarantor in respect of losses arising from such breach and for the Guarantor to exercise an option right to retransfer the Eligible Assets in respect of which a breach of the representation or warranty has occurred which were previously assigned to it by the relevant Seller in accordance with the terms and conditions set out in the Warranty and Indemnity Agreement. Such obligations are not guaranteed by, nor will they be the responsibility of any person other than the relevant Seller and neither the Guarantor nor the Representative of the Bondholders will have recourse to any other person in the event that the relevant Seller, for whatever reason, fails to meet such obligations. However, pursuant to the Cover Pool Management Agreement the assets which are not Eligible Assets comprised in the Cover Pool are excluded by the calculation of the Tests on the Portfolio and in case of breach of a Test due to such exclusion, either the Principal Seller and/or the Additional Seller(s) or, failing the latter to do so, the Issuer are obliged to integrate the Cover Pool.

3.15. No representations or warranties to be given by the Guarantor or the relevant Seller if Eligible Assets and their related Security Interests are to be sold

After the service of a Guarantee Enforcement Notice on the Guarantor, but prior to service of a

Guarantor Default Notice, the Guarantor shall, if necessary in order to effect timely payments under the Covered Bonds, sell the Eligible Assets and their related Security Interests included in the Cover Pool, subject to a right of pre-emption granted to the relevant Seller pursuant to the terms of the Master Assets Purchase Agreement and of the Cover Pool Management Agreement. In respect of any sale of Eligible Assets and their related Security Interests to third parties, however, the Guarantor will not provide any warranties or indemnities in respect of such Eligible Assets and related Security Interests and there is no assurance that the relevant Seller would give or repeat any warranties or representations in respect of the Eligible Assets and related Security Interests or if it has not consented to the transfer of such warranties or representations. Any representations or warranties previously given by the relevant Seller in respect of the Mortgage Loans in the Portfolios may not have value for a third party purchaser if the relevant Seller is then insolvent. Accordingly, there is a risk that the realizable value of the Eligible Assets and related Security Interests could be adversely affected by the lack of representations and warranties which in turn could adversely affect the ability of the Guarantor to meet its obligations under the Guarantee. Claw-back of the sales of the Receivables assignments executed under Law 130 are subject to revocation on bankruptcy under article 166, paragraph 1, of the Business Crisis and Insolvency Code applies but only in the event that the declaration of bankruptcy of the relevant Seller is made within three months of the covered bonds transaction (or of the purchase of the Cover Pool) or, in cases where article 166 (i.e. if the payments made or the obligations assumed by the bankrupt party exceed by more than one-fourth the consideration received or promised), within six months of the covered bonds transaction (or of the purchase of the Cover Pool).

4. Risks related to the market generally

4.1. Limited secondary market

There is, at present, a secondary market for the Covered Bonds but it is neither active nor liquid, and there can be no assurance that an active or liquid secondary market for the Covered Bonds will develop. The Covered Bonds have not been, and will not be, offered to any persons or entities in the United States of America or registered under any securities laws and are subject to certain restrictions on the resale and other transfer thereof as set forth under "Subscription and Sale". If an active or liquid secondary market develops, it may not continue for the life of the Covered Bonds or it may not provide Bondholders with liquidity of investment with the result that a Bondholder may not be able to find a buyer to buy its Covered Bonds readily or at prices that will enable the Bondholder to realise a desired yield. If, therefore, a market does develop, it may not be very liquid, and investors may not be able to sell their Covered Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for bonds that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of bonds generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of the Covered Bonds.

4.2. Exchange Rate Risks and exchange controls

The Issuer will pay principal and interest on the Covered Bonds in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease; (1) the Investor's Currency-equivalent yield on the Covered Bonds, (2) the Investor's Currency-equivalent value of the principal payable on the Covered Bonds, and (3) the Investor's Currency-equivalent market value of the Covered Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

4.3. Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) it can legally invest in Covered Bonds (ii) Covered Bonds can be used as collateral for various types of borrowing and "repurchase" arrangements and (iii) other restrictions apply to its purchase or pledge of any Covered Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Covered Bonds under any applicable risk-based capital or similar rules.

DOCUMENTS INCORPORATED BY REFERENCE

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

(a) the consolidated interim report as at 31 march 2024 of the Issuer for the first quarter of the financial year 2024 (https://www.gruppomps.it/static/upload/_con/consolidated-interim-report-as-at-31-march-2024.pdf);

(b) the consolidated non-financial statements of the Issuer for the financial year ended on 31 December 2023 (https://www.gruppomps.it/static/upload/mps/mps_dnf_eng_2023.pdf);

(c) the consolidated and separate audited annual financial statements of the Issuer for the financial year ended on 31 December 2023, contained in the 2023 audited consolidated annual report (https://www.gruppomps.it/static/upload/ann/annual-report-31-12-2023.pdf);

(d) the consolidated and separate audited annual financial statements of the Issuer for the financial year ended on 31 December 2022, contained in the 2022 audited consolidated annual report (https://www.gruppomps.it/static/upload/ann/annual-report-31-12-2022.pdf);

(e) the financial statements of the Guarantor as at and for the year ended on 31 December 2023 (https://www.gruppomps.it/static/upload/mps/mps-cb-ni-31-12-2023_definitiva_en.pdf);

(f) the auditors' report for the Guarantor for financial statements as at and for the year ended on 31 December 2023 (https://gruppomps.it/static/upload/mps/mps-cb_opinion-31-12-2023_eng.pdf);

(g) the financial statements of the Guarantor as at and for the year ended on 31 December 2022 (mps-cb-financial-statement-fy22.pdf (gruppomps.it));

(h) the auditors' report for the Guarantor for financial statements as at and for the year ended on 31 December 2022 (mps-covered-bond-srl_auditors-letter-pwc_final-report-fy22-eng.pdf (gruppomps.it));

(i) Terms and Conditions and Rules of the Organisation of the Bondholders set out under the Prospectus approved on 12 October 2023 (https://www.gruppomps.it/static/upload/bmp/bmps-cb1_base-prospectus-2023.pdf).

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

Copies of documents incorporated by reference into this Base Prospectus may be obtained from the registered office of the Issuer and the Issuer's website (https://www.gruppomps.it/en/). This Base Prospectus and the documents incorporated by reference will also be available on the Luxembourg Stock Exchange's web site (https://www.luxse.com/).

The Issuer declares that only the English language versions, which represent a direct translation from the Italian language documents (including the audit reports), are incorporated by reference in this Base Prospectus.

Cross-reference List

The following tables show, inter alia, the information required under Annex 7 of the Prospectus Regulation (in respect of the Issuer and the Guarantor) that can be found in the above-mentioned

financial statements incorporated by reference into this Base Prospectus.

Issuer's Consolidated Interim Report as at 31 March 2024

Table headed "Income statement and balance sheet figures"	Page 4
Table headed "Alternative performance measures"	Page 5
Table headed "Regulatory measures"	Page 6
Income statement and balance sheet reclassification principles	Pages 20 – 22
Reclassified income statement	Pages 23 – 24
Reclassified balance sheet	Pages 31 – 32
Paragraph headed "MREL Capacity"	Page 44
Disclosure on Risks	Pages 45 – 50

Issuer's Audited Consolidated Annual Financial Statements	2023	2022
Consolidated Balance Sheet	Pages 130-131 of the pdf	Pages 158 – 159
Consolidated Income Statement	Page 132 of the pdf	Page 160
Consolidated statement of comprehensive income	Page 133 of the pdf	Page 161
Consolidated Statement of Changes in Equity	Pages 134 – 135 of the pdf	Pages 162 – 163
Consolidated Cash Flows Statement	Pages 136 – 137 of the pdf	Pages 164-165
Notes to the Consolidated Financial Statements	Pages 138 – 519 of the pdf	Pages 166 – 591
Independent Auditors' Report	Pages 520 – 530 of the pdf	Pages 569 – 582

Issuer's Audited Non-Consolidated Annual Financial Statements	2023	2022
Balance Sheet	Pages 563 – 564 of the pdf	Pages 623 – 624
Income Statement	Page 565 of the	Page 625

	pdf	
Statement of Comprehensive Income	Page 566 of the pdf	Page 626
Statement of Changes in Equity	Pages 567 – 568 of the pdf	Pages 627 – 628
Cash Flows Statement	Pages 569 – 570 of the pdf	Pages 629 – 630
Independent Auditors' Report	Pages 858 – 866 of the pdf	Pages 937 – 949
Notes to the Separate Financial Statements	Pages 572 – 855 of the pdf	Pages 631 – 1024

Guarantor Annual Financial Statements	2023	2022
Directors' Report on Operations	Pages 3 – 10	Pages 3 – 11
Balance Sheet	Pages 11 – 12	Pages 12 – 13
Income Statement	Pages 13 – 14	Page 14
Statement of Comprehensive Income	Page 15	Page 15
Statement of Changes in Equity	Pages 16 – 17	Page 16
Statement of Cash Flows	Pages 18 – 19	Page 17
Notes to the Separate Financial Statements	Pages 20 – 93	Pages 18 – 43

Guarantor Independent Auditors' Report as at 31 December 2022	Pages	Entire document
Guarantor Independent Auditors' Report as at 31 December 2023	Pages	Entire document

Issuer's consolidated non-financial statements	2023
Our Vision	Pages 6 – 10 and Pages 14 – 18 and 20 – 28
Our Identity	Pages 29 – 50
Our Approach	Pages 52 – 61 and Pages 63 – 89 and Pages 91 – 121 and Pages 123 – 134 and Pages 136 – 141 and Pages 143 – 149 and Pages 151 – 159

	and Pages 161 – 169 and Pages 171 – 175 and Pages 177 – 181 and Pages 183 – 199
Measurement	Pages 200 – 304
Independent Auditor's Report	308 – 310

Pursuant to Article 19(1) of Regulation (EU) 2017/1129, the information not listed in the cross-reference lists above are not incorporated by reference and are either not relevant for investors or covered elsewhere in this Base Prospectus.

Terms and Conditions the Rules of the Organisation of the Bondholders set out under the Prospectus approved on 12 October 2023

The following table shows, *inter alia*, the information that can be found in the above-mentioned documents incorporated by reference into this Base Prospectus.

Prospectus approved on 12 October 2023

Rules of the Organisation of the Bondholders	Pages 157 – 180
Terms and Conditions of Covered Bonds	Pages 102 – 156

The terms and conditions and the rules of the organisation of the bondholders set out under the base prospectus approved on 12 October 2023 are available at the following link: https://www.gruppomps.it/static/upload/bmp/bmps-cb1_base-prospectus-2023.pdf.

Pursuant to Article 19(1) of Regulation (EU) 2017/1129, the information not listed in the cross reference list above are not incorporated by reference and are either not relevant for investors or covered elsewhere in this Base Prospectus.

Any document which is incorporated by reference into any of the documents incorporated in, and form part of, the Prospectus, shall not constitute a part of the Prospectus.

SUPPLEMENT TO THE PROSPECTUS

The Issuer has undertaken, in connection with the listing of the Covered Bonds on the official list of the Luxembourg Stock Exchange, that if there shall occur any adverse change in the business or financial position of the Issuer or any change in the information set out under "Terms and Conditions of the Covered Bonds", that is material in the context of issuance of Covered Bonds under the Programme, the Issuer will prepare or procure the preparation of a supplement to this Base Prospectus or, as the case may be, publish a new Prospectus, for use in connection with any subsequent issue by the Issuer of Covered Bonds to be admitted to trading on the regulated market of the Luxembourg Stock Exchange.

TERMS AND CONDITIONS OF THE COVERED BONDS

*The following is the text of the terms and conditions of the Covered Bonds (the "**Conditions**" and, each of them, a "**Condition**"). In these Conditions, references to the "holder" of Covered Bonds and to the "Bondholders" are to the ultimate owners of the Covered Bonds, bearer and dematerialised and evidenced by book entries with Euronext Securities Milan in accordance with the provisions of (i) Article 83-bis of the Financial Laws Consolidation Act and (ii) the joint regulation of CONSOB and the Bank of Italy dated 13 August 2018 and published in the Official Gazette No. 201 of 30 August 2018, as subsequently amended and supplemented from time to time.*

The Bondholders are deemed to have notice of and are bound by, and shall have the benefit of, inter alia, the terms of the Rules of the Organisation of the Bondholders attached to, and forming part of, these Conditions. In addition, the applicable Final Terms in relation to any Series or Tranche of Covered Bonds may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, complete the Conditions for the purpose of such Series or Tranche.

1. INTRODUCTION

(a) *Programme*: Banca Monte dei Paschi di Siena S.p.A. (the "**Issuer**") has established a covered bond programme (the "**Programme**") for the issuance of up to €20,000,000,000 in aggregate principal amount of covered bonds (*Obbligazioni Bancarie Garantite*) (the "**Covered Bonds**") guaranteed by MPS Covered Bond S.r.l. (the "**Guarantor**"). Covered Bonds are issued pursuant to Title I-*bis* of Law No. 130 of 30 April 1999 (as amended, "**Law 130**"), which has implemented Directive (EU) 2019/2162 of 29 November 2019 establishing a common framework for covered bonds, and regulations n. 285 issued by the Bank of Italy on 17 December 2013, as supplemented from time to time (the "**Bank of Italy Regulations**").

(b) *Final Terms*: Covered Bonds are issued in series or tranches (each, respectively, a "**Series**" or "**Tranche**"). Each Series or Tranche is the subject of final terms (the "**Final Terms**") which complete these Conditions. The terms and conditions applicable to any particular Series or Tranche of Covered Bonds are these Conditions as completed by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.

(c) *Guarantee*: Each Series or Tranche of Covered Bonds is the subject of a guarantee dated 18 June 2010 (the "**Guarantee**") entered into between the Guarantor and the Representative of the Bondholders for the purpose of guaranteeing the payments due from the Issuer in respect of the Covered Bonds of all Series or Tranches issued under the Programme. The Guarantee will be backed by the Cover Pool (as defined below). The recourse of the Bondholders to the Guarantor under the Guarantee will be limited to the assets of the Cover Pool. Payments made by the Guarantor under the Guarantee will be made subject to, and in accordance with, the relevant Priority of Payments.

(d) *Programme Agreement and Subscription Agreements*: The Issuer and the Dealer(s) have agreed that any Covered Bonds of any Series or Tranche which may from time to time be agreed between the Issuer and the Dealer(s) to be issued by the Issuer and subscribed for by such Dealer(s) shall be issued and subscribed for on the basis of, and in reliance upon, the representations, warranties, undertakings and indemnities made or given or provided to be made or given pursuant to the terms of a programme agreement (the "**Programme Agreement**") entered into, on 18 June 2010, between the Issuer, the Guarantor, the Representative of the Bondholders and the Dealer(s). In addition, in relation to each Series or Tranche of Covered Bonds the Issuer, and the relevant Dealer(s)

will enter into a subscription agreement on or about the date of the relevant Final Terms (the "**Subscription Agreement**"). According to the terms of the Programme Agreement, the Issuer has the faculty to nominate any institution as a new Dealer in respect of the Programme or nominate any institution as a new Dealer only in relation to a particular Series or Tranche of Covered Bonds upon satisfaction of certain conditions set out in the Programme Agreement.

(e) *Euronext Securities Milan Mandate Agreement*: In a mandate agreement with Euronext Securities Milan (formerly, Monte Titoli S.p.A.) (the " **Euronext Securities Milan Mandate Agreement**"), Euronext Securities Milan has agreed to provide the Issuer with certain depository and administration services in relation to the Covered Bonds issued in bearer and dematerialised form.

(f) *Master Definitions Agreement*: In a master definitions agreement (the "**Master Definitions Agreement**") between, *inter alios*, the Issuer, the Guarantor, the Representative of the Bondholders and the Other Guarantor Creditors (as defined below), the definitions of certain terms used in the Programme Documents have been agreed.

(g) *The Covered Bonds*: Except where stated otherwise, all subsequent references in these Conditions to "**Covered Bonds**" are to the Covered Bonds which are the subject of the relevant Final Terms, but all references to "**each Series or Tranche of Covered Bonds**" are to (i) the Covered Bonds which are the subject of the relevant Final Terms and (ii) each other Series or Tranche of Covered Bonds issued under the Programme which remains outstanding from time to time.

(h) *Rules of the Organisation of the Bondholders*: The rules of the organisation of bondholders (the "**Rules**") are attached to, and form an integral part of, these Conditions. References in these Conditions to the Rules include such rules as from time to time modified in accordance with the provisions contained therein and any agreement or other document expressed to be supplemental thereto.

(i) *Summaries*: Certain provisions of these Conditions are summaries of the Programme Documents and are subject to their detailed provisions. Bondholders are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Programme Documents applicable to them. Copies of the Programme Documents are available for inspection by Bondholders during normal business hours at the registered office of the Representative of the Bondholders from time to time and, where applicable, at the Specified Office(s) of the Paying Agents.

2. INTERPRETATION

(a) *Definitions:*

In these Conditions the following expressions have the following meanings:

"**Accrual Yield**" has the meaning given in the relevant Final Terms.

"**Accrued Interest**" means, as of any Valuation Date and in relation to any Eligible Asset to be assigned as at that date, the portion of the Interest Instalment accrued, but not yet due, as at such date.

"**Additional Seller**" means any entity being part of the Montepaschi Group that may transfer one or more New Portfolios to the Guarantor following the accession to the Programme pursuant to the Programme Documents.

"**Additional Servicer**" means each Additional Seller which has been appointed as servicer in relation to the Eligible Assets transferred to the Guarantor, following the accession to the Programme and to the Master Servicing Agreement, pursuant to the Programme Documents.

"**Additional Subordinated Lender**" means each Additional Seller in its capacity as additional subordinated lender, pursuant to the relevant Subordinated Loan Agreement.

"**Adjustment Purchase Price**" means the purchase price adjusted on the basis of calculations carried out pursuant to clause 7 of the Master Assets Purchase Agreement.

"**Amortisation Test**" means the Test as indicated in clause 5 of the Cover Pool Management Agreement.

"**Asset Coverage Test**" has the meaning as indicated pursuant to clause 3 of the Cover Pool Management Agreement.

"**Asset Monitor**" means Deloitte & Touche S.p.A. in its capacity as asset monitor pursuant to the Asset Monitor Engagement Letter and the Asset Monitor Agreement.

"**Asset Monitor Agreement**" means the agreement entered on 18 June 2010 between, *inter alios*, the Asset Monitor, the Issuer and the Guarantor, as amended from time to time.

"**Asset Monitor Engagement Letter**" means the engagement letter entered into, on 18 June 2010 (as amended and supplemented) between the Issuer and the Asset Monitor in order to perform specific agreed upon procedures concerning, *inter alia*, (i) the fulfillment of the eligibility criteria set out under Law 130 with respect to the Eligible Assets included in the Cover Pool; (ii) the compliance with the limits to the transfer of the Eligible Assets set out under article 129 of the CRR; and (iii) the effectiveness and adequacy of the risk protection provided by any Swap Agreement entered into in the context of the Programme.

"**Asset Swap Agreement**" means any asset swap agreement which may be entered into between an Asset Swap Provider and the Guarantor.

"**Asset Swap Provider**" means any entity acting as swap counterparty under an Asset Swap Agreement.

"**Back-Up Servicer**" means Banca Finanziaria Internazionale S.p.A. or any other entity that will be appointed in such capacity by the Guarantor, together with the Representative of the Bondholders, pursuant to clause 10.1 of the Master Servicing Agreement.

"**Bank of Italy Regulations**" means the regulations No. 285 issued by the Bank of Italy on 17 December 2013, as supplemented from time to time.

"**Base Interest**" has the meaning given to the term "*Interesse Base*" pursuant to the Subordinated Loan Agreement.

"**BMPS**" means Banca Monte dei Paschi di Siena S.p.A..

"**Bondholders**" means the holders from time to time of the Covered Bonds included in each Series or Tranche of Covered Bonds.

"**Breach of Tests Cure Notice**" means the notice delivered by the Representative of the Bondholders in accordance with the terms of the Cover Pool Management Agreement.

"**Breach of Tests Notice**" means the notice delivered by the Representative of the Bondholders in accordance with the terms of the Cover Pool Management Agreement following the breach of one of the Mandatory Tests and/or the Asset Coverage Test prior to an Issuer Event of Default.

"**Business Crisis and Insolvency Code**" means the Legislative Decree no. 14 of 12 January 2019 (as amended and supplemented from time to time), containing the regulations of the "Business Crisis and Insolvency Code" (*Codice della Crisi d'Impresa e dell'Insolvenza*).

"**Business Day**" means any day (other than a Saturday or Sunday) on which banks are generally open for business in Milan, Luxembourg and London and on which the Real-time gross Settlement System (T2) managed by Eurosistema (or any successor thereto) is open.

"**Business Day Convention**", in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

(i) "**Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day;

(ii) "**Modified Following Business Day Convention**" or "**Modified Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;

(iii) "**Preceding Business Day Convention**" means that the relevant date shall be brought forward to the first preceding day that is a Business Day;

(iv) "**FRN Convention**", "**Floating Rate Convention**" or "**Eurodollar Convention**" means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred provided, however, that:

(A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;

(B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and

(C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and

(v) "**No Adjustment**" **means** that the relevant date shall not be adjusted in accordance with any Business Day Convention.

"**Calculation Amount**" is the amount used for the calculation of interest amounts and redemption amounts for the relevant covered bonds as specified in the relevant Final Terms.

"**Calculation Period**" means the period from one Guarantor Calculation Date (included) to the next Guarantor Calculation Date (excluded).

"**Call Option**" has the meaning given in the relevant Final Terms.

"**Cash Allocation, Management and Payments Agreement**" means the cash allocation, management and payments agreement entered on 18 June 2010 between, *inter alios*, the Guarantor, the Representative of the Bondholders, the Paying Agent(s) and the Italian Account Bank, as amended from time to time.

"**Cash Manager**" means BMPS acting in such capacity pursuant to the Cash Allocation, Management and Payments Agreement or any other entity acting in such capacity pursuant to the Cash Allocation, Management and Payments Agreement.

"**Cash Manager Report**" means the report produced by the Cash Manager pursuant to the Cash Allocation, Management and Payments Agreement.

"**Cessation of Business**" means, with respect to the Issuer, the loss of the banking licence.

"**Civil Code**" means the Italian civil code, enacted by Royal Decree No. 262 of 16 March 1942, as subsequently amended and supplemented.

"**Clearstream**" means Clearstream Banking *société anonyme*, Luxembourg with offices at 42 avenue JF Kennedy, L-1855 Luxembourg.

"**Collateral Account(s)**" means any other cash and/or securities account (different from the Guarantor's Accounts) opened by the Guarantor pursuant to clause 7.4 of the Intercreditor Agreement.

"**Collateral Security**" means any security (including any loan mortgage insurance and excluding Mortgages) granted to the Principal Seller (or any Additional Seller(s), if any) by any Debtor in order to guarantee the payment and/or redemption of any amounts due under the relevant Mortgages Loan Agreement.

"**Collection Date**" means (i) prior to the service of a Guarantor Default Notice, the first calendar day of each month; and (ii) following the service of a Guarantor Default Notice, each date determined by the Representative of the Bondholders as such.

"**Collection Period**" means the Monthly Collection Period and/or the Quarterly Collection Period, as applicable.

"**Collections**" means all amounts received or recovered by the Servicer in respect of the Eligible Assets included in the Cover Pool.

"**CONSOB**" means *Commissione Nazionale per le Società e la Borsa*.

"**Consolidated Banking Act**" means Legislative Decree No. 385 of 1 September 1993, as subsequently amended and supplemented.

"**Corporate Services Agreement**" means the corporate services agreement entered on 18 June 2010 between, *inter alios*, the Guarantor and the Guarantor Corporate Servicer.

"**Corresponding Interest**" has the meaning given to the term "*Interesse Collegato*" in the Subordinated Loan Agreement.

"**Corresponding Series or Tranche of Covered Bonds**" means, in respect of a Fixed Interest Term Loan or a Floating Interest Term Loan, the Series or Tranche of Covered Bonds issued or to be issued pursuant to the Programme and notified by the Subordinated Lender to the Guarantor in the relevant Term Loan Proposal.

"**Cover Pool**" means the cover pool constituted by (i) Receivables and (ii) any other Eligible Assets.

"**Cover Pool Management Agreement**" means the Cover Pool management agreement entered on 18 June 2010 between, *inter alios*, the Issuer, the Guarantor, the Principal Seller, the Pre-Issuer Default Test Calculation Agent, the Post-Issuer Default Test Calculation Agent, the Guarantor Calculation Agent and the Representative of the Bondholders, as amended from time to time.

"**Covered Bond Swap Agreement**" means each International Swaps and Derivatives Association ("**ISDA**") 1992 Master Agreement (*Multicurrency Cross Border*) (together with the Schedule and credit support annex thereto and the confirmations evidencing interest rate swap transactions thereunder) entered into from time to time between the Guarantor and a Covered Bond Swap Provider, as amended from time to time.

"**Covered Bond Swap Provider**" means any entity acting as covered bond swap provider under a Covered Bond Swap Agreement to the Guarantor and "**Covered Bond Swap Providers**" means more than one of them.

"**Covered Bonds**" means the Covered Bonds (*Obbligazioni Bancarie Garantite*) of each Series or Tranche issued or to be issued by the Issuer in the context of the Programme.

"**CRR**" means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, as amended and supplemented from time to time.

"**Day Count Fraction**" means, in respect of the calculation of an amount for any period of time (the "Calculation Period"), such day count fraction as may be specified in the Terms and Conditions or the relevant Final Terms and:

(i) if "**Actual/Actual (ICMA)**" is so specified, means:

(A) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

(B) where the Calculation Period is longer than one Regular Period, the sum of:

(1) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (a) the actual number of days in such Regular Period and (b) the number of Regular Periods in any year; and

(2) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (b) the number of Regular Periods in any year;

(ii) if "**Actual/Actual (ISDA)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(iii) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;

(iv) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;

(v) if "**30/360**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30";

(vi) if "**30E/360**" or "**Eurobond Basis**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30; and

(vii) if "**30E/360 (ISDA)**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30,

provided, however, that in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period.

"**DBRS**" means DBRS Ratings GmBH and any of its successors or assignees.

"**DBRS Critical Obligations Rating (COR)**" means the DBRS rating addressing the risk of default of particular obligations / exposures of certain banks that have a higher probability of being excluded from bail-in and remaining in a continuing bank in the event of the resolution of a troubled bank than other senior unsecured obligations.

"**DBRS Equivalent Rating**" means the DBRS rating equivalent of any of the below ratings by Moody's, Fitch or S&P:

DBRS	Moody's	S&P	Fitch
AAA	Aaa	AAA	AAA
AA(high)	Aa1	AA+	AA+
AA	Aa2	AA	AA
AA(low)	Aa3	AA-	AA-
A(high)	A1	A+	A+
A	A2	A	A
A(low)	A3	A-	A-
BBB(high)	Baa1	BBB+	BBB+
BBB	Baa2	BBB	BBB
BBB(low)	Baa3	BBB-	BBB-
BB(high)	Ba1	BB+	BB+
BB	Ba2	BB	BB
BB(low)	Ba3	BB-	BB-
B(high)	B1	B+	B+
B	B2	B	B

B(low)	B3	B-	B-
CCC(high)	Caa1	CCC+	CCC+
CCC	Caa2	CCC	CCC
CCC(low)	Caa3	CCC-	CCC-
CC	Ca	CC	CC
C	C	D	D

"**DBRS Rating**" is any of the following:

- Public rating
- Private rating
- Internal assessment

(a) if a Fitch public rating, a Moody's public rating and an S&P public rating in respect of the Eligible Investment or the Eligible Institution (each, a "**Public Long Term Rating**") are all available at such date, the DBRS Rating will be the DBRS Equivalent Rating of such Public Long Term Rating remaining after disregarding the highest and lowest of such Public Long Term Ratings from such rating agencies (provided that if such Public Long Term Rating is under credit watch negative, or the equivalent, then the DBRS Equivalent Rating will be considered one notch below). For this purpose, if more than one Public Long Term Rating has the same highest DBRS Equivalent Rating or the same lowest DBRS Equivalent Rating, then in each case one of such Public Long Term Ratings shall be so disregarded;

(b) if the DBRS Rating cannot be determined under (a) above, but Public Long Term Ratings of the Eligible Investment by any two of Fitch, Moody's and S&P are available at such date, the DBRS Equivalent Rating of the lower such Public Long Term Rating (provided that if such Public Long Term Rating is under credit watch negative, or the equivalent, then the DBRS Equivalent Rating will be considered one notch below); and

(c) if the DBRS Rating cannot be determined under (a) and (b) above, but Public Long Term Ratings by any one of Fitch, Moody's and S&P are available at such date, then the DBRS Equivalent Rating will be such Public Long Term Rating (provided that if such Public Long Term Rating is under credit watch negative, or the equivalent, then the DBRS Equivalent Rating will be considered one notch below).

If at any time the DBRS Rating cannot be determined under subparagraphs (a) to (c) above, the DBRS Rating will be deemed to be of "C" at such time.

"**Dealers**" means Barclays Bank Ireland PLC, NatWest Markets N.V. and any other entity that will be appointed as such by the Issuer by means of the subscription of a letter under the terms or substantially under the terms provided in schedule 5 of the Programme Agreement.

"**Debtor**" means with reference to the Mortgage Loans, any borrower and any other person, other than a Mortgagor, who entered into a Mortgage Loan Agreement as principal debtor or guarantor or who is liable for the payment or repayment of amounts due in respect of a Mortgage Loan, as a consequence, *inter alia*, of having granted any Collateral Security or having assumed the borrower's obligation under an *accollo*, or otherwise.

"**Decree No. 239**" means the Italian Legislative Decree number 239 of 1 April 1996, as subsequently amended and supplemented.

"**Deed of Pledge**" means the Italian law deed of pledge entered on 18 June 2010, as amended from time to time.

"**Defaulted Receivables**" means any Receivable (i) which has been classified as "defaulted" (*credito in sofferenza*) pursuant to the Bank of Italy's supervisory regulations (*Istruzioni di Vigilanza della Banca d'Italia*) and the Credit and Collection Policy; or (ii) in respect of which there are 12 unpaid instalments (in respect of Receivables deriving from Mortgage Loans with monthly instalments), 7 unpaid instalments (in respect of Receivables deriving from Mortgage Loans with quarterly instalments) or 4 unpaid instalments (in respect of Receivables deriving from Mortgage Loans with semi-annual instalments).

"**Drawdown Date**" means the date indicated in each Term Loan Proposal on which a Term Loan is granted pursuant to the Subordinated Loan Agreement (or, in respect of any Additional Subordinated Lenders, pursuant to the relevant Subordinated Loan Agreement) during the Subordinated Loan Availability Period.

"**Due for Payment**" means the requirement for the Guarantor to pay any Guaranteed Amounts following the delivery of a Guarantee Enforcement Notice after the occurrence of certain Issuer Events of Default, such requirement arising: (i) prior to the occurrence of a Guarantor Event of Default, on the date on which the Guaranteed Amounts are due and payable in accordance with the Terms and Conditions and the Final Terms of the relevant Series or Tranche of Covered Bonds (being the relevant Maturity Date or Extended Maturity Date, as the case may be); and (ii) following the occurrence of a Guarantor Event of Default, the date on which the Guarantor Default Notice is served on the Guarantor.

"**Earliest Maturing Covered Bonds**" means, at any time, the Series or Tranche of Covered Bonds that has or have the earliest Maturity Date (if the relevant Series or Tranche of Covered Bonds is not subject to an Extended Maturity Date) or Extended Maturity Date (if the relevant Series or Tranche of Covered Bonds is subject to an Extended Maturity Date) as specified in the relevant Final Terms.

"**Early Redemption Amount (Tax)**" means, in respect of any Series of Covered Bonds, the principal amount of such Series or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms.

"**Early Termination Amount**" means, in respect of any Series or Tranche of Covered Bonds, the principal amount of such Series or Tranche or such other amount as may be specified in, or determined in accordance with, the Terms and Conditions or the relevant Final Terms.

"**ECB Guidelines**" means the Guideline of the European Central Bank of 20 September 2011 (ECB/2011/14), published on the Official Gazette of the European Union no. 331 of 14 December 2011, as amended by the Guideline of the European Central Bank on 26 November 2012 (ECB/2012/25) published on the Official Gazette of the European Union no. 348 on 18 December 2012, both relating to monetary policy instruments and procedures of the Eurosystem, and the decisions of the European Central Bank dated, respectively, 20 March 2013 (ECB/2013/6), on the rules concerning the use as collateral for Eurosystem monetary policy operations of own-use uncovered government-guaranteed bank bonds, and 26 September 2013 on additional measures relating to Eurosystem refinancing operations and eligibility of collateral (ECB/2013/35), as subsequently amended and supplemented.

"**Eligible Assets**" means the assets contemplated under article 7-*novies* of Law 130 which are Mortgage Loan, Eligible Swap Agreement and Liquidity Assets.

"**Eligible Institution**" means any credit institution incorporated under the laws of any state which is a member of the European Union, the EEA, the United Kingdom or of the United States, whose:

(a) short-*term* unsecured and unsubordinated debt obligations are rated at least "F-1" by Fitch, and at least "P-1" by Moody's, and

(b) long-*term* unsecured and unsubordinated debt obligations are rated at least the Minimum DBRS Rating (considering the maximum of (1) one notch below the relevant institution's DBRS Critical Obligations Rating (COR), in case the institution has a DBRS Critical Obligations Rating (COR); and (2) a long term DBRS Rating or DBRS Equivalent Rating), at least "A" by Fitch and at least "A2" by Moody's (provided that, if any of the above credit institutions is on rating watch negative, it shall be treated as one notch below its current Fitch rating) or any other rating level from time to time provided for in the Rating Agencies' criteria.

"**Eligible Investment**" means any investment denominated in Euro (unless a suitable hedging is in place) that has a maturity date falling, and which is redeemable at par together with accrued unpaid interest, no later than the next following Eligible Investment Liquidation Date and that is an obligation of a company incorporated in, or a sovereign issuer of, a Qualifying Country (as defined below), **provided that** in case of downgrade below such rating level the securities will be sold, if it could be achieved without a loss, otherwise the securities shall be allowed to mature, and is one or more of the following obligations or securities (including, without limitation, any obligations or securities for which the Cash Manager or the Representative of the Bondholders or an affiliate of any of them provides services):

(i) direct obligations of any agency or instrumentality of a sovereign of a Qualifying Country, the obligations of which agency or instrumentality are unconditionally and irrevocably guaranteed in full by a Qualifying Country, a "Qualifying Country" being a country rated at the time of such investment or contractual commitment providing for such investment in such obligations, at least "AA-" or "F1+" by Fitch "Aa3" and "P-1" by Moody's and AA (low) or R-1 (middle) by DBRS;

(ii) demand and time deposits in, certificates of deposit of and bankers' acceptances issued by any depositary institution or trust company (including, without limitation, the Payments Account Bank and the Italian Account Bank) incorporated under the laws of a Qualifying Country with, in each case, a maturity of no more than 30 days (and in any case falling prior to the immediately following Eligible Investment Liquidation Date) and subject to supervision and examination by governmental banking authorities, provided that the commercial paper and/or the debt obligations of such depositary institution or trust company (or, in the case of the principal depositary institution in a holding company system, the commercial paper or debt obligations of such holding company) at the time of such investment or contractual commitment providing for such investment have a credit rating of at least "A" and "F1" by Fitch , "A2" and "P-1" by Moody's and with respect to DBRS rated according to the "DBRS A" table;

(iii) any security rated at least (A) "P-1" by Moody's, "A" and "F1" by Fitch and with respect to DBRS according to the DBRS A table, if the relevant maturity is up to 30 calendar days, (B) "P-1" by Moody's "AA-" or "F1+" by Fitch and with respect to DBRS according to DBRS B table, if the relevant maturity is up to 365 calendar days provided that, in all cases, the maximum aggregate total exposures in general to classes of assets with certain ratings by the Rating Agencies will, if requested by any Rating Agencies, be limited to the maximum percentages specified by any such Rating Agencies;

(iv) subject to the rating of the Covered Bonds not being affected, unleveraged repurchase obligations with respect to: (1) commercial paper or other short-term obligations having, at the time of such investment, a credit rating of at least "AA-" or "F1+" by Fitch, "Aa3" and "P-1" by Moody's and a maturity of not more than 180 days from their date of issuance and with respect to DBRS, a credit rating of the counterparty according to the DBRS A and DBRS B tables; (2) off-shore money market funds rated, at all times, "AAA/V-1" by Fitch and "Aaa/MR1+" by Moody's and with respect to DBRS, a credit rating of the counterparty according to the DBRS A and DBRS B tables; and (3) any other investment similar to those described in paragraphs (1) and (2) above: (a) provided that any such other investment will not affect the rating of the Covered Bonds; and (b) which has the same rating as the investment described in paragraphs (1) and (2) above, provided that, (x) in any event,

none of the Eligible Investments set out above may consist, in whole or in part, actually or potentially, of credit-linked notes or similar claims resulting from the transfer of credit risk by means of credit derivatives nor may any amount available to the Guarantor in the context of the Programme otherwise be invested in any such instruments at any time and (y) title to the securities underlying such repurchase transactions (in the period between the execution of the relevant repurchase transactions and their respective maturity) effectively passes (as confirmed by a non qualified legal opinion by a primary standing law firm) to the Issuer and the obligations of the relevant counterparty are not related to the performance of the underlying securities,

provided that (i) such Eligible Investment shall not prejudice the rating assigned to each Series of Covered Bonds and shall provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount), (ii) in any event such debt securities or other debt instruments do not consist, in whole or in part, actually or potentially of credit-linked notes or similar claims nor may any amount available to the Guarantor in the context of the Programme otherwise be invested in asset-backed securities, irrespective of their subordination, status, or ranking at any time, and (iii) the relevant exposure qualifies for the "credit quality step 1" pursuant to article 129, paragraph 1(a) of the CRR or, in case of exposure vis-à-vis an entity in the European union which has a maturity not exceeding 30 (thirty) days, it may qualify for "credit quality step 2" pursuant to Article 129, paragraph 1(a) of the CRR.

DBRS A Table: eligible Investments with a maturity up to 30 days:CB Rating	**Eligible Investment Rating**
AAA	A or R-1(middle)
AA (high)	A or R-1(middle)
AA	A or R-1(middle)
AA (low)	A or R-1(middle)
A (high)	BBB (high) or R-2 (high)
A	BBB or R-2 (middle)
A (low)	BBB (low) or R-2 (low)
BBB (high)	BBB (low) or R-2 (low)
BBB	BBB (low) or R-2 (low)
BBB (low)	BBB (low) or R-2 (low)
BB (high)	BB (high) or R-3
BB	BB or R-4
BB (low)	BB (low) or R-4

DBRS B Table

Maximum maturity	CB rated at least AA (low)	CB rated between A (high) and A (low)	CB rated BBB (high) and below
90 days	AA (low) or R-1 (middle)	A (low) or R-1 (low)	BBB (low) or R-2 (middle)
180 days	AA or R-1 (high)	A or R-1 (low)	BBB or R-2 (high)
365 days	AAA or R-1 (high)	A (high) or R-1 (middle)	BBB or R-2 (high)

"**Eligible Investment Date**" means, in respect of any investment in Eligible Investments made or to be made in accordance with the Programme Documents, any Business Day immediately after a Guarantor Payment Date.

"**Eligible Investment Liquidation Date**" means, in respect of any investment in Eligible Investments made or to be made in accordance with the Programme Documents, two Business Days before the Guarantor Calculation Date immediately following the relevant Eligible Investment Date.

"**Eligible Investments Securities Account**" means the securities account that may be opened by the Guarantor in accordance with the Cash Allocation, Management and Payments Agreement.

"**Eligible Swap Agreement**" means any swap agreement which meets the requirements of article 7-*decies* of Law 130.

"**EU Directive on the Reorganisation and Winding up of Credit Institutions**" means Directive 2001/24/EC of the European Parliament and of the Council of 4 April 2001 on the reorganisation and winding up of credit institutions.

"**EU Insolvency Regulation**" means Regulation (EU) 2015/848 of 20 May 2015, as amended from time to time.

"**EURIBOR**" (1) with respect to the Covered Bonds, has the meaning ascribed to it in the relevant Final Terms; and (2) with reference to each Loan Interest Period, means the rate denominated "Euro Interbank Offered Rate" (i) at 3 (three) months (provided that for the First Loan Interest Period, such rate will be calculated on the basis of the linear interpolation of 3-month Euribor and 4-month Euribor), published on Reuters' page "Euribor01" on the menu "Euribor" or (A) in the different page which may substitute the Reuters' page "Euribor01" on the menu "Euribor", or (B) in the event such page or such system is not available, on the page of a different system containing the same information that can substitute Reuters' page "Euribor01" on the menu "Euribor" (or, in the event such page is available from more than one system, in the one selected by the Representative of the Bondholders) (hereinafter, the "**Screen Rate**") at 11.00 a.m. (Brussels time) of the date of determination of Interest falling immediately before the beginning of such Loan Interest Period; or (ii) in the event that on any date of determination of Interest the Screen Rate is not published, the reference rate will be the arithmetic average (rounded off to three decimals) of the rates communicated to the Guarantor Calculation Agent, following request of such Guarantor Calculation Agent, by the Reference Banks at 11.00 a.m. (Brussels time) on the relevant date of determination of Interest and offered to other financial institutions of similar standing for a reference period similar to such Loan Interest Period; or (iii) in the event the Screen Rate is not available and only two or three Reference Banks communicate the relevant rate quotations to the Guarantor Calculation Agent, the relevant rate shall be determined, as described above, on the basis of the rate quotations provided by the Reference Banks; or (iv) in the event that the Screen Rate is not available and only one or no Reference Banks communicate such quotation to the Guarantor Calculation Agent, the relevant rate shall be the rate

applicable to the immediately preceding period under sub-paragraphs (i) or (ii) above, provided that if the definition of Euribor is agreed differently in the context of the Asset Swap Agreement entered into by and between the Guarantor and an Asset Swap Provider in the context of the Programme, such definition will replace this definition.

"**Euro**", "**€**" and "**EUR**" refer to the single currency of member states of the EEA which adopt the single currency introduced in accordance with the Treaty.

"**Euro Equivalent**" means, in case of an issuance of Covered Bonds denominated in currency other than the Euro, an equivalent amount expressed in Euro calculated at the prevailing exchange rate.

"**Euroclear**" means Euroclear Bank S.A./N.V., with offices at 1 boulevard du Roi Albert II, B-1210 Brussels.

"**Euronext Securities Milan**" means Euronext Securities Milan, having its registered office at Piazza degli Affari, 6, 20123 Milan, Italy.

"**Euronext Securities Milan Account Holders**" means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Euronext Securities Milan (as *intermediari aderenti*) in accordance with article 83-quater of the Financial Laws Consolidation Act.

"**European Economic Area**" or "**EEA**" means the region comprised of member states of the EEA which adopt the Euro currency in accordance with the Treaty.

"**Excess Assets**" means any Eligible Asset forming part of the Cover Pool which are in excess for the purpose of satisfying the Tests.

"**Execution Date**" means (i) with respect to the assignment of the Initial Portfolio, the date falling on the date on which the Principal Seller receives from the Guarantor the letter of acceptance of the Master Assets Purchase Agreement, Master Servicing Agreement, Warranty and Indemnity Agreement and Subordinated Loan Agreement, and (ii) with respect to the assignment of each New Portfolio, the date on which each of the Principal Seller or Additional Seller (if any) receives from the Guarantor the letter of acceptance of the relevant Transfer Proposal.

"**Expenses**" means any documented fees, costs, expenses and taxes required to be paid to any third party creditors (other than the Bondholders and the Other Guarantor Creditors) arising in connection with the Programme, and required to be paid in order to preserve the existence of the Guarantor or to maintain it in good standing, or to comply with applicable laws and legislation.

"**Expenses Account**" means the account denominated in Euro and opened on behalf of the Guarantor with the Italian Account Bank, IBAN IT 81 J 01030 12000 000000736131, or any other substitutive account that may be opened pursuant to the Cash Allocation, Management and Payments Agreement.

"**Extended Maturity Date**" means, in relation to a specific Series or Tranche of Covered Bonds, the date falling 38 years after the relevant Maturity Date.

"**Extension Determination Date**" means, with respect to each Series or Tranche of Covered Bonds, the date falling 4 calendar days after the Maturity Date of the relevant Series.

"**Final Redemption Amount**" means, in respect of any Series or Tranche of Covered Bonds, the principal amount of such Series.

"**Final Terms**" means, in relation to any issue of any Series or Tranche of Covered Bonds, the relevant terms contained in the applicable Programme Documents and, in case of any Series or Tranche of Covered Bonds

to be admitted to listing, the final terms submitted to the appropriate listing authority on or before the Issue Date of the applicable Series or Tranche of Covered Bonds.

"**Financial Laws Consolidation Act**" means Italian Legislative Decree number 58 of 24 February 1998, as amended and supplemented from time to time.

"**First Interest Payment Date**" means the date specified in the relevant Final Terms.

"**First Issue Date**" means the Issue Date of the first Covered Bonds issued under the Programme.

"**First Loan Interest Period**" means, in relation to any Term Loan, the period starting on the relevant Drawdown Date (exclusive) and ending on the first following Guarantor Payment Date (inclusive).

"**First Series of Covered Bonds**" means the first Series of Covered Bonds issued by the Issuer in the context of the Programme.

"**First Tranche of Covered Bonds**" means if applicable the first Tranche of Covered Bonds issued by the Issuer in the context of the issuance of the First Series of Covered Bonds.

"**Fitch**" means (a) for the purposes of identifying the entity which may assign a rating to the Covered Bonds (i) Fitch Ratings Ireland Limited and any of its successors or assignees, and (ii) any other rating agency which may be selected from time to time by the Issuer in relation to any issuance of Covered Bonds or for the remaining duration of the Programme, to the extent that any of them at the relevant time provides ratings in respect of any Series of Covered Bonds; and (b) in any other cases, any other entity of the Fitch group.

"**Fixed Coupon Amount**" has the meaning given in the relevant Final Terms.

"**Fixed Interest Term Loan**" means any Term Loan granted under the Subordinated Loan Agreement in respect of which a fixed rate Corresponding Interest applies as indicated in the relevant Term Loan Proposal and corresponding to the interest payable on the corresponding Series or Tranche of Covered Bonds.

"**Fixed Rate Provisions**" has the meaning set out in Condition 5 (*Fixed Rate Provisions*).

"**Floating Interest Term Loan**" means any Term Loan granted under the Subordinated Loan Agreement in respect of which a floating rate Corresponding Interest applies as indicated in the relevant Term Loan Proposal and corresponding to the interest payable on the corresponding Series or Tranche of Covered Bonds.

"**Floating Rate Provisions**" has the meaning given in the relevant Final Terms.

"**FSMA**" means the Financial Services and Markets Act 2000, as amended by the Financial Services and Markets Act 2023 and as further amended from time to time.

"**Guarantee**" means the guarantee granted by the Guarantor for the purpose of guaranteeing the payments owed by the Issuer to the Bondholders and to the Other Guarantor Creditors pursuant to Law 130 and the Bank of Italy Regulations.

"**Guarantee Enforcement Notice**" means the notice to be served by the Representative of the Bondholders upon occurrence of certain Issuer Events of Default as better specified in Condition 11.2 (*Issuer Events of Default*).

"**Guarantee Priority of Payments**" means the order of priority pursuant to which the Guarantor Available Funds shall be applied on each Guarantor Payment Date, following the delivery of a Guarantee Enforcement

Notice and prior to the delivery of a Guarantor Default Notice, in accordance with the Intercreditor Agreement.

"**Guaranteed Amounts**" means the Redemption Amount, the Interest Amount and any other amounts due from time to time by the Issuer to the Bondholders with respect to each Series or Tranche of Covered Bonds, including, for avoidance of doubt and without double counting, any amount that have been already paid timely by (or on behalf of) the Issuer to the Bondholders, to the extent it was clawed-back thereafter by a bankruptcy receiver, liquidator or other duly appointed officer upon opening of any bankruptcy proceedings or other similar insolvency proceedings of the Issuer.

"**Guaranteed Obligations**" means the payment obligations with respect to the Guaranteed Amounts.

"**Guarantor**" means MPS Covered Bond S.r.l. acting in its capacity as guarantor pursuant to the Guarantee.

"**Guarantor Available Funds**" means, collectively, the Interest Available Funds and the Principal Available Funds.

"**Guarantor Calculation Agent**" means Banca Finanziaria Internazionale S.p.A. or any other entity acting in such capacity pursuant to the terms of the Cover Pool Management Agreement.

"**Guarantor Calculation Date**" means the date falling on the 22nd calendar day of March, June, September and December, or, if such day is not a Business Day, the immediately succeeding Business Day.

"**Guarantor Corporate Servicer**" means Banca Finanziaria Internazionale S.p.A. or any other entity acting in such capacity pursuant to the terms of the Corporate Services Agreement.

"**Guarantor Default Notice**" means the notice to be served by the Representative of the Bondholders in case of a Guarantor Event of Default.

"**Guarantor Event of Default**" has the meaning given to it in the Terms and Conditions of the Covered Bonds.

"**Guarantor Payment Date**" means (a) prior to the delivery of a Guarantor Default Notice, the date falling 5 Business Days after the Guarantor Calculation Date of March, June, September and December or, if such day is not a Business Day, the immediately following Business Day; and (b) following the delivery of a Guarantor Default Notice, any day on which any payment is required to be made by the Representative of the Bondholders in accordance with the Post-Enforcement Priority of Payments, the relevant Terms and Conditions and the Intercreditor Agreement.

"**Guarantor's Accounts**" means, collectively, the Italian Collection Account, the Main Programme Account, the Expenses Account, the Reserve Account, the Payments Account, the Eligible Investments Securities Account and any other account opened in the context of the Programme with the exception of any Collateral Account(s) as defined pursuant to clause 7.4 of the Intercreditor Agreement.

"**IFRS**" means international financial reporting and accounting standards issued by the International Accounting Standards Board (IASB).

"**Individual Purchase Price**" means:

(i) with respect to each Eligible Asset transferred pursuant to the Master Assets Purchase Agreements, the most recent book value (*ultimo valore di iscrizione in bilancio*) of the relevant Eligible Asset:

(A) *minus* the aggregate amount of (1) the accrued interest obtained at the date of the last financial statement with reference to such Eligible Asset and included in such book value; and (2) any collections with respect to principal received by the relevant Seller with respect to such Eligible Asset, starting from the date of the most recent financial statement (*ultimo bilancio*) until the relevant Valuation Date (included); and

(B) increased of the aggregate amount of the Accrued Interest with respect to such Eligible Asset obtained at the relevant Valuation Date; or

(ii) such other value, pursuant to article 7-*viciester* of Law 130, as indicated by the Principal Seller (or each Additional Seller, if any) in the relevant Transfer Proposal.

"**Initial Portfolio**" means the first portfolio of Receivables and related Security Interests purchased by the Guarantor pursuant to the Master Assets Purchase Agreement.

"**Initial Portfolio Purchase Price**" means the consideration paid by the Guarantor to the Principal Seller for the transfer of the Initial Portfolio, calculated in accordance with clause 5.1 of the Master Assets Purchase Agreement.

"**Insolvency Event**" means:

(A) in respect of the Issuer, that the Issuer is subject to *liquidazione coatta amministrativa* as defined in the Consolidated Banking Act; and

(B) in respect of any company, entity or corporation other than the Issuer, that:

(i) such company, entity or corporation has become subject to any applicable procedure of judicial liquidation, liquidation, administrative compulsory liquidation, any insolvency proceedings pursuant to the legislation applicable from time to time (including, *inter alia* and by way of example, pursuant to and for the purposes of the Business Crisis and Insolvency Code), instrument or measure for the regulation of crisis and insolvency (including, without limitation, and merely by way of example, the "*concordato preventivo*", "*piano di ristrutturazione soggetto a omologazione*", "*accordi di ristrutturazione dei debiti*" as well as the "*piano attestato di risanamento*" pursuant to the Business Crisis and Insolvency Code), insolvency and/or restructuring procedures or procedures or similar instruments/measures pursuant to the legislation applicable from time to time (including, but not limited to, application for liquidation, restructuring, dissolution procedures, access to any of the measures set forth in the Business Crisis and Insolvency Code) or the whole or any substantial part of the undertaking or assets of such company, entity or corporation are subject to a *pignoramento* or any procedure having a similar effect (other than in the case of the Guarantor, any portfolio of assets purchased by the Guarantor for the purposes of further programme of issuance of Covered Bonds), unless in the opinion of the Representative of the Bondholders (who may in this respect rely on the advice of a legal adviser selected by it), such proceedings are being disputed in good faith with a reasonable prospect of success; or

(ii) an application for the commencement (and/or access to) of any of the proceedings under (i) above is made in respect of or by such company or corporation or such proceedings are otherwise initiated against such company, entity or corporation and, in the opinion of the Representative of the Bondholders (who may in this respect rely on the advice of a legal adviser selected by it), the commencement of such proceedings are not being disputed in good faith with a reasonable prospect of success; or

(iii) such company, entity or corporation takes any action for a re-adjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors (other than, in case of the Guarantor, the creditors under the Programme Documents) or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it or applies for suspension of payments; or

(iv) an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution in any form of such company, entity or corporation or any of the events under article 2484 of the Italian Civil Code occurs with respect to such company, entity or corporation (except in any such case a winding-up, corporate reorganization or other proceeding for the purposes of or pursuant to a solvent amalgamation or reconstruction, the terms of which have been previously approved in writing by the Representative of the Bondholders); or

(v) such company, entity or corporation becomes subject to any proceedings equivalent or analogous to those above under the law of any jurisdiction in which such company or corporation is deemed to carry on business.

"**Instalment**" means with respect to each Mortgage Loan Agreement, each instalment due from the relevant Debtor thereunder and which consists of an Interest Instalment and a Principal Instalment.

"**Instalment Amount**" has the meaning set out in Condition 9(h).

"**Insurance Policies**" means (i) each insurance policy taken out with the insurance companies in relation to each Real Estate Asset and each Mortgage Loan or (ii) any possible "umbrella" insurance policy in relation to the Real Estate Assets which have lost their previous relevant insurance coverage.

"**Intercreditor Agreement**" means the intercreditor agreement entered on 18 June 2010 between, *inter alios*, the Guarantor and the Other Guarantor Creditors, as amended from time to time.

"**Interest Amount**" means, in relation to any Series or Tranche of Covered Bonds and an Interest Period, the amount of interest payable in respect of that Series or Tranche for that Interest Period.

"**Interest Available Funds**" means in respect of any Guarantor Payment Date, the aggregate of:

(i) any interest amounts collected by the Servicer in respect of the Cover Pool and credited into the Main Programme Account during the immediately preceding Collection Period;

(ii) all recoveries in the nature of interest received by the Servicer and credited to the Main Programme Account during the immediately preceding Collection Period;

(iii) all amounts of interest accrued (net of any withholding or expenses, if due) and paid on the Programme Accounts during the immediately preceding Collection Period;

(iv) any amounts standing to the credit of the Reserve Account in excess of the Required Reserve Amount, and following the service of a Guarantee Enforcement Notice, on the Guarantor, any amounts standing to the credit of the Reserve Account;

(v) any interest amounts standing to the credit of the Programme Accounts;

(vi) all interest amounts received from the Eligible Investments;

(vii) subject to item (ix) below, any amounts received under the Asset Swap Agreement and the Covered Bond Swap Agreement,

provided that, prior to the occurrence of a Guarantor Event of Default, any such amounts received on or after such Guarantor Payment Date (included) but prior to the next following Guarantor Payment Date (excluded) will be applied, together with any provision for such payments made on any preceding Guarantor Calculation Date, (i) to make payments in respect of interest due and payable, *pro rata* and *pari passu* in respect of each relevant Covered Bond Swap Agreement or, as the case may be, (ii) to make payments in respect of interest due on the Covered Bonds under the Guarantee, *pari passu* and *pro rata* in respect of each relevant Series or Tranche of Covered Bonds, or (iii) to make provision for the payment of such relevant proportion of such amounts to be paid on any other day up to the immediately following Guarantor Payment Date, as the Guarantor Calculation Agent may reasonably determine, or otherwise;

(viii) subject to item (ix) below, any amounts received under the Covered Bond Swap Agreements other than any Swap Collateral Excluded Amounts;

(ix) any swap termination payments received from a Swap Provider under any Swap Agreement;

provided that, prior to the occurrence of a Guarantor Event of Default, such amounts will be, to the extent permitted by the relevant Swap Agreement, net of any cost necessary to replace the swap provider and find an eligible swap counterparty to enter into a replacement swap agreement;

(x) all interest amounts received from the Principal Seller (or any Additional Seller, if any) by the Guarantor pursuant to the Master Assets Purchase Agreement during the immediately preceding Collection Period;

(xi) any amounts paid as Interest Shortfall Amount out of item (*First*) of the Pre-Issuer Default Principal Priority of Payments; and

(xii) any amounts (other than the amounts already allocated under other items of the Guarantor Available Funds) received by the Guarantor from any party to the Programme Documents during the immediately preceding Collection Period.

"**Interest Commencement Date**" means the Issue Date of the relevant Series or Tranche of Covered Bonds or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms.

"**Interest Coverage Test**" has the meaning as indicated pursuant to clause 2.4 of the Cover Pool Management Agreement.

"**Interest Determination Date**" has the meaning given in the relevant Final Terms.

"**Interest Instalment**" means the interest component of each Instalment.

"**Interest Payment Date**" means the First Interest Payment Date and any date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

(i) as the same may be adjusted in accordance with the relevant Business Day Convention; or

(ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of

calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case).

"**Interest Period**" means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date.

"**Interest Shortfall Amount**" means, on any Guarantor Payment Date, an amount equal to the difference, if positive, between (a) the aggregate amounts payable (but for the operation of clause 13 (*Enforcement of Security, Non Petition and Limited Recourse*) of the Intercreditor Agreement) under items *First* to *Fifth* of the Pre-Issuer Default Interest Priority of Payments; and (b) the Interest Available Funds (net of such Interest Shortfall Amount) on such Guarantor Payment Date.

"**ISDA Definitions**" has the meaning given in the relevant Final Terms.

"**ISDA Determination**" has the meaning given in the relevant Final Terms.

"**Issue Date**" means each date on which a Series or Tranche of Covered Bonds is issued.

"**Issuer**" means BMPS.

"**Issuer Default Notice**" means the notice to be served by the Representative of the Bondholders upon occurrence of certain Issuer Event of Default as better specified in Condition 11.2 (*Issuer Events of Default*).

"**Issuer Event of Default**" has the meaning given to it in the Terms and Conditions of the Covered Bonds.

"***Istruzioni di Vigilanza***" means the regulations for banks issued by the Bank of Italy on 17 December 2013 with Circular No. 285 (*Disposizioni di vigilanza per le banche*), as amended from time to time, as well as any other regulation issued by the Bank of Italy.

"***Istruzioni di Vigilanza per gli Intermediari Finanziari***" means the regulations for financial intermediaries issued by the Bank of Italy on 5 August 1996 with circular number 216, as subsequently amended and supplemented.

"**Italian Account**" means each of the Italian Collection Account, the Payments Account, the Expenses Account, the Main Programme Account and the Reserve Account, and "**Italian Accounts**" means all of them.

"**Italian Account Bank**" means BMPS or any other entity appointed to act as such pursuant to the Cash Allocation, Management and Payments Agreement.

"**Italian Account Bank Report**" means the report produced by the Italian Account Bank pursuant to the Cash Allocation, Management and Payments Agreement.

"**Italian Back-Up Account Bank**" means The Bank of New York Mellon SA/NV, Milan Branch or any other entity appointed to act as such pursuant to the Cash Allocation, Management and Payments Agreement.

"**Italian Collection Account**" means any of the account denominated in Euro opened in the name of the Guarantor and held by the Italian Account Bank for the deposit of any amount of the Collections of the Portfolios number 000008417530 (IBAN: IT 27 S 01030 14200 000008417530) and any other account which may be opened by the Guarantor if a bank part of the Montepaschi Group will accede the Programme in its capacity as Additional Seller and Additional Servicer, for the deposit of the collections of the Portfolios transferred by such bank, in its capacity as Additional Seller, to the Guarantor, or any other substitutive account which may be opened by the Guarantor pursuant to the Cash Allocation, Management and Payments Agreement.

"**Joint-Arrangers**" means, collectively, Barclays Bank Ireland PLC, BMPS and NatWest Markets N.V..

"**Joint Regulation**" means the joint regulation of CONSOB and the Bank of Italy dated 13 August 2018, as subsequently amended and supplemented from time to time.

"**Law 130**" means Italian Law No. 130 of 30 April 1999 as the same may be amended, modified or supplemented from time to time.

"**Liquidity Assets**" means the Eligible Assets in accordance with article 7-*duodecies*, paragraph 2, let. (b) of Law 130.

"**Liquidity Reserve Requirement**" means the test described in clause 4 (*Liquidity Reserve Requirement*) of the Cover Pool Management Agreement.

"**Loan Interest**" means any of the Base Interest or the Corresponding Interest, as calculated in the Subordinated Loan Agreement.

"**Loan Interest Period**" means, in relation to any Term Loan: (i) the relevant First Loan Interest Period; and thereafter (ii) each period starting on a Guarantor Payment Date (excluded) and ending on the following Guarantor Payment Date (included).

"**Main Programme Account**" means the account denominated in Euro opened in the name of the Guarantor and held by the Payments Account Bank, number 7577439780 (IBAN IT57Z0335101600007577439780), or any other substitutive account which may be opened by the Guarantor pursuant to the Cash Allocation, Management and Payments Agreement.

"**Mandate Agreement**" means the mandate agreement entered on 18 June 2010 between the Guarantor and the Representative of the Bondholders.

"**Mandatory Tests**" means the tests provided for under article 7-*undecies* of Law 130 as calculated pursuant to the Cover Pool Management Agreement.

"**Margin**" has the meaning set out to the term "*Margine*" in the Subordinated Loan Agreement.

"**Master Assets Purchase Agreement**" means the master assets purchase agreement entered on 25 May 2010 between the Guarantor, the Principal Seller and, following accession to the Programme, each Additional Seller, as amended from time to time.

"**Master Definitions Agreement**" means the master definitions agreement entered into on or about 18 June 2010 between the parties of the Programme Documents, as amended from time to time.

"**Master Servicing Agreement**" means the master servicing agreement entered on 25 May 2010 between the Guarantor, the Principal Servicer and, following accession to the Programme, each Additional Servicer, as amended from time to time.

"**Maturity Date**" means each date on which final redemption payments for a Series or Tranche of Covered Bonds become due in accordance with the Final Terms but subject to it being extended to the Extended Maturity Date.

"**Maximum Rate of Interest**" means has the meaning given in the relevant Final Terms.

"**Maximum Redemption Amount**" means has the meaning given in the relevant Final Terms.

"**Meetings**" has the meaning ascribed to such term in the Rules of the Organisation of the Bondholders.

"**Minimum DBRS Rating**":

Highest Rating Assigned to Rated Securities	**Minimum Institution Rating**
AAA (sf)	"A"
AA (high) (sf)	"A"
AA (sf)	"A"
AA (low) (sf)	"A"
A (high) (sf)	BBB (high)
A (sf)	BBB
A (low) (sf)	BBB (low)
BBB (high) (sf)	BBB (low)
BBB (sf)	BBB (low)
BBB (low) (sf)	BBB (low)

"**Minimum Rate of Interest**" has the meaning given in the relevant Final Terms.

"**Minimum Redemption Amount**" has the meaning given in the relevant Final Terms.

"**Montepaschi Group**" means, together, the banks and other companies belonging from time to time to the banking group "Gruppo Montepaschi", enrolled with the register of banking groups held by the Bank of Italy pursuant to article 64 of the Consolidated Banking Act.

"**Monthly Collection Period**" means (a) each period commencing on (and including) a Collection Date and ending on (but excluding) the following Collection Date; and (b) in the case of the first Monthly Collection Period, the period commencing on (and including) the Valuation Date and ending on (and including) the last calendar day of the month immediately preceding the first Guarantor Payment Date.

"**Monthly Servicer's Report**" means, with reference to the Principal Servicer the monthly report prepared by the Principal Servicer and with reference to any Additional Servicer, the monthly report prepared by any Additional Servicer pursuant to the Master Servicing Agreement.

"**Monthly Servicer's Report Date**" means (i) prior to the delivery of a Guarantor Default Notice, the date falling on the 15th calendar day of each month or, if such day is not a Business Day, the immediately

preceding Business Day and (b) following the delivery of a Guarantor Default Notice, such date as may be indicated by the Representative of the Bondholders.

"**Moody's**" means (a) for the purposes of identifying the entity which may assign a rating to the Covered Bonds (i) Moody's Italia S.r.l. and any of its successors or assignees, and (ii) any other rating agency which may be selected from time to time by the Issuer in relation to any issuance of Covered Bonds or for the remaining duration of the Programme, to the extent that any of them at the relevant time provides ratings in respect of any Series of Covered Bonds; and (b) in any other cases, any other entity of the Moody's group.

"**Mortgage**" means the mortgage security interests (*ipoteche*) created on the Real Estate Assets pursuant to Italian law in order to secure claims in respect of the Receivables.

"**Mortgage Loan**" means a Residential Mortgage Loan, the claims in respect of which have been and/or will be transferred by the Seller to the Guarantor pursuant to the Master Assets Purchase Agreement.

"**Mortgage Loan Agreement**" means any residential mortgage loan agreement out of which the Receivables arise.

"**Mortgagor**" means any person, either a borrower or a third party, who has granted a Mortgage in favour of the relevant Seller to secure the payment or repayment of any amounts payable in respect of a Mortgage Loan, and/or his/her successor in interest.

"**Negative Carry Factor**" is a percentage calculated by reference to the weighted average margin of the Covered Bonds and will, in any event, be not less than 0.5 per cent.

"**Net Liquidity Outflows**" means all payment outflows falling due on one day, including principal and interest payments, net of all payment inflows falling due on the same day for claims related to the Cover Pool, calculated in accordance with article 7-*duodecies* of Law 130 and the Bank of Italy Regulations, it being understood that, if the Maturity Date of a Series is extendable to the relevant Extended Maturity Date, the Principal Amount Outstanding of such Series to be taken into account shall be based on the relevant Extended Maturity Date and not on the relevant Maturity Date.

"**Net Present Value Test**" has the meaning as indicated pursuant to clause 2.3 of the Cover Pool Management Agreement.

"**New Portfolio**" means any portfolio of Eligible Assets (other than the Initial Portfolio) which may be purchased by the Guarantor pursuant to the terms and subject to the conditions of the Master Assets Purchase Agreement.

"**New Portfolio Purchase Price**" means the consideration which the Guarantor shall pay to the relevant Seller for the transfer of each New Portfolio in accordance with the Master Assets Purchase Agreement and equal to the aggregate amount of the Individual Purchase Price of all the relevant Eligible Assets included in the relevant New Portfolio.

"**Nominal Value Test**" has the meaning as indicated pursuant to clause 2.2 of the Cover Pool Management Agreement.

"**Non-Performing Asset**" means, collectively, the Defaulted Receivables and the UTP Receivables.

"**Notice**" means any notice delivered under or in connection with any Programme Document.

"**Obligations**" means all the obligations of the Guarantor created by or arising under the Programme Documents.

"**Optional Redemption Amount (Call)**" has the meaning given in the relevant Final Terms.

"**Optional Redemption Amount (Put)**" has the meaning given in the relevant Final Terms.

"**Optional Redemption Date (Call)**" has the meaning given in the relevant Final Terms.

"**Optional Redemption Date (Put)**" has the meaning given in the relevant Final Terms.

"**Organisation of the Bondholders**" means the association of the Bondholders, organised pursuant to the Rules of the Organisation of the Bondholders.

"**Other Guarantor Creditors**" means the Principal Seller and each Additional Seller, if any, the Principal Servicer and each Additional Servicer, if any, the Back-up Servicer, the Principal Subordinated Lender and each Additional Subordinated Lender, if any, the Guarantor Calculation Agent, the Pre-Issuer Default Test Calculation Agent, the Post-Issuer Default Test Calculation Agent, the Representative of the Bondholders, the Asset Monitor, the Cash Manager, the Asset Swap Providers, the Covered Bond Swap Providers, the Italian Account Bank, the Italian Back-Up Account Bank, the Payments Account Bank, the Principal Paying Agent, the Paying Agent(s), the Guarantor Corporate Servicer and the Portfolio Manager (if any).

"**Outstanding Principal Balance**" means any Principal Balance outstanding in respect of any asset included in the Cover Pool.

"**Pass Through Series**" means:

(a) any Series of Covered Bonds in respect of which:

(i) the Issuer has failed to repay in whole or in part the relevant Final Redemption Amount on the applicable Maturity Date and a Guarantee Enforcement Notice has been served on the Guarantor; and

(ii) the Guarantor has insufficient moneys available under the relevant Priority of Payments to pay the Guaranteed Amounts corresponding to the Final Redemption Amount in respect of such Series of Covered Bonds on the relevant Extension Determination Date;

(b) all Series of Covered Bonds if a Guarantee Enforcement Notice has been delivered (and, in case of a Guarantee Enforcement Notice delivered as result of an Article 74 Event, prior to the delivery of an Article 74 Event Cure Notice) and a breach of the Amortisation Test has occurred.

"**Paying Agent**" means the Principal Paying Agent and each other paying agent appointed from time to time under the terms of the Cash Allocation, Management and Payments Agreement.

"**Payment Business Day**" means a day on which banks in the relevant Place of Payment are open for payment of amounts due in respect of debt securities and for dealings in foreign currencies and any day which is:

(i) if the currency of payment is euro, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or

(ii) if the currency of payment is not euro, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

"**Payments Account**" means the account denominated in Euro opened in the name of the Guarantor and held with the Payments Account Bank number 8955119780, IBAN IT96O0335101600008955119780 or any other substitutive account which may be opened pursuant to the Cash Allocation, Management and Payments Agreement.

"**Payments Account Bank**" means the account bank acting as Payments Account Bank pursuant to the Cash Allocation, Management and Payments Agreement.

"**Payments Report**" means the report to be prepared and delivered by the Guarantor Calculation Agent pursuant to the Cash Allocation, Management and Payments Agreement.

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality.

"**Place of Payment**" means, in respect of any Bondholders, the place at which such Bondholder receives payment of interest or principal on the Covered Bonds.

"**Portfolio**" means collectively the Initial Portfolio and any other New Portfolios which has been purchased and which will be purchased by the Guarantor in accordance with the terms of the Master Assets Purchase Agreement.

"**Portfolio Manager**" means the subject appointed as portfolio manager pursuant to the Cover Pool Management Agreement or any other entity acting in such capacity pursuant to the Cover Pool Management Agreement.

"**Post-Enforcement Priority of Payments**" means the order of priority pursuant to which the Guarantor Available Funds shall be applied on each Guarantor Payment Date, following the delivery of a Guarantor Default Notice, in accordance with the Intercreditor Agreement.

"**Post-Issuer Default Test Calculation Agent**" means Banca Finanziaria Internazionale S.p.A..

"**Post-Issuer Default Test Performance Report**" means, on each Test Calculation Date and Quarterly Test Calculation Date during the period after the service of an Issuer Default Notice, the relevant report prepared by the Post-Issuer Default Test Calculation Agent setting out the calculations carried out by it with respect of the relevant Tests and specifying whether any of such Tests was not met.

"**Pre-Issuer Default Interest Priority of Payments**" means the order of priority pursuant to which the Interest Available Funds shall be applied on each Guarantor Payment Date, prior to the delivery of a Guarantee Enforcement Notice, in accordance with the Intercreditor Agreement.

"**Pre-Issuer Default Principal Priority of Payments**" means the order of priority pursuant to which the Principal Available Funds shall be applied on each Guarantor Payment Date, prior to the delivery of a Guarantee Enforcement Notice, in accordance with the Intercreditor Agreement.

"**Pre-Issuer Default Test Calculation Agent**" means BMPS.

"**Pre-Issuer Default Test Performance Report**" means, on each Test Calculation Date and Quarterly Test Calculation Date prior to the service of an Issuer Default Notice, the relevant report prepared by the Post-Issuer Default Test Calculation Agent setting out the calculations carried out by it with respect of the relevant Tests and specifying whether any of such Tests was not met.

"**Premium**" means, on each Guarantor Payment Date, an amount payable by the Guarantor on each Programme Term Loan in accordance with the relevant Priority of Payments and equal to the Guarantor Available Funds as at such date, after all amounts payable in priority thereto have been made in accordance with the relevant Priority of Payments.

"**Principal Amount Outstanding**" means, on any day: (a) in relation to a Covered Bond, the principal amount of that Covered Bond upon issue less the aggregate amount of any principal payments in respect of that Covered Bond which have become due and payable (and been paid) on or prior to that day; and (b) in

relation to the Covered Bonds outstanding at any time, the aggregate of the amount in (a) in respect of all Covered Bonds outstanding.

"**Principal Available Funds**" means in respect of any Guarantor Payment Date, the aggregate of:

(i) all principal amounts collected by the Servicer in respect of the Cover Pool and credited to the Main Programme Account of the Guarantor during the immediately preceding Collection Period;

(ii) all other recoveries in respect of principal received by the Principal Servicer (and any Additional Seller, if any) and credited to the Main Programme Account of the Guarantor during the immediately preceding Collection Period;

(iii) all principal amounts received by the Guarantor from the Seller pursuant to the Master Assets Purchase Agreement during the immediately preceding Collection Period;

(iv) the proceeds of any disposal of Eligible Assets and any disinvestment of Eligible Investments;

(v) any amounts granted by the Seller under the Subordinated Loan Agreement and not used to fund the payment of the Purchase Price for any Eligible Assets;

(vi) all amounts in respect of principal (if any) received under any Swap Agreements other than any Swap Collateral Excluded Amounts;

(vii) any amounts paid out of item *Ninth* of the Pre-Issuer Default Interest Priority of Payments; and

(viii) any principal amounts standing to the credit of the Programme Accounts;

"**Principal Balance**" means for any Mortgage Loan as at any given date, the aggregate of: (a) the original principal amount advanced to the relevant Debtor and any further amount advanced on or before the given date to the relevant Debtor secured or intended to be secured by the related Security Interest; and (b) any interest, disbursement, legal expense, fee, charge, rent, service charge, premium or payment which has been properly capitalised in accordance with the relevant Mortgage Loan or with the relevant Debtor's consent and added to the amounts secured or intended to be secured by that Mortgage Loan; and (c) any other amount (including, for the avoidance of doubt, Accrued Interest and interest in arrears) which is due or accrued (whether or not due) and which has not been paid by the relevant Debtor and has not been capitalised, as at the end of the Business Day immediately preceding that given date less any repayment or payment of any of the foregoing made on or before the end of the Business Day immediately preceding that given date.

"**Principal Financial Centre**" means, in relation to any currency, the principal financial centre for that currency *provided*, *however*, that in relation to Euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee.

"**Principal Instalment**" means the principal component of each Instalment.

"**Principal Paying Agent**" means The Bank of New York Mellon SA/NV, Milan branch in its capacity as Principal Paying Agent pursuant to the Cash Allocation, Management and Payments Agreement or any other entity acting in such capacity pursuant to the Cash Allocation, Management and Payments Agreement.

"**Principal Seller**" means BMPS.

"**Principal Servicer**" means BMPS.

"**Principal Subordinated Lender**" means BMPS in its capacity as Subordinated Lender pursuant to the relevant Subordinated Loan Agreement.

"**Priority of Payments**" means each of the orders in which the Guarantor Available Funds shall be applied on each Guarantor Payment Date in accordance with the Intercreditor Agreement.

"**Privacy Law**" means (i) the EU Regulation n. 679/2016 ("General Data Protection Regulation" – "**GDPR**"); (ii) the Italian Legislative Decree no. 196 of 30 June 2003, as subsequently amended, modified or supplemented; as well as (iii) any regulations, guidelines and provisions, from time to time applicable, concerning the protection of personal data, adopted by the Supervisory Authority or other competent authority.

"**Programme**" means the programme for the issuance of each series of Covered Bonds (*Obbligazioni Bancarie Garantite*) by the Issuer in accordance with Title I-*bis* of Law 130.

"**Programme Accounts**" means, collectively, the Italian Accounts and any other account opened from time to time in connection with the Programme.

"**Programme Agreement**" means the programme agreement entered on 18 June 2010 between, *inter alios*, the Guarantor, the Principal Seller, the Issuer, the Representative of the Bondholders and the Dealers, as amended from time to time.

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

"**Programme Limit**" means €20,000,000,000.

"**Programme Term Loan**" means any Term Loan granted under the Subordinated Loan Agreement in respect of which the Base Interest applies pursuant to terms of the relevant Subordinated Loan Agreement.

"**Prospectus**" means the base prospectus prepared in the context of the issuance of the Covered Bonds.

"**Prospectus Regulation**" means Regulation EU 2017/1129, as subsequently amended and supplemented.

"**Purchase Price**" means, as applicable, the consideration for the Initial Portfolio Purchase Price or the consideration for the New Portfolio Purchase Price pursuant to the Master Assets Purchase Agreement.

"**Put Option**" has the meaning given in the relevant Final Terms.

"**Put Option Notice**" means a notice in the form obtainable from the Principal Paying Agent which must be delivered to the Principal Paying Agent by any Bondholder wanting to exercise a right to redeem Covered Bonds at the option of the Bondholders.

"**Put Option Receipt**" means a receipt issued by the Principal Paying Agent to a Bondholder having deposited a Put Option Notice.

"**Quarterly Collection Period**" means (a) prior to the service of a Guarantor Default Notice, each period commencing on (and including) the Collection Dates in December, March, June and September and ending

on (but excluding), respectively, the Collection Dates in March, June, September and December; (b) following the service of a Guarantor Default Notice, each period commencing on (and including) the last day of the preceding Quarterly Collection Period and ending on (but excluding) the date falling 10 calendar days prior to the next following quarterly Collection Date.

"**Quarterly Servicer's Report**" with reference to the Principal Servicer the quarterly report prepared by the Principal Servicer and with reference to any Additional Servicer, the quarterly report prepared by any Additional Servicer pursuant to the Master Servicing Agreement.

"**Quarterly Servicer's Report Date**" means (a) prior to the delivery of a Guarantor Default Notice, the Monthly Servicer's Report Date falling in March, June, September and December of each year or, if such day is not a Business Day, the immediately preceding Business Day; and (b) following the delivery of a Guarantor Default Notice, such date as may be indicated by the Representative of the Bondholders.

"**Quarterly Test Calculation Date**" means the Test Calculation Date falling in March, June, September and December, of each year or, if such day is not a Business Day, the immediately preceding Business Day.

"**Quota Capital**" means the quota capital of the Guarantor.

"**Quota Capital Account**" means the account denominated in Euro opened in the name of the Guarantor with the Italian Account Bank IBAN IT 43O0103061622000061239727 for the deposit of the Quota Capital.

"**Quotaholder**" means BMPS and any other quotaholder of the Guarantor.

"**Quotaholders' Agreement**" means the quotaholders' agreement entered on 18 June 2010 between, *inter alios*, the Guarantor and the Quotaholders, as amended from time to time.

"**Rate of Interest**" means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Series or Tranche of Covered Bonds specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms.

"**Rating Agencies**" means Fitch, Moody's and DBRS.

"**Real Estate Assets**" means the real estate properties which have been mortgaged in order to secure the Receivables.

"**Receivables**" means specifically each and every right arising under the Mortgage Loans pursuant to the law and the Mortgage Loan Agreements, including but not limited to:

(i) all rights and claims in respect of the repayment of the Principal Instalments due and not paid at the Valuation Date (excluded);

(ii) all rights and claims in respect of the payment of interest (including the default interest) accruing on the Mortgage Loans, which are due from (but excluding) the Valuation Date;

(iii) the Accrued Interest;

(iv) all rights and claims in respect of each Mortgage and any Collateral Security relating to the relevant Mortgage Loan Agreement;

(v) all rights and claims under and in respect of the Insurance Policies; and

(vi) any privileges and priority rights (*diritti di prelazione*) transferable pursuant to the law, as well as any other right, claim or action (including any legal proceeding for the recovery of suffered

damages, the remedy of termination (*risoluzione per inadempimento*) and the declaration of acceleration of the debt (*decadenza dal beneficio del termine*) with respect to the Debtors) and any substantial and procedural action and defence, including the remedy of termination (*risoluzione per inadempimento*) and the declaration of acceleration of the debt (*decadenza dal beneficio del termine*) with respect to the Debtors, inherent in or ancillary to the aforesaid rights and claims;

excluding any expenses for the correspondence and any expenses connected to the ancillary services requested by the relevant Debtor.

"**Recoveries**" means any amounts received or recovered by the Servicer in relation to any Defaulted Receivables and any UTP Receivables.

"**Redemption Amount**" means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount (as any such terms are defined in the Conditions) or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Final Terms.

"**Reference Banks**" (A) with respect to the Covered Bonds, has the meaning ascribed to it in the relevant Final Terms or, if none, four major banks selected by the Principal Paying Agent in the market that is most closely connected with the Reference Rate; and, (B) with respect to the Subordinated Loan Agreement, means four financial institutions of the greatest importance, acting on the interbank market of the member states of the European Union, as selected by the Principal Subordinated Lender and communicated to the Guarantor Calculation Agent.

"**Reference Price**" has the meaning given in the relevant Final Terms.

"**Reference Rate**" has the meaning ascribed to it in the relevant Final Terms.

"**Regular Period**" means:

(i) in the case of Covered Bonds where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;

(ii) in the case of Covered Bonds where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "Regular Date" means the day and month (but not the year) on which any Interest Payment Date falls; and

(iii) in the case of Covered Bonds where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "Regular Date" means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period.

"**Relevant Clearing System**" means Euroclear and/or Clearstream, Luxembourg and/or any other clearing system (other than Euronext Securities Milan) specified in the relevant Final Terms as a clearing system through which payments under the Covered Bonds may be made.

"**Relevant Financial Centre**" has the meaning given in the relevant Final Terms.

"**Relevant Screen Page**" means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate.

"**Relevant Time**" has the meaning given in the relevant Final Terms.

"**Representative of the Bondholders**" means The Bank of New York Mellon Corporate Trustee Services Limited or any other entity acting in such capacity pursuant to the Programme Documents.

"**Required Redemption Amount**" means (i) to the extent that no Series of Covered Bonds have become Pass Through Series, the Euro Equivalent of the Principal Amount Outstanding in respect of the Earliest Maturing Covered Bonds, multiplied by (1 + Negative Carry Factor x (days to maturity of the relevant Series or Tranche of Covered Bonds/365)) and thereafter (ii) zero.

"**Required Reserve Amount**" means the aggregate of the amounts calculated by the Guarantor Calculation Agent on each Guarantor Calculation Date, in accordance with the following formula: **A plus**

- **B**, if BMPS is the Covered Bond Swap Provider under the relevant Covered Bond Swap Agreement, or if no Covered Bond Swap Agreement has been entered into with respect to the relevant Series of Covered Bonds; and

- **C**, if BMPS is not **the** Covered Bond Swap Provider under the relevant Covered Bond Swap Agreement, where

"**A**" is the sum of all the amounts to be paid by the Guarantor on the next following Guarantor Payment Date (i) under item First of the Pre-Issuer Default Interest Priority of Payments and (ii) as compensation for the activity of any of the Principal Servicer or the Additional Servicer under the terms of the Master Servicing Agreement."

"**B**" is the aggregate amount of all interest payable with respect of each Series of Covered Bonds during the six months period following the relevant Guarantor Calculation Date; and

"**C**" the sum of the Floating Amount (as defined in the Swap Agreement related to the relevant Series of Covered Bond) due by the Guarantor during the six months period following the relevant Guarantor Calculation Date.

"**Reserve Account**" means the account denominated in Euro opened in the name of the Guarantor and held by the Payments Account Bank, number 7577449780 (IBAN: IT05A0335101600007577449780) or any other substitutive account which may be opened pursuant to the Cash Allocation, Management and Payments Agreement.

"**Reserve Amount**" means the funds standing to the credit of the Reserve Account from time to time.

"**Residential Mortgage Loan**" means a loan secured by residential mortgage meeting the requirements of article 129, paragraph 1, lett. (d) of CRR and article 7-*novies*, paragraph 2, of Law 130.

"**Residential Real Estate Assets**" means the Real Estate Assets relating to Residential Mortgage Loans.

"**Resolution Event**" means the starting of a resolution procedure *vis-à-vis* the Issuer pursuant to Legislative Decree No. 180/2015 and subject to the relevant implementing measures adopted by the competent resolution authority.

"**Retention Amount**" means an amount equal to €50,000.00.

"**Rules of the Organisation of the Bondholders**" means the rules of the organisation of the Bondholders attached as Exhibit 1 to this Conditions, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Screen Rate Determination**" has the meaning given in the relevant Final Terms.

"**Securities Act**" means the U.S. Securities Act of 1933, as amended.

"**Security**" means the security created pursuant to the Deed of Pledge.

"**Security Interest**" means:

(i) any mortgage, charge, pledge, lien or other encumbrance securing any obligation of any person;

(ii) any arrangement under which money or claims to money, or the benefit of, a bank or other account may be applied, set off or made subject to a combination of accounts so as to effect discharge of any sum owed or payable to any person; or

(iii) any other type of preferential arrangement (including any title transfer and retention arrangement) having a similar effect.

"**Segregation Event**" has the meaning given to the definition "Segregation Event" pursuant to the Terms and Conditions.

"Selected Assets" means the Eligible Assets from time to time sold by the Guarantor in accordance with the provisions of the Cover Pool Management Agreement.

"**Seller**" means the Principal Seller pursuant to the Master Assets Purchase Agreement and each Additional Seller (if any).

"**Series**" or "**Series of Covered Bonds**" means each series of Covered Bonds issued in the context of the Programme.

"**Servicer**" means any of BMPS in its capacity as Principal Servicer pursuant to the Master Servicing Agreement and any Additional Servicer pursuant to the terms and conditions provided therein.

"**Servicer Termination Event**" means any event as indicated in clause 11.1 of the Master Servicing Agreement.

"**Servicer's Report Date**" means any of the Monthly Servicer's Report Date or any of the Quarterly Servicer's Report Date.

"**Servicer's Reports**" means any of the Monthly Servicer's Report and the Quarterly Servicer's Report.

"**Specified Currency**" means the currency as may be agreed from time to time by the Issuer, the relevant Dealer(s), the Principal Paying Agent and the Representative of the Bondholders (as set out in the applicable Final Terms).

"**Specified Denomination**" has the meaning given in the relevant Final Terms.

"**Specified Office(s)**" means, in relation to any Paying Agent, the office currently specified in the Cash Allocation, Management and Payments Agreement or as further specified by notice to the Issuer and the

other parties to the Cash Allocation, Management and Payments Agreement in the manner provided therein or in the relevant Final Terms, as the case may be.

"**Specified Period**" has the meaning set out in the relevant Final Terms.

"**Stock Exchange**" means the regulated market of the Luxembourg Stock Exchange (*Bourse de Luxembourg*).

"**Subordinated Lender**" means any of the Principal Subordinated Lender and any Additional Subordinated Lender(s), if any.

"**Subordinated Loan Agreement**" means each subordinated loan agreement entered between a Subordinated Lender and the Guarantor, as amended from time to time.

"**Subordinated Loan Availability Period**" means the period starting from the date of execution of the Subordinated Loan Agreement (or, in respect of any Additional Seller, the relevant Subordinated Loan Agreement) and ending on the date on which all the Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full pursuant to the relevant Final Terms, in which the Subordinated Lender has the right to grant to the Guarantor, on each Drawdown Date, a Term Loan.

"**Subscription Agreement**" means any subscription agreement entered on or about the Issue Date of each Series or Tranche of Covered Bonds between, *inter alios*, each Dealer and the Guarantor

"**Substitute Servicer**" means the substitute of the Servicer which will take over the servicing activities in the event of a Servicer Termination Event pursuant to clause 12 of the Master Servicing Agreement.

"**Swap Agreements**" means, collectively, the Covered Bond Swap Agreement(s), the Asset Swap Agreement and any other swap agreement which may be entered into by the Guarantor in the context of the Programme.

"**Swap Collateral**" means the collateral which may be transferred by the Swap Providers to the Guarantor in support of its obligations under the Swap Agreements.

"**Swap Collateral Excluded Amounts**" means at any time, the amounts of Swap Collateral which may not be applied under the terms of the relevant Swap Agreement at that time in satisfaction of the relevant Swap Provider's obligations to the Guarantor or, as the case may be, the Issuer including Swap Collateral which is to be returned to the relevant Swap Provider from time to time in accordance with the terms of the Swap Agreements and ultimately upon termination of the relevant Swap Agreement.

"**Swap Providers**" means, as applicable, the Asset Swap Provider(s), the Covered Bond Swap Providers and any other entity which may act as swap counterparty to the Guarantor by entering into a Swap Agreement.

"**T2**" means the real time gross settlement system operated by the Eurosystem (T2) combining the functionalities of a Real Time Gross Settlement (RTGS) system with those of a Central Liquidity Management (CLM) system and which was launched on 20 March 2023.

"**TARGET Settlement Day**" means any day on which the T2 is open for the settlement of payments in Euro.

"**Tax**" means any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or any political sub-division thereof or any authority thereof or therein.

"**Term Loan**" means any term loan in the form of a Programme Term Loan or Fixed Interest Term Loan or Floating Interest Term Loan, made or to be made available to the Guarantor on each Drawdown Date under the Subordinated Loan Agreement or the principal amount outstanding for the time being of that loan.

"**Term Loan Proposal**" means an "*Offerta di Finanziamento Subordinato*" as such term is defined in the relevant Subordinated Loan Agreement.

"**Terms and Conditions**" means the Terms and Conditions of the Covered Bonds.

"**Test Calculation Agent**" means any of the Pre-Issuer Default Test Calculation Agent and the Post-Issuer Default Test Calculation Agent.

"**Test Calculation Date**" means the date on which the calculation of the Tests are performed, being a date falling on or before the Test Performance Report Date, provided that following the delivery of a Guarantee Enforcement Notice the first Test Calculation Date will fall 7 Business Days after the delivery of such Guarantee Enforcement Notice.

"**Test Grace Period**" means the period starting on the date on which the breach of any of the Mandatory Tests or of the Asset Coverage Test is notified by the Pre-Issuer Default Test Calculation Agent and ending on the immediately following Test Performance Report Date.

"**Test Performance Report**" means, respectively (i) the Pre-Issuer Default Test Performance Report to be issued by the Pre-Issuer Default Test Calculation Agent and (ii) the Post-Issuer Default Test Performance Report to be issued by the Post-Issuer Default Test Calculation Agent, each setting out the calculations carried out by it with respect to the relevant Tests.

"**Test Performance Report Date**" means the date falling the 22nd calendar day of each month.

"**Test Remedy Period**" means the period starting from the date on which a Breach of Tests Notice is delivered and ending on the Test Performance Report Date falling 3 months thereafter.

"**Tests**" means, as appropriate, the Mandatory Tests, the Asset Coverage Test, the Amortisation Test and the Liquidity Reserve Requirement.

"**Total Commitment**" means, in respect of each Subordinated Lender, the commitment specified in the relevant Subordinated Loan Agreement.

"**Tranche**" or "**Tranches of Covered Bonds**" means each tranche of Covered Bonds which may be comprised in a Series of Covered Bonds.

"**Transfer Proposal**" means, in respect to each New Portfolio, the transfer proposal which will be sent by the relevant Seller and addressed to the Guarantor substantially in the form set out in schedule 7 to the Master Assets Purchase Agreement.

"**Treaty**" means the treaty establishing the European Community.

"**Usury Law**" means Italian Law number 108 of 7 March 1996, together with Decree number 349 of 29 December 2000 as converted into Law number 24 of 28 February 2001.

"**UTP Assets**" (*Attivi UTP*) means the UTP Receivables.

"**UTP Receivables**" (*Crediti UTP*) means any Receivable classified as unlikely-to-pay loan (*inadempienza probabile*) pursuant to the Circular no. 272/2008 (*Matrice dei Conti*) issued by the Bank of Italy, as subsequently modified and supplemented, and, as such, signalled to the "*Centrale dei Rischi*" pursuant to the Circular No. 139/1991 of the Bank of Italy, as subsequently modified and supplemented.

"**Valuation Date**" means, with respect to the Initial Portfolio, the 21 of May 2010 and with respect to any New Portfolios, the date that will be established jointly by the Principal Seller or any Additional Seller and the Guarantor.

"**Warranty and Indemnity Agreement**" means the warranty and indemnity agreement entered on 25 May 2010 between the Principal Seller and the Guarantor, as amended from time to time.

"**Zero Coupon Covered Bond**" means the Covered Bonds, if any, regulated by the Zero Coupon Provisions, as provided under the relevant Final Terms.

"**Zero Coupon Provisions**" has the meaning set out in Condition 8 (*Zero Coupon Provisions*).

"**€STR**" means the euro short-term rate published by the European Central Bank.

(a) *Interpretation*:

In these Conditions:

(i) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 11 (*Taxation*), any premium payable in respect of a Series or Tranche of Covered Bonds and any other amount in the nature of principal payable pursuant to these Conditions;

(ii) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 11 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;

(iii) if an expression is stated in Condition 2 (a) (*Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms give no such meaning or specify that such expression is "not applicable" then such expression is not applicable to the relevant Covered Bonds;

(iv) any reference to a Programme Document shall be construed as a reference to such Programme Document, as amended and/or supplemented up to and including the Issue Date of the relevant Covered Bonds;

(v) any reference to a party to a Programme Document (other than the Issuer and the Guarantor) shall, where the context permits, include any Person who, in accordance with the terms of such Programme Document, becomes a party thereto subsequent to the date thereof, whether by appointment as a successor to an existing party or by appointment or otherwise as an additional party to such document and whether in respect of the Programme generally or in respect of a single Series or Tranche only; and

(vi) any reference in any legislation (whether primary legislation or regulations or other subsidiary legislation made pursuant to primary legislation) shall be construed as a reference to such legislation as the same may have been, or may from time to time be, amended or re-enacted.

3. DENOMINATION, FORM AND TITLE

The Covered Bonds are in the Specified Denomination or Specified Denominations which may include a minimum denomination of €100,000 (or, where the Specified Currency is a currency other than euro, the equivalent amount in such Specified Currency) and higher integral multiples of a smaller amount, all as specified in the relevant Final Terms and save that the minimum

denomination of each Covered Bond admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Regulation will be €100,000 (or, if the Covered Bonds are denominated in a currency other than euro, the equivalent amount in such currency). The Covered Bonds will be issued in bearer and dematerialised form or in any other form as set out in the relevant Final Terms. The Covered Bonds issued in bearer and dematerialised form will be held on behalf of their ultimate owners by Euronext Securities Milan for the account of Euronext Securities Milan Account Holders and title thereto will be evidenced by book entries in accordance with the provisions of the Financial Laws Consolidation Act and the Joint Regulation, as amended and supplemented from time to time. The Covered Bonds issued in bearer and dematerialised form will be held by Euronext Securities Milan on behalf of the Bondholders until redemption or cancellation thereof for the account of the relevant Euronext Securities Milan Account Holder. No physical document of title will be issued in respect of the Covered Bonds issued in bearer and dematerialised form. The rights and powers of the Bondholders may only be exercised in accordance with these Conditions and the Rules.

4. STATUS AND GUARANTEE

(a) *Status of the Covered Bonds*: The Covered Bonds constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will rank *pari passu* without preference among themselves and (save for any applicable statutory provisions) at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer from time to time outstanding. In the event of a compulsory winding-up (*liquidazione coatta amministrativa*) of the Issuer, any funds realised and payable to the Bondholders will be collected by the Guarantor on their behalf, provided that, pursuant to article 7-*quaterdecies* of Law 130, further to enforcement of the Guarantee, the Bondholders shall participate in the final distribution of the Issuer's assets in respect of any residual amount due to them with any other unsecured creditor including – pursuant to article 7-*quaterdecies* of Law 130 – any derivative transaction counterparty.

(b) *Status of the Guarantee*: The payment of Guaranteed Amounts in respect of each Series or Tranche of Covered Bonds when Due for Payment will be unconditionally and irrevocably guaranteed by the Guarantor in the Guarantee. The recourse of the Bondholders to the Guarantor under the Guarantee will be limited to the assets of the Cover Pool. Payments made by the Guarantor under the Guarantee will be made subject to, and in accordance with, the relevant Priority of Payments pursuant to which specified payments will be made to other parties prior to payments to the Bondholders.

5. FIXED RATE PROVISIONS

(a) *Application*: This Condition 5 is applicable to the Covered Bonds only if the Fixed Rate Provisions are specified in the relevant Final Terms as being applicable.

(b) *Accrual of interest*: The Covered Bonds bear interest from the Interest Commencement Date at the Rate of Interest payable in arrears on each Interest Payment Date, subject as provided in Condition 10 (*Payments*). Each Covered Bond will cease to bear interest from the due date for final redemption unless payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 5 (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Covered Bond up to that day are received by or on behalf of the relevant Bondholder and (ii) the day which is seven days after the Principal Paying Agent has notified the Bondholders that it has received all sums due in respect of the Covered Bonds up to such seventh day (except to the extent

that there is any subsequent default in payment). If payment of the Final Redemption Amount on the Maturity Date is deferred in whole or in part pursuant to Condition 9(b) (*Extension of maturity*), the Floating Rate Provision will apply (as specified in the Final Terms).

(c) *Fixed Coupon Amount*: The amount of interest payable in respect of each Covered Bond for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Covered Bonds are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

(d) *Calculation of interest amount*: The amount of interest payable in respect of each Covered Bond for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Covered Bond divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

6. FLOATING RATE PROVISIONS

(a) *Application*: This Condition 6 is applicable to the Covered Bonds only if the Floating Rate Provisions are specified in the relevant Final Terms as being applicable.

(b) *Accrual of interest*: The Covered Bonds bear interest from the Interest Commencement Date at the Rate of Interest payable in arrears on each Interest Payment Date, subject as provided in Condition 10 (*Payments*). Each Covered Bond will cease to bear interest from the due date for final redemption unless payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Covered Bond up to that day are received by or on behalf of the relevant Bondholder and (ii) the day which is seven days after the Principal Paying Agent has notified the Bondholders that it has received all sums due in respect of the Covered Bonds up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) *Screen Rate Determination*: If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Covered Bonds for each Interest Period will be determined by the Principal Paying Agent on the following basis:

(i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Principal Paying Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(ii) in any other case, the Principal Paying Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Principal Paying Agent will:

(A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and

(B) determine the arithmetic mean of such quotations; and

(iv) if fewer than two such quotations are provided as requested, the Principal Paying Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Principal Paying Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Principal Paying Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; provided, however, that if the Principal Paying Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Covered Bonds during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Covered Bonds in respect of a preceding Interest Period.

(d) *ISDA Determination*: If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Covered Bonds for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "**ISDA Rate**" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent were acting as Principal Paying Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;

(ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and

(iii) the relevant Reset Date (as defined in the ISDA Definitions), as specified in the relevant Final Terms.

(e) *Maximum or Minimum Rate of Interest*: If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.

(f) *Calculation of Interest Amount*: The Principal Paying Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Covered Bond for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest

for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Covered Bond divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

(g) *Publication*: The Principal Paying Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agent(s) and each competent authority, stock exchange and/or quotation system (if any) by which the Covered Bonds have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Bondholders. The Principal Paying Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination, the Principal Paying Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Covered Bond having the minimum Specified Denomination.

(h) *Notifications etc*: All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Principal Paying Agent will (in the absence of manifest error) be binding on the Issuer, the Guarantor, the Paying Agent(s), the Bondholders and (subject as aforesaid) no liability to any such Person will attach to the Principal Paying Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

7. BENCHMARK REPLACEMENT

Notwithstanding the provisions in Condition 6 (*Floating Rate Provisions*), if the Issuer determines that the relevant Reference Rate specified in the relevant Final Terms has ceased to be published on the relevant Screen Page, or a Benchmark Disruption Event occur (even if the rate continues to be published), when any Rate of Interest (or the relevant component part thereof) remains to be determined by such Reference Rate, then the following provisions shall apply:

(a) the Issuer shall use reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser to determine (acting in good faith and in a commercially reasonable manner), no later than 5 Business Days prior to the relevant Interest Determination Date relating to the next succeeding Interest Period (the "**IA Determination Cut-off Date**"), a Successor Rate (as defined below) or, alternatively, if there is no Successor Rate, an Alternative Reference Rate (as defined below) for purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Covered Bonds;

(b) if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine a Successor Rate or an Alternative Reference Rate prior to the IA Determination Cut-off Date, the Issuer (acting in good faith and in a commercially reasonable manner) may determine a Successor Rate or, if there is no Successor Rate, an Alternative Reference Rate;

(c) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with the preceding provisions, such Successor Rate or, failing which, an Alternative Reference Rate (as applicable) shall be the Reference Rate for each of the future Interest Periods (subject to the subsequent operation of, and to adjustment as provided in this Condition 7); provided, however, that if paragraph (b) applies and the Issuer is unable to or does not determine a Successor Rate or an Alternative Reference Rate prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Covered Bonds in respect of the preceding Interest Period (subject to the subsequent operation of, and to adjustment as provided in this Condition 7); for the avoidance of doubt, the provision in this sub-paragraph shall apply to the relevant Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 7);

(d) if the Independent Adviser or the Issuer determines a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) in accordance with the above provisions, the Independent Adviser or the Issuer (as applicable), may also specify changes to these Conditions, including but not limited to the Day Count Fraction, Relevant Screen Page, Business Day Convention, Business Days, Interest Determination Date, and/or the definition of Reference Rate applicable to the Covered Bonds, and the method for determining the fallback rate in relation to the Covered Bonds, in order to follow the prevailing market practice in relation to the Successor Rate or the Alternative Reference Rate (as applicable). If the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable), determines that an Adjustment Spread (as defined below) is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Reference Rate (as applicable). If the Independent Adviser or the Issuer (as applicable) is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread. For the avoidance of doubt, the Representative of the Bondholders shall, at the direction and expense of the Issuer, authorise such consequential amendments to the Programme Documents and these Conditions as may be required in order to give effect to this Condition 7.

(e) Bondholders' consent shall not be required in connection with effecting the Successor Rate or Alternative Reference Rate (as applicable) or such other changes, including for the execution of any documents or other steps (if required); and

(f) the Issuer shall promptly, following the determination of any Successor Rate or Alternative Reference Rate (as applicable), give written notice thereof to the Principal Paying Agent, the Representative of the Bondholders and the Bondholders specifying (i) which of the Benchmark Disruption Event occurred, (ii) the effective date(s) for such Successor Rate or Alternative Reference Rate (as applicable) and (iii) any consequential changes made to these Conditions, provided that a prior written notice has been sent to the Rating Agencies within an appropriate period of time.

For the purposes of this Condition 7:

"**Adjustment Spread**" means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable), determines is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to

Bondholders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

(i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body (as defined below); or

(ii) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable) determines is recognised or acknowledged as being in customary and prevailing market usage in international debt capital markets transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as applicable); or

(iii) if no such customary and prevailing market usage can be determined or acknowledged, the Independent Adviser (in consultation with the Issuer) or the Issuer in its discretion (as applicable), determines (acting in good faith and in a commercially reasonable manner) to be appropriate;

"**Alternative Reference Rate**" means the rate that the Independent Adviser or the Issuer (as applicable) determines has replaced the relevant Reference Rate in customary and prevailing market usage in the international debt capital markets for the purposes of determining rates of interest in respect of bonds denominated in the Specified Currency and of a comparable duration to the relevant Interest Period, or, if the Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other rate as the Independent Adviser or the Issuer (as applicable) determines in its discretion (acting in good faith and in a commercially reasonable manner) is most comparable to the relevant Reference Rate;

"**Benchmark Disruption Event**" means any event which could have a material impact on the Reference Rate, including but not limited to:

(i) a material disruption to the Reference Rate, a material change in the methodology of calculating the Reference Rate or the Reference Rate ceasing to exist or be published, or the administrator of the Reference Rate having used a fallback methodology for calculating the Reference Rate for a period of at least 30 calendar days; or

(ii) the insolvency or cessation of business of the administrator of the Reference Rate (in circumstances where no successor administrator has been appointed); or

(iii) a public statement by the administrator of the Reference Rate that it will cease publishing the Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Reference Rate) with effect from a date no later than 6 months after the proposed effective date of such benchmark replacement; or

(iv) a public statement by the supervisor of the administrator of the Reference Rate that the Reference Rate has been or will be permanently or indefinitely discontinued or there will be a material change in the methodology of calculating the Reference Rate with effect from a date no later than 6 months after the proposed effective date of such benchmark replacement; or

(v) a public statement by the supervisor of the administrator of the Reference Rate that means the Reference Rate will be prohibited from being used or that its use is subject to restrictions or adverse consequences with effect from a date no later than 6 months after the proposed effective date of such benchmark replacement; or

(vi) a change in the generally accepted market practice in the market to refer to a Reference Rate endorsed in a public statement by the prudential regulation authority or any relevant committee or other body established, sponsored or approved by any of the foregoing, despite the continued existence of the Reference Rate; or

(vii) it having become unlawful and/or impossible and/or impracticable for the Principal Paying Agent or the Issuer to calculate any payments due to be made to any Bondholders using the Reference Rate.

"**Independent Adviser**" means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case appointed by the Issuer at its own expense;

"**Relevant Nominating Body**" means, in respect of a reference rate or mid-swap benchmark rate:

(i) the central bank for the currency to which the Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate; or

(ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the reference rate or mid-swap benchmark rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate or mid-swap benchmark rate, (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Financial Stability Board or any part thereof; and

"**Successor Rate**" means the rate that the Independent Adviser or the Issuer (as applicable) determines is a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body.

8. ZERO COUPON PROVISIONS

(a) *Application:* This Condition 8 is applicable to the Covered Bonds only if the Zero Coupon Provisions are specified in the relevant Final Terms as being applicable.

(b) *Late payment on Zero Coupon Covered Bonds*: If the Redemption Amount payable in respect of any Zero Coupon Covered Bond is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Covered Bond up to that day are received by or on behalf of the relevant Bondholder and (ii) the day which is seven days after the Principal Paying Agent has notified the Bondholders that it has received all sums due in respect of the Covered Bonds up to such seventh day (except to the extent that there is any subsequent default in payment).

9. REDEMPTION AND PURCHASE

(a) *Scheduled redemption*: Unless previously redeemed or cancelled, the Covered Bonds will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 9(b) (*Extension of maturity*) and Condition 10 (*Payments*).

(b) *Extension of maturity*: Without prejudice to Condition 12 (*Segregation Event and Events of Default*), the Guarantor's obligations under *the* Guarantee to pay the Guaranteed Amounts of the relevant Series of Covered Bonds on their Maturity Date may be deferred until the Extended Maturity Date. Such deferral will occur automatically:

(i) in respect of a Series of Covered Bonds (each such Series, a Pass Through Series) if (A) a Guarantee Enforcement Notice has been served on the Issuer and the Guarantor as a result of the Issuer having failed to pay, in whole or in part, the Guaranteed Amounts on the Maturity Date for such Series of Covered Bonds and, on the relevant Extension Determination Date, the Guarantor has insufficient funds to pay, in accordance with the Guarantee Priority of Payments, the Guaranteed Amounts in respect of such Series of Covered Bonds, or (B) a Guarantee Enforcement Notice has been served on the Issuer and the Guarantor following the occurrence of an Issuer Event of Default (other than the Issuer Event of Default referred to in paragraph (A) above) and, on the Maturity Date for such Series of Covered Bonds, the Guarantor has insufficient funds to pay, in accordance with the Guarantee Priority of Payments, the Guaranteed Amounts in respect of such Series of Covered Bonds; and

(ii) in respect of all Series of Covered Bonds, which all become Pass Through Series, if, on any Test Calculation Date following the service of a Guarantee Enforcement Notice (and, in case of a Guarantee Enforcement Notice delivered as a result of an Article 74 Event, prior to the service of an Article 74 Event Cure Notice), the Test Calculation Agent notifies, through the Test Performance Report, the Issuer, the Sellers, any Additional Seller and the Guarantor that the Amortisation Test is not met.

The Issuer shall confirm to the Principal Paying Agent as soon as reasonably practicable and in any event at least four Business Days prior to the Maturity Date as to whether payment will or will not be made in full of the Final Redemption Amount in respect of the Covered Bonds on that Maturity Date. Any failure by the Issuer to notify the Principal Paying Agent shall not affect the validity or effectiveness of the extension.

The Guarantor shall notify the relevant holders of the Covered Bonds (in accordance with Condition 18 (Notices)), any relevant Swap Provider(s), the Rating Agencies, the Representative of the Bondholders and the Principal Paying Agent immediately after the Extension Determination Date or the Maturity Date (as the case may be) of any inability of the Guarantor to pay in full the Guaranteed Amounts corresponding to the Final Redemption Amount in respect of the Covered Bonds pursuant to the Guarantee. Any failure by the Guarantor to notify such parties shall not affect the validity or effectiveness of the extension nor give rise to any rights in any such party.

The Issuer shall notify the Bank of Italy of the deferral until the Extended Maturity Date in accordance with the terms of the Bank of Italy Regulations.

In the circumstances outlined above, the Guarantor shall on the Extension Determination Date or the Maturity Date (as the case may be), pursuant to the Guarantee, apply the

moneys (if any) available (after paying or providing for payment of higher ranking or pari passu amounts in accordance with the relevant Priority of Payments) pro rata as payment of an amount equal to the Final Redemption Amount in respect of the Covered Bonds which become due and payable and shall pay Guaranteed Amounts constituting interest in respect of each such Covered Bond on such date. The obligation of the Guarantor to pay any amounts in respect of the balance of the Final Redemption Amount not so paid shall be deferred as described above.

Interest will continue to accrue on any unpaid amount during such extended period and be payable on each Guarantor Payment Date up to (and including) the Extended Maturity Date.

(c) *Redemption for tax reasons*: The Covered Bonds may be redeemed at the option of the Issuer in whole, but not in part:

(i) at any time (if the Floating Rate Provisions are specified in the relevant Final Terms as being applicable); or

(ii) on any Interest Payment Date (if the Floating Rate Provisions are specified in the relevant Final Terms as being applicable),

(iii) on giving not less than 30 nor more than 60 days' notice to the Bondholders (which notice shall be irrevocable), at their Early Termination Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if:

(A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 11 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of Italy or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Series of the Covered Bonds; and

(B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided, however, that no such notice of redemption shall be given earlier than:

(C) where the Covered Bonds may be redeemed at any time, 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Covered Bonds were then due; or

(D) where the Covered Bonds may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Covered Bonds were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Principal Paying Agent (A) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions

precedent to the right of the Issuer so to redeem have occurred and (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 9(c) (*Redemption for tax reason*), the Issuer shall be bound to redeem the Covered Bonds in accordance with this Condition 9(c) (*Redemption for tax reason*).

(d) *Redemption at the option of the Issuer*: If the Call Option is specified in the relevant Final Terms as being applicable, the Covered Bonds may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 15 nor more than 30 days' notice to the Bondholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Covered Bonds on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).

(e) *Redemption at the option of Bondholders*: If the Put Option is specified in the relevant Final Terms as being applicable, prior to an Issuer Event of Default, the Issuer shall, at the option of any Bondholder redeem such Covered Bonds held by it on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 9(e) (*Redemption at the option of the Bondholders*), the Bondholder must, not less than 30 nor more than 45 days before the relevant Optional Redemption Date (Put), deposit with the Principal Paying Agent a duly completed Put Option Notice in the form obtainable from the Principal Paying Agent. The Principal Paying Agent with which a Put Option Notice is so deposited shall deliver a duly completed Put Option Receipt to the deposit in Bondholder. Once deposited in accordance with this Condition 9(e) (*Redemption at the option of the Bondholders*), no duly completed Put Option Notice may be withdrawn; provided, however, that if, prior to the relevant Optional Redemption Date (Put), any Covered Bonds become immediately due and payable or, upon due presentation of any such Covered Bonds on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the Principal Paying Agent shall mail notification thereof to the Bondholder at such address as may have been given by such Bondholder in the relevant Put Option Notice and shall hold such Covered Bond against surrender of the relevant Put Option Receipt. For so long as any outstanding Covered Bonds are held by the Principal Paying Agent in accordance with this Condition 9(e) (*Redemption at the option of the Bondholders*), the Bondholder and not the Principal Paying Agent shall be deemed to be the holder of such Covered Bonds for all purposes.

(f) *Partial redemption*: If the Covered Bonds are to be redeemed in part only, on any date in accordance with Condition 9(d) (*Redemption at the option of the Issuer*), the Covered Bonds to be redeemed in part shall be redeemed in the principal amount specified by the Issuer and will be so redeemed in accordance with the rules and procedures of Euronext Securities Milan and/or any other Relevant Clearing System (to be reflected in the records of such clearing systems as a pool factor or a reduction in principal amount, at their discretion), subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Covered Bonds have then been admitted to listing, trading and/or quotation. The notice to Bondholders referred to in Condition 9(d) (*Redemption at the option of the Issuer*) shall specify the proportion of the Covered Bonds so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then

the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

(g) *Early redemption of Zero Coupon Covered Bonds*: Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Covered Bonds at any time before the Maturity Date shall be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Covered Bonds become due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 9(g) (*Early redemption of Zero Coupon Covered Bonds*) or, if none is so specified, a Day Count Fraction of 30E/360.

(h) *Redemption by instalments*: If the Covered Bonds are specified in the relevant Final Terms as being amortising and redeemable in instalments they will be redeemed in such number of instalments, in such amounts ("**Instalment Amounts**") and on such dates as may be specified in or determined in accordance with the relevant Final Terms and upon each partial redemption as provided by this Condition 9(h) (*Redemption by instalments*) the outstanding principal amount of each such Covered Bonds shall be reduced by the relevant Instalment Amount for all purposes.

(i) *No other redemption*: The Issuer shall not be entitled to redeem the Covered Bonds otherwise than as provided in Conditions 9(a) (*Scheduled redemption*) to (h) (*Redemption by instalments*) above.

(j) *Purchase*: The Issuer or any of its Subsidiaries (other than the Guarantor) may at any time purchase Covered Bonds in the open market or otherwise and at any price. The Guarantor shall not purchase any Covered Bonds at any time.

(k) *Cancellation*: All Covered Bonds so redeemed shall be cancelled (or may be cancelled in case of Covered Bonds repurchase by the Issuer) and thereafter may not be reissued.

10. PAYMENTS

(a) *Payments through clearing systems*: Payment of interest and repayment of principal in respect of the Covered Bonds will be credited, in accordance with the instructions of Euronext Securities Milan, by the Principal Paying Agent on behalf of the Issuer or the Guarantor (as the case may be) to the accounts of those banks and authorised brokers whose accounts with Euronext Securities Milan are credited with those Covered Bonds and thereafter credited by such banks and authorised brokers from such aforementioned accounts to the accounts of the beneficial owners of those Covered Bonds or through the Relevant Clearing Systems to the accounts with the Relevant Clearing Systems of the beneficial owners of those Covered Bonds, in accordance with the rules and procedures of Euronext Securities Milan and of the Relevant Clearing Systems, as the case may be.

(b) *Payments subject to fiscal laws*: All payments in respect of the Covered Bonds are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 11 (*Taxation*). No commissions or expenses shall be charged to Bondholders in respect of such payments.

(c) *Payments on Business Days*: If the due date for payment of any amount in respect of any Covered Bond is not a Payment Business Day in the Place of Payment, the Bondholder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

11. TAXATION

(a) *Gross up by Issuer*: All payments of principal and interest in respect of the Covered Bonds by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future Taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Italy or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Bondholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Covered Bond:

(i) in respect of any payment or deduction on account of imposta sostitutiva (at the then applicable rate of tax) pursuant to Decree No. 239 with respect to any Covered Bonds and in all circumstances in which the procedures set forth in Decree No. 239 have not been met or complied with, except where such procedures have not been met or complied with, due to the actions or omissions of the Issuer or its agents; or

(ii) held by or on behalf of a Bondholder which is liable to such taxes, duties, assessments or governmental charges in respect of such Covered Bonds by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Covered Bonds; or

(iii) where the Bondholder would have been able to lawfully avoid (but has not so avoided) such deduction or withholding by complying, or procuring that any third party complies, with any statutory requirements; or

(iv) held by or on behalf of a Bondholder who would have been able to avoid such withholding or deduction by presenting the relevant Covered Bond to another Paying Agent in a Member State of the EU; or

(v) in the event of payment to a non-Italian resident legal entity or a non-Italian resident individual, to the extent that interest or any other amount is paid to a non-Italian resident legal entity or a non-Italian resident individual which is resident in a country which does not allow for a satisfactory exchange of information with the Italian authorities; or

(vi) in respect of Covered Bonds classified as atypical securities where such withholding or deduction is required under Law Decree No. 512 of September 30, 1983, as amended and supplemented from time to time; or

(vii) held by or on behalf of a Bondholder who is entitled to avoid such withholding or deduction in respect of such Covered Bonds by making a declaration or any other statement to the relevant tax authority, including, but not limited to, a declaration of residence or non/residence or other similar claim for exemption.

For the avoidance of doubt, if an amount were to be deducted or withheld from interest, principal or other payments on the Covered Bonds as a result of an agreement described in Section 1471 (b) of the U.S. Internal Revenue Code of 1986, as amended (the "Code") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code and any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto ("FATCA") none of the Issuer, the Guarantor, any paying agent or any other persons would, pursuant to the terms and conditions of the Covered Bonds, be required to pay additional amounts as a result of deduction or the withholding.

(b) *Taxing jurisdiction*: If the Issuer becomes subject at any time to any taxing jurisdiction other than the Republic of Italy, references in these Conditions to the Republic of Italy shall be construed as references to the Republic of Italy and/or such other jurisdiction.

(c) *No Gross-up by the Guarantor*: If withholding of, or deduction of any present or future taxes, duties, assessments or charges of whatever nature is imposed by or on behalf of the Republic of Italy, any authority therein or thereof having power to tax, the Guarantor will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Bondholders, as the case may be, and shall not be obliged to pay any additional amounts to the Bondholders.

12. SEGREGATION EVENT AND EVENTS OF DEFAULT

12.1 Segregation Event

The occurrence of any of the following events :

(a) a breach of any of the Mandatory Tests on the relevant Quarterly Test Calculation Date and/or

(b) prior to the delivery of a Guarantee Enforcement Notice, a breach of the Asset Coverage Test on the relevant Test Calculation Date,

which the Pre-Issuer Default Test Calculation Agent notifies has not been remedied within the applicable Test Grace Period, constitutes a "**Segregation Event**".

Upon the occurrence of a Segregation Event the Representative of the Bondholders will promptly serve notice and in any case within 5 calendar days (the "**Breach of Tests Notice**") on, *inter alios*, the Issuer and the Guarantor and the Rating Agencies that a Segregation Event has occurred.

In such case:

(i) no further Series or Tranche of Covered Bonds may be issued by the Issuer;

(ii) there shall be no further payments to the Subordinated Lender under any relevant Term Loan, other than where necessary for the purpose of complying with the limits set forth under article 129, paragraph 1a., of the CRR as better specified in the Cover Pool Management Agreement (and to the extent that no purchase of Eligible Assets is possible to this effect in accordance with the provisions of the Master Assets Purchase Agreement and the Cover Pool Management Agreement and/or in compliance with the limits set out in the Bank of Italy Regulations);

(iii) the purchase price for any Eligible Assets to be acquired by the Guarantor shall be paid using the proceeds of a Term Loan or, to the extent necessary to comply with the limits set forth under article 129, paragraph 1a., of the CRR, as better specified in the Cover Pool Management Agreement, the Guarantor Available Funds; and

(iv) payments due under the Covered Bonds will continue to be made by the Issuer until a Guarantee Enforcement Notice has been delivered.

If any of the Mandatory Tests and/or the Asset Coverage Test is/are met within the Test Remedy Period, the Representative of the Bondholders will promptly and in any case within 5 calendar days deliver to the Issuer, the Guarantor, the Asset Monitor and the Rating Agencies a notice informing such parties that the Breach of Tests Notice then outstanding has been revoked (the "**Breach of Tests Cure Notice**").

12.2 **Issuer Events of Default**

The occurrence of any of the following events constitutes an "**Issuer Event of Default**":

(a) *Non-payment (also as a result of claw-back)*: the Issuer fails to pay any amount of interest and/or principal due and payable on any Series or Tranche of Covered Bonds and such breach is not remedied within 15 calendar days, in case of amounts of interest, or 7 calendar days (other than in case of non-payment as at the Maturity Date), in case of amounts of principal, as the case may be; or

(b) *Breach of obligation (other than non-payment)*: a material breach by the Issuer of any obligation under the Programme Documents occurs and such breach is not remedied within 30 calendar days after the Representative of the Bondholders has given written notice thereof to the Issuer; or

(c) *Insolvency*: an Insolvency Event occurs with respect to the Issuer; or

(d) *Article 74 Event*: a resolution pursuant to article 74 of the Consolidated Banking Act is issued in respect of the Issuer; or

(e) *Cessation of business*: a Cessation of Business occurs in respect of the Issuer; or

(f) *Breach of Mandatory Tests and/or Asset Coverage Test*: following the delivery of a Breach of Tests Notice, any of the Mandatory Tests and/or the Asset Coverage Test is not met on, or prior to, the Test Calculation Date falling at the end of the relevant Test Remedy Period unless a resolution of the Bondholders is passed resolving to extend that Test Remedy Period.

If any of the events set out in points (a), (c), (d) or (f) above occurs and is continuing, then the Representative of the Bondholders shall serve to the Issuer and the Guarantor a notice to demand payments under the Guarantee (a "**Guarantee Enforcement Notice**"), specifying in case of the Issuer

Event of Default referred to under item (d) above, that the Issuer Event of Default may be temporary and the relevant Guarantee Enforcement Notice may be revoked accordingly.

Upon the service of a Guarantee Enforcement Notice:

(i) no further Series or Tranche of Covered Bonds may be issued by the Issuer;

(ii) there shall be no further payments to the Subordinated Lender under any relevant Term Loan;

(iii) the purchase price for any Eligible Assets to be acquired by the Guarantor shall be paid using the proceeds of a Term Loan;

(iv) *Guarantee*: (a) interest and principal falling due on the Covered Bonds will be payable by the Guarantor at the time and in the manner provided under the Conditions and the Final Terms of the relevant Series or Tranche of Covered Bonds, subject to and in accordance with the terms of the Guarantee and the Guarantee Priority of Payment; then (b) the Guarantor (or the Representative of the Bondholders pursuant to the Intercreditor Agreement) shall be entitled to request from the Issuer an amount up to the Guaranteed Amounts and any sum so received or recovered from the Issuer will be used to make payments in accordance with the Guarantee;

(v) *Pass Through Series:* to the extent that the Guarantor does not have sufficient funds to pay principal on a Series of Covered Bonds (also taking into account amounts referred under letter (b) of paragraph (iv) above (if any)), such Series shall become a Pass Through Series in accordance with Condition 9(b).

(vi) *Disposal of Eligible Assets:* the Guarantor shall use its best effort to sell the Eligible Assets included in the Cover Pool in accordance with the provisions of the Cover Pool Management Agreement,

provided that, in case of the Issuer Event of Default determined by a resolution issued in respect of the Issuer pursuant to article 74 of the Consolidated Banking Act (referred to under item (d) (*Article 74 Event*) above) (the "**Article 74 Event**"), the effects listed in items (i) (*Application of the Segregation Event provisions*), (ii) (*Guarantee*) and (iv) (*Disposal of Eligible Assets*) above will only apply for as long as the suspension of payments pursuant to Article 74 of the Consolidated Banking Act will be in force and effect (the "**Suspension Period**"). Accordingly (A) the Guarantor, in accordance with Law 130, shall be responsible for the payments of the amounts due and payable under the Covered Bonds during the Suspension Period and (B) at the end of the Suspension Period, the Issuer shall be again responsible for meeting the payment obligations under the Covered Bonds).

For the avoidance of doubt, (i) in case of delivery of a Guarantee Enforcement Notice further to a non-payment of interest on a Series of Covered Bond the relevant Series becomes a Pass Through Series if and only to the extent that, on the relevant Maturity Date the Guarantor does not have sufficient funds to redeem the Final Redemption Amount of such Series and (ii) in case of delivery of a Guarantee Enforcement Notice further to an Insolvency Event of the Issuer or further to an Article 74 Event, if the Guarantor does not have sufficient funds pay the Final Redemption Amount due on a Series of Covered Bond on the relevant Maturity Date, such Series becomes a Pass Through Series on such Maturity Date.

If any of the events set out in points (b) or (e) above occurs and is continuing, then the Representative of the Bondholders shall serve a notice to the Issuer, the Guarantor, the Principal Seller and any Additional Seller (if any), the Principal Servicer and any Additional Servicer (if any),

the Asset Monitor, the Rating Agencies, the Guarantor Calculation Agent, the Swap Providers, the Post-Issuer Default Test Calculation Agent and the Rating Agencies (an "**Issuer Default Notice**").

Upon the service of an Issuer Default Notice the provisions governing the Segregation Event from item (i) to (iv) shall apply.

12.3 **Guarantor Events of Default**

Following the occurrence of an Issuer Event of Default and delivery of the relevant Guarantee Enforcement Notice (to the extent not revoked), the occurrence of any of the following events constitutes a "**Guarantor Event of Default**":

(a) *Non-payment*: the Guarantor fails to pay any interest and/or principal due and payable under the Guarantee and such breach is not remedied within the next following 7 Business Days; or

(b) *Insolvency*: an Insolvency Event occurs with respect to the Guarantor; or

(c) *Breach of other obligation*: a material breach of any obligation under the Programme Documents by the Guarantor occurs (other than payment obligations referred to in item (a) (Non-payment) above) which is not remedied within 30 days after the Representative of the Bondholders has given written notice thereof to the Guarantor.

If any of the events set out in points from (a) to (c) above (each, a "**Guarantor Event of Default**") occurs and is continuing then the Representative of the Bondholders shall serve to the Issuer, the Guarantor, the Principal Seller and any Additional Seller (if any), the Principal Servicer and any Additional Servicer (if any), the Asset Monitor, the Guarantor Calculation Agent, the Principal Paying Agent, the Guarantor Corporate Servicer, the Payments Account Bank, the Italian Account Bank, the Italian Back-Up Account Bank and the Rating Agencies a Guarantor Default Notice, unless the Representative of the Bondholders, having exercised its discretion, resolves otherwise or a resolution of the Bondholders is passed resolving otherwise.

Upon the delivery of a Guarantor Default Notice, unless a Programme Resolution is passed resolving otherwise:

(i) *Acceleration of Covered Bonds*: the Covered Bonds shall become immediately due and payable at their Early Termination Amount together, if appropriate, with any accrued interest and will rank *pari passu* among themselves in accordance with the Post-enforcement Priority of Payments;

(ii) subject to and in accordance with the terms of the Guarantee, the Representative of the Bondholders, on behalf of the Bondholders, shall have a claim against the Guarantor for an amount equal to the Early Termination Amount, together with accrued interest and any other amount due under the Covered Bonds (other than additional amounts payable under Condition 11 (a) (*Gross up by Issuer*) in accordance with the Priority of Payments;

(iii) *Disposal of Eligible Assets*: the Guarantor shall immediately sell all Eligible Assets included in the Cover Pool in accordance with the provisions of the Cover Pool Management Agreement; and

(iv) *Enforcement*: the Representative of the Bondholders may, at its discretion and without further notice, subject to adequate satisfaction before doing so, take such steps and/or institute such proceedings against the Issuer or the Guarantor (as the case may be) as it

may think fit to enforce such payments, but it shall not be bound to take any such proceedings or steps unless requested or authorised by a resolution of the Bondholders.

12.4 **Amortisation Test and relevant breach**

Starting from the date on which a Guarantee Enforcement Notice is delivered and until the earlier of:

12.4.1 the date on which all Series or Tranche of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with the Terms and Conditions and the relevant Final Terms; and

12.4.1 the date on which a Guarantor Default Notice is delivered,

the Guarantor shall procure that on any Test Calculation Date, the Amortisation Test is met with respect to the Cover Pool, provided that, in case the Issuer Event of Default consists of an Article 74 Event, no Article 74 Event Cure Notice has been served.

If a breach of the Amortisation Test occurs:

(i) *Pass Through Series:* any and all Series of Covered Bonds will become immediately Pass Through Series in accordance with Condition 9(b); and

(ii) *Disposal of Eligible Assets:* the Guarantor shall use its best effort to sell the Eligible Assets included in the Cover Pool in accordance with the provisions of the Cover Pool Management Agreement.

12.5 *Determinations, etc*: all notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 12 by the Representative of the Bondholders shall (in the absence of wilful default (*dolo*), gross negligence (*colpa grave*) or manifest error) be binding on the Issuer, the Guarantor and all Bondholders and (in such absence as aforesaid) no liability to the Bondholders, the Issuer or the Guarantor shall attach to the Representative of the Bondholders in connection with the exercise or non-exercise by it of its powers, duties and discretions hereunder.

13. **LIMITED RECOURSE AND NON PETITION**

13.1 **Limited recourse**

The obligations of the Guarantor under the Guarantee constitute direct and unconditional, unsubordinated and limited recourse obligations of the Guarantor, collateralised by the Cover Pool as provided under Law 130 and the Bank of Italy Regulations. The recourse of the Bondholders to the Guarantor under the Guarantee will be limited to the assets of the Cover Pool subject to, and in accordance with, the relevant Priority of Payments pursuant to which specified payments will be made to other parties prior to payments to the Bondholders.

13.2 **Non petition**

Only the Representative of the Bondholders may pursue the remedies available under the general law or under the Programme Documents to obtain payment of the Guaranteed Obligations or enforce the Guarantee and/or the Security and no Bondholder shall be entitled to proceed directly against the Guarantor to obtain payment of the Guaranteed Obligations or to enforce the Guarantee and/or the Security. In particular:

13.2.1 no Bondholder (nor any person on its behalf, except the Representative of the Bondholders) is entitled, otherwise than as permitted by the Programme Documents, to direct the Representative of the Bondholders to enforce the Guarantee and/or Security or take any proceedings against the Guarantor to enforce the Guarantee and/or the Security;

13.2.1 no Bondholder (nor any person on its behalf, except the Representative of the Bondholders) shall have the right to take or join any person in taking any steps against the Guarantor for the purpose of obtaining payment of any amount due from the Guarantor;

13.2.1 until the date falling two years and one day after the date on which all Series and Tranches of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with their Conditions and the relevant final Terms no Bondholder (nor any person on its behalf, except the Representative of the Bondholders) shall initiate or join any person in initiating an Insolvency Event in relation to the Guarantor; and

13.2.1 no Bondholder shall be entitled to take or join in the taking of any corporate action, legal proceedings or other procedure or step which would result in the Priority of Payments not being complied with.

14. PRESCRIPTION

Claims for payment under the Covered Bonds shall become void unless made within ten years (in respect of principal) or five years (in respect of interest) from the due date thereof.

15. REPRESENTATIVE OF THE BONDHOLDERS

(a) *Organisation of the Bondholders*: The Organisation of the Bondholders shall be established upon, and by virtue of, the issue of the first Series of Covered Bonds under the Programme and shall remain in force and in effect until repayment in full or cancellation of all the Covered Bonds of whatever Series or Tranche. Pursuant to the Rules, for as long as any Covered Bonds of any Series or Tranche are outstanding, there shall at all times be a Representative of the Bondholders. The appointment of the Representative of the Bondholders as legal representative of the Organisation of the Bondholders is made by the Bondholders subject to and in accordance with the Rules.

(b) *Initial appointment*: In the Programme Agreement, the Dealers have appointed the Representative of the Bondholders to perform the activities described in the Mandate Agreement, in the Programme Agreement, in these Conditions (including the Rules), and in the other Programme Documents and the Representative of the Bondholders has accepted such appointment for the period commencing on the Issue Date and ending (subject to early termination of its appointment) on the date on which all of the Covered Bonds of whatever Series and Tranche have been cancelled or redeemed in accordance with their respective terms and conditions.

(c) *Acknowledgment by Bondholders*: Each Bondholder, by reason of holding Covered Bonds:

(i) recognises the Representative of the Bondholders as its representative and (to the fullest extent permitted by law) agrees to be bound by the Programme Documents; and

(ii) acknowledges and accepts that the Dealers shall not be liable in respect of any loss, liability, claim, expenses or damage suffered or incurred by any of the

Bondholders as a result of the performance by the Representative of the Bondholders of its duties or the exercise of any of its rights under the Programme Documents.

16. AGENTS

In acting under the Cash Allocation, Management and Payments Agreement and in connection with the Covered Bonds, the Paying Agents act solely as agents of the Issuer and, following service of an Issuer Default Notice or a Guarantor Default Notice, as agents of the Guarantor and do not assume any obligations towards or relationship of agency or trust for or with any of the Bondholders.

The Principal Paying Agent and its initial Specified Office is set out in these Conditions. Any additional Paying Agents and their Specified Offices are specified in the relevant Final Terms. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor principal paying agent and additional or successor paying agents; **provided, however, that**:

(a) the Issuer and the Guarantor shall at all times maintain a principal paying agent; and

(b) the Issuer and the Guarantor shall at all times maintain a paying agent in an EU member state that will not be obliged to withhold or deduct tax; and

(c) if and for so long as the Covered Bonds are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Issuer and the Guarantor shall maintain a Paying Agent having its specified office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any change in any of the Paying Agents or in their Specified Offices shall promptly be given to the Bondholders.

17. FURTHER ISSUES

The Issuer may from time to time, without the consent of the Bondholders, create and issue further Covered Bonds, as set out in the relevant Final Terms, having the same terms and conditions as the Covered Bonds in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Covered Bonds.

18. NOTICES

(a) *Notices given through Euronext Securities Milan*: Any notice regarding the Covered Bonds issued in bearer and dematerialised form, as long as the Covered Bonds are held through Euronext Securities Milan, shall be deemed to have been duly given if given through the systems of Euronext Securities Milan.

(b) *Notices in Luxembourg*: As long as the Covered Bonds are listed on the Luxembourg Stock Exchange and the rules of such exchange so require, any notice to Bondholders shall also be published on the website of the Luxembourg Stock Exchange (*www.luxse.com*).

(c) *Other publication*: The Representative of the Bondholders shall be at liberty to sanction any other method of giving notice to Bondholders if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the rules of the

competent authority, stock exchange and/or quotation system by which the Covered Bonds are then admitted to listing, trading and/or quotation and **provided that** notice of such other method is given to the holders of the Covered Bonds in such manner as the Representative of the Bondholders shall require.

19. ROUNDING

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

20. GOVERNING LAW AND JURISDICTION

(a) *Governing law*: The Covered Bonds will be governed by Italian law. These Conditions and the related Programme Documents will be governed by Italian law, except for the Swap Agreements, which will be governed by English law.

(b) *Jurisdiction*: The courts of Milan have exclusive competence for the resolution of any dispute that may arise in relation to the Covered Bonds or their validity, interpretation or performance.

(c) *Relevant legislation*: Anything not expressly provided for in these Conditions will be governed by the provisions of Law 130 and, if applicable, Article 58 of the Consolidated Banking Act and the Bank of Italy Regulations.

RULES OF THE ORGANISATION OF THE BONDHOLDERS

TITLE I

GENERAL PROVISIONS

1. GENERAL

1.1 The Organisation of the Bondholders in respect of all Covered Bonds of whatever Series or Tranche issued under the Programme by Banca Monte dei Paschi di Siena S.p.A. is created concurrently with the issue and subscription of the Covered Bonds of the first Series to be issued and is governed by these Rules of the Organisation of the Bondholders ("**Rules**").

1.2 These Rules shall remain in force and effect until full repayment or cancellation of all the Covered Bonds of whatever Series or Tranche.

1.3 The contents of these Rules are deemed to be an integral part of the Conditions of the Covered Bonds of each Series or Tranche issued by the Issuer.

2. DEFINITIONS AND INTERPRETATION

2.1 Definitions

In these Rules, the terms below shall have the following meanings:

"**Block Voting Instruction**" means, in relation to a Meeting, a document issued by a Paying Agent:

(a) certifying that specified Covered Bonds are held to the order of a Paying Agent or under its control or have been blocked in an account with a clearing system and will not be released until a the earlier of:

(i) a specified date which falls after the conclusion of the Meeting; and

(ii) the surrender to the Paying Agent which issued the same not less than 48 hours before the time fixed for the Meeting (or, if the meeting has been adjourned, the time fixed for its resumption) of confirmation that the Covered Bonds are Blocked Covered Bonds and notification of the release thereof by such Paying Agent to the Issuer and Representative of the Bondholders;

(b) certifying that the Holder of the relevant Blocked Covered Bonds or a duly authorised person on its behalf has notified the relevant Paying Agent that the votes attributable to such Covered Bonds are to be cast in a particular way on each resolution to be put to the Meeting and that during the period of 48 hours before the time fixed for the Meeting such instructions may not be amended or revoked;

(c) listing the aggregate principal amount of such specified Blocked Covered Bonds, distinguishing between those in respect of which instructions have been given to vote for, and against, each resolution; and

(d) authorising a named individual to vote in accordance with such instructions;

"**Blocked Covered Bonds**" means Covered Bonds which have been blocked in an account with a clearing system or otherwise are held to the order of or under the control of a Paying Agent for the purpose of obtaining from that Paying Agent a Block Voting Instruction or a Voting Certificate on terms that they will

not be released until after the conclusion of the Meeting in respect of which the Block Voting Instruction or Voting Certificate is required;

"**Chairman**" means, in relation to any Meeting, the person who takes the chair in accordance with Article 8 (*Chairman of the Meeting*).

"**Euronext Securities Milan Account Holder**" means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Euronext Securities Milan (as *intermediari aderenti*) in accordance with article 83-quater of the Financial Laws Consolidation Act.

"**Event of Default**" means an Issuer Event of Default or a Guarantor Event of Default;

"**Extraordinary Resolution**" means a resolution passed at a Meeting, duly convened and held in accordance with the provisions contained in these Rules by a majority of not less than three quarters of the votes cast;

"**Fitch**" means (a) for the purposes of identifying the entity which may assign a rating to the Covered Bonds (i) Fitch Ratings Ireland Limited and any of its successors or assignees, and (ii) any other rating agency which may be selected from time to time by the Issuer in relation to any issuance of Covered Bonds or for the remaining duration of the Programme, to the extent that any of them at the relevant time provides ratings in respect of any Series of Covered Bonds; and (b) in any other cases, any other entity of the Fitch group.

"**Holder**" or "**holder**" means in respect of Covered Bonds, the ultimate owner of such Covered Bonds;

"**Liabilities**": means all costs, charges, damages, expenses, liabilities and losses;

"**Meeting**" means a meeting of Bondholders (whether originally convened or resumed following an adjournment);

"**Moody's**" means (a) for the purposes of identifying the entity which may assign a rating to the Covered Bonds (i) Moody's Italia S.r.l. and any of its successors or assignees, and (ii) any other rating agency which may be selected from time to time by the Issuer in relation to any issuance of Covered Bonds or for the remaining duration of the Programme, to the extent that any of them at the relevant time provides ratings in respect of any Series of Covered Bonds; and (b) in any other cases, any other entity of the Moody's group.

"**Ordinary Resolution**" means any resolution passed at a Meeting, duly convened and held in accordance with the provisions contained in these Rules by a majority of more than 50 per cent. of the votes cast;

"**Programme Resolution**" means an Extraordinary Resolution passed at a single meeting of the Bondholders of all Series and or Tranches, duly convened and held in accordance with the provisions contained in these Rules (i) to direct the Representative of the Bondholders to take any action pursuant to Condition 12.2 (*Issuer Event of Default*), Condition 12.3 (*Guarantor Event of Default*) or to appoint or remove the Representative of the Bondholders pursuant to Article 26 (*Appointment, Removal and*

Remuneration); or (iii) to take any other action stipulated in the Conditions or Programme Documents as requiring a Programme Resolution;

"**Proxy**" means a person appointed to vote under a Voting Certificate as a proxy or a person appointed to vote under a Block Voting Instruction, in each case other than:

(a) any person whose appointment has been revoked and in relation to whom the relevant Paying Agent, or in the case of a proxy appointed under a Voting Certificate, the Issuer has been

notified in writing of such revocation by the time which is 48 hours before the time fixed for the relevant Meeting; and

(b) any person appointed to vote at a Meeting which has been adjourned for want of a quorum and who has not been reappointed to vote at the Meeting when it is resumed;

"**Rating Agencies**" means Fitch, Moody's and DBRS and each of them is a "**Rating Agency**";

"**Resolutions**" means the Ordinary Resolutions, the Extraordinary Resolutions and the Programme Resolutions, collectively;

"**Swap Rate**" means, in relation to a Covered Bond, Series or Tranche of Covered Bonds, the exchange rate specified in any Swap Agreement relating to such Covered Bond, Series or Tranche of Covered Bonds or, if there is not exchange rate specified or if the Swap Agreements have terminated, the applicable spot rate;

"**Transaction Party**" means any person who is a party to a Programme Document;

"**Voter**" means, in relation to a Meeting, the Holder or a Proxy named in a Voting Certificate, the bearer of a Voting Certificate issued by a Paying Agent or a Proxy named in a Block Voting Instruction;

"**Voting Certificate**" means, in relation to any Meeting:

(a) a certificate issued by a Euronext Securities Milan Account Holder in accordance with the regulation issued jointly by the Bank of Italy and CONSOB on 13 August 2018, as amended from time to time; or

(b) a certificate issued by a Paying Agent stating:

(i) that Blocked Covered Bonds will not be released until the earlier of:

(A) a specified date which falls after the conclusion of the Meeting; and

(B) the surrender of such certificate to such Paying Agent; and

(ii) the bearer of the certificate is entitled to attend and vote at such Meeting in respect of such Blocked Covered Bonds.

"**Written Resolution**" means a resolution in writing signed by or on behalf of one or more persons being or representing at least 75 per cent. of all the Bondholders who at any relevant time are entitled to participate in a Meeting in accordance with the provisions of these Rules, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more of such Bondholders;

"**24 hours**" means a period of 24 hours including all or part of a day on which banks are open for business both in the place where any relevant Meeting is to be held and in each of the places where the Paying Agents have their Specified Offices; and

"**48 hours**" means two consecutive periods of 24 hours.

Unless otherwise provided in these Rules, or unless the context requires otherwise, words and expressions used in these Rules shall have the meanings and the construction ascribed to them in the Conditions to which these Rules are attached.

2.2 **Interpretation**

In these Rules:

2.2.1 any reference herein to an "**Article**" shall, except where expressly provided to the contrary, be a reference to an article of these Rules of the Organisation of the Bondholders;

2.2.2 a "**successor**" of any party shall be construed so as to include an assignee or successor in title of such party and any person who under the laws of the jurisdiction of incorporation or domicile of such party has assumed the rights and obligations of such party under any Programme Document or to which, under such laws, such rights and obligations have been transferred; and

2.2.3 any reference to any Transaction Party shall be construed so as to include its and any subsequent successors and transferees in accordance with their respective interests.

2.3 Separate Series or Tranches

Subject to the provisions of the next sentence, the Covered Bonds of each Series or Tranche shall form a separate Series or Tranche of Covered Bonds and accordingly, unless for any purpose the Representative of the Bondholders in its absolute discretion shall otherwise determine, the provisions of this sentence and of Articles 3 (*Purpose of the Organisation*) to 25 (*Meetings and Separate Series or Tranches*) and 28 (*Duties and Powers of the Representative of the Bondholders*) to 36 (*Powers to Act on behalf of the Guarantor*) shall apply mutatis mutandis separately and independently to the Covered Bonds of each Series or Tranche. However, for the purposes of this Article 2.3:

2.3.1 Articles 26 (*Appointment, removal and remuneration*) and 27 (*Resignation of the Representative of the Bondholders*); and

2.3.2 insofar as they relate to a Programme Resolution, Articles 3 (*Purpose of the Organisation*) to 24 (*Meetings and Separate Series or Tranches*) and 28 (*Duties and Powers of the Representative of the Bondholders*) to 36 (*Powers to Act on behalf of the Guarantor*).

The Covered Bonds shall be deemed to constitute a single Series or Tranche and the provisions of such Articles shall apply to all the Covered Bonds together as if they constituted a single Series or Tranche and, in such Articles, the expressions "Covered Bonds" and "Bondholders" shall be construed accordingly.

3. PURPOSE OF THE ORGANISATION

3.1 Each Bondholder, whatever Series or Tranche of Covered Bonds he holds, is a member of the Organisation of the Bondholders.

3.2 The purpose of the Organisation of the Bondholders is to co-ordinate the exercise of the rights of the Bondholders and, more generally, to take any action necessary or desirable to protect the interest of the Bondholders.

TITLE II MEETINGS OF THE BONDHOLDERS

4. VOTING CERTIFICATES AND BLOCK VOTING INSTRUCTIONS

4.1 A Bondholder may obtain a Voting Certificate in respect of a Meeting by requesting its Euronext Securities Milan Account Holder to issue a certificate in accordance with the regulation issued jointly by the Bank of Italy and CONSOB on 13 August 2018, as amended from time to time.

4.2 A Bondholder may also obtain a Voting Certificate from a Paying Agent or require a Paying Agent to issue a Block Voting Instruction by arranging for Covered Bonds to be (to the satisfaction of the Paying

Agent) held to its order or under its control or blocked in an account in a clearing system (other than Euronext Securities Milan) not later than 48 hours before the time fixed for the relevant Meeting.

4.3 A Voting Certificate or Block Voting Instruction shall be valid until the release of the Blocked Covered Bonds to which it relates.

4.4 So long as a Voting Certificate or Block Voting Instruction is valid, the person named therein as Holder or Proxy (in the case of a Voting Certificate issued by a Euronext Securities Milan Account Holder), the bearer thereof (in the case of a Voting Certificate issued by a Paying Agent), and any Proxy named therein (in the case of a Block Voting Instruction issued by a Paying Agent) shall be deemed to be the Holder of the Covered Bonds to which it relates for all purposes in connection with the Meeting to which such Voting Certificate or Block Voting Instruction relates.

4.5 A Voting Certificate and a Block Voting Instruction cannot be outstanding simultaneously in respect of the same Covered Bonds.

4.6 References to the blocking or release of Covered Bonds shall be construed in accordance with the usual practices (including blocking the relevant account) of any Relevant Clearing System.

5. VALIDITY OF BLOCK VOTING INSTRUCTIONS

A Block Voting Instruction or a Voting Certificate issued by a Euronext Securities Milan Account Holder shall be valid for the purpose of the relevant Meeting only if it is deposited at the Specified Offices of the Principal Paying Agent, or at any other place approved by the Representative of the Bondholders, at least 24 hours before the time fixed for the relevant Meeting. If a Block Voting Instruction or a Voting Certificate is not deposited before such deadline, it shall not be valid. If the Representative of the Bondholders so requires, a notarised (or otherwise acceptable) copy of each Block Voting Instruction and satisfactory evidence of the identity of each Proxy named in a Block Voting Instruction or of each Holders or Proxy named in a Voting Certificate issued by a Euronext Securities Milan Account Holder shall be produced at the Meeting but the Representative of the Bondholders shall not be obliged to investigate the validity of a Block Voting Instruction or a Voting Certificate or the identity of any Proxy or any holder of the Covered Bonds named in a Voting Certificate or a Block Voting Instruction.

6. CONVENING A MEETING

6.1 Convening a Meeting

The Representative of the Bondholders, the Guarantor or the Issuer may and (in relation to a meeting for the passing of a Programme Resolution) the Issuer shall upon a requisition in writing signed by the holders of not less than five per cent. of the Principal Amount Outstanding of the Covered Bonds for the time being outstanding convene a meeting of the Bondholders and if the Issuer fails to convene such a meeting within seven days requisitioned by the Bondholders the same may be convened by the Representative of the Bondholders or the requisitionists. The Representative of the Bondholders may convene a single meeting of the holders of Covered Bonds of more than one Series or Tranche if in the opinion of the Representative of the Bondholders there is no conflict between the holders of the Covered Bonds of the relevant Series or Tranche, in which event the provisions of this Schedule shall apply thereto mutatis mutandis.

6.2 Meetings convened by Issuer

Whenever the Issuer is about to convene a Meeting, it shall immediately give notice in writing to the Representative of the Bondholders specifying the proposed day, time and place of the Meeting, and the items to be included in the agenda.

6.3 **Time and place of Meetings**

Every Meeting will be held on a date and at a time and place selected or approved by the Representative of the Bondholders.

7. NOTICE

7.1 **Notice of Meeting**

At least 21, or 5 in case of a Meeting convened in order to resolve to extend the Test Remedy Period pursuant to Condition 12.2 (*Issuer Event of Default*), days' notice (exclusive of the day notice is delivered and of the day on which the relevant Meeting is to be held), specifying the day, time and place of the Meeting, must be given to the relevant Bondholders and the Paying Agents, with a copy to the Issuer and the Guarantor, where the Meeting is convened by the Representative of the Bondholders, or with a copy to the Representative of the Bondholders, where the Meeting is convened by the Issuer, subject to Article 6.3.

7.2 **Content of notice**

The notice shall set out the full text of any resolution to be proposed at the Meeting unless the Representative of the Bondholders agrees that the notice shall instead specify the nature of the resolution without including the full text and shall state that Voting Certificates for the purpose of such Meeting may be obtained from a Euronext Securities Milan Account Holder in accordance with the provisions of the regulation issued jointly by the Bank of Italy and CONSOB on 13 August 2018, as amended from time to time and that for the purpose of obtaining Voting Certificates from a Paying Agent or appointing Proxies under a Block Voting Instruction, Covered Bonds must (to the satisfaction of such Paying Agent) be held to the order of or placed under the control of such Paying Agent or blocked in an account with a clearing system not later than 48 hours before the relevant Meeting.

7.3 **Validity notwithstanding lack of notice**

A Meeting is valid notwithstanding that the formalities required by this Article 7 are not complied with if the Holders of the Covered Bonds constituting all the Principal Amount Outstanding of the Covered Bonds, the Holders of which are entitled to attend and vote, are represented at such Meeting and the Issuer and the Representative of the Bondholders are present.

8. CHAIRMAN OF THE MEETING

8.1 **Appointment of Chairman**

An individual (who may, but need not be, a Bondholder), nominated by the Representative of the Bondholders may take the chair at any Meeting, but if:

8.1.1 the Representative of the Bondholders fails to make a nomination; or

8.1.2 the individual nominated declines to act or is not present within 15 minutes after the time fixed for the Meeting,

the Meeting shall be chaired by the person elected by the majority of the Voters present, failing which, the Issuer shall appoint a Chairman. The Chairman of an adjourned Meeting need not be the same person as was Chairman at the original Meeting.

8.2 **Duties of Chairman**

The Chairman ascertains that the Meeting has been duly convened and validly constituted, manages the business of the Meeting, monitors the fairness of proceedings, leads and moderates the debate, and determines the mode of voting.

8.3 **Assistance to Chairman**

The Chairman may be assisted by outside experts or technical consultants, specifically invited to assist in any given matter, and may appoint one or more vote-counters, who are not required to be Bondholders.

9. QUORUM

The quorum at any Meeting will be:

9.1.1 in the case of an Ordinary Resolution, two or more persons holding or representing at least 50 per cent. of the Principal Amount Outstanding of the Covered Bonds the holders of which are entitled to attend and vote or, at an adjourned Meeting, two or more persons being or representing Bondholders entitled to attend and vote, whatever the Principal Amount Outstanding of the Covered Bonds so held or represented;

9.1.2 in the case of an Extraordinary Resolution or a Programme Resolution, two or more persons holding or representing at least 50 per cent. of the Principal Amount Outstanding of the Covered Bonds the holders of which are entitled to attend and vote or at an adjourned Meeting, two or more persons being or representing Bondholders entitled to attend and vote, whatever the Principal Amount Outstanding of the Covered Bonds so held or represented;

9.1.3 at any meeting the business of which includes any of the following matters (other than in relation to a Programme Resolution) (each of which shall, subject only

to Article 32.4 (*Obligation to act*), only be capable of being effected after having been approved by Extraordinary Resolution) namely:

(a) reduction or cancellation of the amount payable or, where applicable, modification of the method of calculating the amount payable or modification of the date of payment or, where applicable, modification of the method of calculating the date of payment in respect of any principal or interest in respect of the Covered Bonds;

(b) alteration of the currency in which payments under the Covered Bonds are to be made;

(c) alteration of the majority required to pass an Extraordinary Resolution;

(d) any amendment to the Guarantee or the Deed of Pledge (except in a manner determined by the Representative of the Bondholders not to be materially prejudicial to the interests of the Bondholders of any Series or Tranche);

(e) except in accordance with Articles 31 (*Amendments and Modifications*) and 32 (*Waiver*), the sanctioning of any such scheme or proposal to effect the exchange, conversion or substitution of the Covered Bonds for, or the conversion of such Covered Bonds into, shares, bonds or other obligations or securities of the Issuer or the Guarantor or any other person or body corporate, formed or to be formed; and

(f) alteration of this Article 9.1.3;

(each a "**Series or Tranche Reserved Matter**"), the quorum shall be two or more persons being or representing holders of not less two-thirds of the aggregate Principal Amount Outstanding of the Covered Bonds of such Series or Tranche for the time being outstanding or, at any adjourned meeting, two or more

persons being or representing not less than one-third of the aggregate Principal Amount Outstanding of the Covered Bonds of such Series or Tranche for the time being outstanding,

provided that, if in respect of any Covered Bonds the Paying Agent has received evidence that 90 per cent. Covered Bonds are held by a single Holder and the Voting Certificate or Block Voting Instruction so states then a single Voter appointed in relation thereto or being the Holder of the Covered Bonds thereby represented shall be deemed to be two Voters for the purpose of forming a quorum.

10. ADJOURNMENT FOR WANT OF QUORUM

If a quorum is not present for the transaction of any particular business within 15 minutes after the time fixed for any Meeting, then, without prejudice to the transaction of the business (if any) for which a quorum is present:

10.1 if such Meeting was requested by Bondholders, the Meeting shall be dissolved; and

10.2 in any other case, the Meeting (unless the Issuer and the Representative of the Bondholders otherwise agree) shall, subject to paragraphs 10.2.1 and 10.2.2 below, be adjourned to a new date no earlier than 14 days and no later than 42 days after the original date of such Meeting, and to such place as the Chairman determines with the approval of the Representative of the Bondholders **provided that**:

10.2.1 no Meeting may be adjourned more than once for want of a quorum; and

10.2.2 the Meeting shall be dissolved if the Issuer and the Representative of the Bondholders together so decide.

11. ADJOURNED MEETING

Except as provided in Article 10 (*Adjournment for Want of Quorum*), the Chairman may, with the prior consent of any Meeting, and shall if so directed by any Meeting, adjourn such Meeting to another time and place. No business shall be transacted at any adjourned meeting except business which might have been transacted at the Meeting from which the adjournment took place.

12. NOTICE FOLLOWING ADJOURNMENT

12.1 Notice required

Article 7 (*Notice*) shall apply to any Meeting which is to be resumed after adjournment for lack of a quorum except that:

12.1.1 10 days' notice (exclusive of the day on which the notice is delivered and of the day on which the Meeting is to be resumed) shall be sufficient; and

12.1.2 the notice shall specifically set out the quorum requirements which will apply when the Meeting resumes.

12.2 Notice not required

It shall not be necessary to give notice of resumption of any Meeting adjourned for reasons other than those described in Article 10 (*Adjournment for Want of Quorum*).

13. PARTICIPATION

The following categories of persons may attend and speak at a Meeting:

13.1 Voters;

13.2 the directors and the auditors of the Issuer and the Guarantor;

13.3 representatives of the Issuer, the Guarantor and the Representative of the Bondholders;

13.4 financial advisers to the Issuer, the Guarantor and the Representative of the Bondholders;

13.5 legal advisers to the Issuer, the Guarantor and the Representative of the Bondholders; and

13.6 any other person authorised by virtue of a resolution of such Meeting or by the Representative of the Bondholders.

14. VOTING BY SHOW OF HANDS

14.1 Every question submitted to a Meeting shall be decided in the first instance by a vote by a show of hands.

14.2 Unless a poll is validly demanded before or at the time that the result is declared, the Chairman's declaration that on a show of hands a resolution has been passed or passed by a particular majority or rejected, or rejected by a particular majority, shall be conclusive without proof of the number of votes cast for, or against, the resolution.

15. VOTING BY POLL

15.1 Demand for a poll

A demand for a poll shall be valid if it is made by the Chairman, the Issuer, the

Guarantor, the Representative of the Bondholders or one or more Voters whatever the Principal Amount Outstanding of the Covered Bonds held or represented by such Voter(s). A poll may be taken immediately or after such adjournment as is decided by the Chairman but any poll demanded on the election of a Chairman or on any question of adjournment shall be taken immediately. A valid demand for a poll shall not prevent the continuation of the relevant Meeting for any other business. The result of a poll shall be deemed to be the resolution of the Meeting at which the poll was demanded.

15.2 The Chairman and a poll

The Chairman sets the conditions for the voting, including for counting and calculating the votes, and may set a time limit by which all votes must be cast. Any vote which is not cast in compliance with the terms specified by the Chairman shall be null and void. After voting ends, the votes shall be counted and, after the counting, the Chairman shall announce to the Meeting the outcome of the vote.

16. VOTES

16.1 Voting

Each Voter shall have:

16.1.1 on a show of hands, one vote; and

16.1.2 on a poll every Vote who is so present shall have one vote in respect of each €1,000 or such other amount as the Representative of the Bondholders may in its absolute discretion stipulate (or, in the case of meetings of holders of Covered Bonds denominated in another currency, such amount in such other

currency as the Representative of the Bondholders in its absolute discretion may stipulate) in the Principal Amount Outstanding of the Covered Bonds it holds or represents.

16.2 **Block Voting Instruction**

Unless the terms of any Block Voting Instruction or Voting Certificate state otherwise in the case of a Proxy, a Voter shall not be obliged to exercise all the votes to which such Voter is entitled or to cast all the votes he exercises the same way.

16.3 **Voting tie**

In the case of a voting tie, the relevant Resolution shall be deemed to have been rejected.

17. VOTING BY PROXY

17.1 **Validity**

Any vote by a Proxy in accordance with the relevant Block Voting Instruction or Voting

Certificate appointing a Proxy shall be valid even if such Block Voting Instruction or Voting Certificate or any instruction pursuant to which it has been given had been amended or revoked **provided that** none of the Issuer, the Representative of the Bondholders or the Chairman has been notified in writing of such amendment or revocation at least 24 hours prior to the time set for the relevant Meeting.

17.2 **Adjournment**

Unless revoked, the appointment of a Proxy under a Block Voting Instruction or a Voting Certificate in relation to a Meeting shall remain in force in relation to any resumption of such Meeting following an adjournment save that no such appointment of a Proxy in relation to a meeting originally convened which has been adjourned for want of a quorum shall remain in force in relation to such meeting when it is resumed. Any person appointed to vote at such Meeting must be re-appointed under a Block Voting Instruction or Voting Certificate to vote at the Meeting when it is resumed.

18. RESOLUTIONS

18.1 **Ordinary Resolutions**

Subject to Article 18.2 (*Extraordinary Resolutions*), a Meeting shall have the following powers exercisable by Ordinary Resolution, to:

18.1.1 grant any authority, order or sanction which, under the provisions of these Rules or of the Conditions, is required to be the subject of an Ordinary Resolution or required to be the subject of a resolution or determined by a Meeting and not required to be the subject of an Extraordinary Resolution; and

18.1.2 to authorise the Representative of the Bondholders or any other person to execute all documents and do all things necessary to give effect to any Ordinary Resolution.

18.2 **Extraordinary Resolutions**

A Meeting, in addition to any powers assigned to it in the Conditions, shall have power exercisable by Extraordinary Resolution to:

18.2.1 sanction any compromise or arrangement proposed to be made between the Issuer, the Guarantor, the Representative of the Bondholders, the Bondholders or any of them;

18.2.2 approve any modification, abrogation, variation or compromise in respect of (a) the rights of the Representative of the Bondholders, the Issuer, the Guarantor, the Bondholders or any of them, whether such rights arise under the Programme Documents or otherwise, and (b) these Rules, the Conditions or of any Programme Document or any arrangement in respect of the obligations of the Issuer under or in respect of the Covered Bonds, which, in any such case, shall be proposed by the Issuer, the Representative of the Bondholders and/or any other party thereto;

18.2.3 assent to any modification of the provisions of this these Rules or the Programme Documents which shall be proposed by the Issuer, the Guarantor, the Representative of the Bondholders or of any Bondholder;

18.2.4 in accordance with Article 26 (*Appointment, Removal and Remuneration*), appoint and remove the Representative of the Bondholders;

18.2.5 discharge or exonerate, whether retrospectively or otherwise, the Representative of the Bondholders from any liability in relation to any act or omission for which the Representative of the Bondholders has or may become liable pursuant or in relation to these Rules, the Conditions or any other Programme Document;

18.2.6 waive any breach or authorise any proposed breach by the Issuer, the Guarantor or (if relevant) any other Transaction Party of its obligations under or in respect of these Rules, the Covered Bonds or any other Programme Document or any act or omission which might otherwise constitute an Event of Default;

18.2.7 grant any authority, order or sanction which, under the provisions of these Rules or of the Conditions, must be granted by an Extraordinary Resolution;

18.2.8 authorise and ratify the actions of the Representative of the Bondholders in compliance with these Rules, the Intercreditor Agreement and any other Programme Document;

18.2.9 to appoint any persons (whether Bondholders or not) as a committee to represent the interests of the Bondholders and to confer on any such committee any powers which the Bondholders could themselves exercise by Extraordinary Resolution; and

18.2.10 authorise the Representative of the Bondholders or any other person to execute all documents and do all things necessary to give effect to any Extraordinary Resolution.

18.3 Programme Resolutions

A Meeting shall have power exercisable by a Programme Resolution to direct the Representative of the Bondholders to take any action pursuant to Condition 12.2(b) (*Issuer Event of Default – Breach of other obligations*) and Condition 12.3(c) (*Guarantor Event of Default – Breach of other obligations*) or to appoint or remove the Representative of the Bondholders pursuant to Article 26 (*Appointment, Removal and Remuneration*) or to take any other action required by the Conditions or any Programme Document to be taken by Programme Resolution.

18.4 Other Series or Tranches of Covered Bonds

No Ordinary Resolution or Extraordinary Resolution other than a Programme Resolution that is passed by the Holders of one Series of Covered Bonds shall be effective in respect of another Series or Tranche of Covered Bonds unless it is sanctioned by an Ordinary Resolution or Extraordinary Resolution (as the case may be) of the Holders of Covered Bonds then outstanding of that other Series or Tranches.

19. EFFECT OF RESOLUTIONS

19.1 **Binding nature**

Subject to Article 18.4 (*Other Series or Tranches of Covered Bonds*), any resolution passed at a Meeting of the Bondholders duly convened and held in accordance with these Rules shall be binding upon all Bondholders, whether or not present at such Meeting and or not voting. A Programme Resolution passed at any Meeting of the holders of the Covered Bonds of all Series and Tranches shall be binding on all holders of the Covered Bonds of all Series and Tranches, whether or not present at the meeting.

19.2 **Notice of voting results**

Notice of the results of every vote on a resolution duly considered by Bondholders shall be published (at the cost of the Issuer) in accordance with the Conditions and given to the Paying Agents (with a copy to the Issuer, the Guarantor and the Representative of the Bondholders within 14 days of the conclusion of each Meeting).

20. CHALLENGE TO RESOLUTIONS

Any absent or dissenting Bondholder has the right to challenge Resolutions which are not passed in compliance with the provisions of these Rules.

21. MINUTES

Minutes shall be made of all resolutions and proceedings of each Meeting. The Minutes shall be signed by the Chairman and shall be *prima facie* evidence of the proceedings therein recorded. Unless and until the contrary is proved, every Meeting in respect of which minutes have been signed by the Chairman shall be regarded as having been duly convened and held and all resolutions passed, or proceedings transacted shall be regarded as having been duly passed and transacted.

22. WRITTEN RESOLUTION

A Written Resolution shall take effect as if it were an Extraordinary Resolution or, in respect of matters required to be determined by Ordinary Resolution, as if it were an Ordinary Resolution.

23. INDIVIDUAL ACTIONS AND REMEDIES

Each Bondholder has accepted and is bound by the provisions of Condition 13 (*Limited Recourse and Non Petition*) and clause 10 (*Limited Recourse*) of the Guarantee, accordingly, if any Bondholder is considering bringing individual actions or using other individual remedies to enforce his/her rights under the Guarantee (hereinafter, a "**Claiming Bondholder**"), then such Claiming Bondholder intending to enforce his/her rights under the Covered Bonds will notify the Representative of the Bondholders of his/her intention. The Representative of the Bondholders shall inform the other Bondholders of such prospective individual actions and remedies of which the Representative of the Bondholders has been informed by the Claiming Bondholder or otherwise and invite them to raise, in writing, any objection that they may have by a specific date not more than 30 days after the date of the Representative of the Bondholders notification and not less than 15 days after such notification. If

Bondholders representing 5 per cent. or more of the aggregate Principal Amount Outstanding of the Covered Bonds then outstanding object to such prospective individual actions and remedies, then the Claiming Bondholder will be prevented from taking any individual action or remedy (without prejudice to the fact that after a reasonable period of time, the same matter may be resubmitted to the Representative of the Bondholders pursuant to the terms of this Article).

24. MEETINGS AND SEPARATE SERIES OR TRANCHES

24.1 **Choice of Meeting**

If and whenever the Issuer shall have issued and have outstanding Covered Bonds of more than one Series or Tranche the foregoing provisions of this Schedule shall have effect subject to the following modifications:

24.1.1 a resolution which in the opinion of the Representative of the Bondholders affects the Covered Bonds of only one Series or Tranche shall be deemed to have been duly passed if passed at a separate meeting of the holders of the Covered Bonds of that Series or Tranches;

24.1.2 a resolution which in the opinion of the Representative of the Bondholders affects the Covered Bonds of more than one Series or Tranche but does not give rise to a conflict of interest between the holders of Covered Bonds of any of the Series or Tranche so affected shall be deemed to have been duly passed if passed at a single meeting of the holders of the Covered Bonds of all the Series or Tranches so affected;

24.1.3 a resolution which in the opinion of the Representative of the Bondholders affects the Covered Bonds of more than one Series or Tranche and gives or may give rise to a conflict of interest between the holders of the Covered Bonds of one Series or Tranche or group of Series or Tranches so affected and the holders of the Covered Bonds of another Series or Tranche or group of Series or Tranches so affected shall be deemed to have been duly passed only if passed at separate meetings of the holders of the Covered Bonds of each Series or Tranche or group of Series or Tranches so affected;

24.1.4 a Programme Resolution shall be deemed to have been duly passed only if passed at a single meeting of the Bondholders of all Series or Tranches; and

24.1.5 to all such meetings all the preceding provisions of these Rules shall mutatis mutandis apply as though references therein to Covered Bonds and Bondholders were references to the Covered Bonds of the Series or Tranche or group of Series or Tranches in question or to the holders of such Covered Bonds, as the case may be.

24.2 **Denominations other than euro**

If the Issuer has issued and has outstanding Covered Bonds which are not denominated in euro in the case of any meeting or request in writing or Written Resolution of holders of Covered Bonds of more than one currency (whether in respect of a meeting or any adjourned such meeting or any poll resulting therefrom or any such request or Written Resolution) the Principal Amount Outstanding of such Covered Bonds shall be the equivalent in euro at the relevant Swap Rate. In such circumstances, on any poll each person present shall have one vote for each €1.00 (or such other euro amount as the Representative of the Bondholders may in its absolute discretion stipulate) of the Principal Amount Outstanding of the Covered Bonds (converted as above) which he holds or represents.

25. FURTHER REGULATIONS

Subject to all other provisions contained in these Rules, the Representative of the Bondholders may, without the consent of the Issuer, prescribe such further regulations regarding the holding of Meetings and attendance and voting at them and/or the provisions of a Written Resolution as the Representative of the Bondholders in its sole discretion may decide.

TITLE III THE REPRESENTATIVE OF THE BONDHOLDERS

26. APPOINTMENT, REMOVAL AND REMUNERATION

26.1 **Appointment**

The appointment of the Representative of the Bondholders takes place by Programme Resolution in accordance with the provisions of this Article 26, except for the appointment of the first Representative of the Bondholders which will be The Bank of New York Mellon Corporate Trustee Services Limited.

26.2 Identity of Representative of the Bondholders

The Representative of the Bondholders shall be:

26.2.1 a bank incorporated in any jurisdiction of the EEA or a bank incorporated in any other jurisdiction acting through an Italian branch; or

26.2.2 a company or financial institution enrolled with the register held by the Bank of Italy pursuant to article 106 of Italian Legislative Decree No. 385 of 1993; or

26.2.3 any other entity which is not prohibited from acting in the capacity of Representative of the Bondholders pursuant to the law.

The directors and auditors of the Issuer and those who fall within the conditions set out in article 2399 of the Italian Civil Code cannot be appointed as Representative of the Bondholders and, if appointed as such, they shall be automatically removed.

26.3 Duration of appointment

Unless the Representative of the Bondholders is removed by Programme Resolution of the Bondholders pursuant to Article 18.3 (*Programme Resolution*) or resigns pursuant to Article 27 (*Resignation of the Representative of the Bondholders*), it shall remain in office until full repayment or cancellation of all the Covered Bonds.

26.4 After termination

In the event of a termination of the appointment of the Representative of the Bondholders for any reason whatsoever, such representative shall remain in office until the substitute Representative of the Bondholders, which shall be an entity specified in Article 26.2 (*Identity of Representative of the Bondholders*), accepts its appointment, and the powers and authority of the Representative of the Bondholders whose appointment has been terminated shall, pending the acceptance of its appointment by the substitute, be limited to those necessary to perform the essential functions required in connection with the Covered Bonds.

26.5 Remuneration

The Issuer, failing which the Guarantor, shall pay to the Representative of the Bondholders an annual fee for its services as Representative of the Bondholders from the Issue Date, as agreed either in the initial agreement(s) for the issue of and subscription for the Covered Bonds or in a separate fee letter. Such fees shall accrue from day to day and shall be payable in accordance with the priority of payments set out in the Intercreditor Agreement up to (and including) the date when all the Covered Bonds of whatever Series or Tranche shall have been repaid in full or cancelled in accordance with the Conditions.

27. RESIGNATION OF THE REPRESENTATIVE OF THE BONDHOLDERS

The Representative of the Bondholders may resign at any time by giving at least three calendar months' written notice to the Issuer and the Guarantor, without needing to provide any specific reason for the resignation and without being responsible for any costs incurred as a result of such resignation. The resignation of the Representative of the Bondholders shall not become effective until a new Representative of the Bondholders has been appointed in accordance with Article 26.1 (*Appointment*) and such new

Representative of the Bondholders has accepted its appointment. **Provided that** if Bondholders fail to select a new Representative of the Bondholders within three months of written notice of resignation delivered by the Representative of the Bondholders, the Representative of the Bondholders may appoint a successor which is a qualifying entity pursuant to Article 26.2 (*Identity of the Representative of the Bondholders*).

28. DUTIES AND POWERS OF THE REPRESENTATIVE OF THE BONDHOLDERS

28.1 Representative of the Bondholders as legal representative

The Representative of the Bondholders is the legal representative of the Organisation of the Bondholders and has the power to exercise the rights conferred on it by the Programme Documents in order to protect the interests of the Bondholders.

28.2 Meetings and resolutions

Unless any Resolution provides to the contrary, the Representative of the Bondholders is responsible for implementing all resolutions of the Bondholders. The Representative of the Bondholders has the right to convene and attend Meetings (together with its adviser) to propose any course of action which it considers from time to time necessary or desirable.

28.3 Delegation

The Representative of the Bondholders may in the exercise of the powers, discretions and authorities vested in it by these Rules and the Programme Documents:

28.3.1 act by responsible officers or a responsible officer for the time being of the Representative of the Bondholders;

28.3.2 whenever it considers it expedient and in the interest of the Bondholders, whether by power of attorney or otherwise, delegate to any person or persons or fluctuating body of persons some, but not all, of the powers, discretions or authorities vested in it as aforesaid.

28.3.3 Any such delegation pursuant to Article 28.3.1 may be made upon such conditions and subject to such regulations (including power to sub-delegate) as the Representative of the Bondholders may think fit in the interest of the Bondholders. The Representative of the Bondholders shall not be bound to supervise the acts or proceedings of such delegate or sub-delegate and shall not in any way or to any extent be responsible for any loss incurred by reason of any misconduct, omission or default on the part of such delegate or sub-delegate, **provided that** the Representative of the Bondholders shall use all reasonable care in the appointment of any such delegate and shall be responsible for the instructions given by it to such delegate. The Representative of the Bondholders shall, as soon as reasonably practicable, give notice to the Issuer and the Guarantor of the appointment of any delegate and any renewal, extension and termination of such appointment, and shall procure that any delegate shall give notice to the Issuer and the Guarantor of the appointment of any sub-delegate as soon as reasonably practicable.

28.4 Judicial proceedings

The Representative of the Bondholders is authorised to represent the Organisation of the Bondholders in any judicial proceedings including any Insolvency Event in respect of the Issuer and/or the Guarantor.

28.5 Consents given by Representative of Bondholders

Any consent or approval given by the Representative of the Bondholders under these Rules and any other Programme Document may be given on such terms and subject to such conditions (if any) as the

Representative of the Bondholders deems appropriate and, notwithstanding anything to the contrary contained in the Rules or in the Programme Documents, such consent or approval may be given retrospectively.

28.6 Discretions

Save as expressly otherwise provided herein, the Representative of the Bondholders shall have absolute discretion as to the exercise or non-exercise of any right, power and discretion vested in the Representative of the Bondholders by these Rules or by operation of law.

28.7 Obtaining instructions

In connection with matters in respect of which the Representative of the Bondholders is entitled to exercise its discretion hereunder, the Representative of the Bondholders has the right (but not the obligation) to convene a Meeting or Meetings in order to obtain the Bondholders' instructions as to how it should act. Prior to undertaking any action, the Representative of the Bondholders shall be entitled to request that the Bondholders indemnify it and/or provide it with security as specified in Article 29.2 (*Specific Limitations*).

28.8 Remedy

The Representative of the Bondholders may determine whether or not a default in the performance by the Issuer or the Guarantor of any obligation under the provisions of these Rules, the Covered Bonds or any other Programme Documents may be remedied, and if the Representative of the Bondholders certifies that any such default is, in its opinion, not capable of being remedied, such certificate shall be conclusive and binding upon the Issuer, the Bondholders, the other creditors of the Guarantor and any other party to the Programme Documents.

29. EXONERATION OF THE REPRESENTATIVE OF THE BONDHOLDERS

29.1 Limited obligations

The Representative of the Bondholders shall not assume any obligations or responsibilities in addition to those expressly provided herein and in the Programme Documents.

29.2 Specific limitations

Without limiting the generality of the Article 29.1, the Representative of the Bondholders:

29.2.1 shall not be under any obligation to take any steps to ascertain whether an Event of Default, Segregation Event or any other event, condition or act, the occurrence of which would cause a right or remedy to become exercisable by the Representative of the Bondholders hereunder or under any other Programme Document, has occurred and, until the Representative of the Bondholders has actual knowledge or express notice to the contrary, it shall be entitled to assume that no Segregation Event, Event of Default or such other event, condition or act has occurred;

29.2.2 shall not be under any obligation to monitor or supervise the observance and performance by the Issuer or the Guarantor or any other parties of their obligations contained in these Rules, the Programme Documents or the Conditions and, until it shall have actual knowledge or express notice to the contrary, the Representative of the Bondholders shall be entitled to assume that the Issuer or the Guarantor and each other party to the Programme Documents are duly observing and performing all their respective obligations;

29.2.3 except as expressly required in these Rules or any Programme Document, shall not be under any obligation to give notice to any person of its activities in performance of the provisions of these Rules or any other Programme Document;

29.2.4 shall not be responsible for investigating the legality, validity, effectiveness, adequacy, suitability or genuineness of these Rules or of any Programme Document, or of any other document or any obligation or right created or purported to be created hereby or thereby or pursuant hereto or thereto, and (without prejudice to the generality of the foregoing) it shall not have any responsibility for or have any duty to make any investigation in respect of or in any way be liable whatsoever for:

(a) the nature, *status*, creditworthiness or solvency of the Issuer or the Guarantor;

(b) the existence, accuracy or sufficiency of any legal or other opinion, search, report, certificate, valuation or investigation delivered or obtained or required to be delivered or obtained at any time in connection with the Programme;

(c) the suitability, adequacy or sufficiency of any collection procedure operated by the Servicer or compliance therewith;

(d) the failure by the Issuer to obtain or comply with any licence, consent or other authorisation in connection with the purchase or administration of the assets contained in the Cover Pool; and

(e) any accounts, books, records or files maintained by the Issuer, the Guarantor, the Servicer and the Paying Agent or any other person in respect of the Cover Pool or the Covered Bonds;

29.2.5 shall not be responsible for the receipt or application by the Issuer of the proceeds of the issue of the Covered Bonds or the distribution of any of such proceeds to the persons entitled thereto;

29.2.6 shall have no responsibility for procuring or maintaining any rating of the Covered Bonds by any credit or rating agency or any other person;

29.2.7 shall not be responsible for investigating any matter which is the subject of any recital, statement, warranty, representation or covenant by any party other than the Representative of the Bondholders contained herein or in any Programme Document or any certificate, document or agreement relating thereto or for the execution, legality, validity, effectiveness, enforceability or admissibility in evidence thereof;

29.2.8 shall not be liable for any failure, omission or defect in registering or filing or procuring registration or filing of or otherwise protecting or perfecting these Rules or any Programme Document;

29.2.9 shall not be bound or concerned to examine or enquire into or be liable for any defect or failure in the right or title of the Guarantor in relation to the assets contained in the Cover Pool or any part thereof, whether such defect or failure was known to the Representative of the Bondholders or might have been discovered upon examination or enquiry or whether capable of being remedied or not;

29.2.10 shall not be under any obligation to guarantee or procure the repayment of the assets contained in the Cover Pool or any part thereof;

29.2.11 shall not be responsible for reviewing or investigating any report relating to the Cover Pool or any part thereof provided by any person, with the exception of the

Test Performance Report for the purposes of delivery of the notice;

29.2.12 shall not be responsible for or have any liability with respect to any loss or damage arising from the realisation of the Cover Pool or any part thereof;

29.2.13 shall not be responsible (except as expressly provided in the Conditions) for making or verifying any determination or calculation in respect of the Covered Bonds, the Cover Pool or any Programme Document;

29.2.14 shall not be under any obligation to insure the Cover Pool or any part thereof;

29.2.15 shall, when in these Rules or any Programme Document it is required in connection with the exercise of its powers, trusts, authorities or discretions to have regard to the interests of the Bondholders, have regard to the overall interests of the Bondholders of each Series or Tranche as a class of persons and shall not be obliged to have regard to any interests arising from circumstances particular to individual Bondholders whatever their number and, in particular but without limitation, shall not have regard to the consequences of such exercise for individual Bondholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or taxing authority;

29.2.16 shall not, if in connection with the exercise of its powers, trusts, authorities or discretions, it is of the opinion that the interest of the holders of the Covered Bonds of any one or more Series or Tranche would be materially prejudiced thereby, exercise such power, trust, authority or discretion without the approval of such Bondholders by Extraordinary Resolution or by a written resolution of such Bondholders of not less than 75 per cent. of the Principal Amount Outstanding of the Covered Bonds of the relevant Series or Tranche then outstanding;

29.2.17 shall, with respect to the powers, trusts, authorities and discretions vested in it by the Programme Documents, except where expressly provided therein, have regard to the interests of both the Bondholders and the other creditors of the Issuer or the Guarantor but if, in the opinion of the Representative of the Bondholders, there is a conflict between their interests the Representative of the Bondholders will have regard solely to the interest of the Bondholders;

29.2.18 may refrain from taking any action or exercising any right, power, authority or discretion vested in it under these Rules or any Programme Document or any other agreement relating to the transactions herein or therein contemplated until it has been indemnified and/or secured to its satisfaction against any and all actions, proceedings, claims and demands which might be brought or made against it and against all Liabilities suffered, incurred or sustained by it as a result. Nothing contained in these Rules or any of the other Programme Documents shall require the Representative of the Bondholders to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties or the exercise of any right, power, authority or discretion hereunder; and

29.2.19 shall not have any liability for any loss, liability, damages claim or expense directly or indirectly suffered or incurred by the Issuer, the Guarantor, any Bondholder, any Other Guarantor Creditor or any other person as a result of (a) the delivery by the Representative of the Bondholders of the certificate of incapability of remedy relating any material default of obligations pursuant to Condition 12.2 (*Issuer Event of Default*) and Condition 12.3 (*Guarantor Event of Default*) on the basis of an opinion formed by it in good faith; or (b) any determination, any act, matter or thing that will not be materially prejudicial to the interests of the Bondholders as a whole or the interests of the Bondholders of any Series or Tranche.

29.3 Covered Bonds held by Issuer

The Representative of the Bondholders may assume without enquiry that no Covered Bonds are, at any given time, held by or for the benefit of the Issuer.

29.4 Illegality

No provision of these Rules shall require the Representative of the Bondholders to do anything which may be illegal or contrary to applicable law or regulations or to expend moneys or otherwise take risks in the performance of any of its duties, or in the exercise of any of its powers or discretion. The Representative of the Bondholders may refrain from taking any action which would or might, in its opinion, be contrary to any law of any jurisdiction or any regulation or directive of any agency of any state, or if it has reasonable grounds to believe that it will not be reimbursed for any funds it expends, or that it will not be indemnified against any loss or liability which it may incur as a consequence of such action. The Representative of the Bondholders may do anything which, in its opinion, is necessary to comply with any such law, regulation or directive as aforesaid.

30. RELIANCE ON INFORMATION

30.1 Advice

The Representative of the Bondholders may act on the advice of a certificate or opinion of, or any written information obtained from, any lawyer, accountant, banker, broker, credit or rating agency or other expert, whether obtained by the Issuer, the Guarantor, the Representative of the Bondholders or otherwise, and shall not be liable for any loss occasioned by so acting. Any such opinion, advice, certificate or information may be sent or obtained by letter, telegram, e-mail or fax transmission and the Representative of the Bondholders shall not be liable for acting on any opinion, advice, certificate or information purporting to be so conveyed although the same contains some error or is not authentic and, when in the opinion of the Representative of the Bondholders to obtain such advice on any other basis is not viable notwithstanding any limitation or cap on Liability in respect thereof.

30.2 Certificates of Issuer and/or Guarantor

The Representative of the Bondholders may require, and shall be at liberty to accept (a) as sufficient evidence

30.2.1 as to any fact or matter prima facie within the Issuer's or the Guarantor's knowledge, a certificate duly signed by a director of the Issuer or (as the case may be) the Guarantor;

30.2.2 that such is the case, a certificate of a director of the Issuer or (as the case may be) the Guarantor to the effect that any particular dealing, transaction, step or thing is expedient,

and the Representative of the Bondholders shall not be bound in any such case to call for further evidence or be responsible for any loss that may be incurred as a result of acting on such certificate unless any of its officers in charge of the administration of these Rules shall have actual knowledge or express notice of the untruthfulness of the matters contained in the certificate.

30.3 Resolution or direction of Bondholders

The Representative of the Bondholders shall not be responsible for acting upon any resolution purporting to be a Written Resolution or to have been passed at any Meeting in respect whereof minutes have been made and signed or a direction of the requisite percentage of Bondholders, even though it may subsequently be found that there was some defect in the constitution of the Meeting or the passing of the Written Resolution or the giving of such directions or that for any reason the resolution purporting to be a Written Resolution or to have been passed at any Meeting or the giving of the direction was not valid or binding upon the Bondholders.

30.4 Certificates of Euronext Securities Milan Account Holders

The Representative of the Bondholders, in order to ascertain ownership of the Covered Bonds, may fully rely on the certificates issued by any Euronext Securities Milan Account Holder in accordance with the

regulation issued jointly by the Bank of Italy and CONSOB on 13 August 2018, as amended from time to time, which certificates are to be conclusive proof of the matters certified therein.

30.5 **Clearing Systems**

The Representative of the Bondholders shall be at liberty to call for and to rely on as sufficient evidence of the facts stated therein, a certificate, letter or confirmation certified as true and accurate and signed on behalf of such clearing system as the Representative of the Bondholders considers appropriate, or any form of record made by any clearing system, to the effect that at any particular time or throughout any particular period any particular person is, or was, or will be, shown its records as entitled to a particular number of Covered Bonds.

30.6 **Rating Agencies**

The Representative of the Bondholders in evaluating, for the purposes of exercising any power, authority, duty or discretion under or in relation to these Rules that such exercise will not be materially prejudicial to the interests of the Bondholders of any Series or Tranche or of all Series for the time being outstanding, is entitled to consider, *inter alia*, the circumstance that the then current rating of the Covered Bonds of any such Series or Tranche or all such Series (as the case may be) would not be adversely affected by such exercise. If the Representative of the Bondholders, in order properly to exercise its rights or fulfil its obligations, deems it necessary to obtain the views of the Rating Agencies as to how a specific act would affect any outstanding rating of the Covered Bonds, the Representative of the Bondholders may inform the Issuer, which will then obtain such views at its expense on behalf of the Representative of the Bondholders or the Representative of the Bondholders may seek and obtain such views itself at the cost of the Issuer.

30.7 **Certificates of Parties to Programme Document**

The Representative of the Bondholders shall have the right to call for or require the Issuer or the Guarantor to call for and to rely on written certificates issued by any party (other than the Issuer or the Guarantor) to the Intercreditor Agreement or any other Programme Document,

30.7.1 in respect of every matter and circumstance for which a certificate is expressly provided for under the Conditions or any Programme Document;

30.7.2 as any matter or fact *prima facie* within the knowledge of such party; or 30.7.3 as to such party's opinion with respect to any issue,

and the Representative of the Bondholders shall not be required to seek additional evidence in respect of the relevant fact, matter or circumstances and shall not be held responsible for any Liability incurred as a result of having failed to do so unless any of its officers has actual knowledge or express notice of the untruthfulness of the matter contained in the certificate.

30.8 **Auditors**

The Representative of the Bondholders shall not be responsible for reviewing or investigating any auditors' report or certificate and may rely on the contents of any such report or certificate.

31. AMENDMENTS AND MODIFICATIONS

31.1 **Modifications**

The Representative of the Bondholders may at any time and from time to time and without the consent or sanction of the Bondholders of any Series or Tranche concur with the Issuer and/or the Guarantor and any

other relevant parties in making any modification (and for this purpose the Representative of the Bondholders may disregard whether any such modification relates to a Series or Tranche Reserved Matter) as follows:

31.1.1 to these Rules, the Conditions and/or the other Programme Documents which, in the opinion of the Representative of the Bondholders, it may be expedient to make **provided that** the Representative of the Bondholders is of the opinion that such modification will not be materially prejudicial to the interests of any of the Bondholders of any Series or Tranche; and

31.1.2 to these Rules, the Conditions and/or the other Programme Documents which is of a formal, minor, administrative or technical nature or to comply with mandatory provisions of law, including Law 130 and the Bank of Italy Regulations, as amended and supplemented from time to time, and the relevant implementation;

31.1.3 to these Rules, the Conditions and/or the other Programme Documents which, in the opinion of the Representative of the Bondholders, is to correct a manifest error or an error established as such to the satisfaction of the Representative of the Bondholders; and

31.1.4 to these Rules, the Conditions and/or the other Programme Documents which may reasonably deemed necessary in order to ensure that the Programme, the Covered Bonds, the Conditions and the Programme Documents comply and will continue to comply with the provisions referred to under article 7-*viciesbis* of Law 130 and the relevant implementing regulation in order to use the "European Covered Bond (Premium)" label.

31.2 **Binding Nature**

Any such modification may be made on such terms and subject to such conditions (if any) as the Representative of the Bondholders may determine, shall be binding upon the Bondholders and, unless the Representative of the Bondholders otherwise agrees, shall be notified by the Issuer or the Guarantor (as the case may be) to the Bondholders in accordance with Condition 18 (*Notices*) as soon as practicable thereafter.

31.3 **Establishing an error**

In establishing whether an error is established as such, the Representative of the Bondholders may have regard to any evidence on which the Representative of the Bondholders considers it appropriate to rely and may, but shall not be obliged to, have regard to a certificate from the Joint-Arrangers:

(a) stating the intention of the parties to the relevant Programme Document;

(b) confirming nothing has been said to, or by, investors or any other parties which is in any way inconsistent with such stated intention; and

(c) stating the modification to the relevant Programme Document that is required to reflect such intention;

and may be entitled to consider, *inter alia*, the circumstance that, after giving effect to such modification, the Covered Bonds shall continue to have the same credit ratings as those assigned to them immediately prior to the modification.

31.4 **Obligation to act**

The Representative of the Bondholders shall be bound to concur with the Issuer and the Guarantor and any other party in making any modifications to these Rules, the Conditions and/or the other Programme

Documents if it is so directed by an Extraordinary Resolution and then only if it is indemnified and/or secured to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing.

32. WAIVER

32.1 Waiver of Breach

The Representative of the Bondholders may at any time and from time to time without the consent or sanction of the Bondholders of any Series or Tranche and, without prejudice to its rights in respect of any subsequent breach, condition or event but only if, and in so far as, in its opinion the interests of the Holders of the Covered Bonds of any Series or Tranche then outstanding shall not be materially prejudiced thereby:

32.1.1 authorise or waive any proposed breach or breach by the Issuer or the Guarantor of any of the covenants or provisions contained in the Guarantee, these Rules, the Conditions or the other Programme Documents; or

32.1.2 determine that any Event of Default shall not be treated as such for the purposes of the Programme Documents, without any consent or sanction of the Bondholders.

32.2 Binding Nature

Any such authorisation or waiver or determination may be given on such terms and subject to such conditions (if any) as the Representative of the Bondholders may determine, shall be binding on all Bondholders and, if the Representative of the Bondholders so requires, shall be notified to the Bondholders and the Other Guarantor Creditors by the Issuer or the Guarantor, as soon as practicable after it has been given or made in accordance with the provisions of the conditions relating to Notices and the relevant Programme Documents.

32.3 Restriction on powers

The Representative of the Bondholders shall not exercise any powers conferred upon it by this Article 32 (*Waiver*) in contravention of any express direction by an Extraordinary Resolution, but so that no such direction shall affect any authorisation, waiver or determination previously given or made.

32.4 Obligation to act

The Representative of the Bondholders shall be bound to waive or authorise any breach or proposed breach by the Issuer or the Guarantor of any of the covenants or provisions contained in by Guarantee, these Rules or any of the other Programme Documents or determine that any Event of Default shall not be treated as such if it is so directed by a Programme Resolution and then only if it is indemnified and/or secured to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing.

33. INDEMNITY

Pursuant to the Programme Agreement, all documented costs, expenses, liabilities and claims incurred by or made against the Representative of the Bondholders (or by any persons appointed by it to whom any power, authority or discretion may be delegated by it) in relation to the preparation and execution of the Programme Agreement or the other Programme Documents, the exercise or purported exercise of, the Representative of the Bondholder's powers, authorities and discretions and performance of its duties under and in any other manner in relation to the Programme Agreement or any other Programme Documents (including, but not limited to, legal and travelling expenses and any stamp, issue, registration,

documentary and other taxes or duties paid by or due from the Representative of the Bondholders in connection with any action and/or legal proceedings brought or contemplated by the Representative of the Bondholders pursuant to the Programme Documents, against the Issuer or the Guarantor for enforcing any obligations under the Covered Bonds or the Programme Documents), except insofar as the same are incurred as a result of fraud (*frode*), gross negligence (*colpa grave*) or wilful default (*dolo*) of the Representative of the Bondholders, shall be reimbursed, paid or discharged (on full indemnity basis), on demand, to the extent not already reimbursed, paid or discharged by the Bondholders, by the Guarantor and the Issuer on the Guarantor Payment Date immediately succeeding the date of request from funds available thereof in accordance with the relevant Priority of Payments.

34. LIABILITY

Notwithstanding any other provision of these Rules and save as otherwise provided in the Programme Documents the Representative of the Bondholders shall not be liable for any act, matter or thing done or omitted in any way in connection with the Programme Documents, the Covered Bonds or the Rules except in relation to its own fraud (*frode*), gross negligence (*colpa grave*) or wilful default (*dolo*).

35. SECURITY DOCUMENTS

35.1 The Deed of Pledge

The Representative of the Bondholders shall have the right to exercise all the rights granted by the Guarantor to the Bondholders pursuant to the Deed of Pledge. The beneficiaries of the Deed of Pledge are referred to in this Article 35 as the "**Secured Bondholders**".

35.2 Rights of the Representative of the Bondholders

35.2.1 The Representative of the Bondholders, acting on behalf of the Secured Bondholders, shall be entitled to appoint and entrust the Guarantor to collect, in the Secured Bondholders' interest and on their behalf, any amounts deriving from the pledged claims and rights, and shall be entitled to give instructions, jointly with the Guarantor, to the respective debtors of the pledged claims to make the payments related to such claims to the Programme Accounts or to any other account opened in the name of the Guarantor and appropriate for such purpose;

35.2.2 The Secured Bondholders irrevocably waive any right they may have in relation to any amount deriving from time to time from the pledged claims or credited to the Main Programme Account or to any other account opened in the name of the Guarantor and appropriate of such purpose which is not in accordance with the provisions of this Article 35. The Representative of the Bondholders shall not be entitled to collect, withdraw or apply, or issue instructions for the collection, withdrawal or application of, cash deriving from time to time from the pledged claims under the Deed of Pledge except in accordance with the provisions of this Article 35 and the Intercreditor Agreement.

TITLE IV THE ORGANISATION OF THE BONDHOLDERS AFTER SERVICE OF AN NOTICE

36. POWERS TO ACT ON BEHALF OF THE GUARANTOR

It is hereby acknowledged that, upon service of a Guarantor Default Notice or, prior to service of a Guarantor Default Notice, following the failure of the Guarantor to exercise any right to which it is entitled, pursuant to the Mandate Agreement the Representative of the Bondholders, in its capacity as legal representative of the Organisation of the Bondholders, shall be entitled (also in the interests of the Other Guarantor Creditors) pursuant to articles 1411 and 1723 of the Italian Civil Code, to exercise certain rights in relation to the Cover Pool. Therefore, the Representative of the Bondholders, in its capacity as legal representative of the Organisation of the Bondholders, will be authorised, pursuant to the terms of the Mandate Agreement, to exercise, in the name and on behalf of the Guarantor and as *mandatario in rem*

propriam of the Guarantor, any and all of the Guarantor's rights under certain Programme Documents, including the right to give directions and instructions to the relevant parties to the relevant Programme Documents.

TITLE V GOVERNING LAW AND JURISDICTION

37. GOVERNING LAW

These Rules are governed by, and will be construed in accordance with, the laws of the Republic of Italy.

38. JURISDICTION

The Courts of Milan will have jurisdiction to hear and determine any suit, action or proceedings and to settle any disputes which may arise out of or in connection with these Rules.

FORM OF FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Covered Bonds issued under the Programme. Text in this section appearing in italics does not form part of the Final Terms but denotes directions for completing the Final Terms.

[**PRIIPs / IMPORTANT – 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 of the European Parliament and of the Council on markets in financial instruments (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive 2016/97/EU (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; 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 or superseded, 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.

PRIIPs / IMPORTANT – 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 (as amended by the European Union (Withdrawal Agreement) Act 2020) ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (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 Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the "**UK Prospectus Regulation**"). Consequently no key information document required by the PRIIPs Regulation 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.][8]

[**MIFID II 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 eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, **MiFID II**)][MiFID II]; 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 MiFID II 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.]

[**UK MIFIR product governance / 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

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

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 EUWA (**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.]

Final Terms dated [•]

Banca Monte dei Paschi di Siena S.p.A. (the "Issuer")

Issue of [Aggregate Nominal Amount of Tranche] **Covered Bonds** (***Obbligazioni Bancarie Garantite***) **due** [Maturity]

Guaranteed by

MPS Covered Bond S.r.l. (the "Guarantor") under the € 20,000,000,000 Programme

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the "**Conditions**") set forth in the base prospectus dated 2 July 2024 [and the supplement[s] to the base prospectus dated [●]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Regulation (EU) 2017/1129 (as amended from time to time, the "**Prospectus Regulation**"). This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of Article 8.4 of the Prospectus Regulation. These Final Terms contain the final terms of the Covered Bonds and must be read in conjunction with the Base Prospectus [as so supplemented] in order to obtain all the relevant information. These Final Terms are available for viewing on the website of the Luxembourg Stock Exchange (https://www.luxse.com/). Full information on the Issuer, the Guarantor and the offer of the Covered Bonds described herein is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus, [including the supplement[s]] [is/are] available for viewing on the website of the Luxembourg Stock Exchange (https://www.luxse.com/) and on the website of the Issuer at [https://gruppomps.it/].]

(The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.)

[Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Covered Bonds (the "**Conditions**") set forth in the prospectus dated 12 October 2023, which are incorporated by reference in the prospectus dated 2 July 2024. This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of Article 8(1) of Regulation (EU) 2017/1129, as amended and superseded (the "**Prospectus Regulation**") and must be read in conjunction with the Base Prospectus dated 12 October 2023 [and the supplement to the Base Prospectus dated 12 October 2023], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation. These Final Terms are available for viewing on the website of the Luxembourg Stock Exchange (https://www.luxse.com/). Full information on the Issuer, the Guarantor and the offer of the Covered Bonds described herein is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus, [including the supplement[s]] [is/are] available for viewing on the website of the Luxembourg Stock Exchange (https://www.luxse.com/) and on the website of the Issuer at [https://gruppomps.it/].]

(Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-

paragraphs. Italics denote guidance for completing the Final Terms.)

1.	(i)	Series Number:	[•]
	(ii)	Tranche Number:	[•] [The Covered Bonds will be consolidated, form a single Series and be interchangeable for trading purposes with the [Series [•] Tranche [•] Covered Bonds due [•] issued on [•], ISIN Code [•]] on the Issue Date]/[Not Applicable]]
	(iii)	Date on which the Covered Bonds will be consolidated and form a singles Series	[•]
2.	**Specified Currency or Currencies:**		[•]
3.	**Aggregate Nominal Amount**		
	(i)	Series:	[•]
	(ii)	Tranche:	[•]
4.	**Issue Price:**		[•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*in the case of fungible issues only, if applicable*)]
5.	(i)	Specified Denominations:	[●] [plus integral multiples of [●] (as referred to under Condition 3) (*Include the wording in square brackets where the Specified Denomination is €100,000 or equivalent plus multiples of a lower principal amount*.)
	(ii)	Calculation Amount:	[•]
	(iii)	Rounding:	[The provisions of Condition 19 apply/Not applicable]
6.	(i)	Issue Date:	[•]
	(ii)	Interest Commencement Date:	[*Specify*: Issue Date/Not applicable]
7.	**Maturity Date:**		[*Specify date or (for Floating Rate Covered Bonds) Interest Payment Date falling in or nearest to the relevant month and year*)]
8.	**Extended Maturity Date of Guaranteed Amounts corresponding to Final Redemption Amount under the Guarantee:**		[*Not applicable for Series of Covered Bonds which shall become a Pass Through Series / Specify date or (for Floating Rate Covered Bonds) Interest Payment Date falling in or nearest to the relevant month and year*]
9.	**Interest Basis:**		[[●] % Fixed Rate] [[*Specify reference rate*] +/– [*Margin*]% Floating Rate] [Zero Coupon] (*further particulars specified below in Sections 16, 17, or 18, as the case may be*)
10.	**Redemption/Payment Basis:**		Subject to any purchase and cancellation or early

		redemption, the Covered Bonds will be redeemed on the Maturity Date at the Final Redemption Amount [Instalment]
11.	**Change of Interest:**	[●] / [Not applicable] [Change of interest rate may be applicable in case an Extended Maturity Date is specified as applicable, as provided for in Condition 9(b)]
12.	**Hedging through covered bond swaps**	[Applicable/Not applicable]
13.	**Put/Call Options:**	[Not Applicable] [Investor Put (as referred to in Condition 9(e))] [Issuer Call (as referred to in Condition 9(f))] [(*further particulars specified below in paragraph [19] / [20])*]
14.	**[Date of [Board] approval for issuance of Covered Bonds [and Guarantee] [respectively]] obtained:**	[•] [and [•], respectively] (N.B. *Only relevant where Board (or similar) authorisation is required for the particular tranche of Covered Bonds or related Guarantee*)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15.	**Fixed Rate Provisions**	[Applicable / Not Applicable (as referred in Condition 5)] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(i) Rate(s) of Interest:	[●] % per annum payable in arrear on each Interest Payment Date
	(ii) Interest Payment Date(s):	[●] in each year [adjusted in accordance with [*specify Business Day Convention [Following Business Day Convention/ Modified Following Business Day Convention or Modified Business Day Convention/Preceding Business Day Convention/FRN Convention or Floating Rate Convention or Eurodollar Convention] [and any applicable Business Centre(s) for the definition of "Business Day"] /*not adjusted]
	(iii) Fixed Coupon Amount[(s)]:	[●] per Calculation Amount
	(iv) Broken Amount(s):	[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●] / [Not Applicable]
	(v) Day Count Fraction:	[Actual/Actual (ICMA)/ Actual/Actual (ISDA) Actual/365 (Fixed) Actual/360 30/360

30E/360 or Eurobond Basis

30E/360 (ISDA)]

16. **Floating Rate Provisions** [Applicable / Not Applicable (as referred to in Condition 6]

(*If not applicable, delete the remaining subparagraphs of this paragraph*)

(i) Interest Period(s): [•]

(ii) Specified Period: [•]

(*Specified Period and Interest Payment Dates are alternatives. A Specified Period, rather than Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not applicable*")

(iii) Interest Payment Dates: [•]

(*Specified Period and Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not applicable*")

(iv) First Interest Payment Date: [•]

(v) Business Day Convention: (*Following Business Day Convention/Modified Following Business Day Convention or Modified Business Day Convention/Preceding Business Day Convention/FRN Convention or Floating Rate Convention or Eurodollar Convention*)

(vi) Additional BusinessCentre(s) [Not applicable / TARGET / London/Luxembourg / Milan]

(vii) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]

(viii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Principal Paying Agent): [[•] / Not Applicable]

(ix) Screen Rate Determination:

- Reference Rate: Reference Rate: [•] month [EURIBOR]
- Reference Banks: [[•] / Not Applicable]
- Interest Determination Date(s): [•]
- Relevant Screen Page: *(For example, Reuters EURIBOR 01)*
- Relevant Time: *(For example, 11.00 a.m. Luxembourg time/Brussels time)*
- Relevant Financial Centre: *(For example, Luxembourg/Euro-zone (where Euro-zone means the region comprised of the countries*

whose lawful currency is the euro)

(x) ISDA Determination: [Applicable/Not Applicable]

(*If not applicable, delete the remaining items of this subparagraph*)

- ISDA Definitions: [2006 ISDA Definitions]/[2021 ISDA Definitions]

[•]

- Floating Rate Option: *(Ensure this is a Floating Rate Option included in the Floating Rate Matrix (as defined in the 2021 ISDA Definitions))*

- Designated Maturity: [•]/[Not Applicable]

(A Designated Maturity period is not relevant where the relevant Floating Rate Option is a riskfree rate)

- Reset Date: [•][*the first day of the Interest Period*]

(xi) Margin(s): [+/-][•] % per annum

(xii) Minimum Rate of Interest: [•]% per annum

(xiii) Maximum Rate of Interest: [•]% per annum

(xiv) Day Count Fraction: [Actual/Actual (ICMA)/

Actual/Actual (ISDA)

Actual/365 (Fixed)

Actual/360

30/360

30E/360 or Eurobond Basis

30E/360 (ISDA)]

17. **Zero Coupon Provisions** [The provisions of Condition 8 /Not applicable]

(*If not applicable, delete the remaining subparagraphs of this paragraph*)

(i) [Amortisation/Accrual] Yield: [•] per cent- per annum

(ii) Reference Price: [•]

PROVISIONS RELATING TO REDEMPTION

18. **Call Option** [The provisions of Conditions 8(d) apply/Not applicable][Applicable / Not Applicable] (as referred in Condition 9)

(*If not applicable, delete the remaining subparagraphs of this paragraph*)

(i) Optional Redemption Date(s): [•]

(ii) Optional Redemption Amount(s) of Covered Bonds and method, if any, of calculation of such amount(s): [•] per Calculation Amount

(iii) If redeemable in part:

	Minimum Redemption Amount:	[[•] per Calculation Amount / not applicable]
	Maximum Redemption Amount:	[[•] per Calculation Amount / not applicable]
(iv)	Notice period:	[•]
19. **Put Option**		[Applicable / Not Applicable] (as referred in Condition 9) (*If not applicable, delete the remaining subparagraphs of this paragraph*)
(i)	Optional Redemption Date(s):	[•]
(ii)	Optional Redemption Amount(s) of each Covered Bond:	[•] per Calculation Amount
(iii)	Notice period:	[•]
20. **Final Redemption Amount of Covered Bonds**		[•] per Calculation Amount (as referred in Condition 9(a) [*Note that the Final Redemption Amount shall be equal to the principal amount of the Series*])
(i)	Minimum Final Redemption Amount:	[[•] per Calculation Amount / not applicable]
(ii)	Maximum Final Redemption Amount:	[[•] per Calculation Amount / not applicable]
21. **Early Redemption Amount**		
	Early redemption amount(s) per Calculation Amount payable on redemption for taxation reasons or on acceleration following a Guarantor Event of Default:	[Not applicable / [•] per Calculation Amount](as referred in Condition 9)

GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

22.	**Additional Financial Centre(s)** or other special provisions relating to payment dates:	[Not applicable / [•]] (*Note that this paragraph relates to the date and place of payment, and not interest period end dates*)

[THIRD PARTY INFORMATION]

[(*Relevant third party information*) has been extracted from (*specify source*). Each of the Issuer and the Guarantor confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by (*specify source*), no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of Banca Monte dei Paschi di Siena S.p.A.

By:

Duly authorised

Signed on behalf of MPS Covered Bond S.r.l.

By:

Duly authorised]

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(i)	Listing	[Official list of the Luxembourg Stock Exchange /Other] /[Not Applicable]
(ii)	Admission to trading	[Application has been made by the Issuer (or on its behalf) for the Covered Bonds to be admitted to trading on the regulated market of the [Luxembourg Stock Exchange/Other] with effect from [•]] / [Not Applicable]
Estimate of total expenses related to admission to trading:		[•]

2. RATINGS

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

[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 "**EU 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-registeredand-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 (as amended by the European Union (Withdrawal Agreement) Act 2020 (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 (as amended by the European Union (Withdrawal Agreement) Act 2020 (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 UK CRA Regulation.]

[Not applicable *(if not rated)*]

3. USE OF PROCEEDS

(i) Use of proceeds	[General funding purposes of the Group] / [An amount equal or equivalent to the net proceeds from the issue of the Covered Bonds will be used to finance [and/or] refinance, in whole or in part, new or existing Green Eligible Projects [and/or] Social Eligible Projects (as defined in the "*Use of Proceeds*" section) included or to be included in the Cover Pool]. [Further details on Green Eligible Projects [and/or] Social Eligible Projects are included in the [Issuer's ESG Framework], made available on the Issuer's website [in the investor relations section] at [•]] (*If the Covered Bonds are Green Covered Bonds, Social Covered Bonds or Sustainability Covered Bonds, describe the relevant projects to which the net proceeds of the Covered Bonds will be applied or make reference to the relevant bond framework to which the net proceeds of the Covered Bonds will be applied*.) (*Applicable only in the case of securities to be classified as Green Covered Bonds, Social Covered Bonds or Sustainability Covered Bonds. If not applicable, delete this paragraph*.) (See "*Use of Proceeds*" wording in Base Prospectus)
(ii) Estimated net amount of the proceeds	[•] / [Not Applicable]

4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[So far as the Issuer is aware, [save for the management, underwriting and selling commissions and the placement fee payable, as applicable, to the [Joint Lead Managers/Dealers] listed in [9] below,] no person involved in the issue of the Covered Bonds has an interest material to the offer. The [Joint Lead Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and [its] affiliates in the ordinary course of business.][*Amend as appropriate if there are other interests*]

5. Fixed Rate Covered Bonds only – YIELD

Indication of yield:	[•] / [Not Applicable]

6. *Floating Rate Covered Bonds only* – HISTORIC INTEREST RATES

Details of historic [*EURIBOR* / *specify other Reference Rate*] rates can be obtained from [Reuters]/[•]/[Not Applicable]

7. EUROPEAN COVERED BOND (PREMIUM) LABEL

European Covered Bond (Premium) Label in accordance with Article 129 of the CRR:	[Applicable]/[Not Applicable]

8. OPERATIONAL INFORMATION

ISIN Code:	[•]
Common Code	[•]
CFI:	[•], [as published on the website of the Association of National Numbering Agencies ("**ANNA**") or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN] / [*Not Applicable*]
FISN:	[•], [as published on the website of the Association of National Numbering Agencies ("**ANNA**") or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN] / [*Not Applicable*]
Any Relevant Clearing System(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s):	[Not Applicable/*give name(s), address(es) and number(s)*]
Delivery:	Delivery [against/free of] payment
Names and Specified Offices of additional Paying Agent(s) (if any):	[[Not applicable]/[•]]
Deemed delivery of clearing system notices for the purposes of Condition 18 (*Notices*):	Any notice delivered to Bondholders through the clearing systems will be deemed to have been given on the [second] [business] day after the day on which it was given to Euroclear and Clearstream.
Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes][No][Not Applicable] [Note that the designation "yes" simply means that the Covered Bonds are intended upon issue to be held in a form which would allow Eurosystem eligibility (i.e. issued in dematerialised form (*emesse in forma dematerializzata*) and wholly and exclusively deposited with Euronext Securities Milan in accordance with article 83-*bis* of Italian Legislative Decree No. 58 of 24 February 1998, as amended, through the authorised institutions listed in article 83-*quarter* of such legislative decree) and does not necessarily mean that the Covered Bonds will be recognized as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]
Any Relevant Clearing System(s) other than Euroclear Bank S.A./N.V. and Clearstream	

Banking, société anonyme and the relevant identification number(s):

Any Relevant Clearing System(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable/*give name(s), address(es) and number(s)*]

9. **DISTRIBUTION**

(A) Method of distribution: [Syndicated/Non-syndicated]

(B) If syndicated, names of [Joint Managers]/[Dealers]: [Lead [Not Applicable/give names and business address]

(C) Stabilising Manager(s) (if any): [Not Applicable/give names and business address]

If non-syndicated, name of [Arranger][Dealer]: [Not Applicable/*give names and business address*]

U.S. Selling Restrictions: [Not Applicable/ Compliant with Regulation S under the U.S. Securities Act of 1993]

Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]

(*If the offer of the Covered Bonds clearly does 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.*)

Prohibition of Sales to UK Retail Investors: [Applicable/Not Applicable]

(*If the offer of the Covered Bonds clearly does not constitute "packaged" products, or the Covered Bonds do constitute "packaged" products and a KID will be prepared in the UK "Not Applicable" should be specified. If the Covered Bonds may constitute "packaged" products, "Applicable" should be specified.*)

USE OF PROCEEDS

The net proceeds of the sale of each Tranche of Covered Bonds will be used by the Issuer, as indicated in the applicable Final Terms relating to the relevant Tranche of Covered Bonds, either:

a. for general funding purposes of the Group; or

b. in an amount equal or equivalent to the net proceeds, to finance and/or refinance, in whole or in part, new or existing Green Eligible Projects and/or Social Eligible Projects (as defined below).

According to the definition criteria set out by the International Capital Market Association ("**ICMA**") Green Bond Principles ("**GBP**"), only Tranches of Covered Bonds financing or refinancing Green Eligible Projects (above mentioned at (b)) will be denominated "Green Covered Bonds".

According to the definition criteria set out by the ICMA Social Bond Principles ("**SBP**"), only Tranches of Covered Bonds financing or refinancing Social Eligible Projects (above mentioned at (b)) will be denominated "Social Covered Bonds".

According to the definition criteria set out by the ICMA Sustainability Bond Guidelines ("**SBG**"), only Tranches of Covered Bonds financing or refinancing Green Eligible Projects and Social Eligible Projects (above mentioned at (b)) will be denominated "Sustainability Covered Bonds".

Only Tranches or Series of Covered Bonds financing and/or refinancing, in whole or in part, new or existing Green Eligible Projects and/or Social Eligible Projects, and meeting the relevant criteria specified in the Issuer's ESG Framework (as defined below), may qualify as credible "**Green Covered Bonds**", "**Social Covered Bonds**" or "**Sustainability Covered Bonds**".

In relation to any Green Eligible Projects and/or Social Eligible Projects the Issuer will make available under the investor relations section on its website (www.gruppomps.it/en) before any relevant issuance **(i)** a framework agreement (the "**ESG Framework**"), as it may be further amended, updated or expanded to reflect updates to the GBP, SBP and SBG and evolutions in the activities of the Group, which will set out the categories of Green Eligible Projects and Social Eligible Projects identified by the Issuer (the current one being available at: mps---green-social-and-sustainability-bond-framework-2024.pdf (gruppomps.it)), and **(ii)** a second party opinion assessing the alignment of the ESG Framework with the GBP, SBP and/or SBG (a "**Second Party Opinion**"). Each Second Party Opinion will be available on the website of the Issuer (the current one being available at: MPS – Final Document (gruppomps.it)). For the avoidance of doubt, any such ESG Framework or Second Party Opinion (once adopted) is not, nor shall be deemed to be, incorporated in and/or form part of this Base Prospectus.

In accordance with the ESG Framework that will be made available by the Issuer:

- the net proceeds of each issue of a Tranche of Covered Bonds will not be used to finance or refinance any asset or investment related to: fossil fuels, nuclear energy, weapons, alcohol, gambling, adult entertainment, or tobacco; furthermore, businesses with significant involvement in environmental controversies or social incidents such as breach of sanctions, human rights, labour rights, corruption, money laundering will also be excluded under the ESG Framework;
- an activity can be included in the Green Eligible Projects or Social Eligible Projects if it complies with the criteria set out under the EU Taxonomy Regulation and the Issuer's internal eligibility criteria, based on best market practices;
- any proceeds of Covered Bonds that are not yet allocated to Green Eligible Projects and/or Social Eligible Projects, will be managed by the Issuer's Treasury Department or overseen by ESG Funding Team;
- pending the full allocation of the proceeds or in the unlikely case of insufficient eligible assets, the Issuer will temporarily hold any unallocated funds in the Group's treasury, in accordance with its internal liquidity policy and to the extent possible, invest them in green, social and sustainability debt instruments;

- a revolving and substitution policy will be followed to maintain the relationship between the eligible asset portfolio and the outstanding sustainable debt instruments, therefore as soon as reasonably practical: (i) amortized, prepaid or redeemed eligible assets will be replaced; (ii) loans or investments no longer meeting the eligibility criteria will be removed and replaced; and (iii) the eligible asset portfolio will be re-balanced and updated to ensure only drawn amounts are reflected;
- the ESG Funding Team will monitor to ensure that the total amount of the eligible asset portfolio is greater than the outstanding amount of the sustainable debt instruments, that the amount of the eligible green assets sub-portfolio exceeds the amount of any green debt instruments outstanding, and that the amount of the eligible social assets sub-portfolio exceeds the amount of any social debt instruments outstanding;
- also with regards to post-issuance information, the Issuer will publish an annual report on the BMPS website detailing both the allocation of the net proceeds of the Green Covered Bonds, Social Covered Bonds or Sustainability Covered Bonds issued and the relevant environmental and social impact; so long as any Tranche of Covered Bonds is outstanding, BMPS will also report on any material developments of its portfolio of Green Eligible Projects and Social Eligible Projects on an ad hoc basis;
- BMPS may request external verification from an independent third party on the allocation of the net proceeds from the Green Covered Bonds, Social Covered Bonds or Sustainability Covered Bonds issued on an annual basis until full allocation, or in the event of significant changes in the allocation of proceeds; any post-issuance external verification report will be made publicly available on BMPS' website.

BMPS will also have an external auditor providing a limited assurance report in the context of the preparation of the Issuer group non-financial performance annual statement.

Definitions:

"**Green Eligible Projects**" means financings of green buildings, renewable energy, energy efficiency, clean transportation and sustainable agriculture projects and assets which meet a set of environmental criteria identified as such in the Issuer's ESG Framework as may be amended, supplemented or replaced before the Issue Date of the relevant Tranche of Covered Bonds.

"**Social Eligible Projects**" means financings to support employment generation, socioeconomic advancement and empowerment, access to essential services – financial services and affordable housing and other projects identified as such in the Issuer's ESG Framework as may be amended, supplemented or replaced before the Issue Date of the relevant Tranche of Covered Bonds.

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

1. General

BMPS was incorporated on 14 August 1995 as a joint stock company (*Società per Azioni*) under Italian legislation. On 23 August 1995 BMPS was registered with the Bank of Italy's Register (No. 5274) and with the Companies Register (No. 00884060526). BMPS has its registered office in Piazza Salimbeni 3, 53100, Siena, Italy (telephone number: +39 0577 294 111). BMPS' duration is currently limited to 31 December 2100 though this may be extended by shareholders' resolution. The LEI code of BMPS is J4CP7MHCXR8DAQMKIL78. BMPS' website is https://www.gruppomps.it/en/.

BMPS's corporate purpose, as set out under article 3 of its by-laws, is as follows: "*The purpose of BMPS is to collect and maintain savings and issue loans and credit, in various forms in Italy and abroad, including any related activity permitted to lending institutions by current regulations. BMPS can carry out, in accordance with the laws and regulations in force, all permitted banking and financial activities and any other transaction which is instrumental, or in any case linked, to the achievement of the company's purpose.*"

BMPS is the parent company of an Italian banking group operating throughout the Republic of Italy. The Group offers a wide range of financial services and products to private individuals and corporations. The products and services include ordinary and specialised deposit-taking and lending including leasing and factoring; payment services (home banking, cash management, credit or debit cards and treasury services for public entities); and asset management (through joint venture), brokerage services and corporate finance (project finance, merchant banking, financial consulting).

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 subsidiaries, including companies that, under current regulations, do not belong to the Group.

BMPS has been a member of FTSE MIB since March 2023 with a share capital of Euro 7,453,450,788.44 as at the date of this Base Prospectus. On June 1999, BMPS was listed on the Italian stock exchange. As at the date of this Base Prospectus, the Ministry of Economy and Finance is BMPS's majority shareholder.

2. History

BMPS, which is believed to be the oldest bank in the world currently operating, has been in continuous operation since 1472, when the General Council of the Republic of Siena approved its original charter. The Bank, then known as "Monte di Pietà", was originally established by the Republic of Siena for the purpose of providing a controlled source of lending for the local community and to fight usury. In 1624, the Bank changed its name to "Monte dei Paschi di Siena" after the *paschi*, the grazing fields owned by the Grand Duchy of Tuscany, which generated income that was pledged to support the Bank's capital. Following the unification of the Republic of Italy, the Bank extended its activities beyond the immediate outskirts of Siena. However, significant expansion of the Bank's activities occurred only after World War I, both geographically (with the opening of approximately 100 additional branches) and in terms of activities undertaken (with the commencement of various tax collection activities on behalf of national and regional governments). In 1936, the Bank was declared a public credit institution (*Istituto di Credito di Diritto Pubblico*) organised under a new charter, which, although modified during this period, remained in force until 1995.

In 1995, the Bank was reorganised in accordance with Law No. 218 of 30 July 1990 and was incorporated as a *Società per Azioni* or joint stock company owned by Monte dei Paschi di Siena — Istituto di Diritto Pubblico.

3. Major events

a) Precautionary Recapitalisation

On 28 July 2017, the MEF, through a ministerial decree, ordered the application of the burden-sharing measures set out by article 22, subsections 2 and 4 of Decree 237, and the strengthening of the Bank's

capital. At the completion of the precautionary recapitalisation transaction, the MEF was the main shareholder of BMPS with a share of 68.247%. After the completion of the partial non-proportional demerger of a going concern from BMPS in favour of AMCO, a wholly owned subsidiary of the MEF, which was effective (towards third parties) as of 1 December 2020, the MEF owned 64.23% of BMPS share capital, while BMPS directly and indirectly held 3.62% of its own shares. On 4 October 2021, BMPS concluded the sale of 36,280,748 own shares (equal to approximately 3.62% of the share capital of BMPS), which had been initiated on 22 February 2021.

b) *2017-2021 Restructuring Plan*

On 26 June 2017, the board of directors approved the Restructuring Plan, prepared according to the European legislation on State aid applicable to banks' capital reinforcement measures in the context of the financial crisis (the "**Restructuring Plan**").

The Restructuring Plan, together with the relevant implementing measures, was notified to the European Commission, which in July 2017 issued a positive decision on the compatibility of the intervention with the EU legislative framework.

The Restructuring Plan furthermore listed a number of commitments made by the Italian State to DG Comp – as required by European legislation – with regard to several aspects of the Restructuring Plan.

A monitoring trustee, appointed by the Bank with the approval of DG Comp, was entrusted to verify the compliance with these commitments on a quarterly basis.

c) *Business Plan 2022-2026*

On 22 June 2022, the Board of Directors of BMPS approved the Business Plan 2022-2026. Through this plan, BMPS intends to strengthen its role as leading commercial bank in Italy with a clear and simple business model. The Business Plan 2022-2026 is centered around the following pillars: 1) achieve business model sustainability; 2) build a solid and resilient balance sheet; 3) tackle the legacy issues.

Following the approval of the Business Plan 2022-2026 on 2 August 2022, the MEF announced that DG Comp had approved a revision of the commitments that had been taken by the Republic of Italy in order to allow for the Bank's precautionary recapitalisation in 2017 pursuant to EU and Italian regulations. On 3 October 2022, the European Commission published the new commitments that the Bank is required to comply with and which are already reflected in the actions of the Business Plan 2022-2026.

For more information with respect to the contents of the Business Plan 2022-2026, reference is made to the Consolidated Annual Report as at 31 December 2022 incorporated by reference into this Base Prospectus.

d) ***Sustainability strategy and governance***

Following the launch of the Business Plan 2022-2026, "*A clear and simple commercial bank*", the strategy of the Issuer has been shaped more and more by sustainability.

Within its Business Plan 2022-2026, the Bank defined specific actions and objectives across all pillars of sustainability. Some of the Bank's ESG goals and highlights include broadening of the ESG investment product offers.

Furthermore, the Issuer has strengthened its sustainability governance in line with the evolving regulatory and global context in which the sustainability values increasingly guide the company's activities and strategies towards the development of business models and policies that create long-term value.

The responsibilities of each corporate function are regulated according to four guidelines (strategy, actions and policies, risk factor management, monitoring and reporting) and set out under internal

directives of the Issuer, which define the organisational model adopted by the Group in the field of sustainability and identifies areas of commitment on which the development of the Group's sustainable business model is based.

e) Transactions for the assignment of non-performing loans

On 4 August 2022, BMPS, MPS Capital Services and MPS Leasing & Factoring S.p.A. entered into three agreements for the disposal of a NPL portfolio for more than Euro 0.9 billion as a further step in the implementation of the Business Plan 2022-2026. The disposal has been completed by the end of 2022.

In addition, on 3 August 2023 BMPS and Widiba entered into two agreements for the disposal of a NPL portfolio for more than Euro 0.2 billion. The legal transfer and consequent derecognition by the Group of the portfolio was completed by the end of 2023.

f) Completion of the share capital increase of Euro 2.5 billion with the full subscription of the new shares

On 4 November 2022, BMPS completed the capital increase with no. 1,249,665,648 newly issued BMPS ordinary shares fully subscribed for the total amount of Euro 2,499,331,296. After the completion of the capital increase BMPS's new share capital is therefore equal to Euro 7,453,450,788.44, divided into no. 1,259,689,706 ordinary shares with no indication of par value. On 15 November 2022, the relevant statement pursuant to Article 2444 of the Italian Civil Code was filed with the Company Register of Arezzo-Siena in accordance with applicable law.

g) Merger by incorporation of Consorzio Operativo Gruppo Montepaschi S.c.p.a., MPS Leasing & Factoring and MPS capital Services into BMPS

In accordance with the initiatives outlined in the Business Plan 2022-2026, aiming to an optimisation of the Group organisational structure, the following transactions have been finalised:

- on 2 December 2022, the deed relating to the merger of Consorzio Operativo di Gruppo ("**COG**"), approved by the Board of Directors of BMPS and of COG on 10 November 2022, was executed and became effective as of 5 December 2022 and as of 1 January 2022 with respect to the accounting and tax effects;
- on 20 April 2023 the deed relating to the merger of MPSL&F, approved by the Board of Directors of BMPS and of MPS Leasing & Factoring ("**MPSL&F**") on 30 March 2023, was executed and such merger became effective as of 24 April 2023 and as of 1 January 2023 with respect to the accounting and tax effects; and
- on 5 May 2023 the deed relating to the merger of MPS Capital Services Banca per le Imprese S.p.A. ("**MPSCS**"), approved by the Board of Directors of BMPS and of MPSCS on 30 March 2023, was executed and became effective as of 29 May 2023 and as of 1 January 2023 with respect to the accounting and tax effects.

h) 2023 EU-wide stress test

On 28 July 2023, the European Banking Authority (EBA), in cooperation with the European Central Bank (ECB) and the European Systemic Risk Board (ESRB), announced the outcomes of the EU-wide stress test (the "**2023 Stress Test**"). Such test did not contain a pass fail threshold and instead was designed to be used as an important source of information for the purposes of the SREP. The adverse stress test scenario was set by the ECB/ESRB and covered a three-year time period (2023-2025). The results of the 2023 Stress Test assisted the competent authorities in assessing the Group's ability to meet the applicable prudential requirements under stressed scenarios.

The results for BMPS, as reported in the EBA note, under the stress test methodology, do not consider the benefits – in terms of higher profits and additional capital – generated by the human resources cost

savings of Euro 857 million over the 3-year period, related to the more than 4,000 staff exits concluded on 1 December 2022.

The Common Equity Tier 1 (CET1) ratio fully loaded in 2025 as per the stress test exercise is equal to (the delta vs the level of 15.64% reported as at 31 December 2022 is presented in parentheses):

- Base scenario: 18.61% (+297bps) rising to 19.83% (+419bps) considering the benefits of the above mentioned human resources cost savings; and

- Adverse scenario: 10.13% (-551bps) rising to 11.98% (-366bps) considering the benefits of the above mentioned human resources cost savings.

3.1. Recent developments

a) First Accelerated book building process for the sale of 25% of MEF's shareholding

On 20 November 2023, the MEF announced that it had successfully completed the sale of no. 314,922,429 ordinary shares of BMPS, representing approximately 25% of the share capital, through an accelerated book building ("**ABB**") process reserved to Italian and foreign institutional investors.

The price per share was Euro 2.92 for a total value of approximately Euro 920 million. Further to completion of the transaction, MEF's shareholding in BMPS has decreased from 64.23% to 39.23% of the share capital.

b) ECB final decision on capital requirements

On 4 December 2023 BMPS received the final decision of the ECB regarding the capital requirements to be observed as from 1 January 2024, following the conclusion of the yearly Supervisory Review and Evaluation Process performed in 2023.

The Pillar II Capital Guidance "P2G" has been set at 1.15% (from the previous level of 2.50%, as a consequence of the positive outcome of the 2023 stress test).

The overall minimum requirement in terms of Common Equity Tier 1 ratio is 8.56%, the sum of P1R (4.50%), P2R (1.55%, unchanged from the previous level) and CBR (2.515%, decreasing from the previous level since the Bank is no longer identified as "O-SII" as from 1 January 2024).

Accordingly, the overall minimum requirement in terms of Total Capital ratio has decreased to 13.27%.

c) Issuance of a new bond

On 8 March 2024 BMPS successfully completed the issue of a Euro 500 million Senior Preferred unsecured bond with a 5-year maturity (callable after 4 years), placed to institutional investors.

d) Second ABB process for the sale of 12.5% of MEF's shareholding

On 26 March 2024, the MEF announced that it had successfully completed the sale of no. 157,461,216 ordinary shares of BMPS, representing 12.5% of the share capital, through a second ABB process reserved to Italian and foreign institutional investors (the "**Second Transaction**").

The price per share was Euro 4.15 for a total value of approximately Euro 650 million. Further to completion of the Second Transaction (with settlement date on 2 April 2024), MEF's shareholding in BMPS has decreased from 39.232% to 26.732% of the share capital.

The MEF has committed not to sell further ordinary shares of BMPS on the market for a period of 90 days.

e) *Approval by the ECB of the 2023 dividend proposal*

On 27 March 2024 BMPS received the approval from the ECB regarding the proposal for the payment of a cash dividend per share of Euro 0.25, for a total amount of approximately Euro 315 million, to be submitted to the Bank's Shareholders' Meeting convened on 11 April 2024. The decision was taken following the application submitted by the Bank, in compliance with the provisions set forth by the 2023 SREP Decision.

f) *Issuance of BMPS first European Covered Bond*

On 23 April 2024 BMPS successfully completed the issuance of Euro 750 million European Covered Bond, with a 5-year maturity, placed to Italian and foreign institutional investors.

3.1. SREP Decisions

The Issuer, to the extent it exercises the banking activity and provides investment services, is subject to complex regulation and to the specific supervision of, among others, the ECB and the Bank of Italy, each for the relevant aspects of competence. In exercising supervisory powers, the ECB and the Bank of Italy subject the Issuer, on a periodic basis, to various investigation and/or verification activities, both ordinary and extraordinary, for the purpose of fulfilling prudential supervision duties.

In particular, the ECB carries out the SREP at least once a year to verify that credit institutions have adequate capital and organisational control measures compared against the risks they take, ensuring effective risk management. Specifically, the SREP process is based on the following four pillars: (i) assessment of feasibility and sustainability of the business model; (ii) assessment of the adequacy of governance and risk management; (iii) assessment of capital risks; and (iv) assessment of liquidity risks. At the end of the annual SREP process, the supervisory authority expresses a decision (the "**SREP Decision**") on quantitative capital and/or liquidity requirements together with any other organisational and control recommendations that credit institutions are required to comply with.

3.1.1. 2023 SREP Decision

On 4 December 2023, the Bank announced that it had received the final decision of the ECB regarding the capital requirements to be observed as from 1 January 2024, following the conclusion of the yearly Supervisory Review and Evaluation Process performed in 2023, related to 31 December 2022 reference date and to any other subsequent relevant information.

The Group is required to meet a P2R of 2.75% and a TSCR of 10.75%.

The Pillar II Capital Guidance "P2G" has been materially reduced to 1.15%, from the current level of 2.50%, as a consequence of the positive outcome of the 2023 Stress Test.

Following the recent conclusion of the process performed by Bank of Italy to identify the domestic systemic institutions licensed in Italy, the Bank is no longer identified as "O-SII" and, therefore, starting from 1 January 2024, it will no longer be subject to observe an additional capital buffer of 25 bps.

The overall minimum requirement in terms of Common Equity Tier 1 ratio decreased to 8.56%, the sum (rounded down) of P1R (4.50%), P2R (1.55%, remained unchanged) and CBR (2.515%, decreased since the Bank is no longer identified as "O-SII").

Accordingly, the overall minimum requirement in terms of Total Capital ratio decreased to 13.27%.

On the basis of the financial statements as at 31 December 2023, the Bank is well above such requirements, with Group's capital ratios of:

- 18.1% of Common Equity Tier 1 ratio versus a requirement of 8.56%;

- 21.6% of Total Capital ratio versus a requirement of 13.27%.

4. Ratings

On 15 May 2024 Moody's upgraded by one notch the Bank's ratings, leading among the others (i) the Baseline Credit Assessment ("**BCA**") to "ba2" from "ba3", (ii) the long-term deposit rating to "Baa3" from "Ba1", (iii) the long-term senior unsecured debt rating to "Ba2" from "Ba3", and (iv) the Subordinated Debt rating to "Ba3" from "B1". The outlook on long-term deposit and senior unsecured debt ratings was changed "stable".

On 15 April 2024 Morningstar DBRS upgraded BMPS' ratings by two notches, leading the standalone Intrinsic Assessment ("**IA**") rating, the Long-Term Issuer rating and the Long-Term Senior Debt rating to "BB (high)" from "BB (low)", and the Long-Term Deposit rating to "BBB (low)" from "BB". The subordinated debt rating has been upgraded by 3 notches to "BB (low)" from "B (low)". The outlook has been upgraded in positive from stable.

On 10 November 2023 Fitch upgraded the Bank's ratings by two notches, upgrading the Long-Term Issuer Default Rating ("**IDR**") to "BB" from "B+" and the Viability Rating ("VR") to "bb" from "b+". A two-notch upgrade also for the Long-Term deposit rating to "BB+" from "BB-", the senior preferred rating to "BB" from "B+" and the subordinated debt rating to "B+" from "B-". The outlook on all ratings was confirmed "stable".

As at the date of this Base Prospectus, the ratings assigned by each Rating Agency are the following:

Moody's	**Baseline Credit Assessment**	**Long Term Senior Unsecured Debt rating**	**Long Term deposit rating**	**Short Term rating**	**Senior Unsecured Debt rating**	**Long Term Deposit and Senior UnsecuredOutlook**	**Last updated**
	Ba2	Ba2	Baa3	(P)NP[9]	Ba2	Stable	15 May 2024

Fitch	**Viability Rating**	**Long Term Issuer Default rating**	**Long Term deposit rating**	**Short Term rating**	**Long Term Senior Preferred debt rating**	**Long Term Outlook**	**Last updated**
	bb	BB	BB+	B	BB	Stable	10 November 2023

[9] 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).

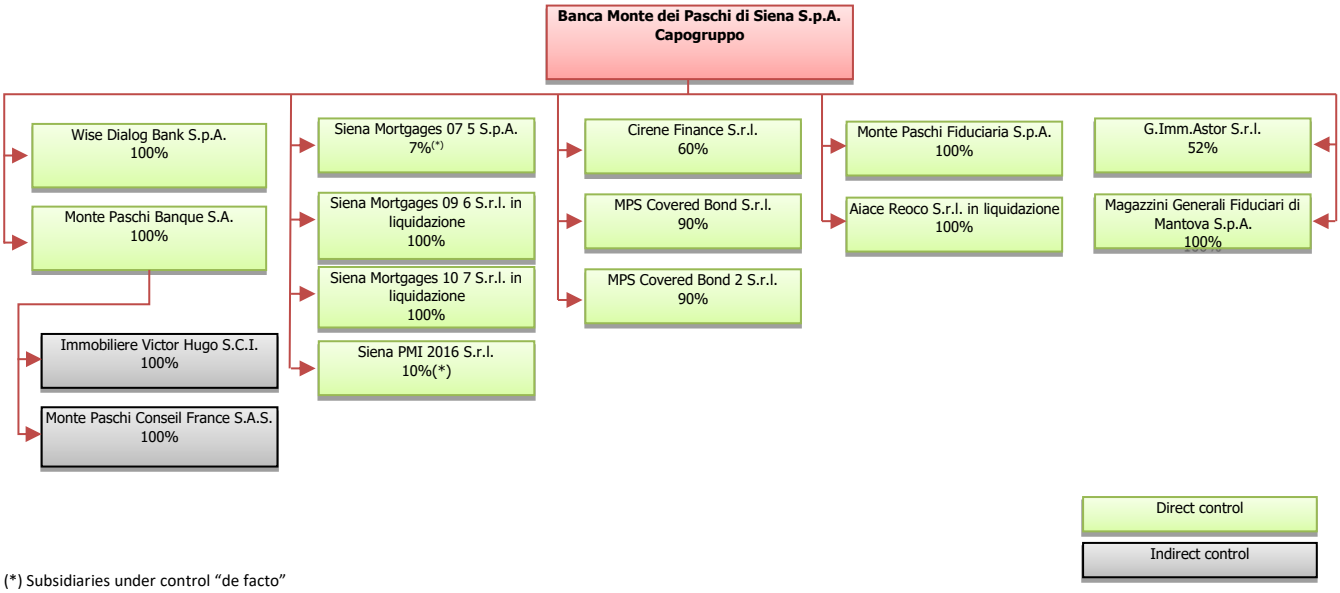
DBRS	Intrinsic Assessment	Long Term Issuer rating	Long Term deposit rating	Short term rating	Long Term Senior Debt rating	Long and Short Term Outlook	Last updated
	BB (high)	BB (high)	BBB (low)	R-3[10]	BB (high)	Positive	15 April 2024

For any further and updated information please refer to the following page: https://www.gruppomps.it/en/investor-relations/rating-mps.html.

5. Principal companies of the Group

BMPS, as the parent company of the Group, performs the functions of policy, governance and control of the controlled financial companies and subsidiaries in addition to its banking activities.

BMPS, as the bank that exercises the management and coordination activities of the Group, pursuant to the fourth paragraph of article 61 of the Italian Consolidated Banking Act, issues, in the performance of the activities of management and coordination, instructions to the companies within the Group, including executing the instructions given by the relevant supervisory bodies and in the interest of maintaining the Group's stability.



(*) Subsidiaries under control "de facto"

The list below sets out the main companies of the Group and their percentage ownership as at the date of this Base Prospectus.

[10] Pursuant to the rating scale of DBRS, "R-3" rating refers to a short-term security (or to a short-term securities portfolio) with a lowest end of adequate credit quality, for which there is a capacity for the payment of short-term financial obligations as they fall due. The certainty of meeting such obligations could be impacted by a variety of developments.

6. Group Profile

As at 31 December 2023, the Group is an Italian banking institution with approximately more than 3.6 million customers, assets of Euro 122.6 billion (rounded) and significant market shares in all the areas of business in which it operates.

Based on the agreement reached on 4 August 2022 with the trade unions for the management of about 3,500 voluntary exits as of 1 December 2022, thanks to an early-retirement scheme and the activation of the sector's Solidarity Fund, as at 31 March 2024 Group counts approximately 16.689 employees following the exit of more than 4,000 resources.

The Group's main activity is retail banking which involves the provision of banking services for individuals such as financial and insurance products, financial promotion, wealth management and third entities' securities offers. Other areas of business are: leasing and factoring; consumer lending; corporate finance and investment banking.

Customers are divided by target segments to which an ad hoc service model is applied in order to best respond to the specific needs and demands expressed, and are served through an integrated combination of "physical" and "remote" distribution channels.

The Group mainly operates in the Republic of Italy through, as at 31 March 2024, 1,312 branches, 127 specialised centres, enhanced by Widiba financial advisor network.

The foreign network includes, as at 31 December 2023, an operational branch in Shanghai, eight representative office boards located in various "target areas" (Central-Eastern Europe, North Africa, India and China) and a bank under foreign law, Monte Paschi Banque S.A. in respect of which the Issuer has already resolved in 2018 to start an orderly winding-down process by setting up a plan in compliance with the provisions set out in Commitment no.14 "Disposal of Participations and business". As of 31 December 2023 the operational branch in Shanghai is in the process of being closed.

Organisational structure

Group overview

The Group is a financial, credit, insurance, integrated and multi-market entity, characterised by an organisation based on:

- a central direction and management coordination structure represented by BMPS as parent company of the Group, which also carries out operational activities on behalf of the commercial network;
- a production structure dedicated to the development of specialist financial instruments to offer the market;
- a distribution structure, consisting of the business units of both BMPS and Banca Widiba, with a network of financial advisors.

The Group's operations focus on traditional retail and commercial banking services, with activities prevalent in Italy.

The Group is also active in business areas such as leasing, factoring, corporate finance and investment banking. The insurance-pension sector is covered by a strategic partnership with AXA while asset management activities are based on the offer of investment products of independent third parties.

The Group combines traditional services offered through the network of branches and specialised centres with an innovative self-service and digital services system enhanced by the skills of the Widiba financial advisor network.

Foreign banking operations are focused on supporting the internationalisation processes of corporate clients in all major foreign financial markets.

Group is also present in specific non-banking business areas with the aim of directly controlling economic areas of particular interest, such as companies operating in the agricultural sector, both wine and food, with also a real estate component intended for agritourism and hospitality activities (MPS Tenimenti Poggio Bonelli e Chigi Saracini Società Agricola S.p.A.) as well as custody and deposit services for third parties (Magazzini Generali).

Intragroup transactions primarily regard the financial support from the Bank as parent company to other companies, outsourcing services relative to the auxiliary activities provided by the Bank as parent company (IT services, administrative services and property management).

The Group's organisational structure as at the date of this Base Prospectus is set out below.

BMPS as parent company of the Group

Through its Head Office, BMPS performs the functions of direction, coordination and control over the Group's companies, as part of the more general guidelines set out by the board of directors and in the interest of the Group's stability.

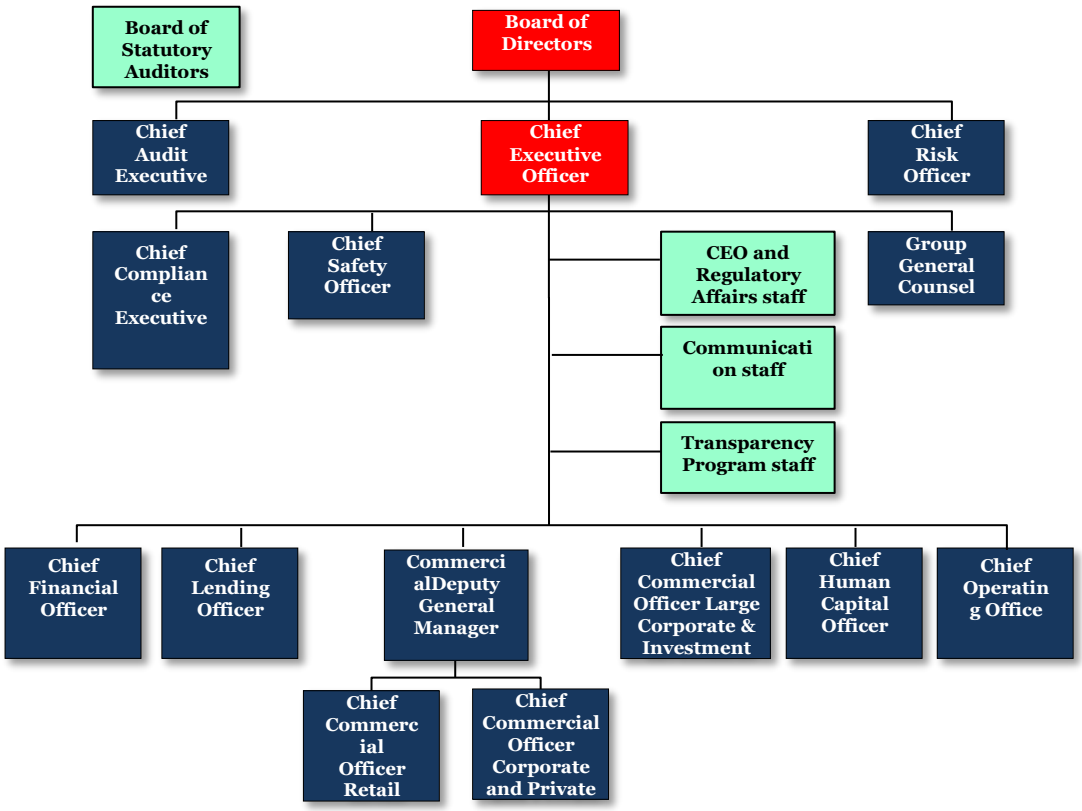
The monitoring and control functions (Chief Audit Executive department and Chief Risk Officer department) report to the Board of Directors, the business, governance and support functions, in addition to the compliance department, are directly supervised by the Chief Executive Officer, strengthening the specialisation of the departments dedicated to the individual business segments.

As at the date of this Base Prospectus, the Bank is divided into the following structures reporting directly to the Chief Executive Officer:

- the Chief Lending Officer department;
- the Deputy Commercial General Manager;
  - the Chief Commercial Officer Retail department;
  - the Chief Commercial Officer Corporate and Private department;
- the Chief Commercial Officer Large Corporate & Investment Banking department;
- the Chief Safety Officer department;

- the Group General Counsel department;
- the Chief Financial Officer department;
- the Chief Operating Officer department;
- the Chief Human Capital Officer department;
- the Chief Compliance Executive department;
- the Anti-Money Laundering / Countering the Financing of Terrorism (AML/CFT) function;
- the Communication staff;
- the CEO and Regulatory Affairs staff;
- the Transparency Program staff.

The organisational chart of the Bank's head offices as at the date of this Base Prospectus is set out below:



7. Funding

As at the date of this Base Prospectus, the Group employs various sources of funding, on the domestic market and international markets, both from retail customers and qualified/institutional investors.

Retail domestic funding is mainly composed by current accounts and time deposits, while institutional funding is mainly raised through public bond issues executed under dedicated programmes ("Euro 50 billion Debt Issuance Programme" - Euro Medium Term Notes, for senior and/or subordinated notes and "Euro 20 billion Covered Bond Programme", for covered bonds) and repurchase agreements (repo).

As at the date of this Base Prospectus, the outstanding issues under the Euro Medium Term Note Programme are equal to a total aggregate notional amount of Euro 5.75 billion (rounded).

A significant funding source (about 11% of the Bank's total liabilities as at 31 December 2023) is also represented by the refinancing operations put in place by the ECB (TLTROIII, MRO and LTRO) guaranteed by assets pledged by the Bank, within the limits and according to the rules established in the Eurosystem.

8. Competition

The Group faces significant competition from a large number of banks throughout the Republic of Italy.

In recent years, the Italian banking sector has seen increasing price competition as a consequence of the deregulation of the banking sector. The banking industry is moving towards consolidation, creating larger, more effective and competitive banking groups with which the Issuer must compete in all parts of its business, including in payments, in originating loans and in attracting deposits.

Competition in both deposit-taking and lending activities has intensified, contributing to the narrowing of spreads between deposits and loan rates, with impacts on commissions and fees.

In recent years, the Italian banking sector has seen increasing price competition as a consequence of the deregulation of the banking sector. The banking industry is moving towards consolidation, creating larger, more effective and competitive banking groups with which the Issuer must compete in all parts of its business, including in payments, in originating loans and in attracting deposits.

In attracting retail deposits and financing retail customers, the Bank primarily competes at the local level with medium-sized local banks, and to a lesser extent, with super-regional banks. The Bank's major competitors in other areas of the Italian banking market are Italian national and super-regional banks, such as UniCredit, Intesa SanPaolo, Banco BPM, BPER and Credit Agricole Italia.

Moreover, incumbent fintech operators add competitive pressure in the domestic market in specific business areas (i.e. payment systems and liquidity management services). Competition from non-bank competitors providing banking services, which activity is not as regulated and subject to the scrutiny under existing banking laws and regulations, still arises.

9. ECB/Bank of Italy and Consob inspections

9.1. Inspection activity on anti-money laundering

In October 2021, the supervisory division of the Venice branch of the Bank of Italy carried out inspections at three BMPS branches, mainly aimed at investigating the operations of a number of cooperative companies subject to bankruptcy proceedings, which are active in the goods transportation sector.

In August 2022, Bank of Italy communicated the findings of the anti-money laundering desk audit, which revealed some areas of weaknesses that resulted in the dependencies' lack of ability to intercept the overall phenomenon of cash transactions of cooperatives. The aforementioned weaknesses concerned the process of adequate verification and active cooperation, which need the strengthening of safeguards in order to identify, characterize and, consequently, address the objective and subjective elements of anomaly in the operations of cooperatives, referring both to corporate characteristics and modus operandi.

The findings of the Supervisory Authority were duly taken into consideration, and the Bank's response letter, accompanied by the ongoing and planned corrective measures, and the contents of which were approved by the Board of Directors, was sent to the Bank of Italy on 20 December 2022.

In November 2022, the Bank of Italy's Anti-Money Laundering Supervision Division II performed an inspection at Banca Widiba, aimed at verifying the controls adopted by the Bank to mitigate the money laundering risks associated with the digital on-boarding process.

In December 2022, the Bank of Italy communicated the outcome of the review, signalling some needs of strengthening.

The findings of the Supervisory Authority were duly taken into consideration and the Bank's response letter, attached by the corrective measures included in the 2023 anti-money laundering and combating the financing of terrorism ("**AML-CFT**") plan and with its contents approved by the Widiba Board of Directors, was sent to Bank of Italy on 4 April 2023; as of the date of this Base Prospectus, the corrective measures have been implemented.

9.2. Internal Model Investigation (IMI-2022-ITMPS-0197502)

In February 2022, the ECB conducted an on-site investigation to approve the application for authorization (submitted by the Bank to the ECB on 9 November 2021) for material changes to the credit risk models. The material changes relate to the adaptation of the AIRB models (PD and LGD) to the new regulatory reference legislation (EBA/GL/2017/16), to the resolution of observations from previous investigations and to the roll-out of the EAD parameter. The investigation activities ended on 13 May 2022. On 1 March 2023, the Bank received the ECB's final decision letter with the approval of model change. All the finding of the previous inspections on IRB models were considered as remediated; while an appropriate action plan has been developed in order to remedy the findings detected by IMI 0197502. The models have been implemented into the Group's management systems since February 2023 and these models were used starting the IQ 2023 regulatory reporting. The action plan will be completed by September 2024, in line with the ECB's expectations.

9.3. Supervisory assessment, implementation plan and ECB Thematic Review on climate and environmental risks

Throughout 2023 and in the earlier part of 2024, the Bank continued the implementation of the plan to integrate climate and environmental risks (the "**C&E Risks**") into the risk management framework, in line with the indications received from the ECB following a Thematic Review launched at the beginning of 2022 and still running.

On 19 September 2023, the ECB sent to the Bank a Decision Letter on "The risk identification process for C&E Risks", requiring further strengthening efforts related to the identification of material C&E Risks, particularly on the Medium and Long Term and involving the Bank's liquidity profile, and asking to analyze the impact of C&E Risks on the business environment in which the Bank operates drawing the lines of action to assure the resilience of its Business Model to those risks; in this respect, the Bank defined dedicated actions and deployed them within the deadlines indicated in the Decision Letter. More actions on integrating the treatment of C&E risk will be delivered during the remaining part of 2024, completing the action plan defined and communicated to the Supervisor.

Finally, the Bank was selected to participate throughout the first quarter of 2024 in the "Fit-for-55 climate risk scenario analysis", carried out by the EBA together with the other European Supervisory Agencies, the ECB and the ESRB. This exercise is intended to evaluate the advancements made by banks in managing climate-related data and in aligning with the ECB Banking Supervision's good practices. On 31May 2024 the Bank received a specific Output Report of the exercise, the results in term of data capabilities were roughly in line with the peers and the full sample of participating banks, showing an overperformance on the capability to collect actual information (particularly on the energy performance of residential mortgages collaterals) and just some areas of improvements regarding the collection of actual GHG emission data and emission reduction targets of counterparties.

9.4. Credit and Counterparty Credit Risk Investigation Activity (OSI 0198380)

On 19 April 2022, the ECB conducted a credit and counterparty risk investigation with the aim of (i) identifying and quantifying any deterioration effects on surveyed portfolios, (ii) verifying the IFRS 9

provisioning model for the portfolios under consideration, and (iii) reviewing the credit classification and provisioning process. The inspection activity was completed in August 2022 and on 10 July 2023 the ECB sent the final follow up letter setting forth its recommendations associated to the findings mentioned in the final report. Afterwards the Bank defined a specific action plan based on these recommendations; such actions are expected to be completed by the first half of 2024.

9.5. Residential Real Estate Targeted Review

During the last quarter of 2022 the Bank was included in a targeted review of the "Residential Real Estate" portfolio, with a focus on credit underwriting practices for newly originated loans. The exercise was carried out in several steps focusing on both qualitative and quantitative aspects.

On 31 October 2023, the Bank received an Operational Act indicating nine findings and related recommendations. The main areas of action are related to the delegation of credit granting authority, the stress test framework and the process of evaluation of the borrower's repayment capacity.

The implementation of the remedial actions to resolve the findings is expected within the first half of 2024.

9.6. Cyber Resiliency Stress Test 2024

The Bank has been selected by the ECB for participation to the Thematic Stress Test on Cyber Resilience throughout the first half of 2024; the stress test is aimed at assessing the digital operational resilience of Significant Institutions to withstand a severe but plausible cybersecurity event.

The outcome of the exercise will be communicated to the Bank by the third quarter of 2024.

9.7. IFRS9 Exercise 2022

During the second half of 2022, the Bank took part in the EBA IFRS9 benchmarking exercise, with the aim of assessing whether the use of different modelling techniques can lead to significant inconsistencies in terms of expected credit losses (ECL) amount that directly impacts own funds and regulatory ratios. Two main findings have arisen from such exercise, related to the governance of the management overlays process and the adoption of a collective stage assessment to complement the individual assessment.

The related remedial action is implemented by the Bank starting from the financial statements for the financial year ended 31 December 2023.

During the last quarter of 2023, the ECB launched a new questionnaire to assess progress on the implementation of its expectations on the IFRS9 provisioning framework, the Bank responded in February 2024 and is awaiting for any feedback.

9.8. Internal Model Investigation (IMI 0227377)

On 19 June 2023, the ECB started an internal model investigation with the purpose of assessing the Bank's application for the roll-out to the subsidiary WIDIBA of the credit risk model (corporate and retail) adopted by the Bank. The investigation was concluded during August 2023 and, on 23 October 2023, the ECB sent to the Bank the final report notifying 12 findings; on 19 March 2024 the Bank has submitted to ECB an appropriate action plan in order to remedy all the relevant findings.

9.9. Consob inspection activity on investment services

From 3 May 2022 to 17 February 2023, a Consob inspection was carried out on the parent company aimed at ascertaining the state of compliance with the new legislation following the transposition of Directive 2014/65/EU (so-called MiFID II) with respect to the following: (i) the procedural structures defined in relation to product governance; and (ii) the procedures for assessing the adequacy of transactions carried out on behalf of customers. Following the aforementioned inspections, on 28 July 2023 Consob communicated to the Bank that, notwithstanding a context of substantial compliance with the regulatory framework and oversight by the control functions, the inspection highlighted some aspects which should be subject to further investigation and update; in particular, in relation to such aspects an intervention plan has already been adopted and is still being implemented by the Bank.

10. Legal Proceedings

10.1. Judicial and arbitration proceedings

On 31 December 2023 the following legal disputes and out-of-court claims were pending:

- legal disputes with a petitum, where quantified, of Euro 3.5 billion (rounded) and, in particular:
  - Euro 1.6 billion (rounded) of claims regarding disputes classified as having a "probable" risk of losing the lawsuit;
  - Euro 1.9 billion (rounded) in claims attributable to disputes classified as having a "possible" risk of losing the lawsuit;
- out-of-court claims totalling, where quantified, Euro 0.063 billion (rounded), of which Euro 0.048 billion (rounded) related to claims classified at "probable" risk of losing the lawsuit and Euro 0.015 billion (rounded) related to claims classified at "possible" risk of losing the lawsuit.

For further information regarding the petitum and the related provisions, please refer to the section "Main types of legal, employment and tax risks" of the 2022 Consolidated Financial Statements and the section "Main types of legal, employment and tax risks" of the 2023 Consolidated Financial Statements.

As of 31 December 2023, after the consolidation of the positive jurisprudential trend occurred in the fourth quarter of the year, the petitum of disputes and out-of-court claims related to financial information distributed in the 2008-2015 period is of Euro 1.3 billion (rounded). Provisions have been made to the "Provision for risks and charges" for amounts that represent the best possible estimate related to each litigation, quantified with sufficient reasonableness and, in any case, in accordance with the criteria set forth in the Issuer's policies.

In this regard, it should be noted that only a part of the proceedings and the out-of-court claims made against the Issuer have been classified as "probable risk" for the purposes of estimating the related provisions in accordance with the accounting and financial reporting rules applicable to the Issuer.

The overall components of the "Provisions for risks and charges" include, in addition to the provisions set aside for "legal and tax disputes", provisions for expected losses on estimated client complaints.

10.2. Disputes related to criminal investigations and legal affairs in connection with events occurred in 2012 and 2013

As at the date of this Base Prospectus, the Issuer and certain of its representatives have been involved in various criminal proceedings and/or, to the Issuer's knowledge, are under investigation by the competent authorities for possible liability relating to various offences concerning banking transactions, including, for example, those relating to the ascertainment of liability for potential usury offences under Article 644 of the Italian Criminal Code.

It should be noted that directors, representatives and employees, including those who have ceased to hold office, may be involved in criminal proceedings arising from disputes connected with the performance of their activities at the Issuer. Nevertheless, such criminal proceedings are of a residual nature in terms of damages that may be suffered by the Bank and, therefore, such proceedings would not have a negative impact on the Issuer's and/or the Group's financial situation.

In particular, as a result of criminal investigations involving the Issuer, various criminal, sanctioning and civil proceedings have been brought by judges, supervisory authorities, consumer associations, investors and the Issuer itself. In this regard, it should be specified that the Issuer has been involved in two criminal proceedings (identified as no. 955/16, no. 33714/16 and n. 29877/22), summarised and described below.

10.2.1 Criminal investigations and proceedings

(A) Proceedings before the Court of Milan no. 955/2016

On 12 May 2017, the officers Alessandro Profumo, Fabrizio Viola and Paolo Salvadori were committed for trial within the context of new criminal proceedings before the Court of Milan, in which they were charged for false corporate communications (Article 2622 of the Italian Civil Code) in relation to the accounting of the "Santorini" and "Alexandria" transactions with reference to the Issuer's financial statements, reports and other corporate communications from 31 December 2012 to 31 December 2014 and with reference to the half-yearly report as of 30 June 2015, as well as for market manipulation (Article 185 of the Financial Laws Consolidation Act) in connection with the disclosure to the public relating to the approval of the aforementioned financial statements and accounts.

Following the formalisation of the appearance in court by the Issuer, the Public Prosecutor requested the issuance of a ruling of acquittal because there was no case to answer or because the matter did not constitute an offence, depending on the charge in question.

Following the outcome of the preliminary hearing, the Judge for the Preliminary Hearing ("**GUP**") did not find the necessary prerequisites for the decision not to proceed to trial and ordered the committal for trial of the defendants, the natural persons (Mr. Viola, Mr. Profumo and Mr. Salvadori) and the Issuer (as the liable party pursuant to Legislative Decree No. 231/2001). Only Mr. Salvadori was not charged under Article 185 of the Financial Laws Consolidation Act.

At the hearing of 16 June 2020, following the indictment, the representatives of the Public Prosecutor's Office requested the acquittal of the defendants.

On 15 October 2020, the Court of Milan read the conclusions of the first instance ruling, registered under no. 10748/20, convicting all the defendants and the Issuer pursuant to Legislative Decree No. 231/2001. The grounds were filed on 7 April 2021.

In the grounds, the Court analysed the conduct charged against the defendants with reference to the incriminating circumstances pursuant to Article 2622 of the Italian Civil Code (false corporate communications of listed companies) and pursuant to Article 185 of the Financial Laws Consolidation Act (market manipulation) and confirmed the grounds for the administrative offences charged against the Issuer pursuant to Articles 5, 6, 8 and 25 *ter*, letter b) of Legislative Decree No. 231/2001, limited to the crime of false information in relation to the 2012 financial statements and the 2015 half-yearly report, as well as pursuant to Articles 5, 8 and 25-sexies of Legislative Decree No. 231/2001 due to market manipulation in relation to press releases concerning the approval of the financial statements as of 31

December 2012, 31 December 2013, 31 December 2014 and the half-yearly report as of 30 June 2015, imposing an administrative fine of Euro 0.8 million.

With reference to the Issuer's position as plaintiff in civil proceedings, the grounds of the judgment explained the reasons for the generic sentence of compensation for damages under which the claims of civil parties can be accepted, pursuant to Article 2049 of the Italian Civil Code, in separate civil proceedings.

The Issuer appealed against the first instance judgment before the Court of Appeal of Milan, in its capacity as civil liable party, jointly and severally with the defendants, having administrative liability pursuant to Legislative Decree No. 231/2001.

On 11 December 2023, the Court of Appeal of Milan overturned the first instance ruling. In particular, the defendants were acquitted because there was no case to answer, and consequently the Issuer was acquitted of administrative liability pursuant to Legislative Decree No. 231/01 due to the non-existence of the predicate offences. The Court also revoked, against the defendants and the Issuer as civilly liable, the sentences relating to compensation for damages and the reimbursement of legal costs, and sentenced those who had appealed to pay the legal costs at first instance.

At the request of the Judge, the President of the Milan Court of Appeal granted to defer the filing of the grounds of the judgment, scheduled for 11 March 2024, for an additional 90 days. The grounds for the judgment, filed on 7 June 2024, conclude for the full discharge of the defendants since there is no existence of the fact, both with reference to the offense under Art. 2622 of the Civil Code (*false comunicazioni sociali*) in relation to the financial statements as of 31 December 2012 and the half-yearly report as of 30 June 2015 and with reference to the crime under Art. 185 of Legislative Decree no. 58/1998 (*manipolazione del mercato*) in relation to the press releases concerning the approval of the financial statements as of December 31, 2012 to December 31, 2014 and the half-yearly report as of June 30, 2015, on the assumption of the inexistence, beyond reasonable doubt, of the alleged misrepresentation in the accounting representation of the Santorini and Alexandria transactions and given that the offense under Article 185 of Legislative Decree no. 58/1998, lacking in root the element of falsity of the news disseminated to the market, is inevitably destined to fail. Likewise, the Bank is acquitted of the administrative offenses due to the absence of the predicate offense. The ascertained lack of the objective element of the crimes charged also causes the prerequisite for the claims for damages brought by the civil parties against the defendants and the Bank as the civilly liable party to cease to exist. The Attorney General may appeal before the Court of Cassation 45 days after the filing of the aforementioned grounds.

(B) *Audits of the 2012, 2013, 2014 and 2015 interim financial statements in respect of the non-performing loans- Criminal proceedings 33714/16*

In relation to criminal proceedings no. 33714/16 which is still in the early phase of preliminary hearing (*udienza preliminare*) before the Court of Milan, the Issuer was originally summoned as administrative manager pursuant to Legislative Decree No. 231/2001 in connection with a charge of false corporate communications (pursuant to Article 2622 of the Italian Civil Code) relating to the 2012, 2013, 2014 financial statements and the 2015 half-yearly report due to the alleged overstatement of so-called non-performing loans.

On 4 May 2018, the Issuer's position was dismissed by the Public Prosecutor's Office due to the groundlessness of the offence (order also confirmed by the General Prosecutor's Office on 15 March 2019).

On 25 July 2019, the Judge for the Preliminary Investigations of the Court of Milan, acknowledged the dismissal of the proceedings against the Issuer, as a liable party pursuant to Legislative Decree No. 231/2001 (moreover, the Issuer had also assumed the role of plaintiff in the proceedings) and ordered the continuation of the investigations against the defendants (i.e. Chairman of the Board of Directors, Chief Executive Officer and pro-tempore Chairman of the Board of Statutory Auditors), thus rejecting the request by the Public Prosecutor to dismiss the case (accompanied by a detailed expert's report prepared in the interest of the Public Prosecutor's Office). The investigation continued in the form of the pre-trial hearing (in which the Issuer did not take part), where two experts were appointed by the Judge for Preliminary Investigations, who filed their report on 30 April 2021. The questions submitted to the experts mainly concerned the verification of the correctness and timeliness of the value adjustments of non-performing loans recorded by the Issuer in the period 2012-2017 in compliance with the accrual principle and the other accounting principles in force at the time of the events.

The conclusions of the experts (which contradicted those of the experts initially called upon by the Public Prosecutor's Office) were then included in the notice of conclusion of the investigation.

At the hearing of 8 June 2021, the pre-trial hearing was closed and the Judge for the Preliminary Investigations forwarded the documents to the Public Prosecutor's Office granting it a period of 45 days to carry out any further investigations and make its own decisions.

As part of this further investigation phase, the Public Prosecutor ordered two new technical consultations. In particular, on 16 November 2021, the Public Prosecutor instructed two additional consultants to examine the documentation relating to the 100 positions for which the ECB, in the context of the 2015-2016 inspection, had indicated the greatest difference between the provisions set aside by the Issuer and those indicated by the same Supervisory Authority, in order to identify the actual incidence of such variance.

This analysis was concluded with the preparation of additional technical opinions. The Public Prosecutor's consultants, while finding certain alleged accounting errors, came to different conclusions from those of the expert report ordered by the Judge for the Preliminary Investigations in 2020 on the same credit positions.

In addition, the Public Prosecutor instructed two officials of the Bank of Italy to examine the effects on regulatory capital of significant adjustments to non-performing loans that the Issuer should have made in the financial years covered by the aforementioned 2020 report. Also in this case the two appointees filed their expert report.

On 25 February 2022, the Judge for the Preliminary Investigations informed the defendants of the extension of the deadline for the conclusion of the investigation (until 31 May 2022) requested by the Public Prosecutor.

On 16 September 2022, a notice was received regarding the conclusion of preliminary investigations pursuant to Article 415-bis of the Italian Code of Criminal Procedure against three former members of the Issuer (two Chairmen of the Board of Directors and one Chief Executive Officer) and a former manager (responsible for preparing the corporate accounting documents). Notwithstanding the previous dismissal, the Issuer also received the same notice in its capacity as administrative liable party pursuant to Legislative Decree No. 231/01.

On 14 December 2022, an indictment was issued against the above-mentioned executives and the former manager for the crimes of false corporate communications (pursuant to Article 2622 of the Italian Civil Code) and market manipulation (pursuant to Article 185 of Legislative Decree no. 58/1998) with reference

to the 2013-2014-2015 financial statements and the 2015-2016 half-yearly report, as well as false accounting statements (pursuant to Article 173-bis of Legislative Decree no. 58/1998) in relation to the 2014-2015 financial statements.

According to the charges, in the aforementioned corporate communications, the defendants allegedly accounted for adjustments relating to non-performing loans in violation of accounting principles, thereby misrepresenting the Issuer's economic-financial situation. According to the prosecution, this misrepresentation was also reflected in the communications and statements issued at the same time by the Issuer.

On 12 December 2022, on the other hand, the Issuer was disqualified as being administratively liable under the 231 Model in relation to the administrative offences set forth in Articles 5, 6, 7, 8 and 25-ter, letter b) and 25-sexies of Legislative Decree No. 231/2001, arising from the aforementioned cases of false corporate communications and market manipulation.

Over 5,200 civil parties took part in the hearings held on 12 May 2023 and 26 June 2023. Consob and the Bank of Italy did not join as civil parties. Almost all of the civil parties requested that the Issuer be summoned as a civilly liable party.

On 19 September 2023, the Judge issued a decree summoning the civil liable party and at the hearing of 10 November 2023, the Issuer joined the proceedings. At the hearing held on 22 December 2023, the cross-examination on the issues concerning the civil party's joinder took place and the Judge adjourned the hearing to 22 April 2024.

At the hearing of 22 April 2024, the GUP read out the order concerning the issues on the constitution of civil plaintiffs, ordering the exclusion of almost 300 civil plaintiffs, mainly due to formal defects. At the same hearing, the Bank's defence also raised the preliminary issues concerning the nullity and unusability of the expert's report ("*perizia Bellavia – Ferradini*"), to which the Public Prosecutors replied, requesting the rejection of the same, a request joined by all the civil parties.

At the hearing on 20 June 2024, the GUP, who was in charge of the excerpt arising from the order of compulsory impeachment (see paragraph (C) entitled "*Audits of the 2016 and 2017 interim financial statements in respect of the non-performing loans – Criminal Proceedings 29877/2022 Court of Milan*" below), issued an order in which the GUP ruled in favor of the unification of the two proceedings, considering that the legal prerequisites were met.

As a result, the proceeding was adjourned to a hearing on 20 January 2025 in order to formally unify it with the other proceeding.

(C) *Audits of the 2016 and 2017 interim financial statements in respect of the non-performing loans – Criminal Proceedings 29877/2022 Court of Milan*

On May 28, 2024, a number of employees, former employees, and former officers of the Bank received an order pursuant to Articles 409 and 410 of the Italian Code of Criminal Procedure on the issue of "non-performing loans" pertaining to the alleged failure to timely account for past losses. This order, *de facto*, extends the period covered by criminal case 33174/2016 – which provides for specific provisions in the Bank's financial statements – existing on the same issue, but pertaining to the financial statements intercurrent from 31 December 2013 to 30 June 2016, to the financial statements ended 31 December 2016 and 31 December 2017. That order directed prosecutors to proceed with the compulsory impeachment of five individuals. With the indictment, the prosecutors filed, at the same time, an application to merge these proceedings with the main proceeding (see paragraph (B) entitled "*Audits of*

the 2012, 2013, 2014 and 2015 interim financial statements in respect of the non-performing loans-Criminal proceedings 33714/16" above).

As of the date of this document, nothing has been served on the Bank. In addition, the GUP in the indictment ordered an additional investigation regarding a hypothesis of fraud against the State with reference to the precautionary recapitalization operation.

10.2.2 Civil Proceedings

(A) Litigation and Out-of-Court Requests Related to Financial Information Disseminated in the 2008 2015 period

The Issuer is exposed to both civil proceedings and out-of-court claims in relation to the financial information disclosed in the period 2008-2015, as shown in the financial statements and interim accounts.

The outcome of the civil proceedings has an undeniable connection with the outcome of the criminal proceedings described above (no. 955/16, 33714/16 and 29877/22). In addition, in December 2023, the Milan Court of Appeal in the proceedings no. 955/16 overturned the first instance judgment in favour of the defendants and the Issuer as described above.

In any case, the Issuer availed itself of the option granted by IAS 37 not to disclose information on the provisions recorded in the accounts as it believes that such information could seriously jeopardise its position in litigation and any settlement agreements.

(i) *Legal dispute Banca Monte dei Paschi di Siena S.p.A./the holders of FRESH 2008*

Certain holders of FRESH 2008 securities maturing in 2099, by writ of summons served on 15 November 2017, brought an action before the Court of Luxembourg against the Issuer, the company Mitsubishi UFJ Investors Services & Banking Luxembourg SA (which replaced the Bank of New York Mellon Luxembourg, the bond issuer), the English company JP Morgan Securities PLC and the American company JP Morgan Chase Bank N.A. (which entered into a swap agreement with the bond issuer) in order to: (i) ascertain the inapplicability of the decree that ordered the burden sharing to the holders of the FRESH 2008 securities and, consequently, to declare that the said bonds cannot be forcibly converted into shares; (ii) affirm the validity and effectiveness of the aforesaid bonds in accordance with the terms and conditions of their issue, as governed by Luxembourg law, and, in addition, to ascertain that the Issuer is not to obtain from JP Morgan the payment of Euro 49.9 million to the detriment of the holders of the FRESH 2008 securities. The Court of Luxembourg, by order of 11 January 2022, rejected the Issuer's requests for a stay of the proceedings until the international courts have ruled on the preliminary objections; on the other hand, it upheld the plea of lack of jurisdiction of the Court in relation to the claim concerning the usufruct agreement entered into by the Issuer with JP Morgan Securities PLC and JP Morgan Chase in the context of the 2008 share capital increase transaction. With respect to the aforementioned usufruct agreement, the Luxembourg Court reserved its decision pending the resolution of the Italian Court and, on the contrary, declared that it had jurisdiction in relation to the swap agreement entered into by the Issuer also in the context of the 2008 share capital increase transaction.

It should be noted that, following the commencement of the proceedings in question by the holders of the FRESH 2008 securities, the Issuer, on 19 April 2018, commenced proceedings before the Court of Milan against JP Morgan Securities, Ltd JP Morgan Chase Bank N.A. London Branch, as well as against the representative of the holders of the FRESH 2008 securities and Mitsubishi Investors Services & Banking

Luxembourg SA in order to obtain a declaration that the Italian Court is the only court having jurisdiction and power to decide on the above-described usufruct agreement and company swap agreement.

The Court of Milan, considering the preliminary nature of the matter of jurisdiction raised by the defendants and the fact that a dispute with the same *petitum* and the same *causa petendi* is pending before the Luxembourg Court, in 2019 had ordered the suspension of the proceedings pending the decision of the aforementioned Luxembourg Court, a decision confirmed by the Italian Supreme Court in 2021.

In the meantime, in November 2022, the holders of the FRESH 2008 securities appealed against the first instance judgment issued by the Luxembourg Court, against which the Bank in turn lodged a cross appeal.

At the same time, the Issuer – on the basis of the ruling issued by the Court of Luxembourg – filed an appeal with the Court of Milan for the resumption of the proceedings brought therein in 2018, but the Court of Milan, with an order dated 11 January 2024, declared it inadmissible, pointing out that the suspension of the Italian proceedings had been ordered at the time (2 December 2019) until the decision of the Luxembourg Court became final, which had not occurred due to the appeals described above.

In the event of a favourable outcome of the litigation for the Bank, the FRESH 2008 securities will be converted into the shares, already issued, of the Issuer, which will also collect the amount of Euro 49.9 million, recording a corresponding economic income. In the event of an unfavourable outcome of the litigation, the burden sharing principle will not apply and therefore the bondholders will retain the right to receive the coupon (equal to Euribor 3M+425bps on a notional amount of Euro 1 billion) provided that the Issuer generates distributable profits and pays dividends. Since the Bank has not paid dividends since the date of the burden sharing, any unfavourable outcome of the litigation will only have prospective effects and only in the event of dividend distribution.

Any unfavourable outcome of the litigation would have effect from the decision to distribute dividends in 2024 from 2023 earnings. In any event, at the current state of the litigation, the Bank considers any rights of the FRESH 2008 bondholders to be null and void pursuant to the application of Article 22 paragraph 4 of Legislative Decree 237/2016 and the "capital deficiency event" recorded as at 30 June 2017; therefore, the Bank determined the capital ratios and earnings per share as at 31 December 2023 without taking into account the FRESH 2008 coupon.

(ii) *Dispute Banca Monte dei Paschi di Siena S.p.A./Alken Fund Sicav and Alken Luxembourg S.A. (now Virmont SA)*

On 22 November 2017, the counterparties (the "**Funds**") served a writ of summons at the Court of Milan against the Issuer, as well as Nomura International ("**Nomura**"), Giuseppe Mussari, Antonio Vigni, Alessandro Profumo, Fabrizio Viola and Paolo Salvadori, requesting the Court to confirm and declare: (i) the alleged liability of the Issuer pursuant to Article 94 of the Financial Laws Consolidation Act, as well as for the acts of the defendants Mussari, Vigni, Profumo and Viola pursuant to Article 2935 of the Italian Civil Code for the offences committed against the plaintiffs; (ii) the alleged liability of the defendants Mussari and Vigni in relation to the investments made by the Funds in 2012 on the basis of false information; (iii) the alleged liability of the defendants Viola, Profumo and Salvadori in relation to the investments made by the Funds after 2012; and (iv) the alleged liability of Nomura pursuant to Article 2043 of the Italian Civil Code and, consequently, to order the Issuer and Nomura jointly and severally to pay compensation for pecuniary damage in the amount of Euro 423.9 million to Alken Funds Sicav and Euro 10 million for lower management fees and reputational damage to the management company Alken Luxembourg SA, as well as compensation for non-pecuniary damage arising from the crime of false corporate information. The Issuer duly joined the proceedings, challenging all opposing arguments. It

should be noted that four individuals intervened in the proceedings, claiming damages totalling approximately Euro 0.7 million. With a ruling issued on 7 July 2021, the Court of Milan rejected all the claims made by the Funds, which were ordered to reimburse the Issuer's legal expenses. The claim of a single intervener for Euro 52,000 (for principal and interest), jointly and severally with Nomura and partly with Antonio Vigni and Giuseppe Mussari, was partially upheld. Both the Issuer and Nomura, as well as the Funds, appealed (the latter for a petitum of approximately Euro 454 million) against the judgment before the Court of Appeal of Milan, before which the aforesaid intervener Gaetano Longobardi (whose claim had been only partially upheld by the Court) and another intervener Giulio Longobardi (whose claim had been rejected) appeared, lodging a cross-appeal against the Issuer for approximately Euro 0.6 million. On 13 July 2022, the first hearing of the three pending appeal proceedings was held, the joinder of which was ordered. The Court of Appeal of Milan subsequently retained the case for decision at the hearing of 10 May 2023, which was followed by the ruling published on 9 November 2023 in which the Court fully rejected both the claims of the Funds and the cross-appeals of the interveners, accepting instead the appeals of the Issuer, Nomura, Mussari and Vigni. The Funds appealed to the Italian Supreme Court on 9 January 2024 against the aforementioned judgment of the Court of Appeal which awarded the costs.

(iii) *Dispute BMPS, Alessandro Profumo, Fabrizio Viola, Paolo Salvadori and Nomura International PLC, York and York Luxembourg Funds*

On 11 March, 2019, the York and York Luxembourg Funds served a writ of summons at the Issuer's registered office, proposing an action before the Court of Milan against the Issuer and Mr. Alessandro Profumo, Fabrizio Viola, Paolo Salvadori, as well as Nomura International PLC ("**Nomura PLC**"), to claim damages for a total of Euro 186.7 million and – subject to the incidental finding of the perpetration of the crime of false corporate communications – compensation for non-pecuniary loss to be paid on an equitable basis, plus interest, revaluation and expenses.

The plaintiffs' claim relates to the losses (quantified, as mentioned above, at Euro 186.7 million) suffered in connection with the investment transactions in the Issuer's capital for a total of Euro 520.3 million, carried out both through the purchase of shares (investment of Euro 41.4 million by York Luxembourg) and through the execution of derivative instruments (investment of Euro 478.9 million by York Funds).

The disputed investment transactions began in March 2014, when Mr. Fabrizio Viola and Mr. Alessandro Profumo held the positions of Chief Executive Officer and Chairman of the Issuer, respectively. The plaintiffs allege unlawful conduct on the part of the Issuer's top management, who allegedly misrepresented the financial statement data to the market by circulating erroneous and deceptive price-sensitive information.

The Issuer duly joined the proceedings and, after the filing of the preliminary briefs, the Court of Milan, at the hearing of 15 July 2022: (i) declared inadmissible the witness evidence requested by York, Nomura PLC, Profumo and Viola and (ii) deferred to the panel of judges – following the outcome of the decision on the causal link – the assessment of the need to order the expert accounting report requested by York. At the hearing of 23 November 2023, the parties therefore filed their conclusions and the case was retained for decision with the legal deadline to file the final documents.

Thereafter, in a judgment of May 16, 2024, the Court of Milan rejected all the claims of York, which were sentenced to the payment of legal fees; in addition, the Court of Milan found the adversary action temerarious and that there were, therefore, the conditions for a judgment pursuant to Article 96, paragraph three, of the Code of Civil Procedure, fairly quantified in half of the liquidated legal fees amounting for the Issuer to Euro120,000.00 (having been liquidated legal fees in favor of the Issuer for an amount equal to Euro 240,000.00).

On 17 June 2024, the funds appealed against the aforementioned judgment, asking the Milan Court of Appeals to totally reform the Court's ruling by upholding the claims explained by the counterparty in the first instance and ordering the defendants (today's appellants) to reimburse both the costs of the two levels of proceedings and the amount received by way of condemnation pursuant to Article 96 of the Code of Civil Procedure. The Bank is preparing its defense for the first hearing set for January 22, 2025.

(B) *Out-of-Court claims for the repayment of sums and/or compensation for damages by Shareholders and Investors of Banca Monte dei Paschi di Siena S.p.A. in relation to the 2008, 2011, 2014 and 2015 share capital increases*

The Issuer received numerous out-of-court claims (complaints and mediations), relating to capital increase transactions and alleged inaccurate financial information contained in prospectuses and/or financial statements and/or confidential information, as represented in the financial statements and interim reports. In the third quarter, also as a result of the ruling of the Italian Supreme Court regarding criminal proceedings no. 29634/14, the positive verdicts issued by the Civil Court of Appeal of Milan in the "Alken Case", the positive verdict issued by the Criminal Court of Appeal in connection with criminal proceeding no. 955/16, as of 31 December 2023, the risk was reclassified from "possible" to "remote" in relation to a portion of petitum amounting to approximately Euro 1.9 billion.

10.2.3 Disputes relating to securities subject to the Burden Sharing

Following the burden-sharing ordered in the course of 2017 in application of Legislative Decree no. 237/2016, a number of investors who purchased subordinated bonds issued by the Bank (which then became shareholders as a result of the aforementioned measure, with the consequent emergence of capital losses compared to the amount initially invested) sued the Issuer.

It should be noted that, for part of the litigation, the plaintiffs are no longer holders of the securities as they sold the securities prior to the entry into force of Decree 237/2016. It should also be mentioned that the counterparties sued the Issuer claiming that the latter, at the time of the investment, failed to inform clients about the nature and characteristics of the financial instruments purchased, also raising further objections on the proper fulfilment of the Issuer's obligations as an intermediary in breach of the Financial Laws Consolidation Act (and its implementing rules), as well as in violation of the general principles of fairness, transparency and diligence.

10.2.4. Civil disputes arising in connection with the ordinary business of the Issuer

The most relevant proceedings in terms of petitum and status of the lawsuit are listed below.

i. *Civil dispute brought by Fatrotek S.r.l. before the Courts of Salerno*

By a writ of summons dated 27 June 2007, the Issuer was sued to pay damages for the alleged pecuniary and non-pecuniary loss suffered by the bankruptcy petitioner, as a result of an alleged unlawful reporting in the Central Credit Register for Euro 157 million.

The Court of Salerno, with a judgment dated 11 November 2022, ascertained and settled only the non-pecuniary damage, amounting to Euro 20,000 for each bank (therefore for a total of Euro 100,000) plus interest and legal costs. The Issuer paid the portion equal to Euro 34,151.69. The substantially successful outcome of the proceedings led to the conclusion that an appeal was not admissible, which, however, was filed by the bankruptcy petitioner with a summons served on 10 July 2023. An appearance hearing was

held on 11 January 2024 and the case was adjourned to 11 July 2024 for the acquisition of the technical office report ("*relazione tecnica di ufficio*") carried out at first instance.

ii. *Civil disputes instituted by Riscossione Sicilia S.p.A. and the Assessorato of Economy of Sicily before the Courts of Palermo*

By a writ of summons served on 15 July 2016, Riscossione Sicilia S.p.A. (now Agenzia delle Entrate – Riscossione, "**ADER**") summoned the Issuer to appear before the Court of Palermo, seeking an order to collect a total amount of Euro 106.8 million. Riscossione Sicilia S.p.A.'s claim, as set out in the writ of summons, is part of the complex relationship between the Issuer and the plaintiff, which arose from the sale to Riscossione Sicilia S.p.A. (pursuant to Legislative Decree 203/05 converted into Law 248/05) of the Bank's former stake in Monte Paschi Serit S.p.A. (later Serit Sicilia S.p.A.).

In judgment no. 2350/22, filed on 30 May 2022, the Court of Palermo, substantially in line with the conclusions of the court-appointed expert's report ordered in the lawsuit, rejected the claims brought by Riscossione Sicilia and upheld the counterclaim brought by the Issuer, ordering the latter to pay the Issuer the sum of approximately Euro 2.9 million plus legal interest and legal costs. Said judgment was appealed on 27 December 2022 with a summons before the Court of Appeal of Palermo. The Bank joined the proceedings with a statement filed on 15 April 2023 filing a cross-appeal. The first appearance at the hearing of 5 May 2023 was held with written hearing and the case was adjourned for closing arguments to 7 November 2025.

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On 17 July 2018, the Department of Economy of Sicily (the "**Department**") served the Issuer with an order of injunction pursuant to Article 2 of Royal Decree no. 639/1910 (the "**Order**") and of repayment pursuant to Article 823, paragraph 2, of the Italian Civil Code of the sum of approximately Euro 68.6 million, and with judgment no. 3649/2021, published on 4 October 2021 and served on 5 October 2021, the Court of Palermo dismissed the Issuer's objection against the aforesaid Order, ordering the Issuer to pay the costs of the litigation. The judgment has been appealed before the Court of Appeal of Palermo. At present, the case has been adjourned to the hearing of 22 November 2024 for closing arguments.

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For the sake of completeness, it should be noted that the Issuer, with an appeal dated 16 October 2018 (GR 2201/2018), also brought an administrative lawsuit before the Regional Administrative Court of Sicily – Palermo Branch for the declaration of voidness and/or the annulment of the Order. In its decision no. 3043 of 17 November 2023, the Regional Administrative Court of Sicily upheld the Issuer's appeal, annulling the challenged measure limited to the claim made in the alternative by the Sicily Region Councillorship, deeming that the latter's right could not be protected by possession pursuant to Article 823 of the Italian Civil Code, since it was a credit right and not a right in rem, and awarding costs.

Another legal action was filed by the Issuer in opposition to the execution of the tax bill (regarding the sum due to the Department under the judgement no. 3649/2021) as an enforceable act, pursuant to Article 615 of the Italian Code of Civil Procedure, before the Court of Siena on 21 November 2022 (GR 2737/2022) and was concluded with a ruling on 13 December 2023 that rejected the Issuer's opposition, sentencing it to pay the costs of Euro 91.595 (the possible appeal against the ruling is currently being assessed).

The other initiatives taken by the Issuer to react to the credit claim of the Department under the judgment no. 3649/2021 – namely the petition before the Court of Auditors filed on 21 November 2022 pursuant

to Article 172 paragraph 1 letter d) of Legislative Decree no. 174/2016 ("*codice di giustizia contabile*"/code of accounting justice) to obtain the declaratory judgment of the voidness of the acts for the recovery of the sums and the petition of 16 November 2022 pursuant to Law 228/2012 to obtain the suspension of the collection of the sum brought by the aforementioned tax bill – were unsuccessful and, therefore, on 27 January 2023 the payment of the sum of Euro 74 million was ordered. The necessary steps are underway to recover the aforementioned receivable of approximately Euro 68.6 million from ADER, to which the Issuer is entitled, as the universal successor to Riscossione Sicilia, since the true debtor for repayment to the Region of Sicily of the taxes collected is Riscossione Sicilia (holder of the current account) and not the Issuer, with which the account was opened.

iii. *Civil Case brought by Marcangeli Giunio S.r.l.*

By a writ of summons dated 28 November 2019, Marcangeli Giunio S.r.l. requested the Court of Siena to assess, firstly, the contractual liability of the Issuer for the failure to provide a facility of Euro 24.2 million – necessary for the purchase of a plot of land and the construction of a shopping centre with spaces to be rented or sold – and subsequently the Issuer's sentence to pay damages and loss of profits for Euro 43.3 million.

With a judgment filed on 6 June 2022, the Court of Siena rejected the plaintiff company's claims for damages for contractual and non-contractual liability. The Court only upheld the refund claim proposed by the counterparty concerning the possible illegitimacy of the interest applied in relation to the land advances, quantified in Euro 58,038.27, in addition to legal interest and the allocation of expenses. By a writ of summons dated 23 December 2022, the company filed an appeal before the Court of Appeal of Florence, which, with judgment no. 2058/2023 of 12 October 2023, substantially confirmed the favourable decision of first instance, partially offsetting costs. Since no appeal was filed within the within the time limits established by the law, the decision has become final.

iv. *Civil Case brought by Nuova Idea S.r.l.*

By a writ of summons served on 21 December 2021, Nuova Idea S.r.l. sued the Issuer before the Court of Caltanissetta to have the latter declared obliged to pay compensation for all pecuniary and non-pecuniary damages suffered by the company as a result of the protest of a bill of exchange for Euro 2,947 domiciled at the Caltanissetta branch, which, according to the plaintiff's point of view, was raised due to the Issuer's sole negligence.

The plaintiff claims that the unlawful protest constituted the sole causal antecedent of a chain of events described in the writ of summons which resulted in the net reduction of its shareholding in a Temporary Grouping of Enterprises awarded a service contract with ASL Napoli 1 Centro, and consequently requested, principally, that the Issuer be ordered to pay in its favour the amount of Euro 57.3 million by way of loss of revenue due to the failure to maintain the original shareholding in the Temporary Grouping of Enterprises, as well as an amount of Euro 2.8 million by way of loss of profit, making a total of Euro 60.1 million, in addition to compensation for the damage to the company's image and commercial reputation to be paid on an equitable basis.

At the preliminary hearing held in 22 May 2023 the Issuer promptly appeared, declaring the correctness of its conduct at the time of the filing of the complaint and the absence of any causal link between the Issuer's actions and the alleged damage.

The case is currently at the preliminary investigation stage. Since the witnesses' statements were inconsistent on a number of points, the Judge ordered a further direct confrontation of the witnesses by the Investigating Judge, setting the next hearing for 17 April 2024 in order to obtain a final clarification.

At the hearing of 17 April 2024, the confrontation between witnesses was not held following the death of Mr. Ferro Giovanni. By order of 22 April 2024, the Judge rejected the counterparty's request for substitution of the witness Ferro and any other preliminary enquiry requested by both parties, setting a hearing for closing arguments for 9 October 2024.

v. *Banca Monte dei Paschi di Siena S.p.A. vs. EUR S.p.A.*

EUR S.p.A. sued before the Court of Rome the former subsidiary MPS Capital Services S.p.A. (now merged by incorporation into the Issuer), jointly with three other lenders, principally to obtain the declaration of voidness or, in the alternative, the cancellation and/or ineffectiveness of the following agreements: (i) interest rate swap (IRS) entered into on 24 April 2009; (ii) IRS dated 29 July 2009; (iii) the Novation Confirmation dated 15 July 2010 by which the IRS sub 2 was transferred from Eur Congressi S.p.A. to Eur S.p.A.; (iv) the close out agreement dated 29 July 2010 relating to the IRS sub 1; (v) the termination agreement dated 18 December 2015 relating to the IRS sub 2. Also as main claim, the plaintiff requested that the pool banks be ordered, jointly and severally, by way of reimbursement of undue payments and compensation for pre-contractual and/or contractual and/or extra-contractual damages, to pay the amount of approximately Euro 57.7 million representing the petitum indicated by the plaintiff.

Since this amount relates to all derivatives entered into by the four banks in the pool with EUR S.p.A., it should be noted that in the unlikely event of a loss, the Issuer may apportion the amount of any condemnation with the other banks in the pool in proportion to its own share in the facility, which for the former subsidiary MPS Capital Services S.p.A. was 12.61%.

MPS Capital Services S.p.A. joined the proceedings challenging all the adverse claims and objected in limine litis to the lack of jurisdiction of the Court, given that the agreements regulating the derivative transactions between the subsidiary and EUR S.p.A. are ISDA Master Agreements subject to the law and jurisdiction of the Anglo-Saxon courts. The jurisdiction of the Italian Court, according to the plaintiff, is due to the negotiated connection of the IRSs to the facility agreements, which are subject to Italian law, as well as to the public nature of EUR S.p.A. “as a company wholly owned by public entities”, reasons that appear to be groundless.

On 21 April 2023, the Court of Rome rejected the requests made by EUR S.p.A. and issued a ruling whereby: (1) the Italian Court was declared to have no jurisdiction in favour of the English Court; (2) the objection of lis pendens raised by the defendant Banks pursuant to Article 7 paragraph 1 of Law no. 218 of May 31, 1995 was declared to be incorporated; (3) the parties were ordered to fully offset the litigation costs.

On 5 December 2023, EUR S.p.A. notified the appeal against the first instance ruling challenging the decision of the Court to refer the case to the jurisdiction of the English court and re-proposing in substance all the claims and arguments made in the first instance, thus urging a different decision by the Court of Appeal of Rome. The Issuer will take steps to join the other defendant Banks in the proceedings. The first hearing was set for 3 March 2025. Negotiations are ongoing between the parties for the settlement of the dispute.

vi. *Banca Monte dei Paschi di Siena S.p.A. against Italtrading*

In February 2020, the bankrupt Italtrading sued MPSL&F, as civilly liable for the damage pursuant to Article 2049 of the Italian Civil Code caused through a former employee, consisting in the irregular recording in the financial statements of lower payables to the banking system and, at the same time, lower receivables from subsidiaries and certain clients. This was in breach of the provisions of Article 2423 of the Italian

Civil Code, resulting in a concealment of the loss of the share capital and, therefore, an aggravation of the insolvency. The claim for damages was quantified in Euro 132,758,926.

During the proceedings, in which MPSL&F was represented by Studio Mucciarelli, following the conclusions reached by the bankruptcy proceedings, the claim was reduced to Euro 63 million with a request for a provisional payment of Euro 6 million.

By a judgment dated 19 May 2023, the Court of Milan acquitted the former employee of the charges against him, with the consequent effect of releasing BMPS, which took over MPSL&F by way of incorporation. An appeal is pending before the Court of Appeal of Milan filed in October 2023 by the bankrupt Italtrading. The next hearing has not still scheduled.

vii. Complaint to the Board of Statutory Auditors pursuant to article 2408 of the Italian Civil Code

In the period from 1 January 2023 to the date of this Base Prospectus, the Board of Statutory Auditors received a complaint pursuant to Article 2408 of the Italian Civil Code.

With reference to such complaint, entitled "*Sanctioning proceedings by Consob MEF – MEF Decree No. 59326 of 30 May 2005*", the Board of Statutory Auditors, after having preliminarily ascertained the status of the complaint as a shareholder of BMPS, carried out the necessary in depth investigations with the support of the competent Bank's Function to check the possible relevance and validity of the grievances.

No irregularities to be noted were found as a result of the investigations carried out.

viii. Anti-money laundering

As at 31 December 2023, 24 judicial proceedings are pending before the ordinary judicial authority in opposition to sanctioning decrees issued by the MEF in the past years against some employees of BMPS and the Bank (as a jointly liable party for the payment) for infringements of reporting obligations on suspicious transactions pursuant to Legislative Decree No. 231/2007. The overall amount of the opposed monetary sanctions is equal to Euro 2.7 million (rounded).

The Bank's defence in the context of such proceedings aims, in particular, at illustrating the impossibility to detect, at the time of events, the suspicious elements of the transactions/subject matter of the allegations, usually emerging only after an in-depth analysis carried out by the tax authority and/or other competent authority. The upholding of the Bank's position may entail the avoidance by the judicial authority of the sanctioning measure imposed by the MEF and, in case the payment of the sanction has already been executed, the recovery of the related amount.

For the sake of completeness, it is worth noting that, as at 31 December 2023, 22 administrative proceedings are pending in addition to the abovementioned proceedings in respect of which the opposition proceedings are in progress and are instituted by the competent authorities for the alleged violation of the anti-money laundering regime. The overall amount of the petitum (the maximum amount of the applicable penalties) related to the abovementioned administrative proceedings is equal to Euro 0.32 million (rounded).

10.2.5 Labour disputes

As at the date of this Base Prospectus, the Bank is involved in numerous judicial proceedings, both active and passive that relate to labour and concern inter alia, appeals against individual dismissals, declaration requests of subordinate employment relations with indefinite duration, challenge of the sale of the

business unit, request for double remuneration following the illegitimate sale of the business unit, compensation for damages due to professional setbacks, requests for higher positions and miscellaneous economic claims.

As at 31 December 2023, the overall petitum relating to the passive labour proceedings is equal to Euro 62,6 million almost entirely relating to the Bank.

After the transfer of the back-office activities business unit to Fruendo S.r.l., which occurred in January 2014 and involved 1,064 employees, 634 of these (subsequently reduced to 242 as a results of reconciliations, deaths and retirements) sued the Bank before the Courts of Siena, Rome, Mantua and Lecce seeking, inter alia, the continuation of their employment relationship with the Bank, subject to prior declaration of ineffectiveness of the transfer agreement entered into with Fruendo S.r.l..

As of the date of this Base Prospectus, judgments unfavourable to the Bank have been declared in respect of all 242 employees.

In the event the illegitimacy of the transfer of the employment relationship pursuant to article 2112 of the Italian Civil Code is ascertained, the Supreme Court, with reference to the remuneration obligation of the transferor, has recently ruled in a different way in relation to the approach that has been consolidated over time before the Supreme Court itself. In recent rulings, it has been held that the transferor employer bears the remuneration obligation in addition to that fulfilled by the transferee employer, since the principle of the liability discharge of the executed payment made by the latter does not apply to the present case.

Due to this amended jurisprudential opinion (so-called "double remuneration"), as at the date of this Base Prospectus, 83 employees, involved in the transfer of the branch and recipients of the judgments in their favour, have sued the Bank in order to claim the due remuneration. The legal proceedings have been brought before the Courts of Siena, Florence, Mantova and Roma with hearings scheduled between June 2024 and April 2025.

Noting the change of law on the "double remuneration" topic and verified the increasing number of judgments that differ from the previous consolidated approach, it has been decided to allocate to the provision for risks and charges the company's cost relating to remunerations requested in court, in addition to a lump sum for out-of-court claims received to date.

It should also be noted that the Court of Siena – Labour Section, with a judgment of 25 January 2019, rejected the appeals of 52 Fruendo workers (later reduced to 32 following waivers/conciliations) who sued the Bank to request the continuation of the employment relationship with the latter, subject to declaration of the illegal interposition of labor (so-called illegal contract) in the context of the services outsourced by the Bank to Fruendo.

This judgment was appealed by 16 workers before the Court of Appeal of Florence – Labour Section which ascertained the illegality of the contract, ordering the readmission to service of 14 workers (as in relation to 2 workers the cessation of the matter of the dispute was declared following waivers/ conciliations), which was given effect from 1 March 2022. The Supreme Court issued an unfavourable judgment to the Bank on 17 May 2024.

Further actions were initiated to ascertain the illegality of the contract by 37 workers of Fruendo who appealed to the Court of Siena – Labour Section. The situation of the related judgments is summarised below:

- for two groups of applicants (numbering 18 in total, subsequently reduced to 15 as a results of reconciliations/retirements) who brought class actions, favourable judgments to the Bank were issued at first instance by the Court of Siena – Labour Section. The Court of Appeal of Florence, with judgments issued on 5 April 2024, rejected the appeals of the employees;
- for another group of applicants (numbering 18 in total, subsequently reduced to 16 as a results of reconciliations/retirements), a first degree is currently pending and the first appearance hearing is scheduled for 14 February 2025;
- for the only applicant who has brought an individual case, the Court of Siena – Labour Section issued a sfavourable judgment to the Bank. The worker has been readmitted to service in BMPS from 1 March 2024.

10.2.6 Refund action related to diamond transactions

With reference to the "diamonds" affair and the allegations of self-money laundering, the Public Prosecutor's Office at the Court of Siena, as part of the criminal proceedings, issued, on 12 September 2022, a request to dismiss the case against the natural persons (four former officers and the only officers still in charge), investigated for self-money laundering, as well as ordered the dismissal of the case against the Issuer as administrative liable and also ordered the revocation of the preventive seizure made in relation to the crime of self-money laundering pursuant to Legislative Decree No. 231/2001, for the sum of Euro 0.2 million.

The order of dismissal against the Issuer was forwarded to the General Prosecutor of the Court of Appeal of Florence, who ratified it on 16 November 2022, while on 5 October 2022 the Judge for the Preliminary Investigations issued an order of dismissal against the individuals.

With regard to the criminal proceedings pending before the Court of Rome under no. 44268/21, on 11 July 2023, the first preliminary hearing was held and postponed to 21 November 2023, due to issues concerning defects in the service of notice on certain defendants.

During the last hearing, the GUP found some procedural flaws, in particular, there was no proof of some service of notice, the appointments of some lawyers were missing and the notices pursuant to Article 415-bis of the Italian Code of Criminal Procedure of the previous Milan instance were not available in the file of the GUP and adjourned the hearing to 30 January 2024, setting a further hearing date for 12 March 2024 for the beginning of the discussions and forfeiture of the alternative procedures.

For the same matter, further criminal proceedings were brought before the Public Prosecutor's Office at the Court of Milan for the crimes of aggravated fraud, self-money laundering and obstructing the exercise of the functions of the Public Supervisory Authorities. On 28 September 2021, the Public Prosecutor filed a request for committal for trial against seven former executives (including the five in the main proceedings) and the Issuer's pro tempore CEO and General Manager.

The preliminary hearing was set for 30 September 2022. At that hearing, the GUP adjourned the hearing to 25 January 2023 for the possible joinder of civil parties and related issues, as well as for further preliminary issues, including those concerning lack of territorial jurisdiction.

At the hearing of 25 January 2023, the Court ordered an initial postponement to 5 April 2023 and subsequently to 22 June 2023 pending the filing of the grounds of the Italian Supreme Court decision that settled the conflict of jurisdiction between the Judicial Authorities of Rome and Verona in the IDB-Banco BPM case, which has the same indictment scheme as the proceedings in question.

At the hearing of 22 June 2023, the issue of lack of territorial jurisdiction was discussed. The Public Prosecutor did not oppose and referred to the Judge's assessments.

At the hearing of 10 July 2023, the GUP upheld the pleaded procedural issues by delivering three judgments on lack of territorial jurisdiction: (i) in favour of the Judicial Authority of Rome for the fraud alleged against the exponents of DPI and the Issuer; (ii) in favour of the Judicial Authority of Siena for the alleged self-money laundering and obstruction of the functions of the Public Supervisory Authorities alleged against the managers of the Issuer and (iii) in favour of the Judicial Authority of Verona for the alleged offences concerning Banco BPM.

With regard to the offence of self-money laundering and obstructing the functions of Public Supervisory Authorities, on 6 October 2023, the file was forwarded to the Public Prosecutor's Office at the Court of Siena and following the Public Prosecutor's request for dismissal on 20 November 2023, the Judge for the Preliminary Investigations on 8 February 2024 filed the dismissal decree.

In these proceedings, the Issuer is not involved as administrative liable pursuant to Legislative Decree No. 231/2001.

For the initiatives taken, the Issuer has made provisions over time that take into account, among other things, the projection of expected requests and the current wholesale value of the stones to be withdrawn.

As at 31 December 2023, more than 12,500 requests had been received for a total countervalue of approximately Euro 318 million (of which approximately Euro 1.62 million during 2023), covered for the countervalue net of the market value of the stones by the provision for risks and charges set aside in previous years) and represented 92.3% of the Issuer's total volume of diamond offer notifications. The residual provisions for risks and charges recognised in respect of the relief initiative amounted to Euro 2.2 million at the end of December 2023.

As at 31 December 2023, the withdrawn stones are recorded at a total value of Euro 62.6 million.

10.2.7 Sanctioning procedures

(I) CONSOB and Bank of Italy

During the twelve months preceding the date of this Base Prospectus, the Bank has not received any sanctions from CONSOB and the Bank of Italy for aspects falling within the responsibility area of the supervisory authorities.

For information in relation to inspection activity carried out on the Bank by supervisory authorities or the Bank of Italy, reference is made to this in paragraph "*9. ECB/ Bank of Italy and Consob Inspections*" of this "*Banca Monte dei Paschi di Siena S.p.A.*" section.

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In the period between 2012 and 2016, the Bank was subject to various sanction proceedings initiated by the CONSOB and the Bank of Italy supervisory authorities. These proceedings related to events that concerned the accounting of the "Alexandria" and "Santorini" operations, the FRESH 2008 and the acquisition of Banca Antonveneta in addition to other events that were attributable to the behaviour of the management in office at the time of the individual infringements. These infringements were challenged and then subsequently sanctioned.

In the context of the sanction proceedings, the natural persons sanctioned and, in some cases, the Bank as a legal entity, were found to be in violation of regulatory and prudential provisions. As at the date of this Base Prospectus, these proceedings have concluded and the related sanctioning measures have been published by the authorities in accordance with current legislation. As a consequence thereof, the Bank paid the following amounts:

(i) Euro 9.9 million (rounded) with respect to four sanctioning measures imposed by the Bank of Italy directly on natural persons and paid by the Bank under the solidarity obligation pursuant to article 145 of the Italian Consolidated Banking Act;

(ii) Euro 7.5 million (rounded) for nine sanctioning measures imposed by CONSOB of which (a) Euro 6 million (rounded) imposed by the supervisory authority directly on natural persons and paid by the Bank under the solidarity obligation pursuant to article 195 of the Consolidated Finance Act and (b) Euro 1.5 million (rounded) paid as a directly sanctioned legal entity.

With regard to the proceedings for which the Bank is both jointly and severally liable (with respect to which the Bank executed the payment of the administrative sanctions imposed by the supervisory authorities on the individuals in office as at the time the facts subject to the sanction occurred), the Bank exercised mandatory recourse actions against such individuals subject to sanctions granting the suspension of such actions against those individuals in respect of which: (i) no wilful default or gross negligence conduct was detectable in relation to the alleged irregularities; (ii) no corporate liability action was brought; and (iii) there were no requests for a trial with criminal proceedings connected thereto within the time limits provided for lodging any appeal by the applicable relevant legislation. Some of the concerned individuals, after the letters of formal notice were sent, failed to fulfil the payment obligation and it was therefore necessary to take civil actions aimed at recovering amounts paid.

These activities and the related jurisprudential orientation could influence the duration of proceedings and decrease the possibility of recovery of the sums paid. With regard to the individuals who have benefited from the suspension of the recourse action and have brought the relevant appeals, it appears that various proceedings against the sanction by the sanctioned persons are still in progress at the various levels of judgment, according to what has been disclosed to the Issuer by the various individuals involved due to the fact that the Bank is not a party to the aforementioned proceedings. It should also be noted that, over the years, a number of sanctioned individuals have died and some of the measures have also been challenged before the European Court of Human Rights after the rulings issued by the Supreme Court.

(II) Competition and Market Authority ("AGCM")

Proceedings I794 of the AGCM – Remuneration of the SEDA service

On 21 January 2016, the AGCM started proceedings I794 against the Italian Banking Association concerning the remuneration of the SEDA service. This procedure was subsequently extended (on 13 April 2016) to the 11 largest Italian banks, including BMPS. According to the AGCM, the interbank agreement for the remuneration of the SEDA service may represent an agreement restrictive of competition within the meaning of Article 101 of the Treaty on the Functioning of the European Union, as it would imply "the absence of any competitive pressure", resulting in a possible increase in the overall prices charged to companies, which could in turn be charged to consumers.

The proceedings were closed by AGCM on 28 April 2017 and notified on 15 May 2017. The authority ruled: (i) that the parties (including BMPS) had put in place an agreement restrictive of competition, in breach of Article 101 of the Treaty on the Functioning of the European Union; (ii) that the same parties

should cease such infringement and submit by 1 January 2018 a report outlining the measures taken to prevent such breach and refrain from engaging in such activity in the future; and (iii) since it was not a serious breach with respect to the legislative and economic framework in which it was implemented, no sanctions were applied.

BMPS challenged the measure before the Administrative Regional Court ("**TAR**"), which upheld the appeal and annulled the challenged measure with a ruling published on 1 July 2021. AGCM appealed the TAR ruling before the Council of State on 2 November 2021 and BMPS appealed. On 3 February 2023, the National Administrative Court dismissed the appeal, upholding the decision by the TAR.

10.2.8 Other proceedings pursuant to Italian Legislative Decree No. 231/2001

(A) *Criminal proceedings 1670/2008 – Forlì – Republic of San Marino*

In the context of proceedings brought by the Public Prosecutor's Office at the Court of Forlì against several natural persons and three legal entities for money laundering and obstructing the exercise of public supervisory functions, the Issuer was charged with three administrative offences of obstructing the exercise of public supervisory functions pursuant to Article 2638 of the Italian Civil Code, money laundering pursuant to Article 648-bis of the Italian Criminal Code and transnational criminal conspiracy (Article 416 of the Italian Criminal Code).

The activity of BMPS, which is the subject of the dispute, and which takes place in the period 2005-2008, concerns transactions carried out by the Forlì branch, on behalf of the Cassa di Risparmio di San Marino, on a current account opened at the Bank of Italy, Forlì branch on behalf of BMPS.

The Court of Forlì ordered the committal for trial of the defendants, including BMPS, on the grounds of administrative liability of the entities. At the hearing of 14 December 2021, the Court of Forlì pointed out the radical vagueness of the charges – also with respect to the specific charges against BMPS – and therefore annulled the order of committal for trial and arranged for the transfer of the proceedings to the Public Prosecutor's Office.

The Public Prosecutor's Office, on 18 February 2023, filed a motion for the dismissal of all the defendants, natural persons and legal entities, including the Issuer, with the exception of the top positions of the San Marino bank for which separate proceedings will be held.

On 16 October 2023, the Judge for the Preliminary Investigations ordered the dismissal of the case against the natural persons due to the limitation of the offences with the exception of money laundering, pursuant to Article 648 bis, for which he ordered the dismissal due to the absence of the psychological element of the offence. The integration of the order to dismiss was also requested for the Issuer, as the party responsible under Legislative Decree No. 231/2001.

(B) *Criminal proceedings 955/16 Court of Milan*

In this respect, please refer to paragraph no. 10.2.1(A) headed "*Proceedings before the Court of Milan no. 955/2016*" above.

(C) *Criminal proceedings 33714/16 Court of Milan*

In this respect, please refer to paragraph "10.2.1(B) Audits of the 2012, 2013, 2014 and 2015 interim financial statements in respect of the non-performing loans- Criminal proceedings 33714/16" above.

10.2.9 Tax disputes

The Bank and the main group companies are involved in a number of tax disputes. As at 31 December 2023 approximately 140 cases pending are classified with a "probable" or "possible" risk, for a total amount at a consolidated level of Euro 42.2 million (rounded) for taxes, sanctions and interests set out in the relevant claim (of which Euro 42.2 million relate to the Bank). The value of disputes also include that associated with tax verifications closed for which no dispute is currently pending since the tax authority has not yet formalised any claim or contention.

In relation to pending tax disputes, which are associated with "probable" unfavourable outcomes, as at 31 December 2023 the Bank allocated to the overall provision for risks and charges an amount equal to Euro 17.3 million (rounded).

Please find below an overview of the most significant pending proceedings in terms of the petitum (over Euro 5 million for taxes and penalties), and the main investigations in progress.

(A) *Deductibility and pertinence of some costs of the former consolidated company Prima SGR S.p.A.*

The Bank is party to litigation brought by Anima SGR S.p.A. (which, at the time of the relevant events, was a shareholder of the Bank) in relation to tax claims brought by the Italian Revenue Agency, Regional Department of Lombardy against Prima SGR S.p.A. (already adhering to the tax consolidation, subsequently merged into Anima SGR S.p.A.). The tax claims related to non-compliance with the accrual principle of certain costs, considered also not pertaining to the business, deducted in the fiscal years 2006, 2007 and 2008. The Italian Revenue Agency has assessed Euro 20.6 million in total for taxes and penalties as follows: (i) for fiscal year 2006, taxes of approximately Euro 4.3 million and penalties of approximately Euro 5.1 million; (ii) for fiscal year 2007, taxes of approximately Euro 2.8 million and penalties of approximately Euro 3.6 million; (iii) for fiscal year 2008, taxes of approximately Euro 2.1 million and penalties of approximately Euro 2.7 million.

With respect to this matter, two separate proceedings are currently pending before the Italian Supreme Court: (i) one proceeding related to the fiscal year 2006 (brought by the Italian Revenue Agency against the appellate court judgment in favour of the company) and (ii) one related to the fiscal years 2007 and 2008 (brought by the company against the appellate court judgment in favour of the Italian Revenue Agency). As a consequence of the partial cancellation stemming from an internal review of the tax claims by Italian Revenue Agency and the payment of taxes in relation to a tax claim that was accepted by the company, the overall amount at issue has been reduced from Euro 20.6 million to Euro 18.8 million.

In the opinion of the Bank and its advisors, a negative outcome is probable as to a portion of the claim amounting to approximately Euro 1.8 million and possible as to a portion of the amounting to approximately Euro 17 million.

(B) *Tax disputes involving the former consolidated company AXA MPS Assicurazioni Vita in respect of the securities held thereby in Monte Sicav*

The Bank was party to litigation initiated by AXA MPS Assicurazioni Vita S.p.A. in relation to tax claims brought by the Italian Revenue Agency, Regional Department of Lazio. The claims related to the tax treatment of the write-downs carried out in respect of the shares held in Luxembourg's SICAV Monte SICAV. The Regional Department of Lazio assessed higher taxes and penalties amounting to Euro 26.2 million (plus interest) against the company, for fiscal year 2004.

The IRES dispute was settled on a favourable basis by AXA MPS Assicurazioni Vita S.p.A. pursuant to the Legislative Decree 119/2018 for Euro 11.6 million. The IRAP dispute was settled by the Italian Supreme Court, which dismissed the company's appeal on 12 December 2019.

The same applies to the fiscal year 2003, in respect of which the Italian Revenue Agency contested the full deductibility, for IRPEG (corporate income tax) and IRAP purposes, of the value adjustments entered by AXA MPS Assicurazioni Vita S.p.A. and relating to Monte SICAV securities. This dispute was settled by the Italian Supreme Court, which dismissed the company's appeal on 26 July 2019. The total liability arising from the litigation amounts to approximately Euro 7.5 million (plus interest).

With regard to the tax disputes, the Bank is liable due to the guarantee clauses contained in the contracts for the sale of AXA MPS Assicurazioni Vita S.p.A.. In this respect, during 2020, AXA Mediterranean Holding S.A. made a claim for approximately Euro 8.2 million and reserved the right to request additional sums as a result of any subsequent events that would increase the damage related to the tax disputes. The Bank responded to the request by challenging most of the amounts that make up the total amount claimed.

In the Bank view, a negative outcome is probable as to a portion of the claim amounting to approximately Euro 6.6 million and remote as to a portion of the claim amounting to approximately Euro 1.6 million.

(C) *IRAP assessment for tax year 2015*

Following a tax audit concluded in 2018, the Italian Revenue Agency served the Bank with a notice of assessment for IRAP purposes for the fiscal year 2015. In the notice, the Italian Revenue Agency challenged the non-taxation of certain revenue accounted in the financial statements. The Bank appealed the notice of assessment, the total claim of which was approximately Euro 8 million (Euro 3.9 million in taxes, Euro 3.5 million in penalties and Euro 0.6 million in interest) before the competent tax court. On 18 January 2022, the initial tax claim was subsequently revised by the Italian Revenue Agency stemming from an internal review thereby cancelling all claims for additional tax, penalties and interests and reduced the tax claim to Euro 3.9 million. On 23 June 2022, the court issued a ruling partially unfavourable to the Bank, accepting only part of the appeal (for an amount of Euro 0.4 million) and rejecting the other petitions. The Bank has appealed.

In the Bank and its adviser's view, the likelihood of a negative outcome is possible.

(D) *Refund of 2005 IRAP provisionally reimbursed*

In relation to a litigation initiated by the Bank in order to obtain the refund of IRAP tax paid with reference to the 2005 financial year, amounting to Euro 3.6 million, plus interest, with a ruling filed on 1 December 2023, the Supreme Court rejected the refund request. Following the second instance ruling in favour of the Bank, in 2019 and 2022, the requested refund has been fully disbursed (albeit on a provisional basis). With respect to the aforementioned Supreme Court ruling, the Tax Revenue Office is obliged to request the Bank to repay the refund disbursed, plus interest as provided for by law from the dates of payment. On 24 April 2024, the Italian Revenue Agency notified a repayment order for a total amount of 5 million. On 20 May 2024, the Bank has provided for the payment of the sum requested.

10.3. New legal proceedings

10.3.1 Civil Case brought by Società Italiana per Condotte d'Acqua S.p.A. in amministrazione straordinaria

By means of a writ of summons served on the Issuer on 23 December 2022, Società Italiana per Condotte d'Acqua S.p.A. under the control of a government appointed administrator brought an action for damages against the credit institutions in conjunction with the factoring companies (no. 32 opposing parties), the independent auditors PwC, the members of the Managing Board and of the Supervisory Board of the company in bonis, for having contributed – through the use and granting of credit – to the commission of acts of misadministration that caused (or contributed to causing) serious damage to the company and to the entire creditors. The damage is quantified:

a. jointly and severally among all defendants in the amount of EUR 389.3 million;

b. subordinately EUR 322.0 million (increase in insolvency liabilities);

c. or subordinately in the amount of EUR 39.5 million with reference to individual transactions (referring to associates). The first hearing set for 12 July 2023 was postponed to 25 September 2023.

With a second writ of summons served on 19 April 2023, Società Italiana per Condotte d'Acqua S.p.A. under the control of a government appointed administrator also sued Cassa Depositi e Prestiti S.p.A. and SACE S.p.A. (case ref. no. 24431/2023) for the same factual events, in addition to all the parties already cited in the legal proceedings previously mentioned.

Given the obvious reasons for joinder (part-subjective and part-objective), in the same writ of summons the Judge was asked to order an immediate preliminary joinder to avoid duplicate decisions, as well as for obvious reasons of procedural economy.

By order of 25 July 2023, the judge ordered the ex officio consolidation of the second judgment (RG 24431/2023) with the judgment previously undertaken.

The hearing of summons of the parties was held on 25 September 2023 with the next hearing set for 22 April 2024. At the hearing held on 22 April 2024, certain parties filed for third-party lawsuit calls; the relevant judge, in authorizing the pleaded calls, adjourned the case for the first hearing of appearance on 24 February 2025.

MANAGEMENT OF THE BANK

Pursuant to BMPS' By-Laws the Bank is managed by a Board of Directors tasked with strategic supervision. The Chief Executive Officer is appointed by the Board of Directors.

Under the Italian Civil Code, the Bank is required to have a Board of Statutory Auditors.

Each Director and Statutory Auditor shall meet the requirements provided for by the applicable laws and BMPS' By-Laws.

Board of Directors

The Ordinary Shareholders' Meeting of the Bank held on 20 April 2023 appointed the following members to the Board of Directors for financial years 2023, 2024 and 2025 (save for what mentioned in Note (1) below):

	Name	Position	Place and date of birth	Main activities outside the Bank, deemed significant
1.	Nicola Maione (*)	Chairperson	Lamezia Terme (CZ), 9 December 1971	Lawyer, owner of Studio Legale Maione
2.	Gianluca Brancadoro (*)	Deputy Chairperson	Napoli (NA), 8 September 1956	University Professor Lawyer, partner of Studio Legale Brancadoro Mirabile Director of Fondo Italiano di Investimento SGR S.p.A. Chairperson of Firmis – Legal & Tax Advisory, Società tra avvocati S.r.l.
3.	Luigi Lovaglio	Chief Executive Officer and General Manager	Potenza, 4 August 1955	//
4.	Alessandra Giuseppina Barzaghi (*)	Director	Giussano (MB), 29 April 1955	//
5.	Paola De Martini (*)	Director	Genova, 14 June 1962	Director of Growens S.p.A.

	Name	Position	Place and date of birth	Main activities outside the Bank, deemed significant
6.	Stefano Di Stefano	Director	Casoli (Chieti), 5 May 1960	Head of Directorate VII Office – Enhancement of Public Assets at the MEF Member of the Supervisory Board of STMicroelectronics Holding N.V. – STH
7.	Paolo Fabris De Fabris (*)	Director	Conegliano (TV), 20 June 1970	University Professor Lawyer
8.	Lucia Foti Belligambi (*)	Director	Catania (CT), 19 July 1972	Partner of Studio Simonelli Associati Standing Auditor of Manufactures Dior S.r.l. Chairperson of the Board of Statutory Auditors of Orsero S.p.A. Chairperson of the Board of Statutory Auditors of Galleria Commerciale Porta di Roma S.p.A.
9.	Domenico Lombardi (*)	Director	Napoli (NA), 7 May 1969	Member of Scottish Fiscal Commission Member of Luiss Policy Observatory
10.	Paola Lucantoni (*)	Director	Roma (RM), 30 June 1968	University Professor
11.	Laura Martiniello (*)	Director	San Paolo Bel Sito (NA), 4 June 1976	University Professor Standing Auditor of Angelini Technologies S.p.A. Standing Auditor of TEQQO S.r.l. Standing Auditor of Renovars distribution S.r.l.

	Name	Position	Place and date of birth	Main activities outside the Bank, deemed significant
12.	Anna Paola Negri-Clementi (*)	Director	Milano (MI), 31 October 1970	Lawyer, partner of Pavesio e Associati with Negri-Clementi Director of Azienda Elettrica Ticinese Italia S.r.l.
13.	Raffaele Oriani (Note 1) (*)	Director	Napoli (NA), 30 May 1975	University Professor Director and Dean of LUISS Business School S.p.A. Director of LUISS Business School B.V. Member of the Investment Committee of Fondo Immobiliare Cicerone
14.	Renato Sala (*)	Director	Arcore (MI), 10 March 1953	CEO of Advisors S.r.l.
15.	Donatella Visconti (*)	Director	Roma (RM), 21 May 1956	Director of Assoholding S.p.A. Member of the Advisory Board of 1OAK Financial Group (Italian branch)

(*) Independent director, who declared to meet the independence requirements established by the laws and regulations in force, the By-Laws and the further independence requirements established by the Italian Corporate Governance Code.

(Note 1) Director appointed by the Ordinary Shareholders' Meeting of the Bank held on 11 April 2024 to complete and restore the number of members of the Board of Directors to 15, as decided by the Shareholders' Meeting of 20 April 2023, following the resignation of Director Marco Giorgino (on 13 November 2023). For further information please refer to the Bank's website at www.gruppomps.it/en (section Corporate Governance – Shareholders' Meeting and BoD).

Managers with strategic responsibilities

	Name	Position	Place and date of birth	Main activities outside the Bank, deemed significant
1.	Luigi Lovaglio	Chief Executive Officer and General Manager	Potenza, 4 August 1955	//
2.	Maurizio Bai	Deputy Commercial General Manager	Grosseto, 23 July 1967	//
3.	Dimitri Bianchini	Chief Commercial Officer Imprese e Private	Firenze, 26 December 1970	
4.	Massimiliano Bosio	Chief Audit Executive	Torino, 26 July 1971	//
5.	Vittorio Calvanico	Chief Safety and Security Officer	Napoli, 8 February 1964	//
6.	Ettore Carneade	Compliance Officer	Mola di Bari, 16 June 1961	//
7.	Nicola Massimo Clarelli	Financial Reporting Officer	Caserta, 22 October 1971	//
8.	Fiorella Ferri	Chief Human Capital Officer	Sovicille (Siena), 5 June 1962	Chairperson of the Board of Directors of Cassa di Previdenza Aziendale per il personale di Monte dei Paschi di Siena
9.	Alessandro Giacometti	Chief Operating Officer	Faenza (Ravenna), 3 October 1965	//
10.	Fabrizio Leandri	Chief Lending Officer	Roma, 21 April 1966	Deputy Chairperson of Monte Paschi Banque S.A.
11.	Andrea Maffezzoni	Chief Financial Officer	Sesto San Giovanni (Milan), 27 March 1972	Chairperson of AXA MPS Assicurazioni Danni S.p.A. Chairperson of AXA MPS Assicurazioni Vita S.p.A. Director of Fondo Interbancario per la tutela dei depositi Member of the management board of Schema Volontario Fondo Interbancario Tutela dei Depositi
12.	Riccardo Quagliana	Group General Counsel	Milano, 4 February 1971	//
13.	Emanuele Scarnati	Chief Commercial Officer Large	Jesi (Ancona), 11 August 1965	//

	Name	Position	Place and date of birth	Main activities outside the Bank, deemed significant
		Corporate & Investment Banking		
14.	Marco Tiezzi	Chief Commercial Officer Retail	Foiano della Chiana (Arezzo), 29 June 1962	Chairperson of Magazzini Generali Fiduciari Mantova S.p.A.

BOARD OF STATUTORY AUDITORS

The current Board of Statutory Auditors, appointed at the Ordinary Shareholders' Meeting of the Bank held on 20 April 2023 appointed the following members to the Board of Statutory Auditors for financial years 2023, 2024 and 2025 with term of office expiring on the date of the Shareholders' Meeting convened to approve the financial statements as at 31 December 2025 (save for what mentioned in in Note 1, 2 and 3 below):

- *Standing Auditors*: Enrico Ciai (Chairperson), Roberto Serrentino (Note 1) and Lavinia Linguanti;
- *Alternate Auditors:* Pierpaolo Cotone (Note 1) and Piera Vitali (Note 2).

Note 1: Pierpaolo Cotone, appointed as Alternate Auditor by the Shareholders' Meeting of the Bank held on 20 April 2023, following the resignation of the Standing Auditor Roberto Serrentino, held office as Standing Auditor from 15 May 2023 to 11 April 2024, returning to be Alternate Auditor from 11 April 2024.

Note 2: Piera Vitali, appointed as Alternate Auditor by the Shareholders' Meeting of the Bank held on 20 April 2023, resigned as of 2 May 2023.

The Board of Statutory Auditors of the Bank is currently composed by the following members:

	Name	Position	Place and date of birth	Main activities outside the Bank, deemed significant
1.	Enrico Ciai	Chairperson	Roma, 16 January 1957	Chairman of the Board of Statutory Auditors of AXA MPS Assicurazioni Vita S.p.A. Chairman of the Board of Statutory Auditors of AXA MPS Assicurazioni Danni S.p.A. Director of Reactive S.r.l. (Almaviva Group)
2.	Lavina Linguanti	Standing Auditor	Siena, 19 January 1987	Standing Auditor of Monte Paschi Fiduciaria S.p.A. Standing Auditor of AIACE REOCO s.r.l. in liquidazione Standing Auditor of AXA MPS Assicurazioni Vita S.p.A. Standing Auditor of AXA MPS Assicurazioni Danni S.p.A. Manager of Assoservizi SrL Sole Auditor of Lavanderia Senese S.r.l.

	Name	Position	Place and date of birth	Main activities outside the Bank, deemed significant
				Sole Auditor of Tuscany RF S.r.l.
3.	Giacomo Granata (Note 3)	Standing Auditor	Torre del Greco (NA), 20 October 1964	Standing auditor of Chimec S.p.A. Chairman of the Board of Statutory Auditors of Ferrotramviuaria Engineering S.p.A. Standing auditor of Ferrotramviuaria S.p.A.
4.	Pierpaolo Cotone (Note1)	Alternate Auditor	Roma, 14 August 1951	
5.	Paola Lucia Isabella Giordano (Note 3)	Alternate Auditor	Asti, 30 April 1962	

Note 3: Mr. Giacomo Granata and Ms. Paola Lucia Isabella Giordano, were respectively appointed as Statutory Auditor and Alternate Auditor by the Ordinary Shareholders' Meeting of the Bank held on 11 April 2024 to complete and restore the Board of Statutory Auditors, following the resignations, respectively of Mr. Roberto Serrentino, as Standing Auditor, and Piera Vitali, as Alternate Auditor (please see Notes 1 and 2 above). For further information please refer to the Bank's website at www.gruppomps.it/en (section Corporate Governance – Shareholders' Meeting and BoD).

The Board of Statutory Auditors is required to verify that the Bank complies with applicable law and its By-Laws, respects the principles of correct administration, and maintains an adequate organisational structure, internal controls and administrative and accounting systems. The Board of Statutory Auditors has a duty to shareholders, to whom the Board of Statutory Auditors reports at the annual Ordinary Shareholders' meeting approving the financial statements.

Each member of the Board of Directors, the Board of Statutory Auditors and those managers with strategic responsibilities are domiciled for the purposes of their offices at the registered office of Banca Monte dei Paschi di Siena S.p.A., in Siena, Piazza Salimbeni 3, Italy.

For further information please refer to the Bank's website at www.gruppomps.it – Corporate Governance.

Independent Auditors

Pursuant to article 28 of the Bank's by-laws, on 11 April 2019 the Ordinary Shareholders' meeting appointed the audit firm PricewaterhouseCoopers S.p.A. as independent auditors for the statutory audit of the accounts 2020-2028. The statutory audit shall be performed by an independent auditor meeting the requirements established by the law.

Conflict of Interest

BMPS is an Italian bank with shares listed on regulated markets and, as such, deals with any conflicts of interest of the members of its administrative, management and supervisory bodies in accordance with the requirements of article 2391 ("Directors' interests") and article 2391-bis ("**Related party transactions**") of the Italian Civil Code, article 53, paragraph 4 ("Regulatory supervision") and article 136 ("Obligations of bank corporate officers") of the Italian Consolidated Banking Act and the regulatory provisions on related party transactions adopted by CONSOB with Resolution no. 17221 of 12 March 2010, as subsequently amended and supplemented ("Regulation on Related Party transactions") and by the Bank of Italy with Circular 285/2013 (Chapter 11, Part three on "Risk activities and conflicts of interest with respect to affiliated parties"), as subsequently amended and supplemented, article 88 of CRD IV (loans to members of the management body and their related parties), article 36 of Legislative Decree 201/2011, converted by Law no. 214/2011 (so-called prohibition of interlocking directorates), in addition to the provisions of BMPS' By-Laws on those matters (articles 15, 17, 19 and 25).

In this regulatory framework and in line with the principles defined in section 12 of the EBA guidelines on internal governance (EBA/GL/2021/05) and the EBA-ESMA guidelines on the assessment of the suitability of the members of the management body and staff that play key roles (EBA/GL/2021/06), the Bank's Board of Directors has over time approved specific internal directives and policies, including the Group Directive on personnel conflicts of interest, in order to evaluate, manage and mitigate or prevent actual or potential conflicts of interest between the interests of the Issuer and the private interests of staff (including members of the administrative, management and supervisory bodies).

The company legislation defines principles, responsibilities, procedures and decision-making and information skills, and safeguards for the related risks, in particular with regard to subjects close to the Bank's decision-making centres. The Issuer's website (www.gruppomps.it) makes available provisions and procedures which define the principles and responsibilities for the management of the prescriptive obligations regarding related parties and affiliated parties and obligations of bank representatives.

To the best of BMPS's knowledge and belief, as at the date this Base Prospectus there are no conflicts involving the members of its administrative, management and supervisory bodies between their obligations towards the Bank and their private interests and/or their obligations towards third parties, other than those occurring within the context of specific resolutions adopted by BMPS in accordance with the aforementioned legislation and BMPS' By-Laws.

To the best of BMPS' knowledge, the following has potential conflicts of interest:

- the Chairperson of the Board of Statutory Auditors, Enrico Ciai, for his position as independent director in Reactive S.r.l., which belongs to the Almaviva Group, a group that provides certain IT services to the Issuer.

For this position, the Board of Statutory Auditors has adopted governance safeguards in order to prevent any actual conflict of interest also in relation to the independence of judgment of the same figure.

For the sake of completeness, Board of Directors Member Stefano Di Stefano, who was appointed by the Shareholders' Meeting on 20 April 2023, holds the position of Director of Office IV of Directorate VII Enhancement of Public Assets at the MEF, which has been Issuer's controlling shareholder since August 2017.

Article 19 of BMPS' By-Laws, in addition to article 136 of the Italian Consolidated Banking Act, obliges the members of the Board of Directors to inform the Board of Directors and the Board of Statutory Auditors of any deal in which they are personally interested or which regards entities or companies of which they are directors, auditors or employees (unless in the case of Group companies) and to abstain from resolutions in which they have an interest in conflict, on their own behalf or on behalf of third parties. The

main transactions concluded with related parties are described in the 2023 Consolidated Financial Statements published and available on the Bank's website www.gruppomps.it

Main Shareholders as at the date of this Base Prospectus

According to the communications received by the Bank pursuant to applicable legislation, the entities that, as at 12 June 2024 directly and/or indirectly hold ordinary shares accounting for more than 3% of the voting rights in the Issuer's share capital and that do not fall under the cases of exemption provided for by Article 119-bis of the CONSOB Regulation no. 11971/1999, are as follows:

Shareholders	% share capital in voting rights on overall share capital
Italian Ministry of Economy and Finance (MEF)	26.732%
Norges Bank	3.153%

Updated information relating to public disclosure of major shareholdings of the Issuer pursuant to Article 120 of Legislative Decree No. 58 of 24 February 1998, as amended, are published on CONSOB's website www.consob.it in the relevant dedicated section.

REGULATORY ASPECTS

1. *Deferred tax assets*

Within the context of the legislative framework relating to DTAs, Law of 22 December 2011, no. 214 ("**Law 214/2011**") provided for the conversion into tax credits of DTAs referred to write-downs and credit losses, as well as those relating to the value of goodwill and other intangible assets (so-called DTAs eligible for conversion) in case the company records a loss for the period in its individual financial statement. The conversion into tax credit operates in regard to DTAs recorded in the financial statement in which the loss is recognised and for a fraction thereof equal to the ratio between the loss amount and the company's equity.

Law 214/2011 further provided for the conversion of DTAs also in the presence of a tax loss, on an individual basis; in such case, the conversion operates for the DTAs recognised in the financial statement versus the tax loss for the portion of the same loss generated by the deduction of the above illustrated negative income components (write-downs and credit losses, goodwill and other intangible assets).

In such legislative framework, accordingly, the recovery of DTAs eligible for conversion seems guaranteed for the Bank also in case the latter does not generate adequate future taxable income capable of ordinarily absorbing the deductions that correspond with the DTAs recorded. The tax regime introduced by Law 214/2011, as stated by the Bank of Italy/CONSOB/ISVAP (now IVASS) within the document "Accounting treatment of deferred taxes deriving from Law 214/2011" no. 5 of 15 May 2012, in granting "certainty" to the recovery of DTAs eligible for conversion, impacts in particular on the recoverability test laid down by the accounting standard IAS 12, basically makes it automatically satisfied. Even the regulatory legislation provides for a more favourable treatment for DTAs eligible for conversion compared to the other types of DTAs since the former, for the purpose of the capital adequacy requirements the Group shall comply with, do not constitute negative elements at equity level and are included among RWA with a 100 per cent. weighting.

In relation to DTAs eligible for conversion pursuant to Law 214/2011, article 11 of Law Decree No. 59/2016 subjected the possibility to continue to apply the above described regime in the matter of conversion into tax credits of advanced tax assets to the exercise of a specific irrevocable option and the payment of an annual fee ("**DTA fee**") to be paid with reference to each of the financial years starting from 2015 and subsequently, if annual requirements are met, until 2029. As clarified in the press release of the Council of Ministers on 29 April 2016, such provision were necessary to overcome the doubts raised by the European Commission on the existence of "State aid" components in the legislative framework relating to deferred tax assets then in force.

In more detail, the fee for a specific financial year is determined by applying the 1.5 per cent. rate to a "base" obtained by adding the difference between DTAs eligible for conversion that are recorded in the financial statement of such financial year and the corresponding DTAs recorded in the 2007 financial statement, the overall amount of conversions into tax credits operated until the relevant financial year, net of taxes, identified in the Decree, paid with respect to the specific tax periods established in the same Decree. Such fee is deductible for the purpose of income taxes.

The Bank exercised the aforementioned option by paying the fee, within the given deadline of 31 July 2016, for the amount of Euro 70.4 million, due by 2015. Further, article 26-*bis* of Decree 237 amended article 11 of Law Decree 59/2016, substantially moving the DTA fee's reference period from 2015-2029 to 2016-2030. Consequently, the fee already paid by 31 July 2016 in relation to 2015 is deemed deferred to 2016 and the amount remained unchanged; as a consequence of the exercise of the option, the Bank also proceeded with the payment of the fee due for 2017, 2018, 2019, 2020 and 2021 for the amount of Euro 346.5 million.

In relation to the expected evolution of the amount of DTAs eligible for conversion, please note that as a consequence of the rules introduced by Law Decree No. 83/2015 (converted by Law 6 August 2015 no. 132), such amount may no longer be increased in the future. Specifically, from 2016 the pre-

requirement for the recognition of DTAs from write-downs and credit losses ceased, with those negative income items becoming fully deductible.

In relation to DTAs relating to goodwill and other intangible assets, if recognised in the Financial Statement from 2015 onwards, they will no longer be eligible for conversion into tax credits due to the effect of aforementioned Law Decree 83/2015.

It should be noted that the Italian legislation provides for the EGS (economic growth support (*aiuto alla crescita economica)*) introduced by article 1 of the Law-Decree no. 201/2011. Such incentive provides, for companies that have increased their capital resources compared to the respective size as of 31 December 2010, with the right to operate downward to their taxable income by an amount equal to the notional return (1.3 per cent. from 2019) on the capital increase realised. This downward amendment is recognized for the financial year in which the capital increase took place, as well as for each of the subsequent years (until the rule is repealed) and, in case of insufficient taxable income of one of those, may be deducted from the following years' income. Such deduction, for entities that participate in the group taxation system (also known as tax consolidation (*consolidato fiscale*)), must be added to taxable income before the use of past tax losses. It follows that, with equal prospective income generating capacity, the presence of this incentive reduces, to an extent directly proportional to its amount, the possibility of recording DTAs relating to past tax losses. The incentive at stake, temporarily repealed by Law no. 145 of 30/12/2018 with effect from 2019, was then reinstated by Law no. 160 of 27/12/2019, rendering the previous repeal ineffective.

Although the carry-forward of tax losses and EGS surpluses is not subject to any time limit according to current tax regulation, the regulatory provision provide for a more penalizing treatment of the relevant DTAs than for other DTAs that may not be converted into tax credits pursuant to Law no. 214/2011, since they are deducted from assets according to phasing-in percentages without the benefit of the deductible mechanism. Moreover, it should be noted that according to Law Decree No. 83/2015, by recognising the immediate deductibility of writedowns and credit losses entailed for financial years subsequent to 2015, a relevant reduction of corporate income tax extends the time horizon for the absorption of tax losses and prior EGS surplus and, accordingly, for the DTAs associated with such losses and surpluses.

It should be noted that Article 44-bis of Law Decree 34/2019 (as amended by Law Decrees 18/2020 and 73/2021) introduced the possibility of conversion of DTAs related to tax losses and EGS surpluses into tax credits as well. The conversion is allowed in case of sale of NPLs carried out in 2020 and 2021 towards third parties not belonging to the Group. Tax losses or EGS surplus convertible are determined as 20% of the nominal value of NPLs sold (up to a limit of Euro 2 billion) and the tax credit amount corresponds to related DTAs (even if not booked in the balance sheet). An annual 1.5% fee is due on the DTAs converted amount, under the same conditions as that due for conversions made in accordance with Law 214/2011.

2. ***Regulations and Supervision of the ECB, Bank Of Italy, CONSOB and IVASS***

The Group is subject to complex regulations and, in particular, to the supervision of the Bank of Italy, CONSOB and, in relation to a number of aspects of the bancassurance business, the *Istituto per la Vigilanza sulle Assicurazioni* ("**IVASS**"). As from 4 November 2014, the Group is also subject to the supervision of the ECB, which is entrusted under the SSM (as defined below), *inter alia*, to ensure the homogeneous application of Eurozone legislative provisions.

In particular, the Group is subject to both a primary and secondary legislation framework applicable to companies with financial instruments listed on regulated markets. The legislation is applicable in regard to banking and financial services (governing, *inter alia*, sale and placement activities of financial instruments and the marketing thereof), as well as for the regulatory regime of countries, including those other than the Republic of Italy, in which the Group is active. The supervision activities carried out by the aforementioned authorities cover various business sectors and may concern, *inter alia*, liquidity, capital adequacy and financial leverage levels, the prevention and combating of money laundering,

privacy protection, transparency and fairness in the relations with clients, and reporting and recording obligations.

For the purpose of operating in accordance with such legislations, the Group put in place specific internal procedures and policies and has adopted, pursuant to Legislative Decree No. 231/2001, a complex and constantly monitored organisational model. Such procedures and policies mitigate the possibility of the Bank to incur any breach of the various applicable legislations, which may cause negative impacts on the business, reputation as well as on the capital, economic and/or financial condition of the Bank and/or of the Group.

In general, the international and national legislative structure to which the Group is subject has the main purpose of safeguarding the stability and soundness of the banking system, through the adoption of a very complex regime, aimed at containing risk factors. To achieve these goals, the regime provides for, *inter alia*:

(A) a minimum capital holding, adequate to deal with the company's size and the associated risks;

(B) quantitative and qualitative limits on the ability to develop certain financial aggregate data, depending on the risks associated therewith (e.g. credit, liquidity);

(C) strict rules on the structure of controls and a compliance system; and

(D) rules on corporate governance.

Basel III and the CRD IV Package

In the wake of the global financial crisis that began in 2008, the Basel Committee on banking supervision ("**BCBS**") approved, in the fourth quarter of 2010, revised global regulatory standards ("**Basel III**") on bank capital adequacy and liquidity, which impose requirements for, *inter alia*, higher and better-quality capital, better risk coverage, measures to promote the buildup of capital that can be drawn down in periods of stress and the introduction of a leverage ratio as a backstop to the risk-based requirement as well as two global liquidity standards.

In January 2013 the BCBS revised its original proposal in respect of the liquidity requirements in light of concerns raised by the banking industry, providing for a gradual phasing-in of the LCR with a full implementation in 2019 as well as expanding the definition of high quality liquid assets to include lower quality corporate securities, equities and residential mortgage backed securities. Regarding the other liquidity requirement, the net stable funding ratio, the BCBS published the final rules in October 2014 which were to be effective from 1 January 2018. A binding detailed net stable funding ratio was proposed as part of the Capital Requirements Directive reforms released in November 2016.

The Basel III framework has been implemented in the European Union ("**EU**") through new banking requirements: Directive 2013/36/EU (the "**CRD IV**") of the European Parliament and the European Council on 26 June 2013 which relates to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, and Regulation (EU) No 575/2013 (the "**CRR**" and together with the CRD IV, the "**CRD IV Package**") of the European Parliament and the European Council on 26 June 2013 which relates to prudential requirements for credit institution and investment firms, subsequently updated with the Directive (EU) 2019/878 (the "**CRD V**") and Regulation (EU) 2019/876 (the "**CRR II**" and, together with the CRD V, the "**EU Banking Reform Package**").

National options and discretions under the CRD IV Package that were previously only exercised by national competent authorities, will now be exercised by the Single Supervisory Mechanism ("**SSM**") (as defined below) in a largely harmonised manner throughout the European banking union. In this respect, on 14 March 2016, the ECB adopted Regulation (EU) No. 2016/445 on the exercise of options and discretions. Depending on the manner in which these options/discretions were exercised by the national competent authorities and on the manner in which the SSM will exercise them in the future, additional/lower capital requirements may result.

In the Republic of Italy, the Government approved Legislative Decree No. 72 on 12 May 2015 ("**Decree**

72/2015") implementing the CRD IV. Decree 72/2015 entered into force on 27 June 2015. The new regulation impacts, *inter alia*, on:

(A) proposed acquirers of holdings in credit institutions, requirements for shareholders and members of the management body (articles 22, 23 and 91 of the CRD IV);

(B) competent authorities' powers to intervene in cases of crisis management (articles 102 and 104 of the CRD IV);

(C) reporting of potential or actual breaches of national provisions (known as whistleblowing, article 71 of the CRD IV); and

(D) administrative penalties and measures (article 65 of the CRD IV).

Moreover, the Bank of Italy published new supervisory regulations on banks in Circular No. 285 on 17 December 2013 ("**Circular No. 285**") which came into force on 1 January 2014, implementing the CRD IV Package, and setting out additional local prudential rules. Circular No. 285 has been constantly updated after its first issue, the last updates being the 48th update published on 20 June 2024. The CRD IV Package has also been supplemented in the Republic of Italy by technical standards and guidelines finalized by the European supervisory authorities, mainly EBA and the European Securities and Markets Authority, and delegated regulations of the European Commission and guidelines of the EBA.

According to Article 92 of the CRR, institutions shall at all times satisfy the following own fund requirements: (i) a CET1 Capital ratio of 4.5 per cent. of the total risk exposure amount; (ii) a Tier 1 Capital ratio of 6 per cent. of the total risk exposure amount; and (iii) a Total Capital ratio of 8 per cent. of the total risk exposure amount. These minimum ratios are complemented by the following capital buffers to be met with CET1 Capital, reported below:

- *Capital conservation buffer*: set at 2.5 per cent. from 1 January 2019 (pursuant to article 129 of the CRD IV and Part I, Title II, Chapter I, Section II of Circular No. 285 as amended);
- *Counter-cyclical capital buffer*: calculated on a quarterly basis depending on the geographic distribution of the relevant credit exposures of the institution and on the decisions of each competent national authority setting the specific rates applicable in the home Member State, other Member States or third countries (pursuant to article 130 of the CRD IV and Part I, Title II, Chapter I, Section III of Circular No. 285). The Bank of Italy has set, and decided to maintain, the countercyclical capital buffer rate (relating to exposures towards Italian counterparties) at 0 per cent. for the third quarter of 2024;
- *Capital buffers for global systemically important banks* ("**G-SIBs**"): represents an additional loss absorbency buffer ranging from 1.0 per cent. to 3.5 per cent. determined according to specific indicators (e.g. size, interconnectedness, complexity); to be phased in from 1 January 2016 (pursuant to article 131 of the CRD IV and Part I, Title II, Chapter I, Section IV of Circular No. 285) becoming fully effective on 1 January 2019. Based on the most recently updated list of global systemically important institutions ("**G-SIIs**") published by the FSB (as defined below) on 27 November 2023 (to be updated annually), the Group is not a global systemically important bank ("**GSIB**") and does not need to comply with a G-SII capital buffer requirement; and
- *Capital buffers for other systemically important banks* ("**O-SIIs**"): up to 2.0 per cent. as set by the relevant competent authority (reviewed at least annually), to compensate for the higher risk that such banks represent to the domestic financial system (article 131 of the CRD IV and Part I, Title II, Chapter I, Section IV of Circular No. 285). On 25 November 2022 the Bank of Italy has identified the Group as an O-SII authorised to operate in Italy for 2023 and the Group had to maintain a capital buffer of 0.25 per cent. On 24 November 2023 the Bank of Italy has identified the new list of O-SIIs authorised to operate in Italy for 2024 and the Group has not been included in this new list.

In addition to the above listed capital buffers, under Article 133 of the CRD IV, each Member State may introduce a systemic risk buffer (SyRB) in order to prevent and mitigate long-term non-cyclical systemic or macro prudential risks not otherwise covered by the CRD IV Package, in the sense of a risk of disruption in the financial system with the potential of having serious negative consequences on the financial system and the real economy in a specific Member State. On 28 April 2021, the Bank of Italy published a consultation document on "*Riserve di capitale e strumenti macroprudenziali basati sulle caratteristiche dei clienti e dei finanziamenti*" which focused on the introduction of a SyRB, as amended by CRD V, for banks and banking groups authorised in Italy, and of *borrower-based* measures for new loans (not regulated by European regulation), tailored to the conditions of specific clients, industries or regions.

On 22 February 2022 Bank of Italy issued the 38th amendment to Circular No. 285 introducing the possibility for the Bank of Italy to impose a systematic risk buffer (SyRB), pursuant to Article 133 of the CRD V, consisting of CET1, with the aim of preventing and mitigating macro-prudential or systemic risks not otherwise covered by the macro-prudential tools provided by the CRR, the countercyclical capital buffer and the capital buffers for G-SIIs or O-SIIs.

The amendment adapts the rules concerning capital buffers and capital conservation measures with CRD V and implement the EBA's guidance on the appropriate subsets of sectoral exposures for the application of the SyRB in accordance with Article 133(5)(f) of CRD V.

In addition to the above, the 38th amendment also granted the power to the Bank of Italy of adopting one or more prudential measures based on customer and loan characteristics (so-called borrower-based measures), requiring banks to apply them when granting new financing in any form.

On 26 April 2024, the Bank of Italy decided to apply a SyRB of 1.0 per cent of exposures towards Italian residents weighted for credit and counterparty credit risk. The SyRB applies to all banks authorised in Italy. The buffer rate target would be reached gradually: 0.5 per cent would need to be set aside by 31 December 2024 and the remaining 0.5 per cent by 30 June 2025. The SyRB is to be applied at the individual and consolidated level.

Failure by an institution to comply with the buffer requirements described above may trigger restrictions on distributions and the need for the bank to adopt a capital conservation plan and/or take remedial actions (articles 141 and 142 of the CRD IV).

In addition, the Bank is subject to the Pillar II requirements for banks imposed under the CRD IV Package, which are potentially impacted, on an on-going basis, by further requirements provided by the supervisory authorities under the SREP. In particular, the SREP process is aimed at ensuring that institutions have in place adequate arrangements, strategies, processes and mechanisms to maintain the amounts, types and distribution of internal capital commensurate to their risk profile, as well as robust governance and internal control arrangements. The key purpose of the SREP process is to ensure that institutions have adequate arrangements as well as capital and liquidity to ensure sound management and coverage of the risks to which they are or might be exposed, including those revealed by stress testing, as well as risks the institution may pose to the financial system. For more information in this respect reference is made to paragraph "*The Single Supervisory Mechanism*" below.

The quantum of any Pillar II requirement imposed on a bank and the type of capital which a bank is required to apply in order to meet such capital requirements may all impact a bank's ability to comply with the combined buffer requirement.

With reference to the "stacking order" of own funds requirements, as clarified in the "Opinion of the European Banking Authority on the interaction of Pillar I, Pillar II and combined buffer requirements and restrictions on distributions" published on 16 December 2015, competent authorities should ensure that the Common Equity Tier 1 Capital to be taken into account in determining the Common Equity Tier 1 Capital available to meet the combined buffer requirement is limited to the amount not used to meet

the Pillar I and Pillar II own funds requirements of the institution. In effect, this would mean that Pillar II capital requirements would be "stacked" below the capital buffers, and thus a firm's CET1 resources would only be applied to meet capital buffer requirements after Pillar I and Pillar II capital requirements have been met in full.

Furthermore, in its publication of the 2016 EU-wide stress test results on 29 July 2016, the EBA has recognised a distinction between "Pillar II requirements" (stacked below the capital buffers) and "Pillar II capital guidance" (stacked above the capital buffers). With regard to Pillar II capital guidance, the publication stated that, in response to the stress test results, competent authorities may (among other things) consider "setting capital guidance, above the combined buffer requirement". Competent authorities have remedial tools if an institution refuses to follow such guidance. The ECB published a set of "Frequently asked questions on the 2016 EU-wide stress test", confirming this distinction between Pillar II requirements and Pillar II capital guidance and noting that "Under the stacking order, banks facing losses will first fail to fulfil their Pillar II capital guidance. In case of further losses, they would next breach the combined buffers, then Pillar II requirements, and finally Pillar I requirements".

This distinction between "Pillar II requirements" and "Pillar II capital guidance" has been introduced in the EU by the CRD V. Whereas the former are mandatory requirements imposed by supervisors to address risks not covered or not sufficiently covered by Pillar I and buffer capital requirements, the latter refers to the possibility for competent authorities to communicate to an institution their expectations for such institution to hold capital in excess of its capital requirements (Pillar I and Pillar II) and combined buffer requirements in order to cope with forward-looking and remote situations. Under the EU Banking Reform Package, and as described above, only Pillar II requirements, and not Pillar II capital guidance, will be relevant in determining whether an institution is meeting its combined buffer requirement.

Non-compliance with Pillar II capital guidance does not amount to failure to comply with capital requirements, but should be considered as a "pre-alarm warning" to be used in a bank's risk management process. If capital levels go below Pillar II capital guidance, the relevant supervisory authorities, which should be promptly informed in detail by the bank of the reasons of the failure to comply with the Pillar II capital guidance, will take into consideration appropriate and proportional measures on a case by case basis (including, by way of example, the possibility of implementing a plan aimed at restoring compliance with the capital requirements - including capital strengthening requirements).

The CRD IV Package also introduced a LCR. This is a stress liquidity measure based on modelled 30-day outflows. The LCR was implemented in 1 October 2015, although it was phased-in and became fully applicable from 1 January 2018 and set at 100 per cent.. The Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 supplementing the CRR in regard to the liquidity coverage requirement for credit institutions (the "**LCR Delegated Act**") was adopted in October 2014 and published in the Official Journal of the European Union in January 2015. On 10 October 2018, amendments to the LCR Delegated Act were published in the Official Journal (Commission Delegated Regulation (EU) 2018/1620 of 13 July 2018) and has applied as of April 2020. Most of these amendments are related to the entry into force of the new securitisation framework on 1 January 2019. The Net Stable Funding Ratio ("**NSFR**") is part of the Basel III framework and aims to promote resilience over a longer time horizon (1 year) by creating incentives for banks to fund their activities with more stable sources of funding on an on-going basis. The NSFR has been introduced as a requirement in the CRR II published in June 2019 and applies from June 2021.

Furthermore, the Bank is bound to comply with the general limit on the investment in equity interests and real estate properties, to be contained within the amount of own funds at consolidated level, and the regulatory limits in the matter of holding of qualifying equity interests in non-financial enterprises and large exposures. The Bank is also subject to the regulatory limits provided for by the national legislation in the matter of transactions with related parties as per the "New Prudential Supervision Provisions" for banks as well as the specific obligations set forth by the regulation issued by CONSOB.

With regard to the calculation modalities of regulatory requirements, in order to determine weightings

in the context of the credit risk standardised approach, the first pillar prudential regime allows for the possibility to use the creditworthiness assessments issued by external credit assessment institutions ("**ECAI**"). BMPS uses the assessments provided by certain ECAIs and, in particular, those issued by Standard & Poor's, Moody's and Fitch. In addition, in relation to credit risk, the prudential regime further allows for the possibility to use internal rating-based assessments for the determination of weightings on exposures falling within the validated perimeters.

The EU Banking Reform Package

The EU Banking Reform Package amends many existing provisions set out in the CRD IV Package, the Directive 2014/59/EU of the European Parliament and the Council establishing a framework for the recovery and resolution of credit institutions and investment firms (Bank Recovery and Resolution Directive, "**BRRD**", as amended by Directive 879/2019/EU, "**BRRD II**") and the SRM Regulation (as defined below).

These proposals were agreed by the European Parliament, the European Council and the European Commission and were published in the Official Journal of the European Union on 7 June 2019 entering into force 20 days after, even though most of the provisions apply as of 28 June 2021, allowing for smooth implementation of the new provisions during these last two years.

Specifically, the new EU regulatory framework introduced by the CRR II includes:

- revisions to the standardised approach for counterparty credit risk;
- revisions to the prudential treatment of exposures in the form of units or shares in collective investment undertakings, envisaging the application of a risk weight of 1250% (fall-back approach) in the event that the bank is unable to apply the lookthrough approach or the mandate-based approach;
- introduction from September 2021 of a new reporting requirement on market risk according to Alternative Standardised Approach pending implementation in the EU of the latest changes to the Fundamental Review of the Trading Book ("FRTB") published in January 2019 by the BCBS and then the application of own funds requirements;
- a binding leverage ratio (and related improved disclosure requirements) introduced as a backstop to risk-weighted capital requirements and set at 3 per cent. of an institution's Tier 1 capital;
- a binding NSFR which requires credit institutions and systematic investment firms to finance their long-term activities (asset and off-balance sheet items) with stable sources of funding (liabilities) in order to increase banks resilience to funding constraints. This means that the amount of available stable funding will be calculated by multiplying an institution's liabilities and regulatory capital by appropriate factors that reflect their degree of reliability over a year. The NSFR will be expressed as a percentage and set at a minimum level of 100 per cent., indicating that an institution holds sufficient stable funding to meet its funding needs during a one-year period under both normal and stressed conditions. The NSFR applies at a level of 100 per cent. at individual and a consolidated level starting from 28 June 2021, unless competent authorities waive the application of the NSFR on an individual basis;
- changes to the large exposure limits;
- the exemption from deductions of prudently valued software assets from CET 1;
- improvement own funds calculation adjustments for exposures to SME and infrastructure projects;
- the CRD V reviews, among other things, the Pillar 2 regulatory framework for capital buffers, which officially introduces the distinction between Pillar 2 requirements and Pillar 2 capital

guidance, also specifying the nature the equity instruments with which banks must satisfy the Pillar 2 requirement.

Most of the provisions of the CRR II apply from 28 June 2021, although certain provisions, such as those relating to definition or own funds, were implemented from 27 June 2019. The elements of the package introduced by the CRD V are subject to transposition into national law.

On 29 November 2021, the Legislative Decree No. 182, of 8 November 2021, implementing CRD V and CRR II was published in the Official Gazette. It delegates the Bank of Italy to adopt the secondary implementing provisions within 180 days of its entry into force. On 22 February 2022 Bank of Italy issued the 38th amendment to Circular No. 285 introducing the possibility for the Bank of Italy to impose a systematic risk buffer (SyRB), pursuant to Article 133 of the CRD V, consisting of CET1, with the aim of preventing and mitigating macro-prudential or systemic risks not otherwise covered by the macro-prudential tools provided by the CRR, the countercyclical capital buffer and the capital buffers for G-SIIs or O-SIIs.

The amendment adapts the rules concerning capital buffers and capital conservation measures with CRD V and implement the EBA's guidance on the appropriate subsets of sectoral exposures for the application of the SyRB in accordance with Article 133(5)(f) of CRD V.

On 26 April 2024, the Bank of Italy decided to apply a SyRB of 1.0 per cent of exposures towards Italian residents weighted for credit and counterparty credit risk. The SyRB applies to all banks authorised in Italy. The buffer rate target would be reached gradually: 0.5 per cent would need to be set aside by 31 December 2024 and the remaining 0.5 per cent by 30 June 2025. The SyRB is to be applied at the individual and consolidated level.

In addition to the above, the 38th amendment also granted the power to the Bank of Italy of adopting one or more prudential measures based on customer and loan characteristics (so-called borrower-based measures), requiring banks to apply them when granting new financing in any form.

Those measures can be applied to all loans or differentiated on the basis of the characteristics of customers and loans. More specifically, in the presence of high vulnerabilities of the financial system, which may give rise to systemic risks, the Bank of Italy may adopt one or more borrower-based measures that are – in line with the ESRB guidelines – appropriate and sufficient to prevent or mitigate the identified risks, considering, if possible, also any cross-border effect arising from their application and paying due attention to the principle of proportionality.

The amendments seek to implement some of the remaining aspects of Basel III and reforms which reflect EC findings on the impact of CRD IV on bank financing of the EU economy. Certain of the changes such as new market risk rules, standardized approach to counterparty risk, details on the leverage ratio and net stable funding requirements and the tightening of the large exposures limit will particularly impact capital requirements. The amendments also seek to require financial holding companies in the European Union to become authorized and subject to direct supervision under CRD IV. This will place formal direct responsibility on holding companies for compliance with consolidated prudential requirements for financial groups. The amendments also require third-country groups above a certain threshold with two or more credit institutions or investment firms in the European Union to establish an intermediate EU holding company. The minimum requirement for own funds and eligible liabilities provisions in the CRR are also amended to bring the requirement in line with the Financial Stability Board's final total loss absorbing capacity term sheet standards for globally significant institutions.

The final capital framework to be established in the European Union under CRD V / CRR II differs from Basel III in certain areas. In December 2017, the Basel Committee finalized further changes to the Basel III framework which include amendments to the standardized approaches to credit risk and operational risk and the introduction of a capital floor. In January 2019, the Basel Committee published revised final standards on minimum capital requirements for market risk. These proposals will need to be transposed

into EU law before coming into force. The Basel Committee has recommended implementation commencing in 2022, however timing of implementation in the European Union is uncertain.

Amongst other measures taken by prudential regulators in response to the COVID-19 pandemic, the Group of Central Bank Governors and Heads of Supervision (GHOS) decided on 2 April 2020 to delay the implementation of these final Basel III standards by one year to 1 January 2023.

In particular, it should be noted that during 2020 the ECB granted a number of supervisory measures that included a greater flexibility in supervisory burdens in order to mitigate the impact of COVID19 on the European banking system. In particular, the ECB allowed banks the possibility of temporarily operating below the capital level defined by the Pillar 2 capital guidance, the capital conservation buffer and the LCR, and the possibility of partially using Additional Tier 1 Capital or Tier 2 Capital to meet the Pillar 2 requirement (P2R), bringing forward the measure contained in the CRD V. Moreover, Regulation (EU) 2020/873 of the European Parliament and of the Council (the "**CRR Quick-fix**"), brought forward the application date of certain CRR II measures to 27 June 2020, including the SME supporting factor, the infrastructure supporting factor and the more favourable treatment of certain loans granted by credit institutions to pensioners or employees, and the application date of the new prudential treatment of software assets to the date on which the EBA's regulatory technical standards enter into force (Delegated Regulation (EU) 2020/2176 was published on 22 December 2020 and became effective from 23 December 2020). The CRR Quick-fix also amended the IFRS 9 transitional arrangements to mitigate the impact on regulatory capital and on banks' lending capacity of the likely increases in expected credit loss provisioning under IFRS 9 due to the economic consequences of the COVID-19 crisis, and introduced several temporary measures, such as the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income for exposures to central governments, the temporary treatment of public debt issued in the currency of another Member State and the temporary measures relating to the calculation of the leverage ratio (the exclusion, subject to the discretion of the competent authority, of certain exposures to central banks from the total exposure measure and the revised calculation of the exposure value of regular-way purchases and sales awaiting settlement). With regard to exclusion of certain exposures to central banks from total exposure measure, on 18 June 2021 the ECB announced their temporary exclusion in view of the COVID-19 pandemic, for a period starting on 28 June 2021 and ending on 31 March 2022 (Decision ECB 2021/2176).

Furthermore, in July 2020, the European Commission adopted a legislative package on capital markets recovery (the "**Capital Markets Recovery Package**") as part of its overall strategy to tackle the economic impacts of the COVID-19 pandemic. Under the Capital Markets Recovery Package targeted amendments to (i) the Prospectus Regulation and Directive 2004/109/EC (such amendments having been introduced by Regulation (EU) 2021/337), (ii) the MiFID II (such amendments having been introduced by Directive (EU) 2021/338) and (iii) the Securitisation Regulation (such amendments having been introduced by Regulation (EU) 2021/557), have been introduced in the EU legislative framework.

For more details on the amendments to the Securitisation Regulation, please see paragraph "*The Securitation Framework*" below.

The Single Supervisory Mechanism

In October 2013, the Council of the European Union adopted regulations establishing the SSM for all banks in the Eurozone, which have, beginning in November 2014, given the ECB, in conjunction with the national competent authorities of the Eurozone states, direct supervisory responsibility over "banks of systemic importance" in the European banking union as well as their subsidiaries in a participating non-Eurozone Member State. The SSM Regulation that sets out the practical arrangements for the SSM was published in April 2014 and entered into force in May 2014. Banks directly supervised by the ECB include, *inter alia*, any Eurozone bank that has: (i) assets greater than Euro 30 billion; (ii) assets constituting at least 20 per cent. of its home country's gross domestic product; or (iii) requested or received direct public financial assistance from the European Financial Stability Facility or the European Stability Mechanism.

The ECB is also exclusively responsible for key tasks concerning the prudential supervision of credit institutions, which include, *inter alia*, the power to: (i) authorise and withdraw the authorisation of all credit institutions in the Eurozone; (ii) assess acquisition and disposal of holdings in other banks; (iii) ensure compliance with all prudential requirements laid down in general EU banking rules; (iv) set, where necessary, higher prudential requirements for certain banks to protect financial stability under the conditions provided by EU law; (v) ensure compliance with robust corporate governance practices and internal capital adequacy assessment controls; and (vi) intervene at the early stages when risks to the viability of a bank exist, in coordination with the relevant resolution authorities. The ECB also has the right to impose pecuniary sanctions.

National competent authorities will continue to be responsible for carrying out supervisory tasks not conferred on the ECB, such as consumer protection, money laundering, payment services, and branches of third country banks, besides supporting the ECB in day-to-day supervision. In order to foster consistency and efficiency of supervisory practices across the EU, the EBA is developing a single rule book. The single rule book aims at providing a single set of harmonised prudential rules in which institutions throughout the EU must respect.

The Bank and the Group have been classified as a significant supervised entity and a significant supervised group, respectively, pursuant to the SSM Regulation and Regulation (EU) No. 468/2014 of the European Central Bank of 16 April 2014 and, as such, are subject to direct prudential supervision by the ECB.

The ECB is required under the SSM Regulation to carry out a SREP process at least on an annual basis. In addition to the above, the EBA published on 19 December 2014 its final guidelines for common procedures and methodologies in respect of the SREP. Included in these guidelines were the EBA's proposed guidelines for a common approach to determining the amount and composition of additional Pillar II own funds requirements to be implemented from 1 January 2016. Under these guidelines, national supervisors should set a composition requirement for the Pillar II requirements to cover certain specified risks of at least 56 per cent. of CET1 Capital and at least 75 per cent. Tier 1 capital. The guidelines also contemplate that national supervisors should not set additional own fund requirements in respect of risks which are already covered by the combined buffer requirements (as described above) and/or additional macro-prudential requirements.

On 28 June 2021 EBA launched a public consultation on common procedures and methodologies for the supervisory review and evaluation process (SREP) and supervisory stress testing. The comprehensive revisions aim at implementing the recent amendments to the Capital Requirements Directive (CRD V) and Capital Requirements Regulation (CRR II). The guidelines aim at achieving convergence of practices followed by competent authorities in supervisory stress testing across the EU. It affects all main SREP elements, including (i) business model analysis, (ii) assessment of internal governance and institution-wide control arrangements, (iii) assessment of risks to capital and adequacy of capital to cover these risks, and (iv) assessment of risks to liquidity and funding and adequacy of liquidity resources to cover these risks. On 18 March 2022, the EBA published revised "Guidelines for Common Procedures and Methodologies for the Supervisory Review and Evaluation Process (SREP) and Prudential Stress Tests", which provide a common framework for supervision in assessing risks to banks' business models, solvency and liquidity, as well as for conducting prudential stress tests. The guidelines apply as of 1 January 2023.

According to the SSM Regulation, the national supervisory authorities remain in charge of carrying out those supervisory tasks which are not given to the ECB (such as, among the others, conducting the function of competent authorities over credit institutions in relation to markets in financial instruments). Therefore, the Bank is also subject to, *inter alia*, CONSOB supervision, given its activities carried out in relation to the sale, placement and marketing of financial instruments.

Single Resolution Mechanism

In August 2014, Regulation (EU) 806/2014 (the "**SRM Regulation**") establishing the single resolution

mechanism (the "**SRM**") entered into force. Certain provisions, including those concerning the preparation of resolution plans and provisions relating to the cooperation of the Single Resolution Board ("**SRB**") with national resolution authorities, entered into force on 1 January 2015.

The SRM, which complements the SSM, applies to all banks supervised by the SSM. It mainly consists of the SRB and a Securitisation Regulation Framework ("**SRF**").

Decision-making is centralised with the SRB, and involves the European Commission and the European Council (which will have the possibility to object to the SRB's decisions) as well as the ECB and national resolution authorities.

The establishment of the SRM is designed to ensure that supervision and resolution is exercised at the same level for countries that share the supervision of banks within the ECB Single Supervisory Mechanism.

The SRM Regulation was subsequently updated by Regulation (EU) 2019/877 ("**SRM II Regulation**"), as part of the EU Banking Reform Package, published on 7 June 2019 and entered into force on 27 June 2019. In line with the changes to BRRD II (as defined below), the SRM II Regulation which applies from 28 December 2020 introduced several amendments such as changing the MREL for banks and G-SIBs, in order to measure it as a percentage of the total risk-exposure amount and of the leverage ratio exposure measure of the relevant institution. BRRD and SRM Regulation require institutions to meet MREL at all times, which has to be determined by the resolution authority in order to ensure the effectiveness of the bailin tool and other resolution tools.

The BRRD and the revision of the BRRD framework

The BRRD completes the legislative framework applicable to banks, identifying the powers and tools which national authorities in charge of resolving banking crisis may adopt for the resolution of a bank's crisis or a collapse situation. This was for the purpose of guaranteeing continuity of the essential functions of the institution, reducing to a minimum the collapse impact on the economy and the financial system as well as on costs for taxpayers. On 9 July 2015, the enabling act for the implementation of the BRRD was approved, identifying, *inter alia*, the Bank of Italy, as national resolution authority pursuant to article 3 of the BRRD. On 16 November 2015, contemporaneously with the publication in the Official Journal, Legislative Decrees no. 180 and 181 of 16 November entered into force and respectively implemented the BRRD and adapted the provisions of the Italian Consolidated Banking Act to the changed legislative framework.

With specific reference to the bail-in instrument, the BRRD has provided a minimum requirement for own funds and eligible liabilities ("**MREL**") in order to ensure that a bank, in case of an application of the bail-in tool, has sufficient liabilities to absorb losses and to assure compliance with the Common Equity Tier 1 requirement provided for the authorisation to exercise the banking business, as well as to generate confidence in the market. Regulatory technical standards specifying the criteria to determine the MREL requirements are set out in Delegated Regulation EU 2015/1450 which was published in the Official Journal of the European Union on 3 September 2016.

In April 2021, Implementing Regulation (EU) 2021/763 on disclosure reporting on MREL and TLAC has been published, providing for: (i) draft uniform disclosure formats for MREL and TLAC disclosure according – respectively – to Articles 45i(6) of the BRRD and 434a of the CRR; and (ii) draft uniform reporting templates, instructions and methodology for MREL and TLAC reporting according – respectively – to Articles 45i(5) of the BRRD and 430(7) of the CRR. Title I of Implementing Regulation (EU) 2021/763 shall apply from 28 June 2021, while Title II shall apply as of 1 June 2021 as regards the disclosures in accordance with Article 437a and point (h) of Article 447 of CRR, and as of the date of application of the disclosure requirements in accordance with the third subparagraph of Article 3(1) of Directive (EU) 2019/879, as regards the disclosures in accordance with Article 45i(3) of BRRD.

The BRRD II has been transposed in Italy by means of the European Delegation Law (Law No. 53/2021) of 22 April 2021, which has delegated the Italian government to adopt the implementing legislative decree. In this respect, on 30 November 2021, the Legislative Decree No. 193, of 8 November 2021, has

been published in the Official Gazette of the Republic of Italy.

The BRRD also requires Member States to ensure that national insolvency laws contain a prescribed creditor hierarchy. The insolvency hierarchy directive (Directive (EU) 2017/2399), due to be transposed in Member States by 29 December 2018, amends this hierarchy by introducing a new asset class of non-preferred senior debt that can only be bailed-in in resolution after capital instruments but before senior liabilities. In the Republic of Italy, such directive has been implemented by the Italian Law No. 205/2017 which introduced article 12 *bis* into the Italian Consolidated Banking Act.

The Issuer as a bank - is subject to the BRRD, as implemented in the Italian legal framework.

In particular, the BRRD has been implemented in Italy through the adoption of two Legislative Decrees by the Italian Government, namely, Legislative Decrees No. 180/2015 and 181/2015 (together, the "**BRRD Decrees**"), both of which were published in the Italian Official Gazette on 16 November 2015.

According to these provisions of law and in summary, in the event that the following conditions are met, the relevant bank shall be put under resolution: (i) the resolution Authority (in Italy, the Bank of Italy, acting in accordance with decisions taken by the EU resolution authority, the Single Resolution Board) has determined, after consultation with the competent authority and *vice versa*, as applicable, that the bank is failing or is likely to fail; (ii) there is no reasonable prospect that any alternative private sector measures would prevent the failure of the institution within a reasonable timeframe; and (iii) a resolution action is necessary in the public interest (that is, it is necessary for the achievement of and is proportionate to one or more of the resolution objectives referred to in Article 31 of the BRRD and winding up of the bank under normal insolvency proceedings would not meet those resolution objectives to the same extent). In this context, an institution is considered as failing or likely to fail, alternatively, when: (a) it is, or is likely in the near future to be, in breach of requirements necessary to maintain its authorization to carry out banking activities, including but not limited to because the institution has incurred or is likely to incur losses that will deplete all or a significant amount of its own funds; (b) its assets are, or are likely in the near future to be, less than its liabilities; (c) it is, or is likely in the near future to be, unable to pay its debts or other liabilities as they fall due; or (d) it requires extraordinary public financial support in order to recover (except in limited circumstances).

Upon the opening of a resolution procedure, the resolution authorities are entrusted with the power to apply, on a stand-alone basis or in combination, the following tools:

- the sale of business, through which the resolution authority may transfer to a purchaser, on commercial terms (except for the case in which the application of commercial terms may affect the effectiveness of the sale or other instruments of ownership issued by the business tool or impose a material threat to financial stability): (a) the shares of the bank under resolution; and (b) all or any assets, rights and liabilities of the latter;
- incorporation of a so-called "bridge institution", through which the resolution authority may transfer to the bridge institution (an entity created for this purpose that is wholly owned by one or more public authorities and is controlled by the resolution authority): (a) the shares or other instruments of ownership issued by the bank under resolution and (b) all or any assets, rights and liabilities of the latter;
- the asset separation, through which the resolution authority may transfer assets, rights or liabilities of a bank or of a bridge institution (e.g., impaired assets, such as non-performing exposures) to one or more asset management vehicles (an entity created for this purpose that is wholly or partially owned by one or more public authorities and is controlled by the resolution authority) with a view to maximizing their value through the sale or orderly winding down; and
- bail-in, through which the resolution Authority may, jointly or severally, (a) write-down the bank's Common Equity Tier 1 ("**CET1**"), Additional Tier 1 ("**AT1**") and Tier 2 ("**T2**") instruments; (b) write-down the eligible liabilities, including bonds (with certain exceptions); (c) convert eligible liabilities into equity (shares or other instrument of ownership).

As to the application of bail-in, the resolution Authority must take into account the ranking of the bank's

creditors according to the ordinary insolvency procedures, as the BRRD (and the corresponding Italian implementing rules) stipulates that, under resolution, no creditor may incur losses greater than they would have incurred under normal insolvency proceedings (the so called "no creditor worse off" principle).

Thus, in general terms, the ranking of the persons which may be subject to bail-in – from the lowest to the highest – is the following:

- holders of Common Equity Tier 1 instruments;
- holders of Additional Tier 1 instruments;
- holders of Tier 2 instruments, including subordinated notes;
- holders of senior non-preferred notes;
- holders of senior notes;
- depositors qualifying as large firms; and
- depositors qualifying as natural persons or SMEs.

The deposits within 100,000 Euros are protected by the Italian Deposit Guarantee Schemes.

The non-preferred senior notes (notes intending to qualify as *strumenti di debito chirografario di secondo livello* of the Issuer, as defined under Article 12-bis of the Italian Consolidated Banking Act) are a new category of instrument introduced in Italy by the Italian Law No. 205/2017, implementing Directive (EU) 2017/2399. They constitute direct, unconditional, unsecured and non-preferred obligations, ranking junior to senior notes (or equivalent instruments), *pari passu* without any preferences among themselves, and in priority to any subordinated instruments and to the claims of shareholders of the Issuer, pursuant to Article 91, section 1-bis, letter c-bis of the Italian Consolidated Banking Act.

Without prejudice to the above, the resolution authority may, in specified exceptional circumstances, partially or fully exclude certain further liabilities from the application of the bail-in tool (the "**General Bail-In Tool**").

Article 44, paragraph 2 of the BRRD excludes secured liabilities (including covered bonds and liabilities in the form of financial instruments used for hedging purposes which form an integral part of the cover pool and which, according to national law, are secured in a way similar to covered bonds) from the application of the General Bail-In Tool.

The BRRD also provides for a Member State as a last resort, after having assessed and applied the above resolution tools (including the General Bail-In Tool) to the maximum extent practicable whilst maintaining financial stability and subject to certain other conditions, to be able to provide extraordinary public financial support through additional financial stabilization tools. These consist of the public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the burden sharing requirements of the EU state aid framework and the BRRD.

As an exemption from these principles, the BRRD allows for three kinds of extraordinary public support to be provided to a solvent institution without triggering resolution: 1) a State guarantee to back liquidity facilities provided by central banks according to the central banks' conditions; 2) a State guarantee of newly issued liabilities; or 3) an injection of own funds in the form of precautionary recapitalisation. In the case of precautionary recapitalisation EU state aid rules require that shareholders and junior bond holders contribute to the costs of restructuring.

In addition to the General Bail-In Tool and other resolution tools, the BRRD provides for resolution authorities to have the further power to permanently write-down or convert into equity capital instruments at the point of non-viability and before any other resolution action is taken with losses taken in accordance with the priority of claims under normal insolvency proceedings ("**BRRD Non-Viability Loss Absorption**").

For the purposes of the application of any BRRD Non-Viability Loss Absorption measure, the point of non-viability under the BRRD is the point at which (i) the relevant authority determines that the relevant entity meets the conditions for resolution (but no resolution action has yet been taken) or (ii) the relevant authority or authorities, as the case may be, determine(s) that the a relevant entity or, in certain

circumstances, its group will no longer be viable unless the relevant capital instruments are written-down or converted or (iii) extraordinary public financial support is required by the relevant entity other than, where the entity is an institution, for the purposes of remedying a serious disturbance in the economy of an EEA member state and to preserve financial stability.

Revisions to the BRRD framework

The BRRD II published in the Official Journal of the European Union on 7 June 2019 and entered into force on 27 June 2019. With regard to the date of application, Member States were required to ensure implementation into local law by 28 December 2020 with certain requirements relating to the implementation of the total loss absorbency capacity standard ("**TLAC**") applying from January 2022 while the transitional period for full compliance with MREL requirements is foreseen until 1 January 2024, with interim targets for a linear build-up of MREL set at 1 January 2022. The BRRD II has been transposed under Italian law, in accordance with the European Delegation Law (Law No. 53/2021) of 22 April 2021, by Legislative Decree no. 193 of 8 November 2021, which has mainly amended the provisions set out under Legislative Decree No. 180 of 16 November 2015, the Italian Consolidated Banking Act and the Consolidated Finance Act to take into account the provisions of the BRRD II.

The EU Banking Reform Package includes, amongst other things:

- full implementation of the Financial Stability Board's TLAC standard ("FSB") in the EU and revisions to the existing MREL regime. Additional changes to the MREL framework that include changes to the calculation methodology for MREL, criteria for the eligible liabilities which can be considered as MREL, the introduction of internal MREL and additional reporting and disclosure requirements on institutions;
- the introduction of a new category of "top-tier" banks, being banks which are resolution entities that are not G-SIIs but are part of a resolution group whose total assets exceed Euro 100 billion;
- the introduction of a new moratorium power for resolution authorities and requirements on the contractual stays in resolution; and
- amendments to the article 55 regime in respect of the contractual recognition of bail-in.

In particular, with a view to ensuring full implementation of the TLAC standard in the EU, the EU Banking Reform Package and the BRRD II introduce MREL applicable to G-SIIs with the TLAC standard and to allow resolution authorities, on the basis of bank-specific assessments, to require that G-SIIs comply with a supplementary MREL requirement strictly linked to the resolvability analysis of a given G-SII. Neither the Bank nor any member of BMPS has been identified as a G-SIB in the 2020 list of global systemically important banks published by the FSB on 11 November 2020.

BRRD II introduces a minimum harmonised MREL requirement (also referred to as a Pillar 1 MREL requirement) applicable to G-SIIs only. The BRRD II includes important changes as it introduces a new category of banks, so-called top-tier banks, being banks which are resolution entities that are not G-SIIs but are part of a resolution group whose total assets exceed Euro 100 billion. At the same time, the BRRD II introduces a minimum harmonised MREL requirement (also referred to as a "**Pillar 1 MREL requirement**") which applies to G-SIIs and also top-tier banks. In addition, resolution authorities will be able, on the basis of bank-specific assessments, to require that G-SIIs and top tier banks comply with a supplementary MREL requirement (a "**Pillar 2 MREL requirement**"). A subordination requirement is also generally required for MREL eligible liabilities under BRRD II, but exceptions apply.

In order to ensure compliance with MREL requirements, and in line with the FSB standard on TLAC, the BRRD II provides that in case a bank does not have sufficient eligible liabilities to comply with its MREL requirements, the resultant shortfall is automatically filled up with CET1 Capital that would otherwise be counted towards meeting the combined capital buffer requirement. However, under certain circumstances, BRRD II envisages a nine-month grace period before restrictions to discretionary payments to the holders of regulatory capital instruments senior management of the bank and employees take effect due to a breach of the combined capital buffer requirement.

On 20 May 2020, the SRB published a non-binding policy named "Minimum Requirements for Own Funds and Eligible Liabilities (**MREL**) Policy under the Banking Package", aiming at helping to ensure that MREL is set in the context of fully feasible and credible resolution plans for all types of banks, as well as promoting a level playing field across banks including subsidiaries of non-banking Union (EU) banks. The policy, whose last update has been issued on 15th May 2024, addresses the following topics:

(a) calibration: the policy provides for modifications and extensions of the SRB's approach to MREL calibration in accordance with the framework set out by the EU Banking Reform Package;

(b) subordination for resolution entities: the policy sets the following subordination requirements: (i) Pillar 1 Banks are subject to subordination requirements composed of a non-adjustable Pillar 1 MREL requirement that must be met with own funds instruments and eligible liabilities that are subordinated to all claims arising from excluded liabilities; (ii) Pillar 1 Banks' resolution authorities shall ensure that the subordinated MREL resources of Pillar 1 Banks are equal to at least 8% of total liabilities and own funds (TLOF); and (iii) non Pillar 1 Banks will be subject to a subordination requirement only upon the decision of the resolution authority to avoid a breach of the No Creditor Worse Off principle, following a bank-specific assessment carried out as part of resolution planning;

(c) internal MREL for non-resolution entities: the policy states that the SRB will progressively expand the scope of non-resolution entities for which it will adopt internal MREL decisions, and it may waive subsidiary institutions qualifying as non-resolution entities from internal MREL at certain conditions. In addition, the policy defines criteria for the SRB's possibility permitting the use of guarantees to meet the internal MREL within the Member State of the resolution entity;

(d) MREL for cooperative groups: the policy sets out minimum conditions to authorise certain types of cooperative networks to use eligible liabilities of associated entities other than the resolution entity to comply with the external MREL, as well as minimum conditions to waive the internal MREL of the legal entities that are part of the cooperative network;

(e) eligibility of liabilities issued under the law of a third country: the SRB has developed a checklist to assist banks in establishing if liabilities are eligible. The policy also provides more details on eligibility characteristics for specific types of liabilities and expands on how liabilities issued under the law of third countries can be considered eligible through contractual recognition;

(f) transitional arrangements: the policy explains the operation of transitional periods up to the 2024 deadline, including binding intermediate targets in 2022 and informative targets in 2023, also stating that transitional arrangements must be bank-specific (since they depend on the MREL tailored to that bank and its resolution plan, and the bank's progress to date in raising MREL-eligible liabilities); and

(g) M-MDA: The SRB may set restrictions for banks that do not comply with the Combined Buffer Requirement (CBR), preventing them from distributing more than the Maximum Distributable Amount related to MREL (M-MDA). The M-MDA may also be imposed in cases of breaches of the MREL. The Policy describes the two-stage assessment and the expectations for the banks as regards the notification.

The above mentioned MREL policy is reviewed and updated by the SRB on a yearly basis.

In April 2020, the SRB published a letter which was sent to banks under its remit, outlining potential operational relief measures related to the COVID-19 outbreak. Of particular note, the SRB stated that;

(a) it is committed to working on 2020 resolution plans and issuing 2020 decisions on MREL according to the planned deadlines but it will apply a pragmatic and flexible approach to consider, where necessary, postponing less urgent information or data requests related to the 2020 resolution planning cycle; and

(b) it regards the liability data report, the additional liability report and the MREL quarterly template as essential and it expects banks to make every effort to deliver these documents on time but

will assess possible leeway in submission dates for other reports, such as those related to critical functions and access to financial market infrastructures.

In July 2020, the EBA published a statement on resolution planning in the light of COVID-19. The EBA stated that it aims to reaffirm that resolution planning is crucial in times of uncertainty to ensure that resolution is a credible option in case of failure. The focus of the statement is ensuring that the current situation is effectively taken into account by resolution authorities while maintaining a "through the cycle" approach and ensuring that resolvability objectives are achieved.

In September 2020, the European Commission issued a notice aimed at interpreting certain legal provisions of the revised bank resolution framework (i.e. BRRD, SRMR, CRR and CRD IV) in reply to questions raised by NCAs, addressing the following issues: (i) the power to prohibit certain distributions; (ii) powers to suspend payment or delivery obligations; (iii) selling of subordinated eligible liabilities to retail clients; (iv) minimum requirement for own funds and eligible liabilities; (v) bail-in tool; (vi) contractual recognition of bail-in; (vii) write down or conversion of capital instruments and eligible liabilities; (viii) exclusion of certain contractual terms in early intervention and resolution; and (ix) contractual recognition of resolution stay powers. As pinpointed by the same Commission, the notice merely clarifies the provisions already contained in the applicable legislation, while it does not extend in any way the rights and obligations deriving from such legislation nor introduce any additional requirements of the concerned operators and competent authorities.

In April 2021, Implementing Regulation (EU) 2021/763 on disclosure reporting on MREL and TLAC has been published, providing for: (i) draft uniform disclosure formats for MREL and TLAC disclosure according – respectively – to Articles 45i(6) of the BRRD and 434a of the CRR; (ii) draft uniform reporting templates, instructions and methodology for MREL and TLAC reporting according – respectively – to Articles 45i(5) of the BRRD and 430(7) of the CRR. Title I of Implementing Regulation (EU) 2021/763 shall apply from 28 June 2021, while Title II shall apply as of 1 June 2021 as regards the disclosures in accordance with Article 437a and point (h) of Article 447 of CRR, and as of the date of application of the disclosure requirements in accordance with the third subparagraph of Article 3(1) of Directive (EU) 2019/879, as regards the disclosures in accordance with Article 45i(3) of BRRD.

In such context, it is worth mentioning that on 18 April 2023, the European Commission published a legislative proposal on the Crisis Management and Deposits Insurance (the CMDI Reform) framework. The package consists of four legislative proposals that would amend existing EU legislation: the BRRD, the Deposit Guarantee Scheme Directive (DGSD) and the SRM Regulation. The proposal received the endorsement from the European Parliament, sitting on plenary session, on 24 April 2024 and adoption of the abovementioned legislative texts is expected to finalize in the coming months.

Changes to the BRRD under BRRD II will impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors.

The Regulatory Treatment of NPLs

On 20 March 2017, the ECB published the "*Guidance to banks on non-performing loans*", and on 15 March 2018 the "*Addendum to ECB Guidance to banks on non-performing loans*", both addressed to credit institutions, as defined pursuant to article 4, paragraph 1, of the CRR. These guidance papers are addressed, in general, to all significant institutions subject to direct supervision in the context of the SSM, including their international subsidiaries. The ECB banking supervision identified in the aforementioned guidance a set of practices which are deemed useful to indicate the expectations of ECB in relation to banking supervision. The documents set out measures, processes and best practices which should be integrated in the treatment of NPLs by banks, for which this issue should represent a priority. The ECB expects full adherence by banks to these guidance papers regarding the treatment of NPLs, which is expected to take into account the length of time a loan has been non-performing and the extent and valuation of collateral (if any). In particular, the addendum issued by the ECB on March 2018 provides that, with respect to all the loans that will be qualified as impaired loans as from 2018, full coverage is expected for the unsecured portion of the NPL within two years and within seven years for secured

portion at the latest.

On 17 April 2019 the European Parliament and the Council has adopted Regulation (EU) 2019/630 which is applicable from 26 April 2019 and introduces common minimum loss coverage levels for newly originated loans that become non-performing. Pursuant to this regulation, where the minimum coverage requirement is not met, the difference between the current coverage level and the requirement should be deducted from a bank's CET1 capital. Thus, the minimum coverage levels act as a "statutory prudential backstop". The required coverage increases gradually depending on how long an exposure has been classified as nonperforming, being lower during the first years. In order to facilitate a smooth transition towards the new prudential backstop, the new rules should be applied in relation to exposures originated prior to 26 April 2019 and exposures which were originated prior to 26 April 2019 and are modified by the institution in a way that increases the institution's exposure to the obligor. In addition, on 26 June 2020, the CRR Quick-fix amending the CRR and Regulation (EU) 2019/876 as regards adjustments in response to the COVID-19 pandemic was published, and provided – *inter alia* – a temporary extension of the preferential treatment under the NPL backstop received by NPLs guaranteed by official export credit agencies (**ECAs**) to NPLs guaranteed by the public sector in the context of measures aimed at mitigating the economic impact of the COVID-19 pandemic, recognising the similar characteristics shared by export credit agencies guarantees and COVID-19 related public guarantees.

Following the adoption of the new regulation on the Pillar 1 treatment of NPE**s**, on 22 August 2019 the ECB revised its supervisory expectations for prudential provisioning of new NPEs specified in the addendum in order to limit the scope to NPEs arising from loans originated before 26 April 2019, which are not subject to Pillar 1 NPE treatment, and to align the treatment with the Pillar 1 framework with reference to: (i) the relevant prudential provisioning time frames; (ii) the progressive path to full implementation; (iii) the split secured exposures; and (iv) the treatment of NPEs guaranteed/insured by an official export credit agency.

On 24 July 2020, as part of the Capital Markets Recovery Package, the European Commission presented amendments to review, *inter alia*, some regulatory constraints in order to facilitate the securitisation of non-performing loans (i.e. increasing the risk sensitivity for NPE securitisations by assigning different risk weights to senior tranche). After the approval by the European Parliament at the end of March, on 6 April 2021, Regulation (EU) 2021/557 which introduces amendments to the Securitisation Regulation and Regulation (EU) 2021/558 amending Regulation (EU) 2013/575 as regards adjustments to the securitisation framework to support the economic recovery in response to the COVID-19 crisis were published on the Official Gazette of the European Union. Both Regulations entered into force on 9 April 2021.

In addition, the European Commission published in December 2020 a new Action plan on tackling NPLs. More in detail, in order to prevent a renewed build-up of NPLs on banks' balance sheets, the Commission proposed a series of actions with four main goals: (i) further develop secondary markets for distressed assets (in particular call for finalization of the Directive on credit servicers, credit purchasers and the recovery of collateral); (ii) Reform the EU's corporate insolvency and debt recovery legislation; (iii) Support the establishment and cooperation of national asset management companies at EU level; (iv) Introduce precautionary public support measures, where needed, to ensure the continued funding of the real economy under the EU's Bank Recovery and Resolution Directive and State aid frameworks. It should also be noted that in response to the COVID-19 pandemic, the ECB extended the preferential treatment foreseen for NPLs guaranteed or insured by Official Export Credit Agencies to nonperforming exposures that benefit from guarantees granted by national governments or other public entities, in line with the treatment provided in Regulation (EU) 2020/873. This means that banks would face a 0% minimum coverage expectation for the first seven years of the NPE vintage count. On 24 November 2021, the European Parliament and the Council adopted the Directive (EU) 2021/2167 on credit servicers and credit purchasers and amending Directives 2008/48/EC and 2014/17/EU, which sets out a harmonized regulatory framework for services in relation to non-performing loans and has to be implemented by Member States by 29 December 2023.

3. *New accounting principles and the amendment of applicable accounting principles – IFRS 9, IFRS 15, IFRS 16*

In 2020 the following standards came into force:

- Amendments to References to the Change to the Conceptual Framework (EU reg. 2019/2075)
- Amendments to IAS 1 and IAS 8 – Definition of material (EU reg. 2019/2104)
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform (EU reg. 2020/34)
- Amendments to IFRS 3 – Business Combinations (EU reg. 2020/551)
- Amendments to IFRS 16 – COVID-19 Related Rent Concessions (EU reg. 2020/1434)
- The amendments to the accounting standard indicated above are not material for the Group.

As of 30 September 2021, the accounting standard "Amendments to IFRS 9, IAS39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2" (EU Reg. 2021/25) applicable to reporting starting from 1 January 2021 has been endorsed by the European Commission.

On July 2021, Reg. EU 2021/1080 was published. The regulation endorses the documents published by IASB: "Amendments to IFRS3, IAS 16, IAS 37 and Annual Improvements 2018-2020". The proposed amendments are effective starting from 01 January 2022. The Early adoption is permitted, but not applied by the Group. On August 2021, Reg EU 2021/1421 was published; this regulation endorses the documents " COVID-19 Related Rent Concessions beyond 30 June" and extends by one year the period of application of the original amendment to IFRS 16 "COVID-19-Related Rent Concessions", issued and approved in 2020.

As at 30 September 2021, the IASB issued the following standards whose applications are subject to completion of the endorsement process by European Union, which is still ongoing:

- Amendment to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting Policies (February 2021)
- Amendment to IAS 8 – Definition of accounting Estimates (February 2021)
- Amendment to IAS 12 – Deferred Tax related to Asset and Liabilities arising from a Single Transaction (May 2021)

4. *Deposit Guarantee Scheme Directive and Single Resolution Fund*

With reference to the application of: (i) Directive 2014/49/EU of the European Parliament and of the European Council of 16 April 2014 on deposit guarantee schemes; (ii) BRRD; and (iii) Regulation (EU) no. 806/2014 of the European Parliament and the European Council establishing, *inter alia*, the SRF, which as of 1 January 2016 includes at national level, subfunds to which contributions collected at national level by Member States through their National Resolution Fund ("**NRF**") are allocated, the Bank is bound to provide the financial resources necessary to finance the DGS and the SRF.

As a consequence of such introduction, the FITD, updated its by-laws through a shareholders resolution on 26 November 2015 anticipating the introduction of the prepayment mechanism (aimed at reaching the aforementioned multi-annual target with the target at 2024).

In this context, the Bank of Italy, in its capacity as national resolution authority, set up the NRF, which collects from banks with registered offices in the Republic of Italy, ordinary and extraordinary contributions, in accordance with the provisions of articles 82 and 83 of Decree 180 (as defined above). The SRF and the NRF may in the future require contributions for an amount that cannot be currently determined.

Voluntary scheme

For the purpose of overcoming the negative position taken by the European Commission in respect of the use of mandatory contributions to support interventions in favour of banks in crisis, at the end of 2015, in the context of the FITD, the voluntary scheme was established as an additional tool not subject to the restrictions of the EU regime and of the European Commission. The voluntary scheme provides for a maximum amount of Euro 795 million to be used to support interventions in favour of small banks in difficulty and subject to extraordinary administration procedure, in case of concrete recovery perspectives and for the purpose of avoiding higher burdens for the banking system consequent to liquidation or resolution interventions. Such resources are not immediately paid by adhering banks, which simply undertake to disburse them upon request on occasion of specific interventions, up to such maximum amount. The Group adhered to the voluntary scheme and accordingly committed its share of the maximum amount.

On 30 November 2018, the management of the voluntary scheme, approved a new found increase to be immediately used to solve the crisis of Banca Carige S.p.A. ("**Carige**"), through the subscription of Euro 318.2 million of Tier 2 instruments issued by Carige.

The contribution paid by banks adhering to the voluntary scheme represents an asset, recorded in the balance sheet of the participating banks (in the previous financial years the item "financial assets available for sale", while as of 1 January 2018 under the item "other financial assets measured at fair value mandatory" as a consequence of the entry into force of IFRS 9). The recognition of the asset is also supported by the explicit provision contained in FITD's by-laws relating to the voluntary scheme which provides for any realisations deriving from the purchase of equity interests to be reassigned to the banks participating in the same voluntary scheme.

5. ***Revisions to the Basel III framework***

In December 2017, the Basel Committee published its final set of amendments to its Basel III framework (known informally as "**Basel IV**"). Basel IV is expected to introduce a range of measures, including:

- changes to the standardised approach for the calculation of credit risk;
- limitations to the use of Internal Ratings-Based ("**IRB**") approaches, mainly banks will be allowed to use the Foundation Internal Ratings Based approach and the Standardised Approach with the advanced Internal Ratings Based approach still to be used for specialised lending;
- a new framework for determining an institution's operational risk charge, which will be calculated only by using a new standardised approach;
- an amended set of rules in relation to credit valuation adjustment; and
- an aggregate output capital floor that ensures that an institution's total risk weighted assets generated by IRB models are no lower than 72.5 per cent. of those generated by the standardised approach.

On 27 October 2021, the European Commission adopted a new package of reforms aimed at the banking sector to further strengthen the resilience of banks (known as the "**Banking Package 2021**"), with the proposed transposition into CRR and Directive 36/2013/EU ("**CRD**") of the final standards approved by the Basel Committee at the end of 2017, in relation to the treatment of the main risks (credit, market and operational) and the so-called "output floor" that aims to counter the possible underestimation of risk resulting from the use of banks' internal models. EU Regulation 2024/1623 (amending CRR) and EU Directive 2024/1619 (amending CRD IV Directive) have been published in the Official Journal of the European Union on 19 June 2024. EU Regulation 2024/1623 and EU Directive 2024/1619 will enter into force on 9 July 2024. EU Regulation 2024/1623 shall apply from 1st January 2025 (with some exceptions). As for EU Directive 2024/1619, Member States shall adopt and publish, by 10 January 2026, the laws, regulations and administrative provisions necessary to comply with CRD VI, and shall apply those measures from 11 January 2026 (with some exceptions).

6. *Covered Bond Legislative Package*

On 18 December 2019, Directive (EU) 2019/2162 and Regulation (EU) 2019/2160 amending the CRR have been published in the Official Journal of the European Union. They shall apply from 8 July 2022.

The Directive (EU) 2019/2162 has been transposed into the Italian legal framework by Decree 190/2021, which designated the Bank of Italy as the competent authority for the public supervision of the covered bonds, which was entrusted with the issuing of the implementing regulations of the Title I-bis of Law 130, as amended, by 8 July 2022, in accordance with article 3, paragraph 2, of Decree 190/2021. In this respect, the provisions of Law 130, as amended by Decree 190/2021, apply to covered bonds issued starting from 8 July 2022, in certain cases subject to entry into force of the implementing measures as referred to under article 3, paragraph 2, of Decree 190/2021. As per the implementing regulation, the Bank of Italy has launched a public consultation on 12 January 2023 with regard, inter alia, to the definition of (i) the criteria for the assessment of the eligible assets and the conditions for including covered bonds among eligible assets for derivative contracts with hedging purposes; (ii) the procedures for calculating hedging requirements; (iii) the conditions for issuing new issuance programmes; (iv) giving the possibility also to banks with credit rating 3 to act as counterparties of a derivative contract with hedging purposes; (v) the reduction of the minimum level of over-collateralization for covered bonds (i.e. 2% instead of 5%). The public consultation ended on 11 February 2023 and has brought to the publication of the 42th amendment to the Bank of Italy Circular No. 285/2013.

Directive (EU) 2019/2162 lays down rules on the issuance requirements, structural features, public supervision and publication obligations for covered bonds. Compared with the UCITS, Directive (EU) 2019/2162 provides for a number of more complex structural requirements, such as the dual recourse and the bankruptcy remoteness tools. The Directive at hand also establishes specific requirements for a liquidity reserve and introduces the possibility of joint funding and intragroup pooled covered bond structures in order to facilitate the issuance of covered bonds by small credit institutions. Moreover, the Directive provides the authorities of the Member States with the task of monitoring compliance of covered bond issuances with the abovementioned requirements and regulates the conditions for obtaining the authorisation to carry out the activity of issuance of covered bonds in the context of a covered bond programme.

Regulation (EU) 2019/2160 introduces some amendments to Article 129 of the CRR, providing for additional requirements for covered bonds to be eligible for the relevant preferential treatment. In particular, the Regulation introduces a rule allowing exposures to credit institutions rated in credit quality step 2 up to a maximum of 10% of the total exposure of the nominal amount of outstanding covered bonds of the issuing institution, without the need to consult the EBA. The Regulation also requires a minimum level of overcollateralization in order to mitigate the most relevant risks arising in the case of the issuer's insolvency or resolution.

Moreover, several additional changes to the LCR Delegated Regulation are proposed in order to align the LCR Delegated Regulation with Article 129 of the CRR, as amended by Regulation (EU) 2019/2160. The consultation remained opened until 24 November 2020.

On 8 May 2021, the European Delegated Law 2019 has entered into force. It delegates the Italian Government to implement – inter alia – Directive (EU) 2019/2162. According to the European Delegated Law 2019:

- the Bank of Italy is the competent authority for the supervision on covered bonds;
- the implementing provisions shall provide for the exercise of the option granted by Article 17 of Directive (EU) 2019/2162, allowing for the issue of covered bonds with extendable maturity structures, and
- the implementing provisions shall grant the Bank of Italy with the power to exercise the option to set for covered bonds a minimum level of overcollateralization lower than the thresholds set out under Article 1 of Regulation (EU) 2019/2162 (i.e. 2% or 5% depending on the assets included in

the cover pool).

On 30 November 2021 the Decree 190/2021 implementing Directive (EU) 2019/2162 was published in the Official Gazette No. 285 of 30 November 2021 and entered into force on 1 December 2021. In this respect, it is worth mentioning that the national legislator chose to exercise the following options provided by Directive (EU) 2019/2162: (i) the possibility not to apply the liquidity requirement of the cover pool limited to the period covered by the liquidity requirement provided for in Delegated Regulation (EU) 2015/61; (ii) the possibility of allowing the issuance of covered bonds with extendable maturity structures; (iii) the possibility of allowing the calculation of the liquidity requirement of the cover pool in case of programs with extendable maturity by taking as a reference the final maturity date for the payment of principal.

Moreover, the Decree 190/2021 designates the Bank of Italy as the competent authority for the public supervision of the covered bonds, which is entrusted with the issuing of the implementing regulations by 8 July 2022.

THE GUARANTOR

Introduction

The Guarantor was incorporated in the Republic of Italy on 8 September 2009 pursuant to Law 130 as a limited liability company with a sole quotaholder (*società a responsabilità limitata con unico socio*) under the name "Meti Finance S.r.l." and changed its name into "MPS Covered Bond S.r.l." and modified its corporate object by the resolution of the meeting of the Guarantor Quotaholders held on 11 March 2010. The Guarantor is registered at the Companies' Registry of Treviso-Belluno under registration number 04323680266. The registered office of the Guarantor is at Conegliano (TV) – Italy – Via V. Alfieri, 1, 31015 and its telephone number is 0039 0438 360926. The Guarantor has no employees and no subsidiaries. The Guarantor's by-laws provides for the termination of the same in 31 December 2100 subject to one or more extensions to be resolved, in accordance with the by-laws, by a Quotaholders's resolution. The Guarantor operates under the Italian law.

The LEI of the Guarantor is 8156009A2CCB4953C448.

Principal Activities

The sole purpose of the Guarantor under the objects clause in its by-laws is the ownership of the Cover Pool and the granting to Bondholders of the Guarantee. From the date of its incorporation the Guarantor has not carried out any business activities nor has incurred in any financial indebtedness other than those incurred in the context of the Programme.

Quota Capital

The outstanding capital of the Guarantor is Euro 10,000.00 divided into quotas as described below. As at the date of this Base Prospectus, the quotaholders of the Guarantor are as follows:

Quotaholders	Quota
SVM Securitisation Vehicles Management S.r.l.[11]	Euro 1,000.00 (10 per cent. of capital)
Banca Monte dei Paschi di Siena S.p.A.	Euro 9,000.00 (90 per cent. of capital)

The Guarantor has not declared or paid any dividends or, save as otherwise described in this Base Prospectus, incurred any indebtedness.

Management

Board of Directors

The following table sets out certain information regarding the current members of the Board of Directors of the Guarantor.

Name	Position	Principal activities performed outside the Guarantor
Samuele Trombini	Chairman of the Boards of Directors and Managing Director	Samuele Trombini, Head of Administrative Management within the Credit Portfolio Governance Function of Banca Monte dei Paschi di Siena S.p.A.

[11] Whose 100 per cent. is held by Stichting Cima. Stichting Cima is a Dutch foundation, whose sole director is Intertrust (Netherlands) B.V.

Andrea Fantuz	Director and Managing Director	Andrea Fantuz, Analyst of Banca Finanziaria Internazionale S.p.A.
Barbara Fontani	Director and Managing Director	Barbara Fontani, Head of Structural Liquidity within the Treasury Finance and Capital Management Function of Banca Monte dei Paschi di Siena S.p.A.

The business address of the Board of Directors of the Guarantor is Via V. Alfieri, 1, 31015 Conegliano (TV), Italy.

Board of Statutory Auditors

Under the Quotaholder's Agrement, the quotaholder's meeting will appoint the controlling body (The Statutory Auditors or the Issuer's Sole Statutory Auditor).

If, at any time, a Board of Statutory Auditors shall be appointed, it shall be composed of three members which shall appointed as follows: one by SVM Securitisation Vehicles Management S.r.l. and two by BMPS (designated one by BMPS and one by SVM Securitisation Vehicles Management S.r.l.). The chairman of the Board of Statutory Auditors shall be one the members appointed by BMPS. The appointment of the Sole Statutory Auditor will be compliant with the Italian legislation.

A Sole Statutory Auditor has been appointed by the quotaholder's meeting.

Conflict of Interest

There are no potential conflicts of interest between any duties of the directors of the Guarantor and their private interests or other duties.

The Quotaholders' Agreement

Pursuant to the term of the Quotaholders' Agreement entered into on or about the date of this Base Prospectus, between BMPS, SVM Securitisation Vehicles Management S.r.l. and the Representative of the Bondholders, the Quotaholders have agreed, *inter alia*, not to amend the by-laws (*statuto*) of the Guarantor and not to pledge, charge or dispose of the quotas (save as set out below) of the Guarantor without the prior written consent of the Representative of the Bondholders. The Quotaholders' Agreement is governed by, and will be construed in accordance with, Italian law.

Please also see section "*Description of the Programme Documents – The Quotaholders' Agreement*" below.

Financial Statements

The financial year of the Guarantor ends on 31 December of each calendar year.

Mr. Alberto De Luca, enrolled under number 148374 in the register of statutory auditors (*Albo dei Revisori Legali*) pursuant to Ministerial Decree dated 6 November 2007 (published in the Official Gazette of the Republic of Italy number 92 of 20 November 2007) and enrolled in the National Counsel of Certified Public Accountants (*Consiglio Nazionale dei Dottori Commercialisti e Esperti Contabili*), whose offices are at Via Vittorio Alfieri 1, 31015 Conegliano (Treviso) Italy, has been appointed to perform the audit of the financial statements of the Guarantor for the period between the end of its first financial year (31 December 2009) and the end of its second financial year (31 December 2010).

EY S.p.A. (now Ernst & Young S.p.A.), with registered office at Via Lombardia 31, 00187, Rome, Italy and authorized and regulated by the MEF and registered on the special register (of auditing firms held by MEF, has been appointed (i) on 17 June 2013 to perform the audit of the financial statements of the Guarantor for the period between the year ended on 31 December 2013 and the year ended on 31 December 2015, (ii) on 13 April 2016 to perform the audit of the financial statements of the Guarantor for the period between the year ended on 31 December 2016 and the year ended on 31 December 2018, and (iii) on 9 April 2019 to perform the audit of the financial statements of the Guarantor for the period

between the year ended on 31 December 2019 and the year ending on 31 December 2021.

PricewaterHouseCoopers S.p.A., with registered office in Milan, Piazza Tre Torri, 2, tax code and Milan Companies' Register entry number 12979880155, a company entered in the Register of Auditors under no. 119644 and authorized and regulated by the MEF and registered in the special register of auditing companies kept by the MEF, was appointed on December 6, 2019, effective as of the Shareholders' Meeting to approve the financial statements as of December 31, 2020, to audit the financial statements of the Guarantor for the period from the fiscal year ending December 31, 2020 to the fiscal year ending December 31, 2022. PricewaterhouseCoopers S.p.A. has been appointed on 17 April 2023 to perform the audit of the financial statements of the Guarantor for the period between the year ended on 31 December 2023 and the year ending on 31 December 2025.

The Guarantor has not, from the end of its first financial year (31 December 2009), carried out any business activities nor has incurred in any financial indebtedness (other than those incurred in the context of the Programme). Nevertheless, in accordance with Italian law (requiring all companies to approve a balance sheet within a specified period from the end of each financial year), the Guarantor has prepared its financial statements for the period between the end of its first financial year (31 December 2009) and the end of its fifteenth financial year (31 December 2023).

The financial statement of the Guarantor for the year ended on 31 December 2023 (the end of its fifteenth financial year), as approved by the meeting of the quotaholders of the Guarantor on 2 April 2024, is incorporated by reference to this Base Prospectus (see section headed "*Documents incorporated by reference*" above).

Montepaschi Group

On 7 May 2010, the Bank of Italy authorised the purchase by the Issuer of 90 per cent. of the quota capital of the Guarantor. The Guarantor is consolidated in the Montepaschi Group as it is reported in the financial statements as at 31 December 2023. For further information on the Montepaschi Group, please refer to paragraph "*Banca Monte dei Paschi di Siena S.p.A.*" above.

DESCRIPTION OF THE PROGRAMME DOCUMENTS

GUARANTEE

On 18 June 2010, the Guarantor and the Representative of the Bondholders entered into the Guarantee, as amended and restated from time to time, pursuant to which the Guarantor issued, for the benefit of the Bondholders, a first demand, unconditional, irrevocable and independent guarantee to support payments of interest and principal under the Covered Bonds issued by the Issuer under the Programme and of the amounts due to the Other Guarantor Creditors. Under the Guarantee the Guarantor has agreed to pay an amount equal to the Guaranteed Amounts when the same shall become Due for Payment but which would otherwise be unpaid by the Issuer. The obligations of the Guarantor under the Guarantee constitute direct and (following the occurrence of an Issuer Event of Default or a Resolution Event, unless the Issuer has fulfilled its payment obligations under the Covered Bonds by the relevant payment date, and the service of a Guarantee Enforcement Notice on the Issuer and the Guarantor or, if earlier, the service on the Issuer and the Guarantor of a Guarantor Default Notice) unconditional, unsubordinated and limited recourse obligations of the Guarantor, backed by the Cover Pool as provided under Law 130 and the Bank of Italy Regulations. Pursuant to the terms of the Guarantee, the recourse of the Bondholders to the Guarantor under the Guarantee will be limited to the assets of the Cover Pool. Payments made by the Guarantor under the Guarantee will be made subject to, and in accordance with, the relevant Priority of Payments, as applicable.

Under the Guarantee the parties thereof have agreed that as of the date of administrative liquidation (*liquidazione coatta amministrativa*) of the Issuer, the Guarantor (or the Representative of the Bondholders pursuant to the Intercreditor Agreement) shall exercise, on an exclusive basis and in compliance with the provisions of article 7-*quaterdecies* of Law 130, the rights of the Bondholders against the Issuer and any amount recovered from the Issuer will be part of the Guarantor Available Funds, provided that, pursuant to article 7-*quaterdecies* of Law 130, further to enforcement of the Guarantee, the Bondholders shall participate to the final distribution of the Issuer's assets in respect of any residual amount due to them with any other unsecured creditor including – pursuant to article 7-*quaterdecies* of Law 130 – any derivative transaction counterparty.

The Guarantor, pursuant to the Guarantee, shall pay or procure to be paid to the Bondholders:

(1) without prejudice to the effects of a suspension of payments by the Issuer pursuant to article 74 of the Consolidated Banking Act and to article 7-*quaterdecies* of Law 130, following the service of a Guarantee Enforcement Notice on the Issuer and on the Guarantor (but prior to a Guarantor Event of Default), on each Guarantor Payment Date that falls on an Interest Payment Date, an amount equal to those Guaranteed Amounts which shall become Due for Payment, but which have not been paid by the Issuer to the relevant Bondholders on the relevant Interest Payment Date; or

(2) following the service of a Guarantor Default Notice on the Guarantor in respect of the Covered Bonds of each Series or Tranche (which shall have become immediately due and repayable), the Guaranteed Amounts.

All payments of Guaranteed Amounts by or on behalf of the Guarantor shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or other governmental charges of whatever nature unless such withholding or deduction of such taxes, assessments or other governmental charges is required by law or regulation or administrative practice of any jurisdiction. If any such withholding or deduction is required, the Guarantor shall pay the Guaranteed Amounts net of such withholding or deduction and shall account to the appropriate tax authority for the amount required to be withheld or deducted. The Guarantor shall not be obliged to pay any additional amount to any Bondholder on account of any withholding or deduction, regardless of any such obligation of the Issuer.

To the extent that the Guarantor makes, or there is made on its behalf, a payment of any amount under the Guarantee, nothing shall prevent or limit the right of the Guarantor to be fully and automatically

subrogated to the Bondholders' rights against the Issuer for the payment of an amount corresponding to the payments made by the Guarantor with respect to the relevant Series or Tranche of Covered Bonds under the Guarantee, in accordance with Article 7-*quaterdecies* of Law 130 to the fullest extent permitted by applicable laws, provided that, pursuant to article 7-*quaterdecies* of Law 130, further to enforcement of the Guarantee, the Bondholders shall participate in the final distribution of the Issuer's assets in respect of any residual amount due to them with any other unsecured creditor including – pursuant to article 7-*quaterdecies* of Law 130 – any derivative transaction counterparty.

Governing law

The Guarantee and any non-contractual obligations arising out of or in connection with it are governed by Italian law.

SUBORDINATED LOAN AGREEMENTS

Each of BMPS and BAV, respectively on 25 May 2010 and on 27 May 2011 entered into with the Guarantor the respective Subordinated Loan Agreements, as amended and restated from time to time, in accordance with Law 130 under which each of BMPS and BAV, acting respectively as Principal Subordinated Lender and Additional Subordinated Lender, granted to the Guarantor a term loan facility in an aggregate amount equal to the relevant Total Commitment, increased by any amount required to meet the Tests, for the purposes of funding the purchase price of the Eligible Assets pursuant to the terms of the Master Assets Purchase Agreement and the Cover Pool Management Agreement.

Following the merger by way of incorporation of Banca Antonveneta S.p.A. ("**BAV**") in BMPS with effect as of 28 April 2013 (the "**Merger**") BMPS assumed all rights and obligations of BAV in the capacity as Additional Subordinated Lender under the Programme and any reference to BAV in the Programme Documents shall be deemed to be referred to BMPS, which takes over any and all activities and roles previously carried out by BAV.

Under the terms of the Subordinated Loan Agreements, the Principal Seller and the Additional Seller, in their capacity, respectively, as Principal Subordinated Lender and Additional Subordinated Lender, will from time to time grant to the Guarantor Term Loans in the form of (i) a Programme Term Loan, or (ii) a Floating Interest Term Loan, or (iii) a Fixed Interest Term Loan.

Each Programme Term Loan will be granted for the purpose of, *inter alia*, (i) funding the purchase price of the Eligible Assets included in the Initial Portfolio and in any New Portfolios to be transferred to the Guarantor pursuant to the Master Assets Purchase Agreement, and/or (ii) remedying any breach of the Tests and complying with the limits under article 129, par. 1a. of the CRR, and/or (iii) funding the purchase price of the Eligible Assets to be transferred to the Guarantor pursuant to the Master Assets Purchase Agreement for overcollateralisation purposes and/or (iv) funding the redemption of a Floating Interest Term Loan or Fixed Interest Term Loan at the Maturity Date (or Extended Maturity Date, if applicable) of the Corresponding Series or Tranche of Covered Bonds and/or (v) crediting into the Reserve Account an amount, or establishing a cash reserve, which will be sufficient in order to comply with the Liquidity Reserve Requirement.

Each Floating Interest Term Loan or Fixed Interest Term Loan will be granted for the purpose of, *inter alia*, (i) funding the purchase price of the Eligible Assets included in any New Portfolios to be transferred to the Guarantor in connection with the issue of a Corresponding Series or Tranche of Covered Bonds to be issued under the Programme, and/or (ii) reimbursing (also in part) any Term Loan for an amount equal to the Corresponding Series or Tranche of Covered Bonds and/or (iii) crediting into the Reserve Account an amount, or establishing a cash reserve, which will be sufficient in order to comply with the Liquidity Reserve Requirement.

The rate of interest applicable (x) in respect of each Programme Term Loan for each relevant Loan Interest Period shall be equal to EURIBOR *plus* a Margin (the "**Base Interest**") and shall be payable to each relevant Subordinated Lender, together with a Premium (if any), on each Guarantor Payment Date in accordance with the applicable Priority of Payments; and (y) in respect of each Floating Interest Term Loan or Fixed Interest Term Loan for each relevant Loan Interest Period shall be equal to the interest computed under

the Corresponding Series or Tranche of Covered Bonds (the "**Corresponding Interest**") and shall be payable to each relevant Subordinated Lender on each Guarantor Payment Date following the Guarantor Calculation Date which falls after an Interest Payment Date of the Corresponding Series or Tranche of Covered Bonds in accordance with the applicable Priority of Payments. No Premium shall be payable on the Floating Interest Term Loan(s) or Fixed Interest Term Loan(s), **provided that** following the delivery of Breach of Tests Notice non payment of interest under any Term Loan shall be made by the Guarantor to the Subordinated Lender.

Each Term Loan shall be repaid on each Guarantor Payment Date prior to a Guarantee Enforcement Notice according to the relevant Priority of Payments and within the limits of the then Guarantor Available Funds, **provided that** such repayment does not result in a breach of any of the Tests and **provided that** no Breach of Tests Notice has been delivered.

Each Programme Term Loan, unless repaid in full prior to such date, shall be repaid on the Maturity Date or the Extended Maturity Date, if applicable, of the latest maturing Series of Covered Bonds within the limits of the then Guarantor Available Funds and in accordance with the relevant Priority of Payments.

Each Floating Interest Term Loan or Fixed Interest Term Loan, unless repaid in full prior to such date, shall be repaid, in full or in part, starting from the Guarantor Payment Date falling after the Maturity Date (or, as applicable, the Extended Maturity Date) of the Corresponding Series of Covered Bonds and thereafter on any Guarantor Payment Date, and shall be payable within the limits of the then Guarantor Available Funds and in accordance with the relevant Priority of Payments.

Under the Subordinated Loan Agreements, the parties thereof have agreed that each Term Loan (in the form of a Programme Term Loan, or a Floating Interest Term Loan, or a Fixed Interest Term Loan) may – but will not be required to – be exceptionally redeemed (in whole or in part) on each Guarantor Payment Date in order to remedy any breach to the threshold provided for under Article 129, paragraph (1a) of the CRR, provided that such breach may not be remedied by purchasing new Eligible Assets under the Master Assets Purchase Agreement, provided, in any event, that such redemption does not result in a breach of the Tests.

Amounts owed to each Subordinated Lender by the Guarantor under the Subordinated Loan Agreements will be subordinated to amounts owed by the Guarantor under the Guarantee.

Governing law

The Subordinated Loan Agreements and any non-contractual obligations arising out of or in connection with them are governed by Italian law.

MASTER ASSETS PURCHASE AGREEMENT

On 25 May 2010, BMPS and the Guarantor entered into the Master Assets Purchase Agreement, as amended and restated from time to time in accordance with the combined provisions of articles 4 and title I-*bis* of Law 130, pursuant to which BMPS, in its capacity as Principal Seller, assigned and transferred, without recourse (*pro soluto*), to the Guarantor and the Guarantor purchased, without recourse (*pro soluto*), the Eligible Assets comprised in the Initial Portfolio.

On 27 May 2011, BAV acceded, in its capacity as Additional Seller, to the Master Assets Purchase Agreement pursuant to which assigned and transferred, without recourse (*pro soluto*), to the Guarantor and the Guarantor purchased, without recourse (*pro soluto*), a New Portfolio of Eligible Assets. Following the Merger, BMPS assumed all rights and obligations of BAV in the capacity as Additional Seller under the Programme and any reference to BAV in the Programme Documents shall be deemed to be referred to BMPS, which takes over any and all activities and roles previously carried out by BAV.

Under the Master Assets Purchase Agreement, upon satisfaction of certain conditions set out therein, the Principal Seller:

(a) undertook to assign and transfer in the future, without recourse (*pro soluto*), to the Guarantor and the Guarantor undertook to purchase in the future, without recourse (*pro soluto*) from the Principal

Seller, New Portfolios if such transfer is required under the terms of the Cover Pool Management Agreement in order to ensure the compliance of the Cover Pool with the Tests, provided that, according to Law 130 and the Bank of Italy Regulations, in case of breach of the Liquidity Reserve Requirement the Principal Seller undertook to assign and the Guarantor undertook to purchase Liquidity Assets only;

(b) may transfer New Portfolios to the Guarantor, and the Guarantor shall purchase such New Portfolios, in order to (i) supplement the Cover Pool in connection with the issuance by BMPS of further Series or Tranches of Covered Bonds under the Programme in accordance with the Programme Agreement or (ii) invest Principal Available Funds in excess with respect to the Tests, also for the purposes of ensuring compliance of the Cover Pool with the thresholds required under Article 129, paragraph (1a) of the CRR, in other Eligible Assets.

Pursuant to the Master Assets Purchase Agreement, the Guarantor further undertook to purchase any New Portfolios transferred from time to time by any other eligible bank part of the Montepaschi Group which will accede to the Programme as Additional Seller.

Prior to the occurrence of a Guarantor Event of Default, Portfolios may only be offered or purchased if *inter alia* the following conditions are satisfied:

(1) the First Series of Covered Bonds (or, as the case may be, the Series of Covered Bonds immediately preceding the assignment of such Portfolios) has been issued and fully subscribed;

(2) a Guarantor Default Notice has not been served on the Guarantor;

(3) with respect to any assignment (i) of Eligible Assets by the relevant Seller(s) in order to supplement the Cover Pool against the issuance of further Series or Tranche of Covered Bonds, or (ii) made in order to ensure compliance of the Cover Pool to the Tests

  (a) the Guarantor has received from the relevant Seller(s) the amounts due under the relevant Subordinated Loan Agreement for the payment of the purchase price relating to the assigned Portfolios; and
  (b) no Insolvency Event in respect of the relevant Seller(s) occurred;

(4) with respect to any assignment made to invest Principal Available Funds, which are in excess of the Tests, in Eligible Assets, also for the purposes of ensuring compliance of the Cover Pool with the thresholds required under Article 129, paragraph (1a) of the CRR, a Breach of Tests Notice or a Guarantee Enforcement Notice has not been served on the Guarantor and/or the Issuer, as the case may be, and sufficient Principal Available Funds, where the relevant purchase price of the Portfolios is not financed through a Term Loan, are available at each relevant Execution Date.

The Initial Portfolio Purchase Price payable pursuant to the Master Assets Purchase Agreement is equal to the aggregate Purchase Price of all the Eligible Assets included in the Initial Portfolio.

The Purchase Price for the Receivable included in the Initial Portfolio was equal to the sum of the most recent book value (*ultimo valore di iscrizione in bilancio*) of the each Receivable (a) minus the aggregate amount of (i) the accrued interest as at 1 January 2010 (excluded) included in such book value with respect to each Receivable; and (ii) any collections with respect to principal received by the Principal Seller with respect to each Receivable included in the Initial Portfolio starting from 1 January 2010 (included) until the relevant Valuation Date (included); and (b) increased of the aggregate amount of the Accrued Interest of each Receivable included in the Initial Portfolio.

The purchase Price for the Receivables included in the second Portfolio, in the third Portfolio, in the fourth Portfolio, in the BAV Portfolio, in the fifth Portfolio and in the sixth Portfolio was equal to the sum of the Individual Purchase Price of all the Eligible Assets included in the relevant Portfolio at the relevant Valuation Date.

BMPS has sold to the Guarantor, and the Guarantor has purchased from BMPS, the Eligible Assets comprised in the Initial Portfolio, in the second Portfolio, in the third Portfolio, in the fourth Portfolio, in the fifth Portfolio and in the sixth Portfolio and BAV has sold to the Guarantor, and the Guarantor has

purchased from BAV the BAV Portfolio which meet the Common Criteria (described in detail in the section headed "*Description of the Cover Pool*") and the relevant Additional Criteria. Receivables comprised in any New Portfolio to be transferred under the Master Assets Purchase Agreement shall meet, in addition to the Common Criteria, the relevant Specific Criteria and/or any Additional Criteria (both as defined below).

As consideration for the transfer of any New Portfolios, pursuant to the Master Assets Purchase Agreement, the Guarantor will pay to BMPS, or any Additional Seller(s) acceding to the Master Assets Purchase Agreement and the other relevant Programme Documents, an amount equal to the aggregate of the Purchase Price of all the relevant Receivables as at the relevant Valuation Date. The Purchase Price for each Eligible Asset included in each New Portfolio will be (X) with respect to each Receivable, the most recent book value (*ultimo valore di iscrizione in bilanci*o) of the relevant Receivable: (a) minus the aggregate amount of (i) the accrued interest obtained at the date of the last financial statement with reference to such Receivable and included in such book value; and (ii) any collections with respect to principal received by the relevant Seller with respect to such Receivable, starting from the date of the most recent financial statement (*ultimo bilancio*) until the relevant Valuation Date (included); and (b) increased of the aggregate amount of the Accrued Interest with respect to such Receivable obtained at the relevant Valuation Date; or (Y) such other value, pursuant to Title I-*bis* of Law 130, as indicated by the Principal Seller (or each Additional Seller(s)) in the relevant Transfer Proposal (also with respect to any further Eligible Assets different from the Receivables).

Pursuant to the Master Assets Purchase Agreement, prior to the service of a Guarantee Enforcement Notice, BMPS and BAV will have the right to repurchase Eligible Assets, in accordance with articles 1260 and following of the civil code or in accordance with article 58 of the Consolidated Banking Act, as the case may be, transferred to the Guarantor under the Master Assets Purchase Agreement in the following circumstances:

(1) to purchase UTP Assets;

(2) to purchase Excess Assets (to be selected by the relevant Seller);

(3) to purchase Affected Assets;

(4) to purchase Eligible Assets which have become non-eligible in accordance with Law 130 and the Bank of Italy Regulations;

(5) Receivables, not included under the Eligible Assets from (a) to (d) above, being subject to renegotiations with the relevant Debtor pursuant to the Master Servicing Agreement or which have become the object of judicial proceedings; and

(6) Receivables not included under the Eligible Assets under point (a) above, in respect of which there are 6 unpaid Instalments (in respect of Receivables deriving from Mortgage Loans with monthly instalments), 2 unpaid Instalments (in respect of Receivables deriving from Mortgage Loans with quarterly instalments) or 1 unpaid Instalments (in respect of Receivables deriving from Mortgage Loans with semi-annual instalments).

If on any Test Calculation Date or Quarterly Test Calculation Date, as the case may be, a Test Performance Report specifies that the Cover Pool is not in compliance with the relevant Test, then the Principal Seller, (and/or any Additional Seller(s) in respect of each relevant New Portfolio transferred to the Guarantor will either (i) sell additional Eligible Assets to the Guarantor for an amount sufficient to allow the relevant Test to be met on the next following Test Calculation Date as determined in the immediately following Test Performance Report, in accordance with the Master Assets Purchase Agreement and the Cover Pool Management Agreement, to be financed through the proceeds of Term Loans to be granted by the Principal Seller (and/or any Additional Seller(s)) or (ii) substitute any relevant assets in respect of which the right of repurchase can be exercised under the terms of the Master Assets Purchase Agreement with new Eligible Assets, for an amount sufficient to allow the relevant Test to be met on the next following Test Calculation Date as determined in the immediately following Test Performance Report.

After the service of a Guarantee Enforcement Notice on the Guarantor, but prior to service of a Guarantor Default Notice, the Guarantor may or shall, if necessary in order to effect timely payments under the Covered Bonds, sell the Eligible Assets included in the Cover Pool in accordance with the terms of the Cover Pool Management Agreement and BMPS, or any Additional Seller(s), as the case may be, has the right of pre-emption to buy such Eligible Assets.

Subject to the provisions of the Cover Pool Management Agreement, the Guarantor has irrevocably granted, pursuant to Article 1331 of the Civil Code, to BMPS an option right pursuant to which BMPS shall have the right, prior to the occurrence of an Issuer Event of Default, to substitute each of the Eligible Assets included in the Cover Pool with other Eligible Assets, solely upon the occurrence of a breach of the Tests (prior to the issuance of a Guarantee Enforcement Notice) and for the sole purpose of remedying the breach of one of the Tests, it being understood that, in case of breach of the Liquidity Reserve Requirement, BMPS shall have the option to substitute each of the Eligible Assets included in the Cover Pool, in order to remedy to such breach, with Liquidity Assets only. The substitution may be carried out only in accordance with the applicable provisions, including secondary regulations, from time to time applicable to the issuance of covered bonds.

The transfer of the Initial Portfolio was made in accordance with article 58, subsections 2, 3 and 4 of the Consolidated Banking Act (as provided by article 4 of Law 130). Notice of the transfer was published in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) Parte II, number 63 of 29 May 2010 and filed for publication in the companies register of Treviso on 3 June 2010.

The transfer of the second Portfolio was made in accordance with article 58, subsections 2, 3 and 4 of the Consolidated Banking Act (as provided by article 4 of Law 130). Notice of the transfer was published in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) Parte II, number 143 of 2 December 2010 and filed for publication in the companies register of Treviso on 1 December 2010.

The transfer of the third Portfolio was made in accordance with article 58, subsections 2, 3 and 4 of the Consolidated Banking Act (as provided by article 4 of Law 130). Notice of the transfer was published in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) Parte II, number 25 of 3 March 2011 and filed for publication in the companies register of Treviso on 1 March 2011.

The transfer of the BAV Portfolio was made in accordance with article 58, subsections 2, 3 and 4 of the Consolidated Banking Act (as provided by article 4 of Law 130) (the "**BAV Portfolio**"). Notice of the transfer was published in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) Parte II, number 63 of 4 June 2011 and filed for publication in the companies register of Treviso on 7 June 2011.

The transfer of the fifth Portfolio was made in accordance with article 58, subsections 2, 3 and 4 of the Consolidated Banking Act (as provided by article 4 of Law 130). Notice of the transfer was published in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) Parte II, number 111 of 24 September 2011 and filed for publication in the companies register of Treviso on 23 September 2011.

The transfer of the sixth Portfolio was made in accordance with article 58, subsections 2, 3 and 4 of the Consolidated Banking Act (as provided by article 4 of Law 130). Notice of the transfer was published in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) Parte II, number 73 of 22 June 2013 and filed for publication in the companies register of Treviso on 25 June 2013.

The transfer of the seventh Portfolio was made in accordance with article 58, subsections 2, 3 and 4 of the Consolidated Banking Act (as provided by article 4 of Law 130). Notice of the transfer was published in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) Parte II, number 110 of 24 September 2015 and filed for publication in the companies register of Treviso on 22 September 2015.

The transfer of the eighth Portfolio was made in accordance with article 58, subsections 2, 3 and 4 of the Consolidated Banking Act (as provided by article 4 of Law 130). Notice of the transfer was published

in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) Parte II, number 113 of 5 November 2016 and filed for publication in the companies register of Treviso on 4 November 2016.

The transfer of the ninth Portfolio was made in accordance with article 58, subsections 2, 3 and 4 of the Consolidated Banking Act (as provided by article 4 of Law 130). Notice of the transfer was published in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) Parte II, number 154 of 31 December 2016 and filed for publication in the companies register of Treviso on 29 December 2016.

The transfer of the tenth Portfolio was made in accordance with article 58, subsections 2, 3 and 4 of the Consolidated Banking Act (as provided by article 4 of Law 130). Notice of the transfer was published in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) Parte seconda, number 54 of 10 May 2018 and filed for publication in the companies register of Treviso on 7 May 2018.

The transfer of the eleventh Portfolio was made in accordance with article 58, subsections 2, 3 and 4 of the Consolidated Banking Act (as provided by article 4 of Law 130). Notice of the transfer was published in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) Parte seconda, number 28 of 7 March 2019 and filed for publication in the companies register of Treviso on 1 March 2019.

The transfer of the twelfth Portfolio was made in accordance with article 58, subsections 2, 3 and 4 of the Consolidated Banking Act (as provided by article 4 of Law 130). Notice of the transfer was published in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) Parte seconda, number 124 of 22 October 2019 and filed for publication in the companies register of Treviso on 18 October 2019.

The transfer of the thirtheenth Portfolio was made in accordance with article 58, subsections 2, 3 and 4 of the Consolidated Banking Act (as provided by article 4 of Law 130). Notice of the transfer was published in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) Parte seconda, number 71 of 18 June 2020 and filed for publication in the companies register of Treviso on 15 June 2020.

The transfer of the fourteenth Portfolio was made in accordance with article 58, subsections 2, 3 and 4 of the Consolidated Banking Act (as provided by article 4 of Law 130). Notice of the transfer was published in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) Parte seconda, number 60 of 22 May 2021and filed for publication in the companies register of Treviso on 18 May 2021.

The transfer of the fifteenth Portfolio was made in accordance with article 58, subsections 2, 3 and 4 of the Consolidated Banking Act (as provided by article 4 of Law 130). Notice of the transfer was published in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) Parte seconda, number 72 of 23 June 2021 and filed for publication in the companies register of Treviso on 20 June 2022.

The transfer of the sixtheenth Portfolio was made in accordance with article 58, subsections 2, 3 and 4 of the Consolidated Banking Act (as provided by article 4 of Law 130). Notice of the transfer was published in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) Parte seconda, number 15 of 6 February 2024 and filed for publication in the companies register of Treviso on 31 January 2024.

For further details about the Cover Pool, see section headed "*Description of the Cover Pool*".

Governing law

The Master Assets Purchase Agreement and any non-contractual obligations arising out of or in connection with it are governed by Italian law.

WARRANTY AND INDEMNITY AGREEMENT

On 25 May 2010, BMPS, in its capacity as Principal Seller and the Guarantor entered into the Warranty and Indemnity Agreement, as amended and restated from time to time, pursuant to which BMPS has given certain representations and warranties in favour of the Guarantor in respect of, *inter alia*, itself, the Eligible Assets and certain other matters in relation to the issue of the Covered Bonds and has agreed to indemnify the Guarantor in respect of certain liabilities of the Guarantor that may be incurred, *inter alia*, in connection with the purchase and ownership of the Eligible Assets.

The Warranty and Indemnity Agreement contains representations and warranties given by BMPS as to matters of law and fact affecting BMPS including, without limitation, that BMPS validly exists as a legal entity, has the corporate authority and power to enter into the Programme Documents to which it is party and assume the obligations contemplated therein and has all the necessary authorisations for such purpose.

Pursuant to the Warranty and Indemnity Agreement, the Principal Seller (and each Additional Seller) has agreed to indemnify and hold harmless the Guarantor, its officers or agents or any of its permitted assigns from and against any and all damages, losses, claims, costs and expenses awarded against, or incurred by such parties which arise out of or result from, *inter alia*, (a) a default by BMPS in the performance of any of its obligations under any Programme Document to which it is a party; (b) any representation and warranty given by BMPS under or pursuant to the Warranty and Indemnity Agreement being false, incomplete or incorrect; (c) any alleged liability and/or claim raised by any third party against the Guarantor, as owner of the Receivables, which arises out of any negligent act or omission by BMPS in relation to the Receivables, the servicing and collection thereof or from any failure by BMPS to perform its obligations under any of the Programme Documents to which it is, or will become, a party; (d) the non-compliance of the terms and conditions of any Mortgage Loan with the provisions of article 1283 of the Civil Code; (e) the fact that the validity or effectiveness of any security, pledge, collateral or other security interest, relating to the Mortgage Loans, has been challenged by way of claw-back (*azione revocatoria*) or otherwise, including, without limitation, pursuant to article 166 of the Business Crisis and Insolvency Code; (f) any amount of any Receivable not being collected or recovered by the Guarantor as a consequence of the proper and legal exercise by any Debtor and/or insolvency receiver of a Debtor of any grounded right to termination, annullability or withdrawal, or other claims and/or counterclaims, including set off, against BMPS in relation to each Mortgage Loan Agreement, Mortgage Loan, Mortgage, Collateral Security and any other connected act or document, including, without limitation, any claim and/or counterclaim deriving from non-compliance with the Usury law provisions in the granting of the Mortgage Loan.

Governing law

The Warranty and Indemnity Agreement any non-contractual obligations arising out of or in connection with it are governed by Italian law.

MASTER SERVICING AGREEMENT

On 25 May 2010, BMPS, in its capacity as Principal Servicer, and the Guarantor entered into the Master Servicing Agreement, as amended and restated from time to time, pursuant to which (i) the Guarantor has appointed BMPS as Principal Servicer to carry out the administration, management, collection and recovery activities relating to the Eligible Assets comprised in each portfolio to be transferred in accordance with the Master Assets Purchase Agreement and to act as "*soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e di pagamento*" pursuant to article 2, sub-paragraph 3, of Law 130, and (ii) have agreed, in case an Additional Seller will enter into the Programme, the terms of the appointment of such Additional Seller to act as Additional Servicer in relation to the administration, management and collection activities related to the Eligible Assets forming part of each New Portfolio transferred to the Guarantor by such Additional Seller.

On 27 May 2011, BAV, in its capacity as Additional Seller, acceded to the Master Servicing Agreement in its capacity as Additional Servicer. Following the Merger, BMPS assumed all rights and obligations of BAV in the capacity as Additional Servicer under the Programme and any reference to BAV in the Programme

Documents shall be deemed to be referred to BMPS, which takes over any and all activities and roles previously carried out by BAV.

The receipt of the Collections is the responsibility of the Principal Servicer and further to the relevant accession to the Master Servicing Agreement, of the relevant Additional Servicer(s), acting as agent (*mandatario*) of the Guarantor. Under the Master Servicing Agreement, the relevant Servicer shall (i) credit to the relevant collection account any and all Collections related to the relevant Eligible Assets within the Business Day immediately following receipt, and (ii) starting from the Issue Date of the first Series or Tranche of Covered Bonds, within one Business Day from the day on which the relevant Collections have been credited to the collection account, will credit the relevant amounts to the Main Programme Account.

The Servicer will also be responsible for carrying out, on behalf of the Guarantor, in accordance with the Master Servicing Agreement and the Credit and Collection Policy, any activities related to the management, enforcement and recovery of the Defaulted Receivables and UTP Receivables. The Servicer may sub-delegate to one or more entities, further activities in addition to those indicated in sup-paragraph (i) above, subject to the limitations set out in the supervisory regulations and with the prior written notice to the Guarantor, the Representative of the Bondholders and the Rating Agencies, **provided that** such subdelegation does not prejudice the compliance by the Servicer with its obligations under the Master Servicing Agreement. The Servicer shall remain fully liable *vis-à-vis* the Guarantor for the performance of any activity so delegated.

The Servicer has been authorised, prior to a breach of the Tests and serving of a Breach of Tests Notice and/or Guarantee Enforcement Notice to the Issuer and Guarantor, to reach with the Debtors any settlement agreements or payment extensions or moratorium or similar arrangements (including any renegotiation in relation to the interest rates and margins), in accordance with the provisions of the Credit and Collection Policy.

Following (i) a breach of the Tests and until such breach is continuing, or (ii) the delivery to the Guarantor and Issuer of a Guarantee Enforcement Notice and/or Breach of Tests Notice, the Servicer will not be authorised to reach with any Debtors, to grant any release with respect to the Receivables or enter into any amendment to the Mortgage Loan Agreements, save where required by any applicable laws or expressly authorised by the guarantor and prior notice of the relevant amendment to the Rating Agencies.

The Principal Servicer, in relation to its servicing activities pursuant to the Master Servicing Agreement, has confirmed its willingness to be the autonomous holder (*titolare autonomo del trattamento dei dati personali*) together with the Guarantor, for the processing of personal data in relation to the Receivables, pursuant to the Privacy Law and to be responsible, in such capacity, for processing such data.

The Servicer has represented to the Guarantor that it has all skills, software, hardware, information technology and human resources necessary to comply with the efficiency standards required by the Master Servicing Agreement.

The Principal Servicer has undertaken to prepare and deliver to, *inter alios*, the Guarantor, the Asset Monitor, the Swap Counterparties, the Representative of the Bondholders, the Principal Paying Agent, the Guarantor Corporate Servicer, the Back-Up Servicer Facilitator and the Rating Agencies the Monthly Servicer's Report Date and the Quarterly Servicer's Report Date.

Upon accession to the Master Servicing Agreement (i) each Additional Servicer(s) will prepare and deliver to the Principal Servicer its Servicer's Report substantially in the form of the Monthly Servicer's Report Date or the Quarterly Servicer's Report Date, **provided that** such reports will be prepared and delivered with respect to each relevant New Portfolio which will be assigned and transferred by each Additional Servicer, in its capacity as Additional Seller, in the context of the Programme pursuant to the relevant Master Assets Purchase Agreement, and (ii) upon receipt from each Additional Servicer of the respective Servicer's Report, the Principal Servicer will prepare and deliver to, *inter alios*, the Guarantor, the Asset Monitor, the Swap Counterparties, the Representative of the Bondholders, the Principal Paying Agent,

the

Guarantor Corporate Servicer, the Back-Up Servicer Facilitator and the Rating Agencies, the Servicer's Report which includes also the information contained in the Servicer's Reports prepared by the Additional Servicer.

On 3 April 2012, the Guarantor has appointed Banca Finanziaria Internazionale S.p.A. as Back-up Servicer Facilitator, and Banca Finanziaria Internazionale S.p.A. has accepted such appointment and has acceded to the Master Servicing Agreement. Upon the rating of the Servicer's long term unguaranteed, unsubordinated and unsecured obligation would have fallen below Baa3 by Moody's and/or "BBB-" from Fitch, (i) the Back-up Servicer Facilitator would have used its best effort to identify an entity suitable to act as back-up servicer in accordance with the Master Servicing Agreement (the "**Back-up Servicer**") and (ii) the Guarantor, subject to prior consultation with the Principal Servicer and the Representative of the Bondholders, would have appointed such Back-up Servicer within 45 days from the abovementioned downgrading.

On 18 October 2012, the long term rating of the Principal Servicer's unsecured, unsubordinated and unguaranteed debt obligations has fallen below "Baa3" by Moody's.

Further to the extensions of the timing provided for under the Master Servicing Agreement, on 8 April 2013, the Guarantor appointed a Back-up Servicer which has been identified in Banca Finanziaria Internazionale S.p.A..

The Back-up Servicer would automatically succeed to the Servicer upon termination or resignation of the Servicer pursuant to the Master Servicing Agreement.

The Guarantor may terminate the Servicer's appointment and appoint a successor servicer (the "**Substitute Servicer**") if certain events occur (each a "**Servicer Termination Event**"). The Servicer Termination Events include, *inter alia*, the following events:

(1) failure on the part of the relevant Servicer(s) to deposit or pay any amount required to be paid or deposited which failure continues for a period of 7 Business Days following receipt by the Servicer of a written notice from the Guarantor requiring the relevant amount to be paid or deposited;

(2) failure on the part of the relevant Servicer(s) to observe or perform any other term, condition, covenant or agreement provided for under the Master Servicing Agreement and the other Programme Documents to which it is a party, and the continuation of such failure for a period of 10 Business Days following receipt by the relevant Servicer(s) of written notice from the Guarantor, **provided that** a failure ascribable to any entities delegated by the Servicer in accordance with the Master Servicing Agreement shall not constitute a Servicer Termination Event unless in case of failure on the part of the Servicer itself;

(3) an Insolvency Event occurs with respect to the Servicer;

(4) it becomes unlawful for the relevant Servicer(s) to perform or comply with any of its obligations under the Master Servicing Agreement or the other Programme Documents to which it is a party;

(5) the Servicer is or will be unable to meet the current or future legal requirements and the Bank of Italy's regulations for entities acting as servicers in the context of a covered bonds transaction.

Notice of any termination of the Servicer's appointment shall be given in writing, in accordance with the provisions of the Master Servicing Agreement, by the Guarantor to the Servicer with the prior agreement of the Representative of the Bondholders and shall be effective from the date of such termination or, if later, when the appointment of a Substitute Servicer becomes effective.

The Guarantor may, upon the occurrence of a Servicer Termination Event, appoint as Substitute Servicer any person who, *inter alia*:

(1) meets the requirements of Law 130 and the Bank of Italy to act as Servicer;

(2) has at least three years of experience (whether directly or through subsidiaries) in the administration of mortgage loans in Italy;

(3) has available and is able to use software for the administration of mortgages compatible with that of the Servicer;

(4) has direct access and is able to use professionally, in the carrying out of the administration of the loans, software and hardware utilities which are compatible with those used until the revocation by the relevant Servicer(s) and, in any case, who has access to proper technologies and human resources for the carrying out of the relevant collection and recovery activities relating to the Receivables, and perform all other obligations in compliance with the standards provided by the Master Servicing Agreement and the Bank of Italy supervisory regulations (*Istruzioni di Vigilanza della Banca d'Italia*); and

(5) has sufficient assets to ensure the continuous and effective performance of its duties.

Pursuant to the Master Servicing Agreement the Servicer shall not be entitled to resign from its appointment as Servicer prior to the relevant expiry date.

Governing law

The Master Servicing Agreement any non-contractual obligations arising out of or in connection with it are governed by Italian law.

CASH ALLOCATION, MANAGEMENT AND PAYMENTS AGREEMENT

On 18 June 2010, the Issuer, Italian Account Bank, Pre-Issuer Default Test Calculation Agent, Principal Seller, Principal Servicer, Principal Subordinated Lender, Guarantor, Cash Manager, Principal Paying Agent, Italian Back-Up Account Bank, Payments Account Bank, Guarantor Calculation Agent, Guarantor Corporate Servicer, Post-Issuer Default Test Calculation Agent, and Representative of the Bondholders entered into the Cash Allocation, Management and Payments Agreement, as amended and restated from time to time.

On 27 May 2011, BAV, in its capacity as Additional Seller, Additional Servicer and Additional Subordinated Lender, acceded the Cash Allocation, Management and Payments Agreement.

Furthermore, on 11 October 2023, the parties to the Cash Allocation, Management and Payments Agreement agreed to substitute the English bank accounts then opened with The Bank of New York Mellon, London Branch, with the following new Italian bank accounts: the Main Programme Account, the Reserve Account and the relevant swap collateral accounts, all opened with The Bank of New York Mellon SA/NV, Milan Branch. The relevant parties agreed to complete the procedures for the transfer of the balance standing to the credit of the former English bank accounts, to the relevant new Italian bank accounts, for the closing of the former English bank accounts and for the release of the relevant deed of charge, within few weeks from signing.

Under the terms of the Cash Allocation, Management and Payments Agreement, *inter alia*:

(A) the Guarantor has appointed (i) BMPS as Italian Account Bank and, until the delivery of a Guarantee Enforcement Notice in accordance with the Programme Documents, Pre-Issuer Default Test Calculation Agent; (ii) Banca Monte dei Paschi di Siena S.p.A., as Cash Manager; (iii) The Bank of New York Mellon SA/NV, Milan Branch as Payments Account Bank and Italian Back-Up Account Bank and, from the date on which a Guarantee Enforcement Notice has been delivered in accordance with the Programme Documents, Principal Paying Agent; (iv) Banca Finanziaria Internazionale S.p.A. as Guarantor Calculation Agent and, from the date on which a Guarantee Enforcement Notice has been delivered in accordance with the Programme Documents, Post-Issuer Default Test Calculation Agent;

(B) the Issuer has appointed The Bank of New York Mellon SA/NV, Milan Branch as Principal Paying Agent until the delivery of a Guarantee Enforcement Notice;

(C) the Italian Account Bank has agreed to establish and maintain, in the name and on behalf of the Guarantor, the Italian Collection Account and the Expenses Account and to provide the Guarantor with certain reporting services together with account handling services in relation to monies from time to time standing to the credit of such accounts. In addition the Italian Account Bank has agreed to provide the Guarantor with certain payment services pursuant to the terms of the Cash Allocation, Management and Payments Agreement;

(D) the Cash Manager has agreed, *inter alia*, to invest money standing to the credit of any of the Reserve Account and/or the Main Programme Account to purchase Eligible Investments;

(E) the Guarantor Corporate Servicer has agreed to operate the Expenses Account in order to make certain payments as set out in the Cash Allocation, Management and Payments Agreement;

(F) each of the Principal Servicer and any Additional Servicer (if any) has agreed to operate the the Main Programme Account and the Reserve Account in accordance with the instructions of the Guarantor and the provisions of the Cash Allocation, Management and Payments Agreement and the Master Servicing Agreement;

(G) the Principal Paying Agent has agreed to provide the Issuer and the Guarantor with certain payment services together with certain calculation services pursuant to the terms of the Cash Allocation, Management and Payments Agreement and to this purpose, *inter alia*, determine on each Interest Determination Date or as otherwise specified in the Final Terms after the delivery of a Guarantee Enforcement Notice or a Guarantor Default Notice, the relevant Rate of Interest, the Interest Amount and any other amount payable in respect of each Covered Bond of each Series and Tranche and notify the Issuer, the Guarantor, the Guarantor Calculation Agent, the Principal Servicer and the Representative of the Bondholders of such determination;

(H) the Payments Account Bank has agreed to establish and maintain, in the name and on behalf of the Guarantor, subject to the delivery of a Guarantee Enforcement Notice, the Payments Account, until the earlier of the date on which all Series or Tranches of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with their Terms and Conditions and the relevant Final Terms. Under the terms of the Cash Allocation, Management and Payments Agreement, the Payments Account Bank and the Guarantor have undertaken that the Payments Accounts shall be operational by no later than 5 Business Day after the date on which a Guarantee Enforcement Notice is delivered;

(I) the Principal Paying Agent has agreed, *inter alia*, that (A) prior to the delivery of a Guarantee Enforcement Notice, it will make payments of principal and interest in respect of the Covered Bonds on behalf of the Issuer in accordance with the relevant Final Terms and the provisions of the Cash, Allocation, Management and Payments Agreement which regulate the payments through Euronext Securities Milan; and (B) following the delivery of a Guarantee Enforcement Notice and/or a Guarantor Default Notice, on each Business Day preceding each Guarantor Payment Date which corresponds to an Interest Payment Date and/or a Maturity Date and/or an Extended Maturity Date or on any date on which a payment on the Covered Bonds has to be made in accordance with the relevant Final Terms and the provisions of the Guarantee, it will make payments from the Payments Account of any Interest Amount and/or Redemption Amount in respect of any Series or Tranche of Covered Bonds outstanding on behalf of the Guarantor in accordance with the Guarantee and the provisions of the Cash, Allocation, Management and Payments Agreement which regulate the payments through Euronext Securities Milan (**provided that** it shall not be obliged (but only entitled) to make any such payments if it has not received the full amount of any payment due to it.

(J) the Guarantor Calculation Agent has agreed to provide the Guarantor with calculation services with respect to the Guarantor Accounts and the Guarantor Available Funds and prepare and deliver to the Principal Servicer for such purpose the Payments Report, which shall, *inter alia* (i) take into account any calculations made under the Swap Agreements in relation to payments due or to

become due by the next following Guarantor Calculation Date; and (ii) reflect the occurrence of any (a) Segregation Event if a Breach of Tests Notice has been delivered and/or (b) any Issuer Event of Default if a Guarantee Enforcement Notice has been delivered.

Pursuant to clause 3.7 of the Cash Allocation, Management and Payments Agreement, upon any entity belonging to the Montepaschi Group acceding to the Programme as Additional Seller in accordance with the Programme Documents, the Guarantor shall open a specific collection account with an Eligible Institution in Italy and, subject to the terms of the Cash Allocation, Management and Payments Agreement, shall at all times maintain, until the date on which all Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with their terms and conditions, such specific collection account for the purpose of crediting thereto any Collections and Recoveries in respect of the Eligible Assets transferred by the relevant Additional Seller.

The Guarantor may (with the prior approval of the Representative of the Bondholders) revoke its appointment of any agent, by giving not less than three months' (or less in the event of a breach of warranties and covenants) written notice to the agent (with a copy to the Representative of the Bondholders), regardless of whether an Issuer Event of Default or a Guarantor Event of Default has occurred. Prior to the delivery of a Guarantee Enforcement Notice, the Issuer may revoke its appointment of the Principal Paying Agent, by giving not less than three months' (or less in the event of a breach of warranties and covenants) written notice to the Principal Paying Agent (with a copy to the Representative of the Bondholders). Any Agent may resign from its appointment under the Cash Allocation, Management and Payments Agreement, upon giving not less than three months' (or such shorter period as the Representative of the Bondholders may agree) prior written notice of termination to the Guarantor and the Representative of the Bondholders subject to and conditional upon certain conditions set out in the Cash Allocation, Management and Payments Agreement, **provided that** notice of such resignation has been given to the Rating Agencies by the Guarantor or the Representative of the Bondholders (or the resigning Agent) and a valid substitute has been appointed.

Governing law

The Cash Allocation, Management and Payments Agreement any non-contractual obligations arising out of or in connection with it are governed by Italian law.

THE SWAP AGREEMENTS

Covered Bond Swap Agreements

The Guarantor may, but is not obliged to, enter into one or more Covered Bond Swap Agreements on each Issue Date with one or more Covered Bond Swap Providers to hedge certain interest rate, currency and other risks in respect of amounts received by the Guarantor under the Cover Pool and the Asset Swap Agreements and amounts payable by the Guarantor under, prior to the service of a Guarantee Enforcement Notice, the Term Loan and, following a Guarantee Enforcement Notice, the Covered Bonds. The aggregate notional amount of the Covered Bond Swap Agreement(s) for each Series or Tranche of Covered Bonds shall be the nominal amount on issue of such Series or Tranche of Covered Bonds.

Each Covered Bond Swap Agreement currently in place or which may be entered into in the future has, or will have, the following characteristics.

Under the Covered Bond Swap Agreements, the Guarantor will pay to the Covered Bond Swap Providers on each Guarantor Payment Date the notional amount (being the principal amount outstanding of the relevant Series or Tranche of Covered Bonds) multiplied by three month EURIBOR plus a margin. In return the Covered Bond Swap Provider(s) will pay to the Guarantor on each Interest Payment Date the same notional amount multiplied by a rate linked to the interest rate payable on such Series or Tranche of Covered Bonds.

Each Covered Bond Swap Agreement is scheduled to terminate on the Maturity Date of the Covered Bonds of the relevant Series or Tranche and may or may not take account of any extension of the Maturity Date under the terms of such Covered Bonds as specified in the relevant Covered Bond Swap Agreement. The

occurrence of certain other termination events contained in a Covered Bond Swap Agreement may cause it to terminate prior to its scheduled termination date, as described in more detail below.

In addition, for issues in a currency other than Euro, the Guarantor may enter into one or more cross currency swaps to mitigate currency risks in respect of amounts received by the Guarantor under the Cover Pool and the Asset Swap Agreements and amounts payable by the Guarantor following a Guarantee Enforcement Notice, under the Covered Bonds.

Asset Swap Agreements

Some of the Mortgage Loans in the Cover Pool purchased by the Guarantor from time to time will pay a variable rate of interest and other Mortgage Loans will pay a fixed rate of interest. The Guarantor may, but is not obliged to, enter into one or more Asset Swap Agreements with one or more Asset Swap Providers to hedge the risks linked to interest it receives on the Cover Pool to ensure that it has sufficient funds to meet its quarterly payment obligations.

As of the date of this Base Prospectus, the Guarantor has not entered into an Asset Swap Agreement.

If entered into, it is anticipated that the Asset Swap Agreement will have the following characteristics.

The aggregate notional amount of the Asset Swap Agreement shall be the value of the Cover Pool outstanding from time to time excluding any Defaulted Receivables (the "**Asset Swap Notional**").

The Guarantor shall pay to the Asset Swap Provider all the interest collections it receives (both fixed and floating) from the Cover Pool and receive from the Asset Swap Provider the Asset Swap Notional multiplied by three month EURIBOR plus a margin of 125 basis points (linked to the weighted average margin of the initial Cover Pool) which may be revised from time to time by the Parties.

The Asset Swap Agreement is scheduled to terminate on the earlier of (i) the date on which the outstanding balance of the Cover Pool is zero (ii) the final maturity date of the longest Mortgage Loan included in the Cover Pool (iii) 31 December 2055 and (iv) the date on which all Covered Bonds are redeemed in full and no further Series or Tranches are to be issue. The occurrence of certain other termination events contained in the Asset Swap Agreement may cause it to terminate prior to its scheduled termination date, as described in more detail below.

If any Additional Seller joins the Programme, then it may (subject to it being suitably rated or supported by a suitably rated entity) enter into an Asset Swap Agreement with the Guarantor in respect of the Eligible Assets in the Cover Pool transferred by it. If, however, any such Additional Seller or its credit support provider is not so rated, another entity with the required rating may enter into an Asset Swap Agreement with the Guarantor in respect of the Eligible Assets in the Cover Pool transferred by such Additional Seller.

Rating Downgrade Event

Under the terms of each Swap Agreement, in the event that the rating(s) of a Swap Provider or its credit support provider are downgraded by a Rating Agency below the rating(s) specified in the relevant Swap Agreement (in accordance with the criteria of the Rating Agencies), then such Swap Provider will, in accordance with the relevant Swap Agreement, be required to take certain remedial measures which may include:

(1) providing collateral for its obligations under the Swap Agreement, or

(2) arranging for its obligations under the relevant Swap Agreement to be transferred to an entity with the ratings required by the relevant Rating Agency in order to maintain the rating of the Covered Bonds, or

(3) procuring another entity, with the ratings meeting the relevant Rating Agency's criteria in order to maintain the rating of the Covered Bonds, to become co obligor or guarantor in respect of such Swap Provider's obligations under the Swap Agreement, or

(4) taking such other action as agreed with the relevant Rating Agency **provided that** it will not

adversely affect the ratings of the then outstanding Series or Tranches of Covered Bonds.

A failure by the relevant Swap Provider to take such steps within the time periods specified in the Swap Agreement will allow the Guarantor to terminate the relevant Swap Agreement(s).

Any Swap Provider that does not, on the day of entry into a Swap Agreement, have the adequate rating shall have its obligations to the Guarantor under such Swap Agreement guaranteed by an appropriately rated entity.

Additional Termination Events

A Swap Agreement may also be terminated early in certain other circumstances, including:

(1) at the option of either party to the Swap Agreement, if there is a failure by the other party to pay any amounts due under such Swap Agreement, **provided that** this additional termination event will not apply if the failure to pay any amounts due under such Swap Agreement is due to the non-availability of Guarantor Available Funds;

(2) upon the occurrence of an insolvency of either party to the Swap Agreement, or its credit support provider (if any), or the merger of one of the parties without an assumption of the obligations under the relevant Swap Agreement;

(3) there is a change of law or change in application of any relevant law which results in the Guarantor or the Swap Provider (or both) being obliged to make a withholding or deduction on account of a tax on a payment to be made by such party to the other party under the Swap Agreement and the Swap Provider thereby being required under the terms of the Swap Agreement to gross up payments made to the Guarantor, or to receive net payments from the Guarantor (which is not required under the terms of the Swap Agreement to gross up payments made to the Swap Provider); and

(4) there is a change in law which results in the illegality of the obligations to be performed by either party under the Swap Agreements.

The following are also expected to constitute additional termination events, in whole or in part, as the case may be, with respect to the Guarantor in all the Swap Agreements:

(A) amendment to the Transaction Documents without the prior written consent of the relevant Swap Provider when such Swap Provider is of the reasonable opinion that it is materially adversely affected as a result of such amendment;

(B) in respect of any Covered Bond Swap Agreement, redemption and prepayment (in whole or in part) of any relevant Series or Tranche of Covered Bonds;

(C) in respect of any Covered Bond Swap Agreement, purchase and cancellation (in whole or in part) of any relevant Series or Tranche of Covered Bonds; and

(D) in respect of any Asset Swap Agreements, sale of any of the Mortgage Loans.

Upon the termination of a Swap Agreement, the Guarantor or the Swap Provider may be liable to make a termination payment to the other party in accordance with the provisions of the relevant Swap Agreement. The amount of this termination payment will be calculated and may be made in Euro or, if applicable, the currency of the related Series or Tranche of Covered Bonds if issued in a currency other than Euro.

Credit Support Agreement

If it enters into a Swap Agreement, the Guarantor will also enter into with each Swap Provider a credit support document in the form of the ISDA 1995 Credit Support Annex (Transfer English Law) to the ISDA Master Agreement (each, a "**Credit Support Agreement**"). Each Credit Support Agreement will provide that, from time to time, if required to do so following its downgrade or the downgrade of its credit support provider and subject to the conditions specified in the Credit Support Agreement, the relevant

Swap Provider will make transfers of collateral to the Guarantor in support of its obligations under the Swap Agreement (the "**Swap Collateral**") and the Guarantor will be obliged to return equivalent collateral in accordance with the terms of the Credit Support Agreement. Each Credit Support Agreement will be governed by English Law.

Swap Collateral required to be posted by the relevant Swap Provider pursuant to the terms of the Credit Support Agreement may be delivered in the form of cash or securities. Cash amounts will be paid into an account designated a "**Swap Collateral Cash Account**" and securities will be transferred to an account designated a "**Swap Collateral Custody Account**". References to a Swap Collateral Cash Account or to a Swap Collateral Custody Account and to payments from such accounts are deemed to be a reference to payments from such accounts as and when opened by the Guarantor.

If a Swap Collateral Cash Account and/or a Swap Collateral Custody Account are opened, cash and securities (and all income in respect thereof) transferred as collateral will only be available to be applied in returning collateral (and income thereon) or in satisfaction of amounts owing by the relevant Swap Provider in accordance with the terms of the Credit Support Agreement.

Any Swap Collateral will be returned by the Guarantor to the relevant Swap Provider directly in accordance with the terms of the Credit Support Agreement and not under the Priorities of Payments.

Withholding Tax

Each Swap Provider will be obliged to make payments pursuant to the terms of its Swap Agreement without any withholding or deductions of taxes unless required by law. If any such withholding or deduction is required by law, the Swap Provider will, subject to certain conditions, be required to pay such additional amount as is necessary to ensure that the net amount actually received by the Guarantor will equal the full amount the Guarantor would have received had no such withholding or deduction been required. The Guarantor is similarly obliged to make to make payments pursuant to the terms of the Swap Agreement without any withholding or deductions of taxes unless required by law. However, if any such withholding or deduction is required by law, the Guarantor will not be required to pay such additional amount as is necessary to ensure that the net amount actually received by the Swap Provider will equal the full amount the Swap Provider would have received had no such withholding or deduction been required.

Transfer of Obligations

A Swap Provider may, at its own discretion and at its own expense, novate its rights and obligations under a Swap Agreement to any third party with the appropriate ratings, **provided that**, among other things, when the transferee is in a different jurisdiction from the transferor, such transfer will not adversely affect the ratings of any then outstanding relevant Series or Tranche of Covered Bonds and such transferee agrees to be bound by, *inter alia*, the terms of the security to which the relevant Swap Agreement is subject, on substantially the same terms as the Swap Provider.

Governing law

The Swap Agreements any non-contractual obligations arising out of or in connection with them are governed by English Law.

MANDATE AGREEMENT

On 18 June 2010, the Guarantor and the Representative of the Bondholders entered into the Mandate Agreement, as amended and supplemented on 17 June 2011, under which, subject to a Guarantor Default Notice being served or upon failure by the Guarantor to exercise its rights under the Programme Documents and fulfilment of certain conditions, the Representative of the Bondholders, acting in such capacity, shall be authorised to exercise, in the name and on behalf of the Guarantor, all the Guarantor's non-monetary rights arising out of the Programme Documents to which the Guarantor is a party.

Governing law

The Mandate Agreement any non-contractual obligations arising out of or in connection with it are

governed by Italian law.

INTERCREDITOR AGREEMENT

On 18 June 2010, the Guarantor and the Other Guarantor Creditors entered into the Intercreditor Agreement, as amended and restated from time to time. On 27 May 2011 BAV acceded to the Intercreditor Agreement in its capacity as Additional Seller, Additional Servicer and Additional Subordinated Lender. Following the Merger, BMPS assumed all rights and obligations of BAV in the capacity as Additional Servicer, Additional Servicer and Additional Subordinated Lender under the Programme and any reference to BAV in the Programme Documents shall be deemed to be referred to BMPS, which takes over any and all activities and roles previously carried out by BAV. Banca Finanziaria Internazionale S.p.A. acceded (i) on 3 April 2012 as Back-Up Servicer Facilitator; and (ii) on 8 April 2013 as Back-up Servicer. Under the Intercreditor Agreement provision is made as to the application of the proceeds from Collections in respect of the Cover Pool and as to the circumstances in which the Representative of the Bondholders will be entitled, in the interest of the Bondholders, to exercise certain of the Guarantor's rights in respect of the Cover Pool and the Programme Documents.

In the Intercreditor Agreement the Other Guarantor Creditors have agreed, *inter alia*: to the order of priority of payments to be made out of the Guarantor Available Funds; that the obligations owed by the Guarantor to the Bondholders and, in general, to the Other Guarantor Creditors are limited recourse obligations of the Guarantor; and that the Bondholders and the Other Guarantor Creditors have a claim against the Guarantor only to the extent of the Guarantor Available Funds.

Under the terms of the Intercreditor Agreement, the Guarantor has undertaken, following the service of a Guarantor Default Notice, to comply with all directions of the Representative of the Bondholders, acting pursuant to the Conditions, in relation to the management and administration of the Cover Pool.

Each of the Other Guarantor Creditors has agreed in the Intercreditor Agreement that in the exercise of its powers, authorities, duties and discretions the Representative of the Bondholders shall have regard to the interests of both the Bondholders and the Other Guarantor Creditors but if, in the opinion of the Representative of the Bondholders, there is a conflict between their interests the Representative of the Bondholders will have regard solely to the interests of the Bondholders. The actions of the Representative of the Bondholders will be binding on each of the Other Guarantor Creditors.

Under the Intercreditor Agreement, each of the Other Guarantor Creditors has appointed the Representative of the Bondholders, as their agent (*mandatario con rappresentanza*), so that the Representative of the Bondholders may, in their name and behalf and also in the interests of and for the benefit of the Bondholders (who make a similar appointment pursuant to the Programme Agreements and the Conditions), *inter alia*, enter into the Deed of Pledge and, if necessary pursuant to the terms of the Intercreditor Agreement, into a deed of charge. In such capacity, the Representative of the Bondholders, with effect from the date when the Covered Bonds have become due and payable (following a claim to the Guarantor or a demand under the Guarantee in the case of an Issuer Event of Default or Guarantor Event of Default or the enforcement of the Guarantee if so instructed by the Bondholders or the exercise of any other rights of enforcement conferred to the Representative of the Bondholders), may exercise all of the Bondholders and Other Guarantor Creditors' right, title and interest in and to and in respect of the assets charged under the Deed of Pledge (and any deed of charge (if any)) and do any act, matter or thing which the Representative of the Bondholders considers necessary for the protection of the Bondholders and Other Guarantor Creditors' rights under any of the Programme Documents including the power to receive from the Issuer or the Guarantor any and all moneys payable by the Issuer or the Guarantor to any Bondholder or Other Guarantor Creditors. In any event, the Representative of the Bondholders shall not be bound to take any of the above steps unless it has been indemnified and/or secured to its satisfaction against all actions, proceedings, claims and demands to which it may thereby render itself liable and all costs, charges, damages and expenses which it may incur by so doing.

The parties to the Intercreditor Agreement have acknowledged and agreed that any Additional Seller may assign Eligible Assets to the Guarantor, subject to satisfaction of certain conditions which will include

the execution and/or accession to certain Programme Documents or other acts, deeds, documents and the notice to the Rating Agencies and the Joint-Arrangers. Any such Additional Seller may become party to the Intercreditor Agreement from time to time by signing an accession letter and, in addition, any Additional Seller(s) shall be required to assume certain specific undertakings as the continuation of the Programme, or any provision of law, may require (including, but not limited to, assuming the same undertakings of the Issuer and the Principal Seller set out in the Cover Pool Management Agreement and/or in the Subordinated Loan Agreement and/or in the Master Servicing Agreement, as the case may be.

The parties to the Intercreditor Agreement have acknowledged and agreed the provisions of the Terms and Conditions and the Guarantee pursuant to which, if the Issuer has failed to pay the Final Redemption Amount on the Maturity Date specified in the relevant Final Terms and the Guarantor or the Guarantor Calculation Agent on its behalf determines that the Guarantor has insufficient moneys available under the relevant Priority of Payments to pay the Guaranteed Amounts corresponding to the Final Redemption Amount in full in respect of the relevant Series or Tranche of Covered Bonds on the Extension Determination Date, then such Series become a Pass Through Series and payment of the unpaid amount by the Guarantor under the Guarantee shall be deferred until the Extended Maturity Date **provided that** any amount representing the Final Redemption Amount of such Pass Through Series due and remaining unpaid after the Extension Determination Date may be paid by the Guarantor on any relevant Guarantor Payment Date thereafter up to (and including) the relevant Extended Maturity Date. Following the delivery of a Guarantee Enforcement Notice and upon breach of the Amortisation Test, all Series of Covered Bonds will become Pass Through Series.

Governing law

The Intercreditor Agreement any non-contractual obligations arising out of or in connection with it are governed by Italian law.

GUARANTOR CORPORATE SERVICES AGREEMENT

Under the Corporate Services Agreement entered into on 18 June 2010 between the Guarantor Corporate Servicer and the Guarantor, the Guarantor Corporate Servicer has agreed to provide certain corporate and administrative services to the Guarantor.

Governing law

The Corporate Services Agreement and any non-contractual obligations arising out of or in connection with it are governed by Italian law.

PROGRAMME AGREEMENT

On 18 June 2010, the Issuer, the Guarantor, the Representative of the Bondholders and the Dealers (as appointed from time to time), entered into the Programme Agreement pursuant to which the parties thereof have recorded the arrangements agreed between them in relation to the issue by the Issuer and the subscription by the Dealers from time to time of Covered Bonds issued under the Programme.

On 27 May 2011 BAV acceded to the Programme Agreement in its capacity as Additional Seller.

Under the Programme Agreement, the Issuer and the Dealers have agreed that any Covered Bonds of any Series or Tranche which may from time to time be agreed between the Issuer and any Dealer(s) to be issued by the Issuer and subscribed for by such Dealer(s) shall be issued and subscribed for on the basis of, and in reliance upon, the representations, warranties, undertakings and indemnities made or given or provided to be made or given pursuant to the terms of the Programme Agreement. Unless otherwise agreed, neither the Issuer nor any Dealer(s) is, are or shall be, in accordance with the terms of the Programme Agreement, under any obligation to issue or subscribe for any Covered Bonds of any Series or Tranche.

Pursuant to the Programme Agreement, before the Issuer reaches its agreement with any Dealer for the issue and purchase of any Series or Tranche of Covered Bonds under the Programme, each Dealer shall

have received, and found satisfactory (in its reasonable opinion), all of the documents and confirmations described in schedule 1 (*Initial Conditions Precedent*) of the Programme Agreement constituting the initial conditions precedent and the conditions precedent set out under clause 3.2 (*Conditions precedent to the issue of any Series or Tranche of Covered Bonds*) of the Programme Agreement, as applicable to the relevant Series, shall have been satisfied.

According to the terms of the Programme Agreement, the Issuer may nominate any institution as a new Dealer in respect of the Programme or nominate any institution as a new Dealer only in relation to a particular Series or Tranche of Covered Bonds upon satisfaction of certain conditions set out in the Programme Agreement.

In addition, under the Programme Agreement, the parties thereof have agreed to certain terms regulating, *inter alia*, the performance of any stabilisation action which may be carried out in connection with the issue of any Series or Tranche of Covered Bonds.

Governing law

The Programme Agreement any non-contractual obligations arising out of or in connection with it are governed by Italian law.

COVER POOL MANAGEMENT AGREEMENT

On 18 June 2010, Issuer, Principal Seller, Principal Servicer, Pre-Issuer Default Test Calculation Agent and Principal Subordinated Lender, Guarantor, Guarantor Calculation Agent, Post-Issuer Default Test Calculation Agent and the Representative of the Bondholders entered into the Cover Pool Management Agreement, as amended and restated from time to time, pursuant to which they have agreed certain terms regulating, *inter alia*, the performance of the Tests and the purchase and sale by the Guarantor of the Eligible Assets included in the Cover Pool.

On 27 May 2011 BAV acceded to the Cover Pool Management Agreement in its capacity as Additional Seller, Additional Servicer and Additional Subordinated Lender. Following the Merger, BMPS assumed all rights and obligations of BAV in the capacity as Additional Servicer, Additional Servicer and Additional Subordinated Lender under the Programme and any reference to BAV in the Programme Documents shall be deemed to be referred to BMPS, which takes over any and all activities and roles previously carried out by BAV.

Under the Cover Pool Management Agreement the Issuer also in its capacity as Principal Seller and each Additional Seller(s) have jointly and severally undertaken to procure that: 1) starting from the First Issue Date and until the date on which all Series or Tranches of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with the Terms and Conditions and the relevant Final Terms; on any Quarterly Test Calculation Date (and on any Test Calculation Date thereafter if on the immediately preceding Quarterly Test Calculation Date, any of the Mandatory Tests and/or Liquidity Reserve Requirement was breached), each of the Mandatory Tests and Liquidity Reserve Requirement (as described in detail in section "*Credit structure – Tests*" below) is met with respect to the Cover Pool; and 2) starting from the First Issue Date and until the earlier of (a) the date on which all Series or Tranches of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with the Terms and Conditions and the relevant Final Terms; and (b) the date on which a Guarantee Enforcement Notice is delivered, each of the Issuer, also in its capacity as Principal Seller, and each Additional Seller(s), has undertaken to procure that, on any Test Calculation Date, the Asset Coverage Test (as described in detail in section "*Credit structure – Tests*" below) is met with respect to the Cover Pool.

In addition, the Guarantor has undertaken to procure that starting from the date on which a Guarantee Enforcement Notice is delivered and until the earlier of: (a) the date on which all Series or Tranches of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with the Terms and Conditions and the relevant Final Terms; and (b) the date on which a Guarantor Default Notice is delivered, on any Test Calculation Date, the Amortisation Test (as described in detail in section "*Credit structure Tests*" below) is met with respect to the Cover Pool, provided that,

in case the Issuer Event of Default consists of an Article 74 Event, no Article 74 Event Cure Notice has been served.

The Pre-Issuer Default Test Calculation Agent has agreed to prepare and deliver, on each Test Performance Report Date prior to the delivery of a Guarantee Enforcement Notice, to the Issuer, the Guarantor, the Representative of the Bondholders, the Asset Monitor, the Guarantor Calculation Agent, the Principal Seller and each Additional Seller(s), the Principal Servicer and each Additional Servicer(s) and the Rating Agencies, a report setting out the calculations carried out by it with respect of the Mandatory Tests, the Liquidity Reserve Requirement and the Asset Coverage Test, as appropriate, (the "**Pre-Issuer Default Test Performance Report**").

The Post-Issuer Default Test Calculation Agent has agreed to prepare and deliver, on each Test Performance Report Date following the delivery of a Guarantee Enforcement Notice, to the Guarantor, the Representative of the Bondholders, the Asset Monitor, the Guarantor Calculation Agent, the Principal Seller and any Additional Seller(s), the Principal Servicer and any Additional Servicer(s) and the Rating Agencies, a report setting out the calculations carried out by it with respect of the Mandatory Tests, the Liquidity Reserve Requirement and the Amortisation Test (the "**Post-Issuer Default Test Performance Report**").

If, on each Test Performance Report Date, the Pre-Issuer Default Test Performance Report specifies the breach of any of the Tests, the Guarantor will: (i) within the Test Grace Period, or (ii) if, and where applicable, a Breach of Tests Notice had already been delivered, within the Test Remedy Period, acquire additional Eligible Assets (it being understood that, in case of breach of the Liquidity Reserve Requirement, the relevant Eligible Asset(s) can be replaced only with Liquidity Assets) either by way of purchase or substitution, from the Principal Seller or Additional Seller (if any), in each case in accordance with the Master Assets Purchase Agreement and in an amount sufficient to ensure, also taking into account the information provided by the Pre-Issuer Default Test Calculation Agent in its notification of the breach, that as of the subsequent Test Calculation Date, all Tests will be satisfied with respect to the Cover Pool, as evidenced in the relevant Test Performance Report.

The parties to the Cover Pool Management Agreement have acknowledged that the aggregate amount of Eligible Assets which are in compliance with Article 7-*duodecies*, paragraph 2, letter (b), of Law 130 (the "**Liquidity Assets**") and other Eligible Assets other than the Mortgage Loans included in the Cover Pool may not be in excess of the threshold set out under Article 129, paragraph 1a., of the CRR.

In this respect, on each Test Calculation Date, the Test Calculation Agent shall determine the amount of such Liquidity Assets forming part of the Cover Pool and the result of such calculation will be set out in each Test Performance Report to be prepared and delivered by the Test Calculation Agent pursuant to the Cover Pool Management Agreement.

Should the result from any Test Performance Report show that the aggregate amount of Eligible Assets other than Mortgage Loans included in the Cover Pool is in excess of the thresholds set out under Article 129, paragraph 1a., of the CRR, then the Seller may, but shall not obliged to, transfer to the Guarantor New Portfolio(s) of Eligible Assets in order to cure such excess or alternatively, the Seller may repurchase Liquidity Assets to comply with such limits. In the meantime, the Eligible Assets other than Mortgage Loans in excess of the limits set out in Article 129, paragraph 1a., will not be computed for the purpose of the Tests.

Following the delivery of a Breach of Tests Notice, but prior to the delivery of a Guarantee Enforcement Notice, if within the Test Remedy Period the relevant Mandatory Tests and Asset Coverage Test is/are met according to the information included in the relevant Pre-Issuer Default Test Performance Report (unless any other Segregation Event has occurred and is outstanding and without prejudice to the obligation of the Representative of the Bondholders to deliver a subsequent Breach of Tests Notice at any time thereafter to the extent a further Segregation Event occurs), the Representative of the Bondholders will promptly deliver to the Issuer, the Guarantor, the Guarantor Calculation Agent, the Principal Seller and any Additional Seller(s), the Principal Servicer and any Additional Servicer(s), the Asset

Monitor and the Rating Agencies, a notice informing such parties that the Breach of Tests Notice then outstanding has been revoked (the "**Breach of Tests Cure Notice**").

After the service of a Guarantee Enforcement Notice on the Guarantor, but prior to service of a Guarantor Default Notice, the Guarantor shall, upon instructions of the Portfolio Manager (as defined below) and **provided that** the Representative of the Bondholders has been duly informed, use its best effort to sell the Eligible Assets included in the Cover Pool. The Eligible Assets (any such Eligible Assets, the "**Selected Assets**") will be selected from the Cover Pool by the Principal Servicer on behalf of the Guarantor and the proceeds from any sale of Selected Assets will be credited to the Main Programme Account and applied as set out in the applicable Priority of Payments.

The Guarantor (or the Principal Servicer on behalf of the Guarantor) shall use its best efforts to sell the Eligible Assets as follows:

(1) following the service of a Guarantee Enforcement Notice, within at least (**provided that** the Guarantor may commence before) the date falling (a) 30 days after the service of a Guarantee Enforcement Notice following a non-payment referred under Condition 12.2(a) or (b) in any other case of Guarantee Enforcement Notice delivered other than for a non-payment on a Series of Covered Bonds, six months prior to the Maturity Date of the Earliest Maturing Covered Bonds (to the extent that no breach of the Amortisation Test occurred, in which case the timing set out under Clause 8.2 of the Cover Pool Management Agreement) (the "**First GEN Sale Date**"). The Guarantor shall use its best effort to sell the Selected Assets in an amount as close as possible to the amount necessary (i) to redeem in full the Pass Through Series and/or (only on the GEN Sale Date (as defined in the Cover Pool Management Agreement)) the Earliest Maturing Covered Bonds and (ii) to pay any interest amount due in respect of the Covered Bonds net of any amounts standing to the credit of the Programme Accounts, **provided that**, (1) prior to and following the sale of such Selected Assets, the Amortisation Test is complied with and (2) the Guarantor and the Portfolio Manager shall use their best effort to sell the Selected Assets, at the first attempt, at a price that ensures that the ratio between the aggregate Outstanding Principal Balance of the Cover Pool and the Principal Amount Outstanding of all Series of Covered Bonds remains unaltered or is improved following the sale of the relevant Selected Assets and repayment of the Pass Through Series and/or Earliest Maturing Covered Bonds (as the case may be). If the proceeds of the sale of Selected Assets raised on the first attempt are insufficient for the purposes set out above, the Guarantor shall repeat its attempt to sell the Selected Assets every sixth months thereafter until the earlier of (i) the date on which the Pass Through Series of Covered Bonds have been redeemed in full and (ii) the date on which a Guarantor Default Notice is delivered; and

(2) following the service of a Guarantee Enforcement Notice (and, in case of a Guarantee Enforcement Notice delivered as result of an Article 74 Event, prior to the delivery of an Article 74 Event Cure Notice), if a breach of the Amortisation Test occurs as specified in the relevant Test Performance Report, starting from the date falling 30 calendar days after the date on which a Test Performance Report specifies a breach of the Amortisation Test and in an amount as close as possible to the amount necessary (i) to redeem in full the Pass Through Series and (ii) to pay any interest amount due in respect of the Covered Bonds net of any amounts standing to the credit of the Programme Accounts. If the proceeds of the sale of the Eligible Assets raised on the first attempt are insufficient for the purposes set out above, the Guarantor shall repeat its attempt to sell Eligible Assets every sixth months thereafter until the earlier of (i) the date on which the Pass Through Series of Covered Bonds have been redeemed in full and (ii) the date on which a Guarantor Default Notice is delivered;

(3) following the service of a Guarantor Default Notice the Guarantor, all the asset included in the Cover Pool, **provided that** the Guarantor will instruct the Portfolio Manager to use all reasonable endeavours to procure that such sale is carried out as quickly as reasonably practicable taking into account the market conditions at that time.

With respect to any sale to be carried out in accordance with the Cover Pool Management Agreement, within calendar 20 days following the delivery of a Guarantee Enforcement Notice, or as soon as practicable if necessary to effect timely payments under the Covered Bonds, the Guarantor will, through a tender process, appoint a portfolio manager (the "**Portfolio Manager**") of recognised standing on a basis intended to incentivise the Portfolio Manager to help the Guarantor to achieve the best price for the sale of the Selected Assets (if such terms are commercially available in the market) and to advise it in relation to the sale of the Selected Assets to purchasers (except where any of the Principal Seller and any Additional Seller (if any) (other than in case of *liquidazione coatta amministrativa* of such Principal Seller and/or Additional Seller (if any)) is buying the Selected Assets in accordance with its right of pre-emption under the Master Assets Purchase Agreement).

Under the Cover Pool Management Agreement, the parties have acknowledge that, prior to the occurrence of a Segregation Event, or if earlier, the delivery of a Guarantee Enforcement Notice, the Principal Seller and/or the Additional Seller has the right, pursuant the Master Assets Purchase Agreement, to repurchase any Excess Assets transferred to the Guarantor **provided that** no Tests may be breached as a result of any repurchase under such clause and any such purchase may occur only in accordance with any relevant law, regulation or interpretation of any authority (including, for the avoidance of doubts, the Bank of Italy or the Minister of Economy and Finance) which may be enacted with respect to Law 130 and the Bank of Italy Regulation.

For further details, see section "*Credit structure - Tests*" below.

Governing law

The Cover Pool Management Agreement any non-contractual obligations arising out of or in connection with it are governed by Italian law.

DEED OF PLEDGE

On 18 June 2010, the Guarantor and the Representative of the Bondholders entered into the Deed of Pledge under which, without prejudice and in addition to any security, guarantee and other right provided by Law 130 securing the discharge of the Guarantor's obligations to the Bondholders and the Other Guarantor Creditors, the Guarantor has pledged in favour of the Bondholders and the Other Guarantor Creditors all monetary claims and rights and all the amount arising (including payment for claims, indemnities, damages, penalties, credits and guarantees) to which the Guarantor is or will be entitled to from time to time pursuant to certain Programme Documents, with the exclusion of the Cover Pool and the Collections. The security created pursuant to the Deed of Pledge will become enforceable upon the service of a Guarantor Default Notice.

Governing law

The Deed of Pledge any non-contractual obligations arising out of or in connection with it are governed by Italian law.

ASSET MONITOR AGREEMENT

Please see section "*The Asset Monitor*" below.

CREDIT STRUCTURE

The Covered Bonds will be direct, unsecured, unconditional obligations of the Issuer. The Guarantor has no obligation to pay the Guaranteed Amounts under the Guarantee until the occurrence of an Issuer Event of Default and service by the Representative of the Bondholders on the Issuer and on the Guarantor of a Guarantee Enforcement Notice. The Issuer will not be relying on payments by the Guarantor in respect of the Term Loans or receipt of Interest Available Funds or Principal Available Funds from the Cover Pool in order to pay interest or repay principal under the Covered Bonds.

There are a number of features of the Programme which enhance the likelihood of timely and, as applicable, ultimate payments to Bondholders, as follows:

- the Guarantee provides credit support for the benefit of the Bondholders;
- the Mandatory Tests and, following the delivery of a Guarantee Enforcement Notice, the Amortisation Test are intended to ensure that the Cover Pool is at all times sufficient to pay any interest and principal under the Covered Bonds;
- the Liquidity Reserve Requirement is periodically performed with the intention of ensuring that the Liquidity Reserve is in an amount equal to or greater than the maximum cumulative Net Liquidity Outflow expected in the next following 180 days;
- prior to the delivery of a Guarantee Enforcement Notice, the Asset Coverage Test is intended to test the asset coverage of the Guarantor's assets in respect of the Covered Bonds, applying for the purpose of such coverage an Asset Percentage factor determined in order to provide a degree of over-collateralisation with respect to the Cover Pool;
- the Swap Agreements are intended to hedge certain interest rate, current or other risks in respect of amounts received and amounts payable by the Guarantor;
- a Reserve Account has been established which will build up over time using excess cash flow from Interest Available Funds; and
- under the terms of the Cash Allocation, Management and Payments Agreement, the Cash Manager has agreed to invest the moneys standing to the credit of the Main Programme Account and the Reserve Account in purchasing Eligible Investments.

Certain of these factors are considered more fully in the remainder of this section.

Guarantee

The Guarantee provided by the Guarantor guarantees payment of Guaranteed Amounts when the same become Due for Payment in respect of all Covered Bonds issued under the Programme in accordance with the relevant Priority of Payments. The Guarantee will not guarantee any other amount becoming payable in respect of the Covered Bonds for any other reason, including any accelerated payment pursuant to Condition 12.2 (*Issuer Event of Default*) following the delivery of a Guarantee Enforcement Notice. In this circumstance (and until a Guarantor Event of Default occurs and a Guarantor Default Notice is served), the Guarantor's obligations will only be to pay the Guaranteed Amounts as they fall Due for Payment. Payments to be made by the Guarantor under the Guarantee will be made subject to, and in accordance with, the relevant Priority of Payments, as applicable.

See further "*Description of the Programme Documents – Guarantee*", as regards the terms of the Guarantee. See "*Cashflows – Guarantee Priority of Payments*", as regards the payment of amounts payable by the Guarantor to Bondholders and other creditors following the occurrence of an Issuer Event of Default.

Tests

Under the terms of the Cover Pool Management Agreement, the Issuer and the Additional Seller(s) must ensure that on each Test Calculation Date and/or Quarterly Test Calculation Date, as the case may be,

the Cover Pool is in compliance with the relevant Tests described below. If on any Test Calculation Date or Quarterly Test Calculation Date, as the case may be, the relevant Test Performance Report specifies that the Cover Pool is not in compliance with the relevant Test, then the Principal Seller, (and/or any Additional Seller(s) in respect of each relevant New Portfolio transferred to the Guarantor) will either (i) sell additional Eligible Assets to the Guarantor for an amount sufficient to allow the relevant Test to be met on the next following Test Calculation Date as determined in the immediately following Test Performance Report, in accordance with the Master Assets Purchase Agreement and the Cover Pool Management Agreement, to be financed through the proceeds of Term Loans to be granted by the Principal Seller (and/or any Additional Seller, if any) or (ii) substitute any relevant assets in respect of which the right of repurchase can be exercised under the terms of the Master Assets Purchase Agreement with new Eligible Assets (it being understood that, in case of breach of the Liquidity Reserve Requirement, the relevant Eligible Asset(s) can be replaced only with Liquidity Assets), for an amount sufficient to allow the relevant Test to be met on the next following Test Calculation Date as determined in the immediately following Test Performance Report.

If, within the Test Grace Period the relevant breach of the Mandatory Tests and/or the Asset Coverage Test is not remedied in accordance with the terms of the Cover Pool Management Agreement, the Representative of the Bondholders will deliver a Breach of Tests Notice and as a consequence (i) no further Series or Tranche of Covered Bonds may be issued by the Issuer; (ii) there shall be no further payments to the Subordinated Lender under any relevant Term Loan, other than where necessary for the purpose of complying with the limits set forth under article 129, paragraph 1a., of the CRR as better specified in the Cover Pool Management Agreement (and to the extent that no purchase of Eligible Assets is possible to this effect in accordance with the provisions of the Master Assets Purchase Agreement and the Cover Pool Management Agreement and/or in compliance with the limits set out in the Bank of Italy Regulations); (iii) the purchase price for any Eligible Assets to be acquired by the Guarantor shall be paid using the proceeds of a Term Loan or, with respect to Eligible Assets only, to the extent necessary to comply with the limits set forth under article 129, paragraph 1a., of the CRR as better specified in the Cover Pool Management Agreement, the Guarantor Available Funds; and (iv) payments due under the Covered Bonds will continue to be made by the Issuer until a Guarantee Enforcement Notice has been delivered.

MANDATORY TESTS AND LIQUIDITY RESERVE REQUIREMENT

In order to ensure that the Cover Pool is sufficient to repay the Covered Bonds, the Issuer, the Principal Seller, any Additional Seller(s) (if any) shall ensure that (A) the Mandatory Tests, being (i) the Nominal Value Test, (ii) the Net Present Value Test and (iii) the Interest Coverage Test and (B) the Liquidity Reserve Requirement, are satisfied in accordance with the provisions of Law 130 and the Bank of Italy Regulations and the Cover Pool Management Agreement.

Starting from the First Issue Date and until the date on which all Series or Tranches of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with the Terms and Conditions and the relevant Final Terms, the Issuer, also in its capacity as Principal Seller, and any Additional Seller(s) (if any), jointly and severally undertake to procure that (i) on any Quarterly Test Calculation Date, and (ii) on any Test Calculation Date thereafter if on the immediately preceding Quarterly Test Calculation Date any of the Mandatory Test and/or Liquidity Reserve Requirement was breached, each of the Mandatory Tests and Liquidity Reserve Requirement described in the Cover Pool Management Agreement is met with respect to the Cover Pool.

(A) *Nominal Value Test*

The Pre-Issuer Default Test Calculation Agent or the Post-Issuer Default Test Calculation Agent, as the case may be, shall verify (i) on any Quarterly Test Calculation Date, and (ii) on any Test Calculation Date thereafter if on the immediately preceding Quarterly Test Calculation Date any of the Mandatory Test was breached, that the aggregate Outstanding Principal Balance of the Cover Pool shall be higher than or equal to the Principal Amount Outstanding of all Series or Tranches of Covered Bonds issued under the Programme and not cancelled or redeemed in full in accordance with their Terms and Conditions

and the relevant Final Terms.

For the purpose of the Nominal Value Test, the Outstanding Principal Balance of the Cover Pool shall be considered as an amount equal to the "**Nominal Value**" and shall be, on each Quarterly Test Calculation Date (or following the breach of any of the Mandatory Test, on each relevant Test Calculation Date), at least equal to the aggregate Principal Amount Outstanding of all Series or Tranches of Covered Bonds issued under the Programme and not cancelled or redeemed in full in accordance with their Terms and Conditions and the relevant Final Terms (or the Euro Equivalent, if applicable). The Nominal Value Test shall be met if:

$$A + B \geq OBG$$

where,

"**A**" is the Outstanding Principal Balance of all Eligible Assets (taking into account the loan to value limit imposed by law) comprised in the Cover Pool as at the relevant Quarterly Test Calculation Date (or following the breach of any of the Mandatory Tests, as at the relevant Test Calculation Date);

"**B**" is the aggregate amount of all Principal Available Funds cash standing on the Programme Accounts; and

"**OBG**" means the aggregate Principal Amount Outstanding of all Series or Tranches of Covered Bonds issued under the Programme and not cancelled or redeemed in full in accordance with their Terms and Conditions and the relevant Final Terms (or the Euro Equivalent, if applicable).

The calculation above will be performed without taking into account any Eligible Assets exceeding the limit set forth under article 129, paragraph 1a., of the CRR.

It is understood that any Eligible Swap Agreement is excluded from the calculation of the Nominal Value Test.

The Nominal Value Test will always be deemed as met to the extent that the Asset Coverage Test is met, as of the relevant Quarterly Test Calculation Date or the relevant Test Calculation Date thereafter if on the immediately preceding Quarterly Test Calculation Date any of the Mandatory Tests was breached.

In addition to the above, the relevant Test Calculation Agent shall verify on each Test Calculation Date that, in accordance with Article 7-undecies of Law 130, the overcollateralization of the Cover Pool complies with Article 129, paragraph 3a., of the CRR and with the thresholds of Article 129, paragraph 1a., of the CRR.

(B) *Net Present Value Test*

The Pre-Issuer Default Test Calculation Agent or the Post-Issuer Default Test Calculation Agent, as the case may be, shall verify (i) on any Quarterly Test Calculation Date, and (ii) on any Test Calculation Date thereafter if on the immediately preceding Quarterly Test Calculation Date any of the Mandatory Tests was breached, that the net present value of the Cover Pool (including the payments of any nature expected to be received by the Guarantor with respect to any Eligible Swap Agreement), net of all the costs to be borne by the Guarantor (including the costs of any nature expected or due with respect to any Eligible Swap Agreement) shall be higher than or equal to the net present value of all Series or Tranches of Covered Bonds issued under the Programme and not cancelled or redeemed in full in accordance with their Terms and Conditions and the relevant Final Terms.

The Net Present Value Test shall be met if:

$$A+B+C-D \geq NPVOBG$$

where,

"**A**" is the net present value of all Eligible Assets (taking into account the loan to value limit imposed by law) comprised in the Cover Pool;

"**B**" is the net present value of each Eligible Swap Agreement;

"**C**" is the aggregate amount of the Principal Available Funds;

"**D**" is the net present value amount of any transaction costs to be borne by the Guarantor (including the costs of any nature expected to be borne or due with respect to any Eligible Swap Agreement as well as, pursuant to article 7-undecies of Law 130, all other operational costs to be sustained by the Guarantor including perspective the maintenance and the management costs due in case of liquidation of the Programme, to be calculated as indicated in the Cover Pool Management Agreement); and

"**NPVOBG**" is the sum of the net present value of each Covered Bonds outstanding under the Programme.

The calculation above will be performed without taking into account any Eligible Assets exceeding the limit set forth under article 129, paragraph 1a., of the CRR.

(C) *Interest Coverage Test*

The Pre-Issuer Default Test Calculation Agent or the Post-Issuer Default Test Calculation Agent, as the case may be, shall verify (i) on any Quarterly Test Calculation Date, and (ii) on any Test Calculation Date thereafter if on the immediately preceding Quarterly Test Calculation Date any of the Mandatory Tests was breached, that the amount of interest and other revenues expected to be generated by the assets included in the Cover Pool (including the payments of any nature expected to be received by the Guarantor with respect to any Eligible Swap Agreement), net of all the costs expected to be borne by the Guarantor (including the cost of any nature expected or due with respect to any Eligible Swap Agreement), shall be higher than or equal to the amount of interest due on all Series or Tranches of Covered Bonds issued under the Programme and not cancelled or redeemed in full in accordance with their Terms and Conditions and the relevant Final Terms.

The Interest Coverage Test shall be met if (provided that such calculation shall be performed on the basis of prudent criteria to be coherent with the applicable accounting principles):

$$(A+B+C+D-E) \geq IOBG$$

where,

"**A**" is (i) the interest component of all the Instalments falling due and payable from the relevant Quarterly Test Calculation Date (or following the breach of any of the Mandatory Tests, on each relevant Test Calculation Date) to the date falling 12 months thereafter (taking into account the loan to value limit imposed by law) and (ii) all other amounts (other than principal amount) to be received in respect of the Eligible Assets comprised in the Cover Pool (other than those under letter (i) above) to the date falling 12 months thereafter;

"**B**" is any net interest amount expected to be received by the Guarantor under the Covered Bond Swap Agreements which are Eligible Swap Agreements from the relevant Guarantor Calculation Date to the date falling 12 months thereafter;

"**C**" is any net interest amount expected to be received by the Guarantor under the Asset Swap Agreements which are Eligible Swap Agreements from the relevant Guarantor Calculation Date to the date falling 12 months thereafter;

"**D**" is any interest expected to accrue in respect of the Principal Available Funds from the relevant Guarantor Calculation Date to the date falling 12 months thereafter;

"**E**" is the amount of all senior costs expected to be borne by the Guarantor during the period starting from the relevant Guarantor Calculation Date and ending on the date falling 12 months thereafter, under item from *First* to *Fourth* of the Pre-Issuer Default Interest Priority of Payments;

"**IOBG**" is the aggregate amount of all interest payments due and payable under all outstanding Covered Bonds on the Interest Payment Dates falling in the period starting from the relevant Guarantor Calculation Date (excluded) and ending on the date falling 12 months thereafter (such interest payments to be calculated with respect to the applicable interest rates set out in the relevant Final Terms as of the relevant Guarantor Calculation Date).

(D) Liquidity Reserve Requirement

The relevant Test Calculation Agent shall verify on each Test Calculation Date that the Liquidity Reserve Requirement is met with respect to the Cover Pool.

The Liquidity Reserve Requirement will be considered met if the Liquidity Reserve is in an amount equal to or greater than the maximum cumulative Net Liquidity Outflows expected in the next following 180 days.

The "Liquidity Reserve" will be equal to the amount of Eligible Assets comprised in the Cover Pool which are in compliance with Article 7-duodecies, paragraph 2, of Law 130, including the Required Reserve Amount.

The result of the verification of the Liquidity Reserve Requirement will be set out in each Test Performance Report to be prepared and delivered by the relevant Test Calculation Agent pursuant to the Cover Pool Management Agreement.

Should the result from any Test Performance Report show that the Liquidity Reserve Requirement is breached, then the Seller shall transfer to the Guarantor New Portfolio(s) of Eligible Assets in order to cure such excess or, alternatively, the Seller may repurchase Eligible Assets other than Liquidity Assets or, alternatively, the Subordinated Lender may advance further Loans under the Subordinated Loan Agreement.

ASSET COVERAGE TEST

Starting from the First Issue Date and until the earlier of:

(1) the date on which all Series or Tranches of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with the Terms and Conditions and the relevant Final Terms; and

(2) the date on which a Guarantee Enforcement Notice is delivered (and, in case the Issuer Event of Default consists of an Article 74 Event, to the extent that an Article 74 Event Cure Notice has been served);

the Issuer, also in its capacity as Principal Seller, and any Additional Seller(s) (if any), jointly and severally undertake to procure that, on any Test Calculation Date, the Asset Coverage Test is met with respect to the Cover Pool.

For the purposes of the Asset Coverage Test, the Pre-Issuer Default Test Calculation Agent shall verify that the Adjusted Aggregate Asset Amount is, on each Test Calculation Date prior to the delivery of an Issuer Default Notice, at least equal to the aggregate Principal Amount Outstanding of all Series or Tranches of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with the Terms and Conditions and the relevant Final Terms (or the Euro Equivalent, if applicable).

The Asset Coverage Test shall be met if:

$$A-X+B+C-Z-Y-W \geq OBG$$

where,

"**A**" is equal to **MIN*****AP** where

"**MIN**" is the sum of the "**LTV Adjusted Principal Balance**" of each Mortgage Loan in the Cover Pool, which shall be the lower of (1) the actual Outstanding Principal Balance of the relevant Mortgage Loan in the Cover Pool as calculated on the last day of the immediately preceding Calculation Period, and (2) the Latest Valuation relating to that Mortgage Loan multiplied by M, where M is:

(1) equal to 80 per cent. for all the Receivables arising from Mortgage Loans (i) having no unpaid Instalments or (ii) Instalments not paid for less than 90 calendar days or (iii) which have been restructured in connection with the accession of the relevant borrower to the "*Combatti la crisi*"

programme and in respect of which, as of the relevant Test Calculation Date, payments have been suspended for less than 90 calendar days or (iv) in respect of which the relevant borrower has requested a suspension of payment pursuant to the Decree of the Ministry of Finance of 25 February 2009 implementing Legislative Decree No. 185 of 29 November 2008, as converted into law through Law No. 2 of 28 January 2009 (*Decreto Anticrisi*), or under the renegotiation scheme for distressed borrowers signed by the Italian Banks Association (ABI) on 18 December 2009 (*Piano Famiglie*), during the suspension period **provided that**, as of the relevant Test Calculation Date, such suspension period is lower than 90 calendar days;

(2) equal to 40 per cent. for all the Receivables arising from Mortgage Loans (i) having Instalments not paid for more than 90 calendar days but less than 180 calendar days or (ii) which have been restructured in connection with the accession of the relevant borrower to the "*Combatti la crisi*" programme and in respect of which, as of the relevant Test Calculation Date, payments have been suspended for more than 90 calendar days but less than 180 calendar days or (iii) in respect of which the relevant borrower has requested a suspension of payment pursuant to the Decree of the Ministry of Finance of 25 February 2009 implementing Legislative Decree No. 185 of 29 November 2008, as converted into law through Law No. 2 of 28 January 2009 (*Decreto Anticrisi*), or under the renegotiation scheme for distressed borrowers signed by the Italian Banks Association (ABI) on 18 December 2009 (*Piano Famiglie*), during the suspension period **provided that**, as of the relevant Test Calculation Date, such suspension period is greater than 90 calendar days but lower than 180 calendar days; and

(3) equal to 0 per cent. for all the Receivables arising from Mortgage Loans (i) having Instalments not paid for more than 180 calendar days or (ii) which have been restructured in connection with the accession of the relevant borrower to the "*Combatti la crisi*" program and in respect of which, as of the relevant Test Calculation Date, payments have been suspended for more than 180 calendar days or (iii) in respect of which the relevant borrower has requested a suspension of payment pursuant to the Decree of the Ministry of Finance of 25 February 2009 implementing Legislative Decree No. 185 of 29 November 2008, as converted into law through Law No. 2 of 28 January 2009 (*Decreto Anticrisi*), or under the renegotiation scheme for distressed borrowers signed by the Italian Banks Association (ABI) on 18 December 2009 (*Piano Famiglie*), during the suspension period **provided that**, as of the relevant Test Calculation Date, such suspension period is longer than 180 calendar days;

"**X**" is equal to the amount to be deducted from the LTV Adjusted Principal Balance of any Mortgage Loans in the Cover Pool in respect of which any of the following occurred during the immediately preceding Calculation Period: (a) the relevant Mortgage Loan was, in the immediately preceding Calculation Period, in breach of the representations and warranties contained in the Warranty and Indemnity Agreement (any such Mortgage Loan an "**Affected Loan**"); or (b) the relevant Seller, in any preceding Calculation Period, was in breach of any other material representation and warranty under the Master Assets Purchase Agreement and/or such relevant Servicer was, in any preceding Calculation Period, in breach of a material term of the Master Servicing Agreement.

Such amount shall, in all cases, be equal to (i) nil, as long as the Issuer's short term rating or the Issuer's long term rating is at least, respectively, "F1" or "A" by Fitch or the Issuer's short term rating is at least "P-1" or the Counterparty risk rating (if available) is at least "Baa3(cr)" by Moody's or the Issuer's long term rating is at least "BBB" by DBRS, **provided that** the relevant Seller has indemnified the Guarantor or otherwise cured such breach, to the extent required by the terms of the Warranty and Indemnity Agreement or the relevant Seller or Servicer has otherwise cured such breach in accordance with the relevant Programme Documents; (ii)(A) in respect of the Affected Loan, an amount equal to the LTV Adjusted Principal Balance of the relevant Affected Loan or Affected Loans (as calculated on the last day of the immediately preceding Calculation Period); or (ii)(B) in respect of the Mortgage Loan referred to in letter (b) above, an amount equal to the resulting financial loss incurred by the Guarantor in the immediately preceding Calculation Period (such financial loss to be calculated by the Guarantor Calculation Agent without double counting and to be reduced by any amount paid, in cash or in kind, to

the Guarantor by the relevant Seller to indemnify the Guarantor for such financial loss) (any such loss a "**Breach Related Loss**");

"**AP**" is the Asset Percentage; and

"**B**" is the aggregate amount of the Principal Available Funds (excluding, for the sake of clarity, any Interest Shortfall Amount (if any));

"**C**" is the aggregate Outstanding Principal Balance of any Eligible Assets (other than those under letter (A) above); and

"**Z**" is the weighted average remaining maturity of all Covered Bonds multiplied by the Principal Amount Outstanding of the Covered Bonds (or the Euro Equivalent, if applicable) multiplied by the Negative Carry Factor;

"**Y**" is equal to nil, as long as the Issuer's short term rating or the Issuer's long term rating is, respectively, at least "F1" and "A" by Fitch or the Issuer's short term rating is at least "P-1" or the deposit rating is at least "Baa3" by Moody's or the Issuer's long term rating is in accordance with the Minimum DBRS Rating by DBRS, otherwise it is equal to the Potential Set-Off Amounts (unless the calculation of such Potential Set-Off Amounts is no longer required in accordance with the Rating Agencies' criteria from time to time applicable);

"**W**" is equal to nil, as long as the Issuer's short term rating or the Issuer's long term rating is, respectively, at least "F1" and "A" by Fitch or the Issuer's short term rating is at least "P-1" or the Counterparty risk rating (if available) is at least "Baa3(cr)" by Moody's or the Issuer's long term rating is in accordance with the Minimum DBRS Rating by DBRS, otherwise it is equal to the Potential Commingling Amount (unless the calculation of such Potential Commingling Amount is no longer required in accordance with the Rating Agencies' criteria from time to time applicable).

The calculation above will be performed without taking into account any Eligible Assets exceeding the limit set forth under article 129 of the CRR.

"**Potential Commingling Amount**" means an amount of collection which may be subject to commingling risk in case of an Insolvency Event of the Servicer, as calculated by the Pre-Issuer Default Test Calculation Agent in an amount which shall not prejudice the rating assigned from time to time to the Covered Bonds in accordance with the criteria of the Rating Agencies.

For the avoidance of doubt, it is understood that, if upon a downgrading of the Issuer's rating assigned (1) by Fitch below "F1" with respect to the Issuer's short term rating or "A", with respect to the Issuer's long term rating, or (2) by Moody's below "P-1" with respect to the Issuer's short term rating, or "Baa3(cr)" with respect to the Counterparty risk rating (if available) or (3) by DBRS below the Minimum DBRS Rating with respect to the Issuer's long term rating and the remedies provided for under clause 5.2.1 of the Master Servicing Agreement have been put in place, the amount appropriate for the purposes of the definition of "Potential Commingling Amount" shall be equal to nil. If on the contrary the remedies provided for under clause 5.2.1 of the Master Servicing Agreement have not been put in place than the Potential Commingling Amount shall be deducted from the Asset Coverage Test.

"**Potential Set-Off Amounts**" means the aggregate outstanding principal balance of the Cover Pool that could potentially be lost as a result of the relevant Debtors exercising their set-off rights. Such amount will be calculated, only starting from the date on which the Issuer's short term rating or the Issuer's long term rating assigned by Fitch falls below, respectively, "F1" or "A" or the Issuer's short term rating or the deposit rating assigned by Moody's falls below, respectively, "P-1" and "Baa3" or the Issuer's long term rating falls below the Minimum DBRS Rating by DBRS, by the Pre-Issuer Default Test Calculation Agent in an amount which shall not prejudice the rating assigned from time to time to the Covered Bonds in accordance with the criteria of the Rating Agencies.

"**OBG**" means the aggregate Principal Amount Outstanding of all Series or Tranches of Covered Bonds issued under the Programme and not cancelled or redeemed in full in accordance with their Terms and Conditions and the relevant Final Terms (or the Euro Equivalent, if applicable).

AMORTISATION TEST

Starting from the date on which a Guarantee Enforcement Notice is delivered and until the earlier of:

(1) the date on which all Series or Tranches of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with the Terms and Conditions and the relevant Final Terms; and

(2) the date on which a Guarantor Default Notice is delivered;

the Guarantor undertakes to procure that on any Test Calculation Date, the Amortisation Test is met with respect to the Cover Pool, **provided that**, in case the Issuer Event of Default consists of an Article 74 Event, no Article 74 Event Cure Notice has been served.

For the purpose of the Amortisation Test, the Post-Issuer Default Test Calculation Agent shall verify that, on each Test Calculation Date, the outstanding principal balance of the Cover Pool is higher than or equal to the Euro Equivalent of the Principal Amount Outstanding of all Series or Tranches of Covered Bonds issued under the Programme and not cancelled or redeemed in full in accordance with their Terms and Conditions and the relevant Final Terms at the relevant Test Calculation Date.

The Amortisation Test shall be met if:

$$A+B+C-Z \geq OBG$$

where,

"**A**" is equal to MIN multiplied by Guarantee Asset Percentage (GAP)

For the purposes of the calculation of the Amortisation Test, the Guarantee Asset Percentage will be calculated as the ratio granting an overcollateralisation equal to 75 per cent. of the overcollateralisation resulting from the Asset Percentage used on the last Test Calculation Date preceding the service of a Guarantee Enforcement Notice. Thus, the calculation of the Guarantee Asset Percentage is made on the basis of the following formula:

$$GAP = 1/(75\% * (1/AP-1)+1)$$

where

"**AP**" is the Asset Percentage used on the last Test Calculation Date preceding the service of a Guarantee Enforcement Notice.

"**MIN**" is the lower of:

(i) the actual Outstanding Principal Balance of each Mortgage Loan as calculated on the last day of the immediately preceding Calculation Period; and

(ii) the Latest Valuation multiplied by M (where M is:

(a) equal to 100 per cent. for all the Receivables arising from Mortgage Loans (i) having no unpaid Instalments or (ii) Instalments not paid for less than 90 calendar days or (iii) which have been restructured in connection with the accession of the relevant borrower to the "*Combatti la crisi*" program and in respect of which, as of the relevant Test Calculation Date, payments have been suspended for less than 90 calendar days or (iv) in respect of which the relevant borrower has requested a suspension of payment pursuant to the Decree of the Ministry of Finance of 25 February 2009 implementing Legislative Decree No. 185 of 29 November 2008, as converted into law through Law No. 2 of 28 January 2009 (*Decreto Anticrisi*), or under the renegotiation scheme for distressed borrowers signed by the Italian Banks Association (ABI) on 18 December 2009 (*Piano Famiglie*), during the suspension period **provided that**, as of the relevant Test Calculation Date, such suspension period is lower than 90 calendar days;

(b) equal to 60 per cent. for all the Receivables arising from Mortgage Loans (i) having Instalments not paid for more than 90 calendar days but less than 180 calendar days or (ii)

which have been restructured in connection with the accession of the relevant borrower to the "*Combatti la crisi*" program and in respect of which, as of the relevant Test Calculation Date, payments have been suspended for more than 90 calendar days but less than 180 calendar days or (iii) in respect of which the relevant borrower has requested a suspension of payment pursuant to the Decree of the Ministry of Finance of 25 February 2009 implementing Legislative Decree No. 185 of 29 November 2008, as converted into law through Law No. 2 of 28 January 2009 (*Decreto Anticrisi*), or under the renegotiation scheme for distressed borrowers signed by the Italian Banks Association (ABI) on 18 December 2009 (*Piano Famiglie*), during the suspension period **provided that**, as of the relevant Test Calculation Date, such suspension period is greater than 90 calendar days but lower than 180 calendar days; and

(c) equal to 40 per cent. for all the Receivables arising from Mortgage Loans (i) having Instalments not paid for more than 180 calendar days) or (ii) which have been restructured in connection with the accession of the relevant borrower to the "*Combatti la crisi*" program and in respect of which, as of the relevant Test Calculation Date, payments have been suspended for more than 180 calendar days or (iii) in respect of which the relevant borrower has requested a suspension of payment pursuant to the Decree of the Ministry of Finance of 25 February 2009 implementing Legislative Decree No. 185 of 29 November 2008, as converted into law through Law No. 2 of 28 January 2009 (*Decreto Anticrisi*), or under the renegotiation scheme for distressed borrowers signed by the Italian Banks Association (ABI) on 18 December 2009 (*Piano Famiglie*), during the suspension period **provided that**, as of the relevant Test Calculation Date, such suspension period is longer than 180 calendar days.

"**B**" the aggregate amount of the Principal Available Funds;

"**C**" is the aggregate outstanding principal balance of any Eligible Assets (other than those under letter (A) above);

"**Z**" is the weighted average remaining maturity of all Covered Bonds multiplied by the Principal Amount Outstanding of the Covered Bonds (or the Euro Equivalent, if applicable) multiplied by the "**Negative Carry Factor**"; and

"**OBG**" means the aggregate Principal Amount Outstanding of all Series or Tranches of Covered Bonds issued under the Programme and not cancelled or redeemed in full in accordance with their Terms and Conditions and the relevant Final Terms (or the Euro Equivalent, if applicable).

BREACH OF TESTS

If on any Test Calculation Date or Quarterly Test Calculation Date, as the case may be, a Test Performance Report specifies that the Cover Pool is not in compliance with the relevant Test, then the Principal Seller, (and/or any Additional Seller(s) in respect of each relevant New Portfolio transferred to the Guarantor, will either:

(A) sell additional Eligible Assets to the Guarantor for an amount sufficient to allow the relevant Test to be met on the next following Test Calculation Date as determined in the immediately following Test Performance Report, in accordance with the Master Assets Purchase Agreement and the Cover Pool Management Agreement, to be financed through the proceeds of Term Loans to be granted by the Principal Seller (and/or any Additional Seller(s)); or

(B) substitute any relevant assets in respect of which the right of repurchase can be exercised under the terms of the Master Assets Purchase Agreement with new Eligible Assets, for an amount sufficient to allow the relevant Test to be met on the next following Test Calculation Date as determined in the immediately following Test Performance Report (it being understood that, in case of breach of the Liquidity Reserve Requirement, the relevant Eligible Asset(s) can be replaced only with Liquidity Assets until such breach is remedied), or

(C) take any other action that may be deemed appropriate to allow the relevant Tests to be cured on

the next Test Calculation Date.

FAILURE TO REMEDY TESTS

If, within the Test Grace Period the relevant breach of one of the Mandatory Test is not remedied in accordance with the terms of the Cover Pool Management Agreement, the Representative of the Bondholders will deliver a Breach of Tests Notice.

If, after the delivery of a Breach of Tests Notice, the relevant breach of the Tests is not remedied, within the Test Remedy Period, in accordance with the terms of the Cover Pool Management Agreement, the Representative of the Bondholders will deliver a Guarantee Enforcement Notice.

If, after the delivery of a Guarantee Enforcement Notice (**provided that**, should such Issuer Default Notice consist of an Article 74 Event, an Article 74 Event Cure Notice has not been served), a breach of the Amortisation Test occurs, all Series of Covered Bonds will become immediately Pass Through Series.

Upon receipt of a Guarantee Enforcement Notice, the Guarantor shall dispose of the assets included in the Cover Pool.

Reserve Account

The Reserve Account is held in the name of the Guarantor and will build up over time using excess cash flows remaining on each Guarantor Payment Date after payments required to be made on such date have been made. On each Guarantor Payment Date, in accordance with the Priority of Payments, available funds shall be deposited by the Issuer in the Reserve Account until the Reserve Amount equals the Required Reserve Amount for such Guarantor Payment Date. The Reserve Amount over and above the Required Reserve Amount will be used on each Guarantor Payment Date together with other Guarantor Available Funds, for making the payments required by the relevant Priorities of Payments.

CASHFLOWS

As described above under "*Credit Structure*", until a Guarantee Enforcement Notice is served on the Guarantor, the Covered Bonds will be obligations of the Issuer only. The Issuer is liable to make payments when due on the Covered Bonds, whether or not it has received any corresponding payment from the Guarantor.

This section summarises the cashflows of the Guarantor only, as to the allocation and distribution of amounts standing to the credit of the Programme Accounts and their order of priority (all such orders of priority, the "**Priority of Payments**") (a) prior to an Issuer Event of Default and a Guarantor Event of Default, (b) following an Issuer Event of Default (but prior to a Guarantor Event of Default) and (c) following a Guarantor Event of Default.

Definitions

For the purposes hereof the Guarantor Available Funds are constituted by the Interest Available Funds and the Principal Available Funds, which will be calculated by BMPS on each Guarantor Calculation Date.

"**Interest Available Funds**" means in respect of any Guarantor Payment Date, the aggregate of:

(i) any interest amounts collected by the Servicer in respect of the Cover Pool and credited into the Main Programme Account during the immediately preceding Collection Period;

(ii) all recoveries in the nature of interest received by the Servicer and credited to the Main Programme Account during the immediately preceding Collection Period;

(iii) all amounts of interest accrued (net of any withholding or expenses, if due) and paid on the Programme Accounts during the immediately preceding Collection Period;

(iv) any amounts standing to the credit of the Reserve Account in excess of the Required Reserve Amount, and following the service of a Guarantee Enforcement Notice, on the Guarantor, any amounts standing to the credit of the Reserve Account;

(v) any interest amounts standing to the credit of the Programme Accounts;

(vi) all interest amounts received from the Eligible Investments;

(vii) subject to item (ix) below, any amounts received under the Asset Swap Agreement and the Covered Bond Swap Agreement,

provided that, prior to the occurrence of a Guarantor Event of Default, any such amounts received on or after such Guarantor Payment Date (included) but prior to the next following Guarantor Payment Date (excluded) will be applied, together with any provision for such payments made on any preceding Guarantor Calculation Date, (i) to make payments in respect of interest due and payable, *pro rata* and *pari passu* in respect of each relevant Covered Bond Swap Agreement or, as the case may be, (ii) to make payments in respect of interest due on the Covered Bonds under the Guarantee, *pari passu* and *pro rata* in respect of each relevant Series or Tranche of Covered Bonds, or (iii) to make provision for the payment of such relevant proportion of such amounts to be paid on any other day up to the immediately following Guarantor Payment Date, as the Guarantor Calculation Agent may reasonably determine, or otherwise;

(viii) subject to item (ix) below, any amounts received under the Covered Bond Swap Agreements other than any Swap Collateral Excluded Amounts;

(ix) any swap termination payments received from a Swap Provider under any Swap Agreement;

provided that, prior to the occurrence of a Guarantor Event of Default, such amounts will be, to the extent permitted by the relevant Swap Agreement, net of any cost necessary to replace the swap provider and find an eligible swap counterparty to enter into a replacement swap agreement;

(x) all interest amounts received from the Principal Seller (or any Additional Seller, if any) by the Guarantor pursuant to the Master Assets Purchase Agreement during the immediately preceding Collection Period;

(xi) any amounts paid as Interest Shortfall Amount out of item (*First*) of the Pre-Issuer Default Principal Priority of Payments; and

(xii) any amounts (other than the amounts already allocated under other items of the Guarantor Available Funds) received by the Guarantor from any party to the Programme Documents during the immediately preceding Collection Period.

"**Principal Available Funds**" means in respect of any Guarantor Payment Date, the aggregate of:

(i) all principal amounts collected by the Servicer in respect of the Cover Pool and credited to the Main Programme Account of the Guarantor during the immediately preceding Collection Period;

(ii) all other recoveries in respect of principal received by the Principal Servicer (and any Additional Seller, if any) and credited to the Main Programme Account of the Guarantor during the immediately preceding Collection Period;

(iii) all principal amounts received by the Guarantor from the Seller pursuant to the Master Assets Purchase Agreement during the immediately preceding Collection Period;

(iv) the proceeds of any disposal of Eligible Assets or any disinvestment of Eligible Investments;

(v) any amounts granted by the Seller under the Subordinated Loan Agreement and not used to fund the payment of the Purchase Price for any Eligible Assets;

(vi) all amounts in respect of principal (if any) received under any Swap Agreements other than any Swap Collateral Excluded Amounts;

(vii) any amounts paid out of item *Ninth* of the Pre-Issuer Default Interest Priority of Payments; and

(viii) any principal amounts standing to the credit of the Programme Accounts.

Pre-Issuer Default Interest Priority of Payments

The Interest Available Funds shall be applied on each Guarantor Payment Date in making the following payments and provisions in the following order of priority (in each case only if and to the extent that payments of a higher priority have been made in full):

(i) (*First*), (a) to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses (to the extent that amounts standing to the credit of the Expenses Account have been insufficient to pay such amounts) and (b) to credit to the Expenses Account such an amount as will bring the balance of such account up to (but not in excess of) the Retention Amount;

(ii) (*Second*), to pay any amount due and payable to the Representative of the Bondholders;

(iii) (*Third*), to pay, *pro rata* and *pari passu*, any amount due and payable to the Principal Servicer, the Additional Servicer(s) (if any), the Back-Up Servicer (if any), the Italian Account Bank, the Payments Account Bank, the Cash Manager, the Guarantor Calculation Agent, the Pre-Issuer Default Test Calculation Agent, the Guarantor Corporate Servicer and the Italian Back-Up Account Bank;

(iv) (*Fourth*), *pro rata* and *pari passu*, to pay, or make a provision for payment of such proportion of, (i) any interest amounts due to the Asset Swap Provider and (ii) any interest amounts due to the Covered Bond Swap Provider(s), *pro rata* and *pari passu* in respect of each relevant Covered Bond Swap Agreement (including, in both cases, any termination payments due and payable by the Guarantor except where the swap counterparty is the Defaulting Party or the sole Affected Party (the "**Excluded Swap Termination Amounts**"));

(v) (*Fifth*), to credit to the Reserve Account an amount required to ensure that the Reserve Amount is funded up to the Required Reserve Amount, as calculated on the immediately preceding Guarantor Calculation Date;

(vi) (*Sixth*), to pay any Loan Interest due and payable on such Guarantor Payment Date on each Term Loan to the Subordinated Lender(s) pursuant to the terms of the Subordinated Loan Agreement,

provided that (i) no Segregation Event has occurred and is continuing on such Guarantor Payment Date; and (ii) if a Segregation Event has occurred and is continuing, any amount of interest on the Covered Bonds has been duly and timely paid by the Issuer;

(vii) (*Seventh*), upon the occurrence of a Servicer Termination Event, to credit all remaining Interest Available Funds to the Main Programme Account until such Servicer Termination Event is either remedied or waived by the Representative of the Bondholders or a new servicer is appointed;

(viii) (*Eighth*), to pay *pro rata* and *pari passu* in accordance with the respective amounts thereof any Excluded Swap Termination Amounts;

(ix) (*Ninth*), to transfer to the Principal Available Funds an amount equal to the Interest Shortfall Amount, if any, allocated on the immediately preceding Guarantor Payment Date under item First of the Pre-Issuer Default Principal Priority of Payments and on any preceding Guarantor Payment Dates and not already repaid;

(x) (*Tenth*), to pay to the Principal Seller and to the Additional Seller(s) (if any), any amount due and payable under the Programme Documents, to the extent not already paid or payable under other items of this Pre-Issuer Default Interest Priority of Payments;

(xi) (*Eleventh*), *pari passu* and *pro rata* according to the respective amounts thereof, (i) to pay any Premium on the Programme Term Loans and (ii) to repay any Excess Term Loan Amount, provided that no Segregation Event has occurred and is continuing.

Pre-Issuer Default Principal Priority of Payments

The Principal Available Funds shall be applied on each Guarantor Payment Date in making the following payments and provisions in the following order of priority (in each case only if and to the extent that payments of a higher priority have been made in full):

(i) (*First*), to pay any amount payable as Interest Shortfall Amount;

(ii) (*Second*), to acquire New Portfolios of Receivables and/or other Eligible Assets (other than those funded through the proceeds of a Term Loan);

(iii) (*Third*), to pay, *pari passu* and *pro rata* in accordance with the respective amounts thereof: (a) any principal amounts due or to become due and payable to the relevant Swap Providers *pro rata* and *pari passu* in respect of each relevant Swap Agreement; and (b) (where appropriate, after taking into account any amounts in respect of principal to be received from a Swap Provider on such Guarantor Payment Date or such other date up to the next following Guarantor Payment Date as the Guarantor Calculation Agent may reasonably determine) on each Guarantor Payment Date that falls on an Interest Payment Date, the amounts (in respect of principal) due or to become due and payable under the Term Loan, provided in any case no Segregation Event has occurred and is continuing and/or, where applicable, **provided that** no amounts shall be applied to make a payment in respect of a Term Loan if the principal amounts outstanding under the relevant Series or Tranche of Covered Bonds which have fallen Due for Payment on such relevant Guarantor Payment Date have not been repaid in full by the Issuer.

Guarantee Priority of Payments

Following the delivery of a Guarantee Enforcement Notice, the Guarantor Available Funds shall be applied on each Guarantor Payment Date in making the following payments and provisions in the following order of priority (in each case only if and to the extent that payments of a higher priority have been made in full):

(i) (*First*), (a) to pay, *pari passu* and *pro rata*, any Expenses (to the extent that amounts standing to the credit of the Expenses Account have been insufficient to pay such amounts) and (b) to credit to the Expenses Account such an amount as will bring the balance of such account up to (but not in excess of) the Retention Amount;

(ii) (*Second*), to pay any amount due and payable to the Representative of the Bondholders;

(iii) (*Third*), to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amount due and payable to the Principal Servicer, the Additional Servicer(s) (if any), the Back-Up Servicer (if any), the Italian Account Bank, the Guarantor Calculation Agent, the Guarantor Corporate Servicer, the Asset Monitor, the Principal Paying Agent, the Paying Agent(s) (if any), the Portfolio Manager (if any), the Pre-Issuer Default Test Calculation Agent, the Post-Issuer Default Test Calculation Agent, the Italian Back-Up Account Bank, the Cash Manager and the Payments Account Bank;

(iv) (*Fourth*), *pari passu* and *pro rata* according to the respective amounts thereof, (i) any amount due to the Asset Swap Provider (including any termination payment due and payable by the Guarantor other than any Excluded Swap Termination Amounts); (ii) any interest amounts due to the Covered Bond Swap Provider(s), *pro rata* and *pari passu* in respect of each relevant Covered Bond Swap Agreement (including any termination payments due and payable by the Guarantor other than any Excluded Swap Termination Amounts); and (iii) on any Guarantor Payment Date, any interest due and payable on such Guarantor Payment Date (or that will become due and payable on the immediately succeeding Guarantor Payment Date) under the Guarantee in respect of each Pass Through Series, Series or Tranche of Covered Bonds *pari passu* and *pro rata* in respect of each such Pass Through Series, Series or Tranche of Covered Bonds;

(v) (*Fifth*), *pari passu* and *pro rata* (a) in or towards payment on the Guarantor Payment Date or to make a provision for payment of such proportion of any relevant amount falling due up to the next following Guarantor Payment Date as the Guarantor Calculation Agent may reasonably determine, of the amounts in respect of principal due or to become due and payable to the relevant Swap Provider *pro rata* and *pari passu* in respect of each relevant Swap Agreement (including any termination payment due and payable by the Guarantor under the relevant Swap Agreement, other than any Excluded Swap Termination Amount) in accordance with the terms of the relevant Swap Agreement; (b) *pari passu* and *pro rata* among any Pass Through Series, Series or Tranche of Covered Bonds, in or towards payment or to make a provision for payment, on each Guarantor Payment Date (where appropriate, after taking into account any amounts in respect of principal to be received from a Covered Bond Swap Provider) of principal amounts (that are payable on any Pass Through Series and due and payable in respect of any other Series or Tranche of Covered Bonds on such Guarantor Payment Date or that will become payable on any Pass Through Series and due and payable in respect of any other Series or Tranche of Covered Bonds up to the immediately succeeding Guarantor Payment Date) under the Guarantee in respect of such Pass Through Series, Series or Tranche of Covered Bonds;

(vi) (*Sixth*), until each Series or Tranche of Covered Bonds has been fully repaid or repayment in full of the Covered Bonds has been provided for (such that the Required Redemption Amount has been accumulated in respect of each outstanding Series or Tranche of Covered Bonds), to credit any remaining amounts to the Main Programme Account;

(vii) (*Seventh*), to pay *pro rata* and *pari passu*, any Excluded Swap Termination Amount due and payable by the Guarantor;

(viii) (*Eighth*), to pay to the Principal Seller and to the Additional Seller(s) (if any) any amount due and payable under the Programme Documents, to the extent not already paid or payable under other items of this Guarantee Priority of Payments;

(ix) (*Ninth*), to pay *pari passu* and *pro rata* according to the respective amounts thereof any interest and principal amount outstanding and Premium (if any), on each Term Loan under the Subordinated Loan Agreement(s).

Post-enforcement Priority of Payments

Following a Guarantor Event of Default, the making of a demand under the Guarantee and the delivery of a Guarantor Default Notice by the Representative of the Bondholders, the Guarantor Available Funds

shall be applied, on each Guarantor Payment Date, in making the following payments in the following order of priority:

(i) (*First*), to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses (to the extent that amounts standing to the credit of the Expenses Account have been insufficient to pay such amounts);

(ii) (*Second*), to pay any amount due and payable to the Representative of the Bondholders;

(iii) (*Third*), to pay, *pro rata* and *pari passu*, (i) any amount due and payable to the Principal Servicer, the Additional Servicer(s) (if any), the Back-Up Servicer (if any), the Italian Account Bank, the Guarantor Calculation Agent, the Guarantor Corporate Servicer, the Asset Monitor, the Principal Paying Agent, the Paying Agent(s) (if any), the Portfolio Manager (if any), the Italian Back-Up Account Bank, the Cash Manager and the Payments Account Bank; (ii) amounts due to the Covered Bond Swap Provider(s) and the Asset Swap Provider and any other Swap Provider(s) (if any) other than any Excluded Swap Termination Amount; and (iii) amounts due under the Guarantee in respect of each Pass Through Series, Series or Tranche of Covered Bonds;

(iv) (*Fourth*), to pay *pro rata* and *pari passu*, any Excluded Swap Termination Amount due and payable by the Guarantor;

(v) (*Fifth*), to pay to the Principal Seller and to the Additional Seller(s) (if any) any amount due and payable under the Programme Documents, to the extent not already paid or payable under other items of this Post-enforcement Priority of Payments;

(vi) (*Sixth*), to pay or repay any amounts outstanding under the Subordinated Loan Agreement(s).

DESCRIPTION OF THE COVER POOL

The Cover Pool is and will be comprised of Mortgage Loans and the related collateral assigned to the Guarantor by the Principal Seller and/or the Additional Seller(s) in accordance with the terms of the Master Assets Purchase Agreement, (ii) any proceeds arising from the Swap Agreements and (iii) any other Eligible Assets in accordance with Law 130 and the Bank of Italy Regulations.

As at the date of this Base Prospectus, the Initial Portfolio and each New Portfolio (the "**Portfolio**") consists of Residential Mortgage Loans transferred by the Principal Seller and by Banca Antonveneta S.p.A., as Additional Seller to the Guarantor in accordance with the terms of the Master Assets Purchase Agreement, as more fully described under "*Description of the Programme Documents – Master Assets Purchase Agreement*".

The Debtors of the Receivables comprised in the Cover Pool were 155.711 as at 29 February 2024 and none of them has a debt equal to or higher than 20 per cent. of the value of the Cover Pool.

The valuation is carried out semiannually and upon the occurrence of extraordinary events which may impact the value of the assets placed as collateral.

The Cover Pool has characteristics that demonstrate capacity to produce funds to service any payment due and payable on the Covered Bonds.

As at 29 February 2024, the latest maturing asset within the Cover Pool will expire on 30 September 2063.

As at 29 February 2024, the total amount of assets within the Cover Pool is Euro 12,110,088,386.35.

Eligibility Criteria

The sale of the Receivables and their related Security Interest and the transfer of any other Eligible Assets to the Guarantor will be subject to various conditions (the "**Eligibility Criteria**") being satisfied on the relevant Valuation Date (except as otherwise indicated). The Eligibility Criteria with respect to each asset type will vary from time to time but will at all times include criteria so that both Italian law and Rating Agencies requirements are met. In addition, under the Master Assets Purchase Agreement it is established that the parties may amend the Criteria, **provided that** any such amendment shall be notified to the Representative of the Bondholders and the Rating Agencies.

Common Criteria for the transfer of the Receivables

The Receivables transferred and to be transferred from time to time to the Guarantor pursuant to the Master Assets Purchase Agreement shall and will meet the following criteria (the "**Common Criteria**") (to be deemed cumulative unless otherwise provided) on each relevant Valuation Date (or at such other date specified below):

Receivables arising from Mortgage Loans:

1. which are residential mortgage receivables, in respect of which the relevant amount outstanding added to the principal amount outstanding of any higher ranking mortgage loans secured by the same Real Estate Asset, does not exceed 80 per cent. of the value of the Real Estate Asset as at the relevant date of new valuation (*data di rivalutazione*), in accordance with the provisions of article 129, paragraph 1, letter d) of the CRR;
2. that did not provide at the time of disbursement for any subsidy or other benefit in relation to principal or interest (*mutui agevolati*);
3. that have not been granted to public entities (*enti pubblici*), clerical entities (*enti ecclesiastici*) or public consortium (*consorzi pubblici*);
4. that are not consumer loans (*crediti al consumo*);
5. that are not *mutui agrari* pursuant to articles 43, 44 and 45 of the Consolidated Banking Act;
6. that are secured by a mortgage created over Real Estate Assets in accordance with applicable

laws and regulations which are located in the Republic of Italy;

7. the payment of which is secured by a first economic ranking mortgage (*ipoteca di primo grado economico*), such term meaning (i) a first legal ranking mortgage (*ipoteca di primo grado legale*) or (ii) (A) a second or subsequent ranking priority mortgage in respect of which the lender secured by the first ranking priority mortgage is the Seller and with respect to which the obligations secured by the mortgage(s) ranking prior to such second or subsequent mortgage have been fully satisfied, or (B) a second or subsequent ranking priority mortgage in respect of which the obligations secured by the mortgage(s) ranking prior to such second or subsequent mortgage have been fully satisfied and the relevant lender has formally consented to the cancellation of the mortgage(s) ranking prior to such subsequent mortgage, or (C) a second or subsequent ranking priority mortgage in respect of which the lender secured by the mortgage(s) ranking prior to such second or subsequent mortgage is the Seller (even if the obligations secured by such ranking priority mortgage(s) have not been fully satisfied) and the Receivables secured by the prior ranking priority mortgages arise from Mortgage Loans meeting the Criteria;

8. in respect of which the hardening period (*periodo di consolidamento*) applicable to the relevant mortgage has expired and the relevant mortgage is not capable of being challenged pursuant to article 166 of the Business Crisis and Insolvency Code and, if applicable, of art. 39, fourth paragraph of the Consolidated Banking Act;

9. that are fully disbursed and in relation to which there is no obligation or possibility to make additional disbursements;

10. for which at least an Instalment inclusive of principal has been paid before the Valuation Date (i.e. Mortgage Loans that are not in the pre-amortising phase);

11. in respect of which all other previous Instalments falling due before the transfer date have been fully paid or, as of the transfer date, did not have any Instalment pending for 30 days or more than 30 days from its due date;

12. that are governed by Italian law;

13. that have not been granted to individuals that as of the origination date were employees or former (*a riposo*) employees of Montepaschi Group (including also loans granted to two or more individuals, one of which was an employee or a manager of Montepaschi Group as of the transfer date);

14. that are denominated in Euro;

15. which provide for the payment by the Debtor of monthly, quarterly or semi-annual Instalments;

16. which are not additional mortgage loans (*mutui suppletivi*) (each being a mortgage loan secured with a mortgage over Real Estate Assets already mortgaged in connection with another mortgage loan (*mutuo fondiario*) granted by Banca Monte dei Paschi di Siena S.p.A.).

Specific Criteria for the transfer of the Receivables

The Receivables included in each Portfolio (other than the Initial Portfolio) to be transferred from time to time to the Guarantor under the Master Assets Purchase Agreement shall meet, in addition to the Common Criteria, further specific criteria (to be deemed cumulative unless otherwise provided), as at the relevant Valuation Date (or at such other date specified below) listed in the Master Assets Purchase Agreement relating to, *inter alia*, the amount of disbursement, the execution date, the disbursement date, the instalments, the relevant Mortgage Loan Agreements, the relevant Real Estate Assets, the relevant guarantor, the category of natural persons (*persone fisiche*) to which they have been granted, the ratio.

THE ASSET MONITOR

The Bank of Italy Regulations require that the Issuer appoints a qualified entity to be the asset monitor to carry out controls on the regularity of the transaction and the integrity of the Guarantee and, following the latest amendments to the Bank of Italy Regulations introduced by way of inclusion of the new Part III, Chapter 3 (*Obbligazioni Bancarie Garantite*) in Bank of Italy's Circular No. 285 of 17 December 2013, the information to be provided to investors.

Pursuant to the Bank of Italy Regulations, the asset monitor must be an independent auditor enrolled with the Register of Certified Auditors held by the Ministry for Economy and Finance pursuant to Legislative Decree No. 39 of 27 January 2010 and the Ministerial Decree No. 145 of 20 June 2012 and shall be independent from the Issuer and any other party to the Programme and from the accounting firm who carries out the audit of the Issuer and the Guarantor.

Based upon controls carried out, the asset monitor shall prepare annual reports, to be addressed also to the Statutory Auditors *(collegio sindacale)* of the Issuer.

ASSET MONITOR ENGAGEMENT LETTER

Pursuant to an engagement letter entered into on 18 June 2010 (as amended and supplemented from time to time, the "**Asset Monitor Engagement Letter**"), the Issuer has appointed Deloitte & Touche S.p.A., a *società per azioni* incorporated under the laws of Italy, having its registered office at Milan, 20144, Via Tortona 25, Italy, fiscal code and enrolment with the companies register of Milan, No. 03049560166, and included in the Register of Certified Auditors held by the Ministry for Economy and Finance – Stage general accounting office, at no. 132587, as initial asset monitor (the "**Asset Monitor**") in order to perform in accordance with Article 7-*sexiesdecies* of Law 130, certain procedures relating, *inter alia*, to the control of (i) the fulfilment of the eligibility criteria set out under Article 7-*novies* of Law 130, the Bank of Italy Regulations and Article 129 of the CRR with respect to the Eligible Assets included in the Cover Pool; (ii) the compliance with the internal limits to the transfer of Eligible Assets set out under Article 7-*novies* of Law 130 and the Bank of Italy Regulations; (iii) the calculation performed by the Issuer with respect to the Mandatory Tests, the Asset Coverage Test, the Amortisation Test and the Liquidity Reserve Requirement and the compliance with the limits set out under Articles 7-*undecies* and 7-*duodecies* of Law 130 and Article 129, paragraph 1, letter (a) of the CRR; (iv) the effectiveness and adequacy of the risk protection provided by any Swap Agreement entered into in the context of the Programme; (v) the segregation of the Eligible Assets included in the Portfolio according to article 7-*octies* of Law 130; (vi) the correct application and notification of the extension of the maturity of the Covered Bonds issued as required by Article 7-*terdecies* of Law 130; and (vii) the completeness, correctness and the timely delivery of the information provided to investors pursuant to Article 7-*septiesdecies* of Law 130 and the Bank of Italy Regulations.

Under the Asset Monitor Engagement Letter, the Asset Monitor shall, on an annual basis, deliver to the Issuer an annual report detailing the procedures performed under the Asset Monitor Engagement Letter.

The Asset Monitor Engagement Letter provides for certain matters such as the payment of fees and expenses to the Asset Monitor, the resignation of the Asset Monitor and the replacement by the Guarantor of the Asset Monitor.

Governing law

The Asset Monitor Agreement is governed by Italian law.

ASSET MONITOR AGREEMENT

The Asset Monitor, will, pursuant to an asset monitor agreement entered into on 18 June 2010 (as amended and supplemented from time to time, the "**Asset Monitor Agreement**") between the Issuer, the Guarantor, the Asset Monitor and the Representative of the Bondholders and subject to due receipt of the information to be provided by the Pre-Issuer Default Test Calculation Agent or the Post-Issuer Default Test Calculation Agent to the Asset Monitor, respectively, prior to the delivery of a Guarantee Enforcement Notice and after the delivery of a Guarantee Enforcement Notice, verify the arithmetic accuracy of the calculations performed by the Pre-Issuer Default Test Calculation Agent with respect to the Mandatory Tests, the Liquidity Reserve Requirement and the Asset Coverage Test and the Post-Issuer Default Test Calculation Agent with respect to the Mandatory Tests, the Amortisation Test and the Liquidity Reserve Requirement pursuant to the Cover Pool Management Agreement.

In addition, on or prior to each Asset Monitor Report Date, the Asset Monitor shall deliver to the Guarantor, the Post-Issuer Default Test Calculation Agent, the Representative of the Bondholders and the Issuer a report in the form set out in the Asset Monitor Agreement.

The Asset Monitor Agreement provides for certain matters such as the payment of fees and expenses to the Asset Monitor, the limited recourse nature of the payment obligation of the Guarantor *vis-à-vis* the Asset Monitor, the resignation of the Asset Monitor and the replacement by the Guarantor of the Asset Monitor.

Governing law

The Asset Monitor Agreement and any non-contractual obligations arising out of or in connection with it are governed by Italian law.

DESCRIPTION OF CERTAIN RELEVANT LEGISLATION IN ITALY

The following is a general description of Law 130 (as defined below). It does not purport to be a complete analysis of the legislation described below or of the other considerations relating to the Covered Bonds arising from Italian laws and regulations. Furthermore, this overview is based on Italian Legislation as in effect on the date of this Base Prospectus, which may be subject to change, potentially with retroactive effect. This description will not be updated to reflect changes in laws. Accordingly, prospective Bondholders should consult their own advisers as to the risks arising from Italian legislations that may affect any assessment by them of the Covered Bonds.

Law 130

The legal and regulatory framework with respect to the issue of covered bonds in Italy comprises the following:

- Title I-bis of the Law No. 130 of 30 April 1999 (as amended and supplemented from time to time, "**Law 130**"); and
- Part III, Chapter 3 of the "*Disposizioni di Vigilanza per le Banche*" (*Circolare No. 285 of 17 December 2013*) (as amended and supplemented from time to time, the "**Bank of Italy Regulations**").

Legislative decree No. 190 of 5 November 2021 (the "**Decree 190**"), transposed into the Italian legal framework Directive (EU) 2019/2162 and designated the Bank of Italy as the competent authority for the public supervision of the covered bonds, which was entrusted with the issuing of the implementing regulations of the Title I-bis of Law 130, as amended, in accordance with article 3, paragraph 2, of Decree 190/2021. In this respect, the provisions of Law 130, as amended by Decree 190/2021, apply to covered bonds issued starting from 8 July 2022.

Moreover, following a public consultation launched by the Bank of Italy on 12 January 2023 and ended on 11 February 2023, on 30 March 2023 Bank of Italy issued the 42nd amendment to the Bank of Italy Regulations, providing for the implementing measures referred to under article 3, paragraph 2, of Decree 190/2021. Such amendment to the Bank of Italy Regulations provided for, inter alia, the definition of (i) the criteria for the assessment of the eligible assets and the conditions for including covered bonds among eligible assets for derivative contracts with hedging purposes; (ii) the procedures for calculating hedging requirements; (iii) the conditions for establishing new issuance programmes and the interim discipline regarding new issues under issuance programmes already existing as of 30 March 2023; (iv) the possibility also to banks with credit step quality 3 to act as counterparties of a derivative contract with hedging purposes.

In accordance with the Bank of Italy Regulations, as amended on 30 March 2023, the Bank of Italy did not exercise the option provided for in the Directive (EU) 2019/2162 that allows Member States to lower the threshold of the minimum level of overcollateralization.

The Bank of Italy Regulations – as amended pursuant to the 42nd amendment, among other things, regulate:

- the capital adequacy requirements that issuing banks must satisfy in order to issue covered bonds and the ability of issuing banks to manage risks;
- limitations on the total value of eligible assets that banks, individually or as part of a group, may transfer as cover pools in the context of covered bond transactions;
- criteria to be adopted in the integration of the assets constituting the cover pools;
- the identification of the cases in which the integration is permitted and its limits;
- monitoring and surveillance requirements applicable with respect to covered bond transactions and the provision of information relating to the transaction;

- the publication of periodical information concerning the issuance programmes in order to enable investors to conduct an informed assessment of the cover bond programmes and the related risks;
- the interim discipline regarding new issues under issuance programmes already existing as of 30 March 2023;
- the request for the authorization of the Bank of Italy for the establishment of new issuance programmes; and
- the requirements for applying for the "European Covered Bond (Premium)" label.

On 22 February 2022 Bank of Italy issued the 38th amendment to Circular No. 285 introducing the possibility for the Bank of Italy to impose a systemic risk buffer (SyRB), pursuant to Article 133 of the CRD V, consisting of CET1, with the aim of preventing and mitigating macro-prudential or systemic risks not otherwise covered by the macro-prudential tools provided by the CRR, the countercyclical capital buffer an the capital buffers for G-SIIs or O-SIIs.

The amendment adapts the rules concerning capital buffers and capital conservation measures with CRD V and implement the EBA's guidance on the appropriate subsets of sectoral exposures for the application of the SyRB in accordance with Article 133(5)(f) of CRD V.

In addition to the above, the 38th amendment also granted the power to the Bank of Italy of adopting one or more prudential measures based on customer and loan characteristics (so-called borrower-based measures), requiring banks to apply them when granting new financing in any form.

Those measures can be applied to all loans or differentiated on the basis of the characteristics of customers and loans. More specifically, in the presence of high vulnerabilities of the financial system, which may give rise to systemic risks, the Bank of Italy may adopt one or more borrower-based measures that are – in line with the ESRB guidelines – appropriate and sufficient to prevent or mitigate the identified risks, considering, if possible, also any cross-border effect arising from their application and paying due attention to the principle of proportionality.

On 26 April 2024, the Bank of Italy decided to apply a SyRB of 1.0 per cent of exposures towards Italian residents weighted for credit and counterparty credit risk. The SyRB applies to all banks authorised in Italy. The buffer rate target would be reached gradually: 0.5 per cent would need to be set aside by 31 December 2024 and the remaing 0.5 per cent by 30 June 2025. The SyRB is to be applied at the individual and consolidated level.

On 29 September 2022 EBA amended, with Guidelines EBA/GL/2022/12, 2014 Guidelines on the specification and disclosure of systemic importance, updating indicators data used for the identification of global systemically important institutions (G-SIIs), increasing the transparency in the G-SIIs identification process and ensuring a continued level playing field with respect to disclosure requirements between global systemically important institutions (G-SIIs) and other large institutions with an overall leverage ratio exposure measure of more than Euro 200 billion at the end of each year. EBA/GL/2022/12 applies from 16 January 2023.

On 21 December 2022, the Bank of Italy issued the 41st amendment to Circular No. 285, implementing said Guidelines EBA/GL/2022/12. With the same amendment, the Bank of Italy implemented also the EBA Guidelines of 12 October 2022 (EBA/GL/2022/13), amending the EBA Guidelines on disclosure of non-performing and foreborne exposures (EBA/GL/2018/10).

On 18 March 2022, the EBA published revised "Guidelines for Common Procedures and Methodologies for the Supervisory Review and Evaluation Process (SREP) and Prudential Stress Tests", which provide a common framework for supervision in assessing risks to banks' business models, solvency and liquidity, as well as for conducting prudential stress tests. The guidelines will apply as of 1 January 2023.

On 30 March 2023, the Bank of Italy issued the 42nd amendment to Circular No. 285, implementing the new European framework (i.e. Directive EU 2019/2162, Covered Bond Directive, and Regulation EU

2019/2160, Covered Bond Regulation), which introduces a supervisory regime on covered bond programmes which will be applicable to new covered bond issuance programs only. In case of new issuances – i.e. made after the effective date of the 42th amendment – in the framework of pre-existing programs, the banks shall guarantee the compliance with the new regulatory framework.

Basic structure of a covered bond issue

The structure provided under Article 7-*sexies* of Law 130 with respect to the issue of covered bonds may be summarised as follows:

- a bank transfers a pool of eligible assets (*i.e.* the cover pool) to a Title I-bis of Law 130 special purpose vehicle (the "**Guarantor**");
- the bank grants the Guarantor a subordinated loan in order to fund the payment by the Guarantor of the purchase price due for the cover pool;
- the bank issues the covered bonds which are supported by a first demand, unconditional and irrevocable guarantee issued by the Guarantor for the exclusive benefit of the holders of the covered bonds and the hedging counterparties involved in the transaction. The Guarantee is backed by the entire cover pool held by the Guarantor.

Title I-bis of Law 130 however also allows for structures which contemplate different entities acting respectively as cover pool provider, subordinated lender and covered bonds issuer.

The Guarantor

The Italian legislator chose to implement the new legislation on covered bonds by supplementing Law 130, thus basing the new structure on a well established platform and applying to covered bonds many provisions with which the market is already familiar in relation to Italian securitisations. Accordingly, as is the case with the special purpose entities which act as issuers in Italian securitisation transactions, the Guarantor is required to be established with an exclusive corporate object that, in the case of covered bonds, must be the purchaser of assets eligible for cover pools and the person giving guarantees in the context of covered bond transactions.

The guarantee

Article 7-*quaterdecies* of Law 130 provides that the guarantee issued by the Guarantor for the benefit of the bondholders must be irrevocable, first-demand, unconditional and independent from the obligations of the issuer of the covered bonds. Furthermore, upon the occurrence of a default by the issuer in respect of its payment obligations under the covered bonds, the Guarantor must provide for the payment of the amounts due under the covered bonds, in accordance with their original terms and with limited recourse to the amounts available to the Guarantor from the cover pool. The acceleration of the issuer's payment obligations under the covered bonds will not therefore result in a corresponding acceleration of the Guarantor's payment obligations under the guarantee (thereby preserving the maturity profile of the covered bonds).

Upon an insolvency of the issuer, the Guarantor will be solely responsible for the payment obligations of the issuer owed to the covered bond holders, in accordance with their original terms and with limited recourse to the amounts available to the Guarantor from the cover pool. In addition, the Guarantor will be exclusively entitled to exercise the rights of the covered bond holders vis à vis the issuer's bankruptcy in accordance with the applicable bankruptcy law. Any amounts recovered by the Guarantor from the bankruptcy of the issuer become part of the cover pool.

Finally, if a moratorium is imposed on the issuer's payments, the Guarantor will fulfil the issuer's payment obligations, with respect to amounts which are due and payable and with limited recourse to the cover pool. The Guarantor will then have recourse against the issuer for any such payments.

Segregation and subordination

Article 7-*octies* of Law 130 provides that the assets comprised in the cover pool and the amounts paid by the debtor with respect to the receivables and/or debt securities included in the cover pool are exclusively designated and segregated by law for the benefit of the holders of the covered bonds and the hedging counterparties involved in the transaction.

In addition, Article 7-*octies* of Law 130 expressly provides that the claim for reimbursement of the loan granted to the Guarantor to fund the purchase of assets in the cover pool is subordinated to the rights of the covered bond holders and of the hedging counterparties involved in the transaction.

Exemption from claw-back

Article 7-*octies* of Law 130 provides that the guarantee and the subordinated loan granted to fund the payment by the Guarantor of the purchase price due for the cover pool are exempt from the bankruptcy claw-back provisions set out in Article 166 of the Business Crisis and Insolvency Code.

In addition to the above, any payments made by an assigned debtor to the Guarantor may not be subject to any claw-back action according to Article 164 of the Business Crisis and Insolvency Code.

The Issuing Bank

The Bank of Italy Regulations sets forth for detailed provisions with respect to covered bonds related, *inter alia*, to the eligible assets (including rules on the coverage requirements and the liquidity requirement) and the internal measures to be adopted by the issuing bank to govern and manage potential risks deriving from the participation in covered bond programs.

The Cover Pool

For a description of the assets which are considered eligible for inclusion in a cover pool under Article 7-*novies* of Law 130, see "*Description of the Cover Pool – Eligibility Criteria*".

Ratio between cover pool value and covered bond outstanding amount

Law 130 provides that the cover pool provider and the issuer must continually ensure that, throughout the transaction:

- the aggregate nominal value of the cover pool is at least equal to the nominal amount of the relevant outstanding covered bonds;
- the net present value of the cover pool (net of all the transaction costs borne by the Guarantor, including in relation to hedging arrangements) is at least equal to the net present value of the relevant outstanding covered bonds;
- the interest and other revenues deriving from the cover pool (net of all the transaction costs borne by the Guarantor) are sufficient to cover interest and costs due by the issuer with respect to the relevant outstanding covered bonds, taking into account any hedging agreements entered into in connection with the transaction.

In respect of the above, under the Bank of Italy Regulations, strict monitoring procedures are imposed on banks for the monitoring of the transaction and of the adequacy of the guarantee on the cover pool. Such activities must be carried out both by the relevant bank and by an asset monitor, to be appointed by the bank, which is an independent accounting firm. The asset monitor must prepare and deliver to the issuing bank's s board of auditors, on an annual basis, a report detailing its monitoring activity and the relevant findings.

The Bank of Italy Regulations require banks to carry out the monitoring activities described above at least every 6 months with respect to each covered bond transaction. Furthermore, the internal auditors of banks must comprehensively review every 12-months the monitoring activity carried out with respect to each covered bond transaction, basing such review, among other things, on the evaluations supplied by the asset monitor.

In addition to the above, the Bank of Italy Regulations provide that the management body of the issuing

bank must ensure that the internal structures delegated to the risk management verify at least every three months and for each transaction carried out the completeness, accuracy and timeliness of information available to investors pursuant to the applicable laws and regulations.

In order to ensure that the monitoring activities above may be appropriately implemented, the Bank of Italy Regulations require that the entities participating in covered bond transactions be bound by appropriate contractual undertakings to communicate to the issuing bank, the cover pool provider and the entity acting as servicer in relation to the cover pool assets all the necessary information with respect to the cover pool assets and their performance.

Substitution of assets

Law 130 and the Bank of Italy Regulations provide that, following the initial transfer to the cover pool, the eligible assets comprised in the cover pool may be substituted or supplemented, provided that such option is expressly provided for in the programme and the issuance prospectus, identifying the cases under which the substitution is permitted, adequate disclosure to the market is ensured and, where appropriate, adequate quantitative limits to the substitution are provided.

Taxation

Article 7-*viciester* of Law 130 provides that any tax is due as if the granting of the subordinated loan and the transfer of the cover pool had not taken place and as if the assets constituting the cover pool were registered as on-balance sheet assets of the cover pool provider, *provided that*:

- the purchase price paid for the transfer of the cover pool is equal to the most recent book value of the assets constituting the cover pool; and
- the subordinated loan is granted by the same bank acting as cover pool provider.

The provision described above would imply, as a main consequence, that banks issuing covered bonds will be entitled to include the receivables transferred to the cover pool as on-balance receivables for the purpose of tax deductions applicable to reserves for the depreciation on receivables in accordance with Article 106 of Presidential Decree No. 917 of 22 December 1986.

TAXATION

The statements herein regarding taxation are based on the laws in force as at the date of this Base Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Covered Bonds and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of the Covered Bonds are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Covered Bonds.

Republic of Italy

Tax treatment of Covered Bonds issued by the Issuer

The Decree No. 239 sets out the applicable regime regarding the tax treatment of interest, premium and other income from certain securities issued, *inter alia*, by Italian resident banks (including the difference between the redemption amount and the issue price) (hereinafter collectively referred to as "**Interest**"). The provisions of Decree No. 239 only apply to Covered Bonds issued by the Issuer which qualify as *obbligazioni* (bonds) or *titoli similari alle obbligazioni* (securities similar to bonds) pursuant to article 44 of Presidential Decree No. 917 of 22 December 1986, as amended and supplemented ("**Decree No. 917**").

For these purposes, securities similar to bonds (*titoli similari alle obbligazioni*) are securities that incorporate an unconditional obligation of the issuer to pay at maturity an amount not lower than their nominal value, with or without the payment of periodic interest, and do not give any right to directly or indirectly participate in the management of the issuer or to the business in connection to which the securities were issued, nor to control the same.

Italian resident Bondholders

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 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 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 from time to time applicable as set forth under Italian law.

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*. However, Interest must 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*. However, Interest must 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 from time to time applicable as set forth under Italian law.

Pursuant to Decree No. 239, the *imposta sostitutiva* is applied by banks, *società di intermediazione mobiliare* (so-called "**SIMs**"), fiduciary companies, *società di gestione del risparmio*, stockbrokers and other qualified entities, identified by a decree of the Ministry of Finance, which are resident in Italy ("**Intermediaries**" and each an "**Intermediary**") or by permanent establishments in Italy of banks or intermediaries resident outside Italy or by organizations or companies non-resident in Italy, acting through a system of centralized administration of securities and directly connected with the Department

of Revenue of the Ministry of Finance (which includes *Euroclear* and *Clearstream*) having appointed an Italian representative for the purposes of Decree No. 239. For the purposes of applying *imposta sostitutiva*, Intermediaries or permanent establishments in Italy of foreign intermediaries are required to act in connection with the collection of Interest or, in the transfer or disposal of the Covered Bonds, including in their capacity as transferees. 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 in ownership of the relevant Covered Bonds or in a change in 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.

Non-Italian resident Bondholders

Where the Bondholder is a non-Italian resident beneficial owner of the Covered Bonds with no permanent establishment in Italy to which the Covered Bonds are effectively connected, payment of Interest in respect of the Covered Bonds will not be subject to *imposta sostitutiva* **provided that** the non-Italian resident beneficial owner is:

(a) resident, for tax purposes in a State or territory included in the list of States or territories allowing an adequate exchange of information with Italy and listed in the Italian Ministerial Decree dated 4 September 1996 as amended and supplemented from time to time (the "**White List**"). According to article 11, par. 4, let. c), of Decree No. 239, the White List will be updated every six months period; or

(b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or

(c) a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or

(d) an "institutional investor", whether or not subject to tax, which is established in a country included in the White List.

In order to ensure payment of Interest in respect of the Covered Bonds without the application of 26 per cent. *imposta sostitutiva*, non-Italian resident Bondholders indicated above must be the beneficial owners of the payments of Interest and must:

(a) deposit in due time, directly or indirectly, the Covered Bonds with a resident bank or SIM or a permanent establishment in Italy of a non-Italian resident bank or SIM or with a non-Italian resident entity or company participating in a centralised securities management system which is in contact, via computer, with the Ministry of Economy and Finance; and

(b) file with the relevant depository, prior to or concurrently with the deposit of the Covered Bonds, a self-statement, which remains valid until withdrawn or revoked, in which the Bondholder declares to be eligible to benefit from the applicable exemption from *imposta sostitutiva*. This statement, which is not requested for international bodies or entities established in accordance with international agreements ratified in Italy nor in the case of foreign Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State, must comply with the requirements set forth by Ministerial Decree of 12 December 2001.

Failure of a non-resident Bondholder to comply in due time with the procedures set forth in Decree No. 239 and in the relevant implementation rules will result in the application of *imposta sostitutiva* on Interest payments.

Non-resident Bondholders who are subject to *imposta sostitutiva* might, nevertheless, be eligible for a total or partial relief under an applicable tax treaty between the Republic of Italy and the country of residence of the relevant Bondholder.

Payments made by an Italian resident guarantor

There is no authority directly on point regarding the Italian tax regime of payments made by an Italian resident guarantor under the Guarantee. Accordingly, there can be no assurance that the Italian tax authorities will not assert an alternative treatment of such payments than that set forth herein or that the Italian court would not sustain such an alternative treatment.

With respect to payments on the Covered Bonds made to certain Italian resident Bondholders by an Italian resident guarantor, in accordance with one interpretation of Italian tax law, any payment of liabilities equal to interest and other proceeds from the Covered Bonds may be treated, in certain circumstances, as a payment by the relevant Issuer and will thus be subject to the tax regime described in the previous paragraphs of this section.

In accordance with another interpretation, any such payment made by the Italian resident guarantor may be subject to a withholding tax at a rate of 26 per cent. levied as a final tax or provisional tax depending on the "*status*" of the Bondholder, pursuant to Presidential Decree No. 600 of 29 September 1973, as subsequently amended. In case of payments to non-Italian resident Bondholders, a final withholding tax may be applied at 26 per cent. Double taxation treaties entered into by the Republic Italy may apply allowing for a lower (or, in certain cases, nil) rate of withholding tax.

Fungible issues

Pursuant to article 11, paragraph 2 of Decree No. 239, where the relevant Issuer issues a new Tranche forming part of a single series with a previous Tranche, for the purposes of calculating the amount of Interest subject to *imposta sostitutiva*, the issue price of the new Tranche will be deemed to be the same as the issue price of the original Tranche. This rule applies where (a) the new Tranche is issued within 12 months from the issue date of the previous Tranche and (b) the difference between the issue price of the new Tranche and that of the original Tranche does not exceed 1 per cent. of the nominal value of the Covered Bonds multiplied by the number of years of the duration of the Covered Bonds.

Atypical securities

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, with or without the payment of periodic interest, and do not give any right to directly or indirectly participate in the management of the issuer or to the business in connection to which the securities were issued, nor to control the same.

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 from time to time applicable as set forth under Italian law.

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.

Capital gains tax

Italian resident Bondholders

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 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 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 from time to time applicable as set forth under Italian law.

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 from time to time applicable as set forth under Italian law.

Non-Italian resident Bondholders

Capital gains realised by non-Italian resident Bondholders without a permanent establishment in Italy to which the Covered Bonds are effectively connected through the sale or redemption of Covered Bonds issued by an Italian resident issuer and traded on regulated markets are not subject to the *imposta sostitutiva*. The exemption applies provided that the non-Italian resident beneficial owner Bondholders, in certain cases, file in due course with the authorised financial intermediary an appropriate self-declaration (*autocertificazione*) stating that the Bondholder is not resident in Italy for tax purposes.

Capital gains realised by non-Italian resident Bondholders without a permanent establishment in Italy to which the Covered Bonds are effectively connected through the sale, transfer or redemption of Covered Bonds issued by an Italian resident issuer not traded on regulated markets are not subject to the *imposta sostitutiva*, **provided that** the beneficial owner of the Covered Bonds is:

(a) resident in a State or territory included in the White List; and

(b) all the requirements and procedures set forth in Decree No. 239 and in the relevant implementation rules, as subsequently amended, in order to benefit from the exemption from *imposta sostitutiva* are met or complied with in due time.

The same exemption applies where the non-Italian resident beneficial owners of the Covered Bonds are (i) international entities or organizations established in accordance with international agreements ratified by Italy; (ii) certain foreign institutional investors, whether or not subject to tax, established in countries which allow for an adequate exchange of information with Italy; or (iii) Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State.

If none of the conditions above is met, capital gains realised by non-Italian resident Bondholders from the sale, transfer or redemption of Covered Bonds issued by an Italian resident issuer and not traded on regulated markets are subject to the imposta sostitutiva at the current rate of 26 per cent. However, Bondholders may benefit from an applicable tax treaty with the Republic of Italy providing that capital gains realised upon the sale, transfer or redemption of the Covered Bonds are to be taxed only in the country of tax residence of the recipient.

Under these circumstances, if non-Italian residents without a permanent establishment in Italy to which the Covered Bonds are effectively connected elect for the asset management regime or are subject to the administrative savings regime, exemption from Italian capital gains tax will apply **provided that** they timely file with the Italian authorised financial intermediary a self-declaration attesting that all the requirements for the application of the relevant double taxation treaty are met.

Inheritance and gift taxes

Transfers of any valuable asset (including shares, Covered Bonds or other securities) as a result of death or donation are taxed as follows:

(a) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or gift exceeding Euro 1,000,000;

(b) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree are subject to an inheritance and gift tax at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or gift exceeding Euro 100,000; and

(c) any other transfer is subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or gift.

If the transfer is made in favour of persons with severe disabilities, the tax applies at the rate mentioned above in (a), (b) and (c) on the value exceeding €1,500,000.

Moreover, an anti-avoidance rule is provided for by Law No. 383 of 18 October 2001 for any gift of

assets (such as the Covered Bonds) which, if sold for consideration, would give rise to capital gains to the *imposta sostitutiva* provided for by Decree No. 461. In particular, if the donee sells the Covered Bonds for consideration within 5 years from the receipt thereof as a gift, the donee is required to pay the relevant *imposta sostitutiva* on capital gains as if the gift was not made.

The transfer of financial instruments (including the Covered Bonds) as a result of death is exempt from inheritance tax when such financial instruments are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth under Italian law.

Transfer tax

Contracts relating to the transfer of securities are subject to a Euro 200 registration tax as follows: (i) public deeds and notarised deeds are subject to mandatory registration; (ii) private deeds are subject to registration only in the "case of use" (*caso d'uso*) or in case of "explicit reference" (*enunciazione*) or voluntary registration (*registrazione volontaria*).

Stamp Duty

Pursuant to article 13 par. 2-*ter* of the tariff Part I attached to Presidential Decree No. 642 of 26 October 1972, as amended, a proportional stamp duty applies on an annual basis to the periodic reporting communications sent by financial intermediaries to their clients in respect of any financial product and instrument, which may be deposited with such financial intermediary in Italy. The stamp duty applies at the rate of 0.20 per cent. and it cannot exceed €14,000 for taxpayers other than individuals. This stamp duty is determined on the market value or – in the absence of a market value – on the nominal value or the redemption amount of any financial product or financial instruments (including the Covered Bonds). Stamp duty applies both to Italian resident Bondholders and to non-Italian resident Bondholders, to the extent that the Covered Bonds are held with an Italian-based financial intermediary.

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

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

Wealth tax on financial assets deposited abroad

According to article 19 of Decree No. 201/2011, as amended and supplemented from time to time, 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 January 1, 2024, the wealth tax applies at a rate of 0.4 per cent if the Covered Bonds are held in a country listed in the Italian Ministerial Decree dated 4 May 1999, pursuant to the provisions of Law No. 213/2023). The wealth tax cannot exceed €14,000 for taxpayers which are not individuals. In this case the above mentioned stamp duty provided for by Article 13 par. 2-ter of the tariff Part I attached to Presidential Decree No. 642 of 26 October 1972 does not apply.

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.

Financial assets held abroad are excluded from the scope of the wealth tax if they are administered by Italian financial intermediaries pursuant to an administration agreement. In this case, the above mentioned stamp duty provided for by Article 13 par. 2-*ter* of the tariff Part I attached to Presidential Decree No. 642 of 26 October 1972 does apply.

Tax Monitoring

According to the Law Decree No. 167 of 28 June 1990, converted with amendments into Law No. 227 of 4 August 1990, as amended from time to time, individuals, non-profit entities and certain partnerships (*società semplici* or similar partnerships in accordance with Article 5 of Decree No. 917) resident in Italy for tax purposes, under certain conditions, are required to report for tax monitoring purposes in their yearly income tax the amount of investments (including the Covered Bonds) directly or indirectly held abroad. The requirement applies also where the persons above, being not the direct holder of the financial instruments, are the actual owner of the instrument.

Furthermore, the above reporting requirement is not required to comply with respect to: (i) Covered Bonds deposited for management with qualified Italian financial intermediaries; (ii) contracts entered into through the intervention of qualified Italian financial intermediaries, upon condition that the items of income derived from the Covered Bonds have been subject to tax by the same intermediaries; or (iii) if the foreign investments are only composed by deposits and/or bank accounts and their aggregate value does not exceed a €15,000 threshold throughout the year.

United States Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended ("**FATCA**") impose a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain US payments by a "foreign financial institution", or "**FFI**" (as defined by FATCA)) to persons that fail to meet certain certification, reporting or related requirements.

This withholding would not apply to payments on the Covered Bonds prior to the date that is two years after the publication of the final U.S. Treasury regulations defining the term foreign passthru payment and would only potentially apply to payments in respect of (i) any Covered Bonds characterized as debt (or which are not otherwise characterized as equity and have a fixed term) for U.S. federal income tax purposes that are issued after the "**grandfathering date**", which is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified after the grandfathering date and (ii) any Covered Bonds characterized as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Covered Bonds are issued on or before the grandfathering date, and additional Covered Bonds of the same series are issued after that date, the additional Covered Bonds may not be treated as grandfathered, which may have negative consequences for the existing Covered Bonds, including a negative impact on market price.

The United States and a number of other jurisdictions have entered into intergovernmental agreements to facilitate the implementation of FATCA (each, an "**IGA**"). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a "**Reporting FI**" not subject to withholding under FATCA on any payments it receives (or, in the case of certain exempt entities, a "**Nonreporting FI**"). Further, an FFI in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being "**FATCA Withholding**") from payments it makes. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and Italy have entered into an IGA (the "**US-Italy IGA**") based largely on the Model 1 IGA.

If the Issuer is treated as a Reporting FI or Nonreporting FI pursuant to the US-Italy IGA it does not anticipate that it will be not obliged to deduct any FATCA Withholding on payments it makes on the Covered Bonds. There can be no assurance, however, that in the future the Issuer will not be required to deduct FATCA Withholding from payments it makes on the Covered Bonds. Accordingly, the Issuer and financial institutions through which payments on the Covered Bonds are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Covered Bonds is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a recalcitrant holder.

Whilst the Covered Bonds are cleared through Euronext Securities Milan, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Covered Bonds by the Issuer, any paying agent and Euronext Securities Milan, given that each of the entities in the payment chain between the Issuer and the participants in Euronext Securities Milan is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Covered Bonds.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to payments they may receive in connection with the Covered Bonds. FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to payments they may receive in connection with the Covered Bonds. In the event any withholding or deduction would be required pursuant to FATCA or an IGA with respect to payments on the Covered Bonds, no person will be required to pay additional amounts as a result of the withholding.

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Luxembourg Taxation

The following information is of a general nature only and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Covered Bonds should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy, impost or other charge or withholding of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*) as well as personal income tax (*impôt sur le revenu*) generally. Investors may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the solidarity surcharge invariably apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

Taxation of the Bondholders

Withholding Tax

(i) **Non-resident Bondholders**

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non-resident Bondholders, nor on accrued but unpaid interest in respect of the Covered Bonds, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Covered Bonds held by non-resident Bondholders.

(ii) **Resident Bondholders**

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005, as amended (the "**Relibi Law**"), there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident Bondholders, nor on accrued but unpaid interest in respect of Covered Bonds, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Covered Bonds held by Luxembourg resident Bondholders.

Under the Relibi Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial owner who is resident of Luxembourg will be subject to a withholding tax of 20 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payment under the Covered Bonds coming within the scope of the Relibi Law will be subject to withholding tax of 20 per cent.

In addition, pursuant to the Relibi Law, Luxembourg resident individuals can opt to self-declare and pay a 20 per cent. tax on payment of interest or similar incomes made or ascribed by paying agents located in a Member State of the European Union other than Luxembourg or a Member State of the European Economic Area. The 20 per cent. tax is final when Luxembourg resident individuals are acting in the context of the management of their private wealth.

Income Taxation

(i) **Non-resident Bondholders**

A non-resident Bondholder, not having a permanent establishment or permanent representative in Luxembourg to which/whom such Covered Bonds are attributable, is not subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Covered Bonds. A gain realised by such non-resident Bondholder on the sale or disposal, in any form whatsoever, of the Covered Bonds is further not subject to Luxembourg income tax.

A non-resident corporate Bondholder or a non-resident individual Bondholder acting in the course of the management of a professional or business undertaking, which/who has a permanent establishment or permanent representative in Luxembourg to which or to whom such Covered Bonds are attributable, is subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Covered Bonds and on any gains realised upon the sale or disposal, in any form whatsoever, of the Covered Bonds.

(ii) **Resident Bondholders**

Bondholders who are residents of Luxembourg will not be liable for any Luxembourg income tax on repayment of principal.

A resident corporate Bondholder must include any interest accrued or received, any redemption premium or issue discount, as well as any gain realised on the sale or disposal, in any form whatsoever, of the Covered Bonds, in its taxable income for Luxembourg income tax assessment purposes.

A resident Bondholder that is governed by the law of 11 May 2007 on family estate management companies as amended, or by the law of 17 December 2010 on undertakings for collective investment as amended, or by the law of 13 February 2007 on specialised investment funds, as amended, or by the law of 23 July 2016 on reserved alternative investment funds and which does not fall under the special tax regime set out in article 48 thereof is neither subject to Luxembourg income tax in respect of interest accrued or received, any redemption premium or issue discount, nor on gains realised on the sale or disposal, in any form whatsoever, of the Covered Bonds.

A resident individual Bondholder, acting in the course of the management of his/her private wealth, is subject to Luxembourg income tax at progressive rates in respect of interest received, redemption premiums or issue discounts, under the Covered Bonds, except if (i) withholding tax has been levied on such payments in accordance with the Relibi Law, or (ii) the individual Bondholder has opted for the application of a 20 per cent. tax in full discharge of income tax in accordance with the Relibi Law, which applies if a payment of interest has been made or ascribed by a paying agent established in a EU Member State (other than Luxembourg), or in a Member State of the European Economic Area (other than a EU Member State).

A gain realised by a resident individual Bondholder, acting in the course of the management of his/her private wealth, upon the sale or disposal, in any form whatsoever, of Covered Bonds is not subject to

Luxembourg income tax, provided this sale or disposal took place more than six months after the Covered Bonds were acquired. However, any portion of such gain corresponding to accrued but unpaid interest income is subject to Luxembourg income tax, except if tax has been levied on such interest in accordance with the Relibi Law.

A resident individual Bondholder acting in the course of the management of a professional or business undertaking must include this interest in its taxable basis. If applicable, the tax levied in accordance with the Relibi Law will be credited against his/her final tax liability.

Net Wealth Taxation

A corporate Bondholder, whether it is resident of Luxembourg for tax purposes or, if not, it maintains a permanent establishment or a permanent representative in Luxembourg to which whom such Covered Bonds are attributable, is subject to Luxembourg wealth tax on these Covered Bonds, except if the Bondholder is governed by the law of 11 May 2007 on family estate management companies as amended, or by the law of 17 December 2010 on undertakings for collective investment as amended, or by the law of 13 February 2007 on specialised investment funds, as amended, or is a securitisation company governed by the law of 22 March 2004 on securitisation, as amended, or is a capital company governed by the law of 15 June 2004 on venture capital vehicles, as amended, or is a reserved alternative investment funds within the meaning of the law of 23 July 2016.

However, please note that securitisation companies governed by the law of 22 March 2004 on securitisation, as amended, or capital companies governed by the law of 15 June 2004 on venture capital vehicles, as amended, or reserved alternative investment funds governed by the law of 23 July 2016 and which fall under the special tax regime set out under article 48 thereof may, under certain conditions, be subject to minimum net wealth tax.

This minimum net wealth tax amounts to Euro 4,815, if the relevant corporate Bondholder holds assets such as fixed financial assets, receivables owed to affiliated companies, transferable securities, postal checking accounts, checks and cash, in a proportion that exceeds 90 per cent. of its total balance sheet value and if the total balance sheet value of these very assets exceeds Euro 350,000. Alternatively, if the relevant corporate Bondholder holds 90 per cent. or less of financial assets or if those financial assets do not exceed Euro 350,000, a minimum net wealth tax varying between Euro 535 and Euro 32,100 would apply depending on the size of its balance sheet.

An individual Bondholder, whether she/he is resident of Luxembourg or not, is not subject to Luxembourg wealth tax on such Covered Bonds.

Other Taxes

In principle, neither the issuance nor the transfer, repurchase or redemption of Covered Bonds will give rise to any Luxembourg registration tax or similar taxes.

However, a fixed or *ad valorem* registration duty may be due upon the registration of the Covered Bonds in Luxembourg in the case where the Covered Bonds are either (i) attached as an annex to an act (*annexés à un acte*) that itself is subject to mandatory registration or (ii) deposited in the minutes of a notary (*déposés au rang des minutes d'un notaire*) or (iii) registered on a voluntary basis.

Where a Bondholder is a resident of Luxembourg for tax purposes at the time of her/his death, the Covered Bonds are included in his/her taxable estate for inheritance tax assessment purposes.

Gift tax may be due on a gift or donation of Covered Bonds if embodied in a Luxembourg deed passed in front of a Luxembourg notary or recorded in Luxembourg.

Residence

A Bondholder will not become resident, or deemed to be resident, in Luxembourg by reason only of the holding of such Covered Bond or the execution, performance, delivery and/or enforcement of that or any other Covered Bond.

SUBSCRIPTION AND SALE

Covered Bonds may be sold from time to time by the Issuer to any one or more of the Dealers. The arrangements under which Covered Bonds may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in a Programme Agreement dated 18 June 2010 (as amended on 20 December 2013, the "**Programme Agreement**") and made between the Issuer, the Guarantor and the Dealers. Any such agreement will, *inter alia*, make provision for the terms and conditions of the relevant Covered Bonds, the price at which such Covered Bonds will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Programme Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Series or Tranche of Covered Bonds.

United States of America: *Regulation S Category 2; TEFRA D or TEFRA C as specified in the relevant Final Terms or neither if TEFRA is specified as not applicable in the relevant Final Terms*.

The Covered Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Covered Bonds are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Covered Bonds, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Covered Bonds on a syndicated basis, the relevant lead manager, of all Covered Bonds of the Tranche of which such Covered Bonds are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer further agrees, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Covered Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Covered Bonds within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of Covered Bonds comprising any Series or Tranche, offer or sale of Covered Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

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 Base 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:

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

  (a) a retail client as defined in point (11) of article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

  (b) 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;

(c) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"); and

(ii) 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.

Unless 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 if 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 Base 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 Base 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.

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 made and will not make an offer of Covered Bonds which are the subject of the offering contemplated by this Base 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.

Selling Restrictions addressing Additional United Kingdom Securities Laws

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(i) *No deposit-taking*: in relation to any Covered Bonds which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Covered Bonds other than to persons:

(A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or

(B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Covered Bonds would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(ii) *Financial Promotion*: it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment

activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Covered Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(iii) *General compliance*: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Covered Bonds in, from or otherwise involving the United Kingdom.

Italy

The offering of the Covered Bonds has not been registered with the Commissione Nazionale per le Società e la Borsa ("CONSOB") pursuant to Italian securities legislation and, accordingly, no Covered Bonds may be offered, sold or delivered, nor may copies of the Prospectus or of any other document relating to the Covered Bonds be distributed in the Republic of Italy, except:

(i) to qualified investors (*investitori qualificati*), as defined pursuant to article 2 of the Prospectus Regulation and any applicable provision of Legislative Decree No. 58 of 24 February 1998, as amended (the " **Financial Laws Consolidation Act** ") as implemented by article 35, paragraph 1(d) of CONSOB Regulation No. 20307 of 15 February 2018, as amended ("**CONSOB Regulation No. 20307**") and/or Italian CONSOB regulations; or

(ii) in other circumstances which are exempted from the rules on public offerings pursuant to article 1 of the Prospectus Regulation, article 34-*ter* of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time, and the applicable Italian laws and regulations.

Any offer, sale or delivery of the Covered Bonds or distribution of copies of this Base Prospectus or any other document relating to the Covered Bonds in the Republic of Italy will be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulation.

Any such offer, sale or delivery of the Covered Bonds or distribution of copies of this Base Prospectus or any other document relating to the Covered Bonds in the Republic of Italy must be:

(i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Laws Consolidation Act, CONSOB Regulation No. 16190 of 29 October 2007 and the Consolidated Banking Act (in each case as amended from time to time);

(ii) in compliance with article 129 of the Consolidated Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time; and

(iii) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or any other Italian authority.

Japan

The Covered Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948), as amended (the "**FIEA**"). Accordingly, 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, directly or indirectly, offered or sold and will not, directly or indirectly, offer to sell any Covered Bonds in Japan or to, or for the benefit of, a resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, FIEA and other relevant laws and regulations of Japan.

Switzerland

Each Dealer has acknowledged that in Switzerland, this Base Prospectus is not intended to constitute an offer or solicitation to purchase or invest in Covered Bonds described herein. Accordingly, each Dealer

has represented and agreed that the Covered Bonds have not been and will not be publicly offered, sold or advertised, directly or indirectly, by it in, into or from Switzerland and will not be listed by it on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Base Prospectus nor any other offering or marketing material relating to the Covered Bonds constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations nor a simplified prospectus as such term is understood pursuant to article 5 of the Swiss Collective Investment Scheme Act, and neither this Base Prospectus nor any other offering or marketing material relating to the Covered Bonds may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Base Prospectus nor any other offering or marketing material relating to the offering of the Covered Bonds has been or will be filed by the Issuer or any Dealer with or approved by any Swiss regulatory authority. Covered Bonds issued under the Programme do not constitute a participation in a collective investment scheme in the meaning of the Swiss Collective Investment Schemes Act and are not subject to the approval of, or supervision by, any Swiss regulatory authority, such as the Swiss Financial Markets Supervisory Authority, and investors in the Covered Bonds will not benefit from protection or supervision by any Swiss regulatory authority.

General

Each Dealer has represented, warranted and agreed that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Covered Bonds or possesses, distributes or publishes this Base Prospectus or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Covered Bonds or possess, distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Programme Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "*General*" above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer and the Dealers. Any such supplement or modification may be set out in a supplement to this Base Prospectus.

GENERAL INFORMATION

Approval, Listing and Admission to Trading

This Base Prospectus has been approved as a base prospectus issued in compliance with the Prospectus Regulation by the *Commission de Surveillance du Secteur Financier* ("**CSSF**") in its capacity as competent authority in the Grand Duchy of Luxembourg for the purposes of the Prospectus Regulation. Application has been made for Covered Bonds issued under the Programme to be listed on the official list and admitted to trading on the regulated market of the Luxembourg Stock Exchange.

However, Covered Bonds may be issued pursuant to the Programme which will be unlisted or be admitted to listing, trading and/or quotation by such other competent authority, stock exchange or quotation system as the Issuer and the relevant Dealer(s) may agree.

The CSSF may, at the request of the Issuer, send to the competent authority of another Member State of the European Economic Area: (i) a copy of this Base Prospectus; and (ii) a certificate of approval attesting that this Base Prospectus has been drawn up in accordance with the Prospectus Regulation; and (iii) if so required by the competent authority of such Member State, a translation into the official language(s) of such Member State of a summary of this Base Prospectus.

Authorisations

The establishment of the Programme and the issue of Covered Bonds have been duly authorised by a resolution of the board of directors of the Issuer dated 6 May 2010 and the giving of the Guarantee has been duly authorised by a resolution of the board of directors of the Guarantor dated 18 May 2010.

The increase of the Programme Limit has been authorised by the resolution of the board of directors of the Issuer dated 5 October 2017. The annual update of the Programme has been authorised by the resolution of the board of directors of the Issuer dated 25 January 2024.

The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Covered Bonds.

Legal and Arbitration Proceedings

Save as disclosed in the "*Banca Monte dei Paschi di Siena S.p.A.*" section, paragraph 10 (*Legal Proceedings*), neither BMPS nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which BMPS is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of BMPS or the Group and the Guarantor.

Trend Information / No Significant Change

Save as disclosed in the "*Risk Factors*" section under paragraph "*Risks related to the impact of current uncertainties in the macroeconomic, financial and political environment on the performance of the Issuer and the Group*", since 31 March 2024 there has been no significant change in the financial performance or position of the Issuer and/or the Group and since 31 December 2023 there has been no material adverse change in the prospects of the Issuer and/or the Group.

Since 31 December 2023 there has been no material adverse change in the prospects of the Guarantor and there has been no significant change in the financial performance or position of the Guarantor.

Minimum denomination

Where Covered Bonds issued under the Programme are admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Regulation, such Covered Bonds will not have a denomination of less than €100,000 (or, where the Covered Bonds are issued in a currency other than euro, the equivalent amount in such other currency).

Documents Available

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

(i) the Programme Documents, of which only the Guarantee is available at https://www.gruppomps.it/investor-relations/programmi-di-emissione-e-prospetti/mps-covered-bond-programme.html;

(ii) the by-laws of the Issuer (which is also available at: https://www.gruppomps.it/static/upload/by_/by_laws.pdf) and the constitutive documents of the Guarantor;

(iii) the consolidated interim report as at 31 March 2024 of the Issuer for the first quarter of the financial year 2024:

(iv) the consolidated non-financial statements of the Issuer for the financial year ended on 31 December 2023;

(v) the consolidated and separate audited annual financial statements of the Issuer for the financial year ended on 31 December 2023;

(vi) the consolidated and separate audited annual financial statements of the Issuer for the financial year ended on 31 December 2022;

(vii) the financial statements of the Guarantor as at and for the year ended on 31 December 2023;

(viii) the auditors' report for the Guarantor for financial statements as at and for the year ended on 31 December 2023;

(ix) the financial statements of the Guarantor as at and for the year ended on 31 December 2022;

(x) the auditors' report for the Guarantor for financial statements as at and for the year ended on 31 December 2022;

(xi) a copy of the terms and conditions and the rules of the organisation of the covered bondholder set out under base prospectus approved on 12 October 2023;

(xii) a copy of this Base Prospectus; and

(xiii) any future offering circular, prospectuses, information memoranda and supplements to this Base Prospectus including Final Terms and any other documents incorporated herein or therein by reference.

Copies of all such documents shall also be available to Bondholders at the following website https://www.gruppomps.it/.

It being understood that this Base Prospectus, any supplement to this Base Prospectus, Final Terms and documents incorporated by reference shall remain publicly available in electronic form for at least 10 (ten) years after the relevant publication.

Auditors

On 11 April 2019, the Issuer's shareholders meeting appointed PricewaterhouseCoopers S.p.A., with registered office at Piazza Tre Torri 2, Milan, Italy, independent registered public accounting firm, registered under no. 119644 in the Register of Accountancy Auditors (Registro Revisori Legali) by the MEF, in compliance with the provisions of Legislative Decree of 27 January 2010, No. 39. and a member of Assirevi Associazione Italiana Revisori Contabili, the Italian Auditors Association, as auditor for the financial years 2020-2028.

On 6 December 2019, the Guarantor's quotaholders meeting terminated the appointment of EY S.p.A. and appointed PricewaterhouseCoopers S.p.A., appointed as auditor for the financial years 2020-2022.

PricewaterhouseCoopers S.p.A. has been appointed on 17 April 2023 to perform the audit of the financial statements of the Guarantor for the period between the year ended on 31 December 2023 and the year ending on 31 December 2025.

Publication on the Internet

This Base Prospectus, any supplement thereto and the Final Terms will be available on the internet site of the Luxembourg Stock Exchange, at https://www.luxse.com/.

In any case, copy of this Base Prospectus together with any supplement thereto, if any, or further Prospectus, will remain publicly available in electronic form for at least 10 years on https://www.gruppomps.it/investor-relations/programmi-di-emissione-e-prospetti/emissioniinternazionali-obbligazioni-mps-2020-emtn-e-obg.html.

Material Contracts

Neither the Issuer nor the Guarantor nor any of their respective subsidiaries has entered into any contracts in the last two years outside the ordinary course of business that have been or may be reasonably expected to be material to their ability to meet their obligations to Bondholders.

Clearing of the Covered Bonds

The Covered Bonds issued in bearer and dematerialised form have been accepted for clearance through Euronext Securities Milan, Euroclear and Clearstream. The appropriate common code and the International Securities Identification Number in relation to the Covered Bonds of each Tranche will be specified in the relevant Final Terms. The relevant Conditions and/or Final Terms shall specify (i) any other clearing system for the Covered Bonds issued in bearer and dematerialised form as shall have accepted the relevant Covered Bonds for clearance together with any further appropriate information or (ii) with respect to Covered Bonds issued in any of the other form which may be indicated in the relevant Conditions and/or Final Terms, the indication of the agent or registrar through which payments to the Bondholders will be performed.

Yield

In relation to any Tranche of Fixed Rate Covered Bonds and Zero Coupon Bonds, an indication of the yield in respect of such Covered Bonds will be specified in the applicable Final Terms. The yield is calculated at the Issue Date of the Covered Bonds on the basis of the relevant Issue Price. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Covered Bonds and will not be an indication of future yield.

Dealers Transacting with the Issuer

Certain of the Dealers and their affiliates, including parent companies, have engaged, and may in the future engage, in lending, advisory, corporate finance services investment banking and/or commercial banking transactions (including the provision of loan facilities) and other related transactions with, and may perform services for the Issuer and its affiliates in the ordinary course of business and/or for companies involved directly or indirectly in the sector in which the Issuer and/or its affiliates operate, and for which such Dealers have received or may receive customary fees, commissions, reimbursement of expenses and indemnification. Certain of the Dealers may also have positions, deals or make markets in the Covered Bonds issued under the Programme, related derivatives and reference obligations,

including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. The Dealers and/or their affiliates may receive allocations of the Covered Bonds (subject to customary closing conditions), which could affect future trading of the Covered Bonds. If any of the Dealers or their affiliates has a lending relationship with the Issuer, certain of the Dealers or their affiliates routinely or may hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Covered Bonds issued under the Programme. Any such short positions could adversely affect future trading prices of Covered Bonds issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

"**Accrual Yield**" has the meaning given in the relevant Final Terms.

"**Accrued Interest**" means, as of any Valuation Date and in relation to any Eligible Asset to be assigned as at that date, the portion of the Interest Instalment accrued, but not yet due, as at such date.

"**Additional Criteria**" means the further criteria which can be identified pursuant to clause 2.3.2(c) of the Master Assets Purchase Agreement.

"**Additional Seller**" means any entity being part of the Montepaschi Group that may transfer one or more New Portfolios to the Guarantor following the accession to the Programme pursuant to the Programme Documents.

"**Additional Servicer**" means each Additional Seller which has been appointed as servicer in relation to the Eligible Assets transferred to the Guarantor, following the accession to the Programme and to the Master Servicing Agreement, pursuant to the Programme Documents.

"**Additional Subordinated Lender**" means each Additional Seller in its capacity as additional subordinated lender, pursuant to the relevant Subordinated Loan Agreement.

"**Adjustment Purchase Price**" means the purchase price adjusted on the basis of calculations carried out pursuant to clause 7 of the Master Assets Purchase Agreement.

"**Affected Assets**" has the meaning ascribed to the term "*Attivi Interessati*" in the Warranty and Indemnity Agreement.

"**Affected Party**" has the meaning ascribed to that term in the Swap Agreements.

"**Adjusted Aggregate Asset Amount**" means the amount calculated pursuant to the formula set out in clause 3.3 of the Cover Pool Management Agreement.

"**Amortisation Test**" means the Test as indicated in clause 5 of the Cover Pool Management Agreement.

"**Asset Coverage Test**" has the meaning as indicated pursuant to clause 3 of the Cover Pool Management Agreement.

"**Asset Monitor**" means Deloitte & Touche S.p.A. in its capacity as asset monitor pursuant to the Asset Monitor Engagement Letter and the Asset Monitor Agreement.

"**Asset Monitor Agreement**" means the agreement entered on 18 June 2010 between, *inter alios*, the Asset Monitor, the Issuer and the Guarantor, as amended from time to time.

"**Asset Monitor Engagement Letter**" means the engagement letter entered into, on 18 June 2010 (as amended and supplemented) between the Issuer and the Asset Monitor in order to perform specific agreed upon procedures concerning, *inter alia*, (i) the fulfillment of the eligibility criteria set out under Law 130 with respect to the Eligible Assets included in the Cover Pool; (ii) the compliance with the limits to the transfer of the Eligible Assets set out under article 129 of the CRR; and (iii) the effectiveness and adequacy of the risk protection provided by any Swap Agreement entered into in the context of the Programme.

"**Asset Monitor Report Date**" means any date on which the Asset Monitor shall deliver a report including the results of the verifications carried out by it under the terms of the Asset Monitor Agreement.

"**Asset Percentage**" means the lower of (i) 83.00 per cent. and (ii) such other percentage figure as may be determined by the Issuer on behalf of the Guarantor in accordance with the methodologies published by the Rating Agencies (after procuring the level of overcollateralisation in line with the target rating). Such new figure of the Asset Percentage shall be set out in the Payments Report and shall thus form part of the calculation of the Asset Coverage Test. Notwithstanding the above, in the event the Issuer chooses not to apply such other percentage figure (item (ii) above) of the Asset Percentage, this will not result in a breach of the Asset Coverage Test.

"**Asset Swap Agreement**" means any asset swap agreement which may be entered into between an Asset

Swap Provider and the Guarantor.

"**Asset Swap Provider**" means any entity acting as swap counterparty under an Asset Swap Agreement.

"**Back-Up Servicer**" means Banca Finanziaria Internazionale S.p.A. or any other entity that will be appointed in such capacity by the Guarantor, together with the Representative of the Bondholders, pursuant to clause 10.1 of the Master Servicing Agreement.

"**Back-up Servicer Facilitator**" means Banca Finanziaria Internazionale S.p.A. or any other entity acting in such capacity pursuant to the Master Servicing Agreement.

"**Bank of Italy Regulations**" means the regulations No. 285 issued by the Bank of Italy on 17 December 2013, as supplemented from time to time.

"**Base Interest**" has the meaning given to the term "*Interesse Base*" pursuant to the Subordinated Loan Agreement.

"**BMPS**" means Banca Monte dei Paschi di Siena S.p.A..

"**Bondholders**" means the holders from time to time of the Covered Bonds included in each Series or Tranche of Covered Bonds.

"**Breach of Tests Cure Notice**" means the notice delivered by the Representative of the Bondholders in accordance with the terms of the Cover Pool Management Agreement.

"**Breach of Tests Notice**" means the notice delivered by the Representative of the Bondholders in accordance with the terms of the Cover Pool Management Agreement following the breach of one of the Mandatory Tests and/or the Asset Coverage Test prior to an Issuer Event of Default.

"**Business Crisis and Insolvency Code**" means the Legislative Decree no. 14 of 12 January 2019 (as amended and supplemented from time to time), containing the regulations of the "Business Crisis and Insolvency Code" (Codice della Crisi d'Impresa e dell'Insolvenza).

"**Business Day**" means any day (other than a Saturday or Sunday) on which banks are generally open for business in Milan, Luxembourg and London and on which the Real-time gross Settlement System (T2) managed by Eurosistema (or any successor thereto) is open.

"**Business Day Convention**", in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

(i) "**Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day;

(ii) "Modified Following Business Day Convention" or "Modified Business Day **Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;

(iii) "**Preceding Business Day Convention**" means that the relevant date shall be brought forward to the first preceding day that is a Business Day;

(iv) "**FRN Convention**", "**Floating Rate Convention**" or "**Eurodollar Convention**" means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred provided, however, that:

a. if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;

b. if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the

next calendar month, in which case it will be the first preceding day which is a Business Day; and

c. if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and

(v) "**No Adjustment**" means that the relevant date shall not be adjusted in accordance with any Business Day Convention.

"**Calculation Amount**" is the amount used for the calculation of interest amounts and redemption amounts for the relevant covered bonds as specified in the relevant Final Terms.

"**Calculation Period**" means the period from one Guarantor Calculation Date (included) to the next Guarantor Calculation Date (excluded).

"**Call Option**" has the meaning given in the relevant Final Terms.

"**Cash Allocation, Management and Payments Agreement**" means the cash allocation, management and payments agreement entered on 18 June 2010 between, *inter alios*, the Guarantor, the Representative of the Bondholders, the Paying Agent(s) and the Italian Account Bank, as amended from time to time.

"**Cash Manager**" means BMPS acting in such capacity pursuant to the Cash Allocation, Management and Payments Agreement or any other entity acting in such capacity pursuant to the Cash Allocation, Management and Payments Agreement.

"**Cash Manager Report**" means the report produced by the Cash Manager pursuant to the Cash Allocation, Management and Payments Agreement.

"**Cessation of Business**" means, with respect to the Issuer, the loss of the banking licence.

"**Civil Code**" means the Italian civil code, enacted by Royal Decree No. 262 of 16 March 1942, as subsequently amended and supplemented.

"**Clearstream**" means Clearstream Banking *société anonyme*, Luxembourg with offices at 42 avenue JF Kennedy, L-1855 Luxembourg.

"**Collateral Account(s)**" means any other cash and/or securities account (different from the Guarantor's Accounts) opened by the Guarantor pursuant to clause 7.4 of the Intercreditor Agreement.

"**Collateral Security**" means any security (including any loan mortgage insurance and excluding Mortgages) granted to the Principal Seller (or any Additional Seller(s), if any) by any Debtor in order to guarantee the payment and/or redemption of any amounts due under the relevant Mortgages Loan Agreement.

"**Collection Date**" means (i) prior to the service of a Guarantor Default Notice, the first calendar day of each month; and (ii) following the service of a Guarantor Default Notice, each date determined by the Representative of the Bondholders as such.

"**Collection Period**" means the Monthly Collection Period and/or the Quarterly Collection Period, as applicable.

"**Collections**" means all amounts received or recovered by the Servicer in respect of the Eligible Assets included in the Cover Pool.

"**Common Criteria**" means the criteria listed in schedule 1 to the Master Assets Purchase Agreement.

"**CONSOB**" means Commissione Nazionale per le Società e la Borsa.

"**Consolidated Banking Act**" means Legislative Decree No. 385 of 1 September 1993, as subsequently amended and supplemented.

"**Contractual Rights**" has the meaning given to it pursuant to the Mandate Agreement.

"**Corporate Services Agreement**" means the corporate services agreement entered on 18 June 2010 between, *inter alios*, the Guarantor and the Guarantor Corporate Servicer.

"**Corresponding Interest**" has the meaning given to the term "Interesse Collegato" in the Subordinated Loan Agreement.

"**Corresponding Series or Tranche of Covered Bonds**" means, in respect of a Fixed Interest Term Loan or a Floating Interest Term Loan, the Series or Tranche of Covered Bonds issued or to be issued pursuant to the Programme and notified by the Subordinated Lender to the Guarantor in the relevant Term Loan Proposal.

"**Cover Pool**" means the cover pool constituted by (i) Receivables and (ii) any other Eligible Assets.

"**Cover Pool Management Agreement**" means the Cover Pool management agreement entered on 18 June 2010 between, *inter alios*, the Issuer, the Guarantor, the Principal Seller, the Pre-Issuer Default Test Calculation Agent, the Post-Issuer Default Test Calculation Agent, the Guarantor Calculation Agent and the Representative of the Bondholders, as amended from time to time.

"**Covered Bond Swap Agreement**" means each International Swaps and Derivatives Association ("**ISDA**") 1992 Master Agreement (*Multicurrency Cross Border*) (together with the Schedule and credit support annex thereto and the confirmations evidencing interest rate swap transactions thereunder) entered into from time to time between the Guarantor and a Covered Bond Swap Provider, as amended from time to time.

"**Covered Bond Swap Provider**" means any entity acting as covered bond swap provider under a Covered Bond Swap Agreement to the Guarantor and "**Covered Bond Swap Providers**" means more than one of them.

"**Covered Bonds**" means the Covered Bonds (*Obbligazioni Bancarie Garantite*) of each Series or Tranche issued or to be issued by the Issuer in the context of the Programme.

"**Credit and Collection Policy**" means the procedures for the management, collection and recovery of the Receivables attached as schedule 3 to the Master Servicing Agreement.

"**Criteria**" means, collectively, the Common Criteria, the Specific Criteria and any Additional Criteria pursuant to the terms of the Master Assets Purchase Agreement.

"**CRR**" means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, as amended and supplemented from time to time.

"**Day Count Fraction**" means, in respect of the calculation of an amount for any period of time (the "**Calculation Period**"), such day count fraction as may be specified in the Terms and Conditions or the relevant Final Terms and:

(i) if "**Actual/Actual (ICMA)**" is so specified, means:

(A) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

(B) where the Calculation Period is longer than one Regular Period, the sum of:

(1) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (a) the actual number of days in such Regular Period and (b) the number of Regular Periods in any year; and

(2) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (b) the number of Regular Periods in any year;

(ii) if "**Actual/Actual (ISDA)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(iii) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;

(iv) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;

(v) if "**30/360**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30";

(vi) if "**30E/360**" or "**Eurobond Basis**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30; and

(vii) if "**30E/360 (ISDA)**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30,

provided, however, that in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period.

"**DBRS**" means DBRS Ratings GmBH and any of its successors or assignees.

"**DBRS Critical Obligations Rating (COR)**" means the DBRS rating addressing the risk of default of particular obligations / exposures of certain banks that have a higher probability of being excluded from bail-in and remaining in a continuing bank in the event of the resolution of a troubled bank than other senior unsecured obligations.

"**DBRS Equivalent Rating**" means the DBRS rating equivalent of any of the below ratings by Moody's, Fitch or S&P:

DBRS	Moody's	S&P	Fitch
AAA	Aaa	AAA	AAA
AA(high)	Aa1	AA+	AA+
AA	Aa2	AA	AA
AA(low)	Aa3	AA-	AA-
A(high)	A1	A+	A+
A	A2	A	A
A(low)	A3	A-	A-
BBB(high)	Baa1	BBB+	BBB+
BBB	Baa2	BBB	BBB
BBB(low)	Baa3	BBB-	BBB-
BB(high)	Ba1	BB+	BB+

BB	Ba2	BB	BB
BB(low)	Ba3	BB-	BB-
B(high)	B1	B+	B+
B	B2	B	B
B(low)	B3	B-	B-
CCC(high)	Caa1	CCC+	CCC+
CCC	Caa2	CCC	CCC
CCC(low)	Caa3	CCC-	CCC-
CC	Ca	CC	CC
C	C	D	D

"**DBRS Rating**" is any of the following:

- Public rating
- Private rating
- Internal assessment

(d) if a Fitch public rating, a Moody's public rating and an S&P public rating in respect of the Eligible Investment or the Eligible Institution (each, a "**Public Long Term Rating**") are all available at such date, the DBRS Rating will be the DBRS Equivalent Rating of such Public Long Term Rating remaining after disregarding the highest and lowest of such Public Long Term Ratings from such rating agencies (provided that if such Public Long Term Rating is under credit watch negative, or the equivalent, then the DBRS Equivalent Rating will be considered one notch below). For this purpose, if more than one Public Long Term Rating has the same highest DBRS Equivalent Rating or the same lowest DBRS Equivalent Rating, then in each case one of such Public Long Term Ratings shall be so disregarded;

(e) if the DBRS Rating cannot be determined under (a) above, but Public Long Term Ratings of the Eligible Investment by any two of Fitch, Moody's and S&P are available at such date, the DBRS Equivalent Rating of the lower such Public Long Term Rating (provided that if such Public Long Term Rating is under credit watch negative, or the equivalent, then the DBRS Equivalent Rating will be considered one notch below); and

(f) if the DBRS Rating cannot be determined under (a) and (b) above, but Public Long Term Ratings by any one of Fitch, Moody's and S&P are available at such date, then the DBRS Equivalent Rating will be such Public Long Term Rating (provided that if such Public Long Term Rating is under credit watch negative, or the equivalent, then the DBRS Equivalent Rating will be considered one notch below).

If at any time the DBRS Rating cannot be determined under subparagraphs (a) to (c) above, the DBRS Rating will be deemed to be of "C" at such time.

"**Dealers**" means Barclays Bank Ireland PLC, NatWest Markets N.V. and any other entity that will be appointed as such by the Issuer by means of the subscription of a letter under the terms or substantially under the terms provided in schedule 5 of the Programme Agreement.

"**Debtor**" means with reference to the Mortgage Loans, any borrower and any other person, other than a Mortgagor, who entered into a Mortgage Loan Agreement as principal debtor or guarantor or who is

liable for the payment or repayment of amounts due in respect of a Mortgage Loan, as a consequence, *inter alia*, of having granted any Collateral Security or having assumed the borrower's obligation under an *accollo*, or otherwise.

"**Decree No. 239**" means the Italian Legislative Decree number 239 of 1 April 1996, as subsequently amended and supplemented.

"**Deed of Pledge**" means the Italian law deed of pledge entered on 18 June 2010, as amended from time to time.

"**Defaulted Receivables**" means any Receivable (i) which has been classified as "defaulted" (*credito in sofferenza*) pursuant to the Bank of Italy's supervisory regulations (*Istruzioni di Vigilanza della Banca d'Italia*) and the Credit and Collection Policy; or (ii) in respect of which there are 12 unpaid instalments (in respect of Receivables deriving from Mortgage Loans with monthly instalments), 7 unpaid instalments (in respect of Receivables deriving from Mortgage Loans with quarterly instalments) or 4 unpaid instalments (in respect of Receivables deriving from Mortgage Loans with semi-annual instalments).

"**Defaulting Party**" has the meaning ascribed to that term in the Swap Agreements.

"**Drawdown Date**" means the date indicated in each Term Loan Proposal on which a Term Loan is granted pursuant to the Subordinated Loan Agreement (or, in respect of any Additional Subordinated Lenders, pursuant to the relevant Subordinated Loan Agreement) during the Subordinated Loan Availability Period.

"**Due for Payment**" means the requirement for the Guarantor to pay any Guaranteed Amounts following the delivery of a Guarantee Enforcement Notice after the occurrence of certain Issuer Events of Default, such requirement arising:(i) prior to the occurrence of a Guarantor Event of Default, on the date on which the Guaranteed Amounts are due and payable in accordance with the Terms and Conditions and the Final Terms of the relevant Series or Tranche of Covered Bonds (being the relevant Maturity Date or Extended Maturity Date, as the case may be); and(ii) following the occurrence of a Guarantor Event of Default, the date on which the Guarantor Default Notice is served on the Guarantor.

"**Earliest Maturing Covered Bonds**" means, at any time, the Series or Tranche of Covered Bonds that has or have the earliest Maturity Date (if the relevant Series or Tranche of Covered Bonds is not subject to an Extended Maturity Date) or Extended Maturity Date (if the relevant Series or Tranche of Covered Bonds is subject to an Extended Maturity Date) as specified in the relevant Final Terms.

"**Early Redemption Amount (Tax)**" means, in respect of any Series of Covered Bonds, the principal amount of such Series or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms.

"**Early Termination Amount**" means, in respect of any Series or Tranche of Covered Bonds, the principal amount of such Series or Tranche or such other amount as may be specified in, or determined in accordance with, the Terms and Conditions or the relevant Final Terms.

"**ECB Guidelines**" means the Guideline of the European Central Bank of 20 September 2011 (ECB/2011/14), published on the Official Gazette of the European Union no. 331 of 14 December 2011, as amended by the Guideline of the European Central Bank on 26 November 2012 (ECB/2012/25) published on the Official Gazette of the European Union no. 348 on 18 December 2012, both relating to monetary policy instruments and procedures of the Eurosystem, and the decisions of the European Central Bank dated, respectively, 20 March 2013 (ECB/2013/6), on the rules concerning the use as collateral for Eurosystem monetary policy operations of own-use uncovered government-guaranteed bank bonds, and 26 September 2013 on additional measures relating to Eurosystem refinancing operations and eligibility of collateral (ECB/2013/35), as subsequently amended and supplemented.

"**Eligible Assets**" means the assets contemplated under article 7-novies of Law 130 which are Mortgage Loan, Eligible Swap Agreement and Liquidity Assets.

"**Eligible Institution**" means any credit institution incorporated under the laws of any state which is a member of the European Union, the EEA, the United Kingdom or of the United States, whose:

(a) short-*term* unsecured and unsubordinated debt obligations are rated at least "F-1" by Fitch, and at least "P-1" by Moody's, and

(b) long-*term* unsecured and unsubordinated debt obligations are rated at least the Minimum DBRS Rating (considering the maximum of (1) one notch below the relevant institution's DBRS Critical Obligations Rating (COR), in case the institution has a DBRS Critical Obligations Rating (COR); and (2) a long term DBRS Rating or DBRS Equivalent Rating), at least "A" by Fitch and at least "A2" by Moody's (provided that, if any of the above credit institutions is on rating watch negative, it shall be treated as one notch below its current Fitch rating) or any other rating level from time to time provided for in the Rating Agencies' criteria.

"**Eligible Investment**" means any investment denominated in Euro (unless a suitable hedging is in place) that has a maturity date falling, and which is redeemable at par together with accrued unpaid interest, no later than the next following Eligible Investment Liquidation Date and that is an obligation of a company incorporated in, or a sovereign issuer of, a Qualifying Country (as defined below), **provided that** in case of downgrade below such rating level the securities will be sold, if it could be achieved without a loss, otherwise the securities shall be allowed to mature, and is one or more of the following obligations or securities (including, without limitation, any obligations or securities for which the Cash Manager or the Representative of the Bondholders or an affiliate of any of them provides services):

(i) direct obligations of any agency or instrumentality of a sovereign of a Qualifying Country, the obligations of which agency or instrumentality are unconditionally and irrevocably guaranteed in full by a Qualifying Country, a "Qualifying Country" being a country rated at the time of such investment or contractual commitment providing for such investment in such obligations, at least "AA-" or "F1+" by Fitch, "Aa3" and "P-1" by Moody's and AA (low) or R-1 (middle) by DBRS;

(ii) demand and time deposits in, certificates of deposit of and bankers' acceptances issued by any depositary institution or trust company (including, without limitation, the Payments Account Bank and the Italian Account Bank) incorporated under the laws of a Qualifying Country with, in each case, a maturity of no more than 30 days (and in any case falling prior to the immediately following Eligible Investment Liquidation Date) and subject to supervision and examination by governmental banking authorities, provided that the commercial paper and/or the debt obligations of such depositary institution or trust company (or, in the case of the principal depositary institution in a holding company system, the commercial paper or debt obligations of such holding company) at the time of such investment or contractual commitment providing for such investment have a credit rating of at least "A" and "F1" by Fitch , "A2" and "P-1" by Moody's and with respect to DBRS rated according to the "DBRS A" table;

(iii) any security rated at least (A) "P-1" by Moody's, "A" and "F1" by Fitch and with respect to DBRS according to the DBRS A table, if the relevant maturity is up to 30 calendar days, (B) "P-1" by Moody's "AA-" or "F1+" by Fitch and with respect to DBRS according to DBRS B table, if the relevant maturity is up to 365 calendar days provided that, in all cases, the maximum aggregate total exposures in general to classes of assets with certain ratings by the Rating Agencies will, if requested by any Rating Agencies, be limited to the maximum percentages specified by any such Rating Agencies;

(iv) subject to the rating of the Covered Bonds not being affected, unleveraged repurchase obligations with respect to: (1) commercial paper or other short-term obligations having, at the time of such investment, a credit rating of at least "AA-" or "F1+" by Fitch, "Aa3" and "P-1" by Moody's and a maturity of not more than 180 days from their date of issuance and with respect to DBRS, a credit rating of the counterparty according to the DBRS A and DBRS B tables; (2) off-shore money market funds rated, at all times, "AAA/V-1" by Fitch and "Aaa/MR1+" by Moody's and with respect to DBRS, a credit rating of the counterparty according to the DBRS A and DBRS B tables; and (3) any other investment similar to those described in paragraphs (1) and (2) above: (a) **provided that** any such other investment will not affect the rating of the Covered Bonds; and (b) which has the same rating as the investment described in paragraphs (1) and (2) above,

provided that, (x) in any event, none of the Eligible Investments set out above may consist, in whole or in part, actually or potentially, of credit-linked notes or similar claims resulting from the transfer of credit risk by means of credit derivatives nor may any amount available to the Guarantor in the context of the Programme otherwise be invested in any such instruments at any time and (y) title to the securities underlying such repurchase transactions (in the period between the execution of the relevant repurchase transactions and their respective maturity) effectively passes (as confirmed by a non qualified legal opinion by a primary standing law firm) to the Issuer and the obligations of the relevant counterparty are not related to the performance of the underlying securities,

provided that (i) such Eligible Investment shall not prejudice the rating assigned to each Series of Covered Bonds and shall provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount), (ii) in any event such debt securities or other debt instruments do not consist, in whole or in part, actually or potentially of credit-linked notes or similar claims nor may any amount available to the Guarantor in the context of the Programme otherwise be invested in asset-backed securities, irrespective of their subordination, status, or ranking at any time, and (iii) the relevant exposure qualifies for the "credit quality step 1" pursuant to article 129, paragraph 1(a) of the CRR or, in case of exposure vis-à-vis an entity in the European union which has a maturity not exceeding 30 (thirty) days, it may qualify for "credit quality step 2" pursuant to Article 129, paragraph 1(a) of the CRR.

DBRS A Table: eligible Investments with a maturity up to 30 days:CB Rating	**Eligible Investment Rating**
AAA	A or R-1(middle)
AA (high)	A or R-1(middle)
AA	A or R-1(middle)
AA (low)	A or R-1(middle)
A (high)	BBB (high) or R-2 (high)
A	BBB or R-2 (middle)
A (low)	BBB (low) or R-2 (low)
BBB (high)	BBB (low) or R-2 (low)
BBB	BBB (low) or R-2 (low)
BBB (low)	BBB (low) or R-2 (low)
BB (high)	BB (high) or R-3
BB	BB or R-4
BB (low)	BB (low) or R-4

DBRS B Table:

Maximum maturity	**CB rated at least AA (low)**	**CB rated between A (high) and A (low)**	**CB rated BBB (high) and below**

90 days	AA (low) or R-1 (middle)	A (low) or R-1 (low)	BBB (low) or R-2 (middle)
180 days	AA or R-1 (high)	A or R-1 (low)	BBB or R-2 (high)
365 days	AAA or R-1 (high)	A (high) or R-1 (middle)	BBB or R-2 (high)

"**Eligible Investment Date**" means, in respect of any investment in Eligible Investments made or to be made in accordance with the Programme Documents, any Business Day immediately after a Guarantor Payment Date.

"**Eligible Investment Liquidation Date**" means, in respect of any investment in Eligible Investments made or to be made in accordance with the Programme Documents, two Business Days before the Guarantor Calculation Date immediately following the relevant Eligible Investment Date.

"**Eligible Investments Securities Account**" means the securities account that may be opened by the Guarantor in accordance with the Cash Allocation, Management and Payments Agreement.

"**Eligible Swap Agreement**" means any swap agreement which meets the requirements of article 7-decies of Law 130.

"**EU Directive on the Reorganisation and Winding up of Credit Institutions**" means Directive 2001/24/EC of the European Parliament and of the Council of 4 April 2001 on the reorganisation and winding up of credit institutions.

"**EU Insolvency Regulation**" means Regulation (EU) 2015/848 of 20 May 2015, as amended from time to time.

"**EURIBOR**" (1) with respect to the Covered Bonds, has the meaning ascribed to it in the relevant Final Terms; and (2) with reference to each Loan Interest Period, means the rate denominated "Euro Interbank Offered Rate" (i) at 3 (three) months (**provided that** for the First Loan Interest Period, such rate will be calculated on the basis of the linear interpolation of 3month Euribor and 4-month Euribor), published on Reuters' page "Euribor01" on the menu "Euribor" or (A) in the different page which may substitute the Reuters' page "Euribor01" on the menu "Euribor", or (B) in the event such page or such system is not available, on the page of a different system containing the same information that can substitute Reuters' page "Euribor01" on the menu "Euribor" (or, in the event such page is available from more than one system, in the one selected by the Representative of the Bondholders) (hereinafter, the "**Screen Rate**") at 11.00 a.m. (Brussels time) of the date of determination of Interest falling immediately before the beginning of such Loan Interest Period; or (ii) in the event that on any date of determination of Interest the Screen Rate is not published, the reference rate will be the arithmetic average (rounded off to three decimals) of the rates communicated to the Guarantor Calculation Agent, following request of such Guarantor Calculation Agent, by the Reference Banks at 11.00 a.m. (Brussels time) on the relevant date of determination of Interest and offered to other financial institutions of similar standing for a reference period similar to such Loan Interest Period; or (iii) in the event the Screen Rate is not available and only two or three Reference Banks communicate the relevant rate quotations to the Guarantor Calculation Agent, the relevant rate shall be determined, as described above, on the basis of the rate quotations provided by the Reference Banks; or (iv) in the event that the Screen Rate is not available and only one or no Reference Banks communicate such quotation to the Guarantor Calculation Agent, the relevant rate shall be the rate applicable to the immediately preceding period under sub-paragraphs (i) or (ii) above, **provided that** if the definition of Euribor is agreed differently in the context of the Asset Swap Agreement entered into by and between the Guarantor and an Asset Swap Provider in the context of the Programme, such definition will replace this definition.

"**Euro**", "**€**" and "**EUR**" refer to the single currency of member states of the EEA which adopt the single currency introduced in accordance with the Treaty.

"**Euro Equivalent**" means, in case of an issuance of Covered Bonds denominated in currency other than the Euro, an equivalent amount expressed in Euro calculated at the prevailing exchange rate.

"**Euroclear**" means Euroclear Bank S.A./N.V., with offices at 1 boulevard du Roi Albert II, B1210 Brussels.

"**Euronext Securities Milan**" means Euronext Securities Milan, having its registered office at Piazza degli Affari, 6, 20123 Milan, Italy.

"**Euronext Securities Milan Account Holders**" means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Euronext Securities Milan (as *intermediari aderenti*) in accordance with article 83-quater of the Financial Laws Consolidation Act.

"**European Economic Area**" or "**EEA**" means the region comprised of member states of the EEA which adopt the Euro currency in accordance with the Treaty.

"**Excess Assets**" means any Eligible Asset forming part of the Cover Pool which are in excess for the purpose of satisfying the Tests.

"**Excess Term Loan Amount**" means any amount equal to the Accrued Interest collected by the Guarantor, as specified in the relevant Servicer's Reports.

"**Execution Date**" means (i) with respect to the assignment of the Initial Portfolio, the date falling on the date on which the Principal Seller receives from the Guarantor the letter of acceptance of the Master Assets Purchase Agreement, Master Servicing Agreement, Warranty and Indemnity Agreement and Subordinated Loan Agreement, and (ii) with respect to the assignment of each New Portfolio, the date on which each of the Principal Seller or Additional Seller (if any) receives from the Guarantor the letter of acceptance of the relevant Transfer Proposal.

"**Expenses**" means any documented fees, costs, expenses and taxes required to be paid to any third party creditors (other than the Bondholders and the Other Guarantor Creditors) arising in connection with the Programme, and required to be paid in order to preserve the existence of the Guarantor or to maintain it in good standing, or to comply with applicable laws and legislation.

"**Expenses Account**" means the account denominated in Euro and opened on behalf of the Guarantor with the Italian Account Bank, IBAN IT 81 J 01030 12000 000000736131, or any other substitutive account that may be opened pursuant to the Cash Allocation, Management and Payments Agreement.

"**Extended Maturity Date**" means, in relation to a specific Series or Tranche of Covered Bonds, the date falling 38 years after the relevant Maturity Date.

"**Extension Determination Date**" means, with respect to each Series or Tranche of Covered Bonds, the date falling 4 calendar days after the Maturity Date of the relevant Series.

"**Final Redemption Amount**" means, in respect of any Series or Tranche of Covered Bonds, the principal amount of such Series.

"**Final Terms**" means, in relation to any issue of any Series or Tranche of Covered Bonds, the relevant terms contained in the applicable Programme Documents and, in case of any Series or Tranche of Covered Bonds to be admitted to listing, the final terms submitted to the appropriate listing authority on or before the Issue Date of the applicable Series or Tranche of Covered Bonds.

"**Financial Laws Consolidation Act**" means Italian Legislative Decree number 58 of 24 February 1998, as amended and supplemented from time to time.

"**First Interest Payment Date**" means the date specified in the relevant Final Terms.

"**First Issue Date**" means the Issue Date of the first Covered Bonds issued under the Programme.

"**First Loan Interest Period**" means, in relation to any Term Loan, the period starting on the relevant Drawdown Date (exclusive) and ending on the first following Guarantor Payment Date (inclusive).

"**First Series of Covered Bonds**" means the first Series of Covered Bonds issued by the Issuer in the context of the Programme.

"**First Tranche of Covered Bonds**" means if applicable the first Tranche of Covered Bonds issued by the Issuer in the context of the issuance of the First Series of Covered Bonds.

"**Fitch**" means (a) for the purposes of identifying the entity which may assign a rating to the Covered Bonds (i) Fitch Ratings Ireland Limited and any of its successors or assignees, and (ii) any other rating agency which may be selected from time to time by the Issuer in relation to any issuance of Covered Bonds or for the remaining duration of the Programme, to the extent that any of them at the relevant time provides ratings in respect of any Series of Covered Bonds; and (b) in any other cases, any other entity of the Fitch group.

"**Fixed Coupon Amount**" has the meaning given in the relevant Final Terms.

"**Fixed Interest Term Loan**" means any Term Loan granted under the Subordinated Loan Agreement in respect of which a fixed rate Corresponding Interest applies as indicated in the relevant Term Loan Proposal and corresponding to the interest payable on the corresponding Series or Tranche of Covered Bonds.

"**Fixed Rate Provisions**" has the meaning set out in Condition 5 (*Fixed Rate Provisions*).

"**Floating Interest Term Loan**" means any Term Loan granted under the Subordinated Loan Agreement in respect of which a floating rate Corresponding Interest applies as indicated in the relevant Term Loan Proposal and corresponding to the interest payable on the corresponding Series or Tranche of Covered Bonds.

"**Floating Rate Provisions**" has the meaning given in the relevant Final Terms.

"**FSMA**" means the Financial Services and Markets Act 2000, as amended by the Financial Services and Markets Act 2023 and as further amended from time to time.

"**Guarantee**" means the guarantee granted by the Guarantor for the purpose of guaranteeing the payments owed by the Issuer to the Bondholders and to the Other Guarantor Creditors pursuant to Law 130 and the Bank of Italy Regulations.

"**Guarantee Enforcement Notice**" means the notice to be served by the Representative of the Bondholders upon occurrence of certain Issuer Events of Default as better specified in Condition 11.2 (*Issuer Events of Default*).

"**Guarantee Priority of Payments**" means the order of priority pursuant to which the Guarantor Available Funds shall be applied on each Guarantor Payment Date, following the delivery of a Guarantee Enforcement Notice and prior to the delivery of a Guarantor Default Notice, in accordance with the Intercreditor Agreement.

"**Guaranteed Amounts**" means the Redemption Amount, the Interest Amount and any other amounts due from time to time by the Issuer to the Bondholders with respect to each Series or Tranche of Covered Bonds, including, for avoidance of doubt and without double counting, any amount that have been already paid timely by (or on behalf of) the Issuer to the Bondholders, to the extent it was clawed-back thereafter by a bankruptcy receiver, liquidator or other duly appointed officer upon opening of any bankruptcy proceedings or other similar insolvency proceedings of the Issuer.

"**Guaranteed Obligations**" means the payment obligations with respect to the Guaranteed Amounts.

"**Guarantor**" means MPS Covered Bond S.r.l. acting in its capacity as guarantor pursuant to the Guarantee.

"**Guarantor Available Funds**" means, collectively, the Interest Available Funds and the Principal Available Funds.

"**Guarantor Calculation Agent**" means Banca Finanziaria Internazionale S.p.A. or any other entity acting in such capacity pursuant to the terms of the Cover Pool Management Agreement.

"**Guarantor Calculation Date**" means the date falling on the 22nd calendar day of March, June, September and December, or, if such day is not a Business Day, the immediately succeeding Business Day.

"**Guarantor Corporate Servicer**" means Banca Finanziaria Internazionale S.p.A. or any other entity acting in such capacity pursuant to the terms of the Corporate Services Agreement.

"**Guarantor Default Notice**" means the notice to be served by the Representative of the Bondholders in case of a Guarantor Event of Default.

"**Guarantor Event of Default**" has the meaning given to it in the Terms and Conditions of the Covered Bonds.

"**Guarantor Payment Date**" means (a) prior to the delivery of a Guarantor Default Notice, the date falling 5 Business Days after the Guarantor Calculation Date of March, June, September and December or, if such day is not a Business Day, the immediately following Business Day; and (b) following the delivery of a Guarantor Default Notice, any day on which any payment is required to be made by the Representative of the Bondholders in accordance with the Post-Enforcement Priority of Payments, the relevant Terms and Conditions and the Intercreditor Agreement.

"**Guarantor's Accounts**" means, collectively, the Italian Collection Account, the Main Programme Account, the Expenses Account, the Reserve Account, the Payments Account, the Eligible Investments Securities Account and any other account opened in the context of the Programme with the exception of any Collateral Account(s) as defined pursuant to clause 7.4 of the Intercreditor Agreement.

"**IFRS**" means international financial reporting and accounting standards issued by the International Accounting Standards Board (IASB).

"**Individual Purchase Price**" means:

(i) with respect to each Eligible Asset transferred pursuant to the Master Assets Purchase Agreements, the most recent book value (*ultimo valore di iscrizione in bilancio*) of the relevant Eligible Asset:

(A) *minus* the aggregate amount of (1) the accrued interest obtained at the date of the last financial statement with reference to such Eligible Asset and included in such book value; and (2) any collections with respect to principal received by the relevant Seller with respect to such Eligible Asset, starting from the date of the most recent financial statement (*ultimo bilancio*) until the relevant Valuation Date (included); and

(B) increased of the aggregate amount of the Accrued Interest with respect to such Eligible Asset obtained at the relevant Valuation Date; or

(ii) such other value, pursuant to article 7-*viciester* of Law 130, as indicated by the Principal Seller (or each Additional Seller, if any) in the relevant Transfer Proposal.

"**Initial Portfolio**" means the first portfolio of Receivables and related Security Interests to be purchased by the Guarantor pursuant to the Master Assets Purchase Agreement.

"**Initial Portfolio Purchase Price**" means the consideration paid by the Guarantor to the Principal Seller for the transfer of the Initial Portfolio, calculated in accordance with clause 5.1 of the Master Assets Purchase Agreement.

"**Insolvency Event**" means:

(A) in respect of the Issuer, that the Issuer is subject to liquidazione coatta amministrativa as defined in the Consolidated Banking Act; and

(B) in respect of any company, entity or corporation other than the Issuer that:

(i) such company, entity or corporation has become subject to any applicable procedure of judicial liquidation, liquidation, administrative compulsory liquidation, any insolvency proceedings pursuant to the legislation applicable from time to time (including, *inter alia* and by way of example, pursuant to and for the purposes of the Business Crisis and Insolvency Code), instrument or measure for the regulation of crisis and insolvency (including, without limitation,

and merely by way of example, the "*concordato preventivo*", "*piano di ristrutturazione soggetto a omologazione*", "*accordi di ristrutturazione dei debiti*" as well as the "*piano attestato di risanamento*" pursuant to the Business Crisis and Insolvency Code), insolvency and/or restructuring procedures or procedures or similar instruments/measures pursuant to the legislation applicable from time to time (including, but not limited to, application for liquidation, restructuring, dissolution procedures, access to any of the measures set forth in the Business Crisis and Insolvency Code) or the whole or any substantial part of the undertaking or assets of such company, entity or corporation are subject to a *pignoramento* or any procedure having a similar effect (other than in the case of the Guarantor, any portfolio of assets purchased by the Guarantor for the purposes of further programme of issuance of Covered Bonds), unless in the opinion of the Representative of the Bondholders (who may in this respect rely on the advice of a legal adviser selected by it), such proceedings are being disputed in good faith with a reasonable prospect of success; or

(ii) an application for the commencement (and/or access to) of any of the proceedings under (i) above is made in respect of or by such company or corporation or such proceedings are otherwise initiated against such company, entity or corporation and, in the opinion of the Representative of the Bondholders (who may in this respect rely on the advice of a legal adviser selected by it), the commencement of such proceedings are not being disputed in good faith with a reasonable prospect of success; or

(iii) such company, entity or corporation takes any action for a re-adjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors (other than, in case of the Guarantor, the creditors under the Programme Documents) or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it or applies for suspension of payments; or

(iv) an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution in any form of such company, entity or corporation or any of the events under article 2484 of the Italian Civil Code occurs with respect to such company, entity or corporation (except in any such case a winding-up, corporate reorganization or other proceeding for the purposes of or pursuant to a solvent amalgamation or reconstruction, the terms of which have been previously approved in writing by the Representative of the Bondholders); or

(v) such company, entity or corporation becomes subject to any proceedings equivalent or analogous to those above under the law of any jurisdiction in which such company or corporation is deemed to carry on business.

"**Instalment**" means with respect to each Mortgage Loan Agreement, each instalment due from the relevant Debtor thereunder and which consists of an Interest Instalment and a Principal Instalment.

"**Instalment Amount**" has the meaning set out in Condition 9(h) (*Redemption and Purchase Redemption by instalments)*.

"**Insurance Policies**" means (i) each insurance policy taken out with the insurance companies in relation to each Real Estate Asset and each Mortgage Loan or (ii) any possible "umbrella" insurance policy in relation to the Real Estate Assets which have lost their previous relevant insurance coverage.

"**Intercreditor Agreement**" means the intercreditor agreement entered on 18 June 2010 between, *inter alios*, the Guarantor and the Other Guarantor Creditors, as amended from time to time.

"**Interest Amount**" means, in relation to any Series or Tranche of Covered Bonds and an Interest Period, the amount of interest payable in respect of that Series or Tranche for that Interest Period.

"**Interest Available Funds**" means in respect of any Guarantor Payment Date, the aggregate of:

(i) any interest amounts collected by the Servicer in respect of the Cover Pool and credited into the Main Programme Account during the immediately preceding Collection Period;

(ii) all recoveries in the nature of interest received by the Servicer and credited to the Main Programme Account during the immediately preceding Collection Period;

(iii) all amounts of interest accrued (net of any withholding or expenses, if due) and paid on the Programme Accounts during the immediately preceding Collection Period;

(iv) any amounts standing to the credit of the Reserve Account in excess of the Required Reserve Amount, and following the service of a Guarantee Enforcement Notice, on the

Guarantor, any amounts standing to the credit of the Reserve Account;

(v) any interest amounts standing to the credit of the Programme Accounts;

(vi) all interest amounts received from the Eligible Investments;

(vii) subject to item (ix) below, any amounts received under the Asset Swap Agreement and the Covered Bond Swap Agreement,

provided that, prior to the occurrence of a Guarantor Event of Default, any such amounts received on or after such Guarantor Payment Date (included) but prior to the next following Guarantor Payment Date (excluded) will be applied, together with any provision for such payments made on any preceding Guarantor Calculation Date, (i) to make payments in respect of interest due and payable, *pro rata* and *pari passu* in respect of each relevant Covered Bond Swap Agreement or, as the case may be, (ii) to make payments in respect of interest due on the Covered Bonds under the Guarantee, *pari passu* and *pro rata* in respect of each relevant Series or Tranche of Covered Bonds, or (iii) to make provision for the payment of such relevant proportion of such amounts to be paid on any other day up to the immediately following Guarantor Payment Date, as the Guarantor Calculation Agent may reasonably determine, or otherwise;

(viii) subject to item (ix) below, any amounts received under the Covered Bond Swap Agreements other than any Swap Collateral Excluded Amounts;

(ix) any swap termination payments received from a Swap Provider under any Swap Agreement;

provided that, prior to the occurrence of a Guarantor Event of Default, such amounts will be, to the extent permitted by the relevant Swap Agreement, net of any cost necessary to replace the swap provider and find an eligible swap counterparty to enter into a replacement swap agreement;

(x) all interest amounts received from the Principal Seller (or any Additional Seller, if any) by the Guarantor pursuant to the Master Assets Purchase Agreement during the immediately preceding Collection Period;

(xi) any amounts paid as Interest Shortfall Amount out of item (First) of the Pre-Issuer Default Principal Priority of Payments; and

(xii) any amounts (other than the amounts already allocated under other items of the Guarantor Available Funds) received by the Guarantor from any party to the Programme Documents during the immediately preceding Collection Period.

"**Interest Commencement Date**" means the Issue Date of the relevant Series or Tranche of Covered Bonds or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms.

"**Interest Coverage Test**" has the meaning as indicated pursuant to clause 2.4 of the Cover Pool Management Agreement.

"**Interest Determination Date**" has the meaning given in the relevant Final Terms.

"**Interest Instalment**" means the interest component of each Instalment.

"**Interest Payment Date**" means the First Interest Payment Date and any date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business

Day Convention is specified in the relevant Final Terms:

(i) as the same may be adjusted in accordance with the relevant Business Day Convention; or

(ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case).

"**Interest Period**" means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date.

"**Interest Shortfall Amount**" means, on any Guarantor Payment Date, an amount equal to the difference, if positive, between (a) the aggregate amounts payable (but for the operation of clause 13 (*Enforcement of Security, Non Petition and Limited Recourse*) of the Intercreditor Agreement) under items *First* to *Fifth* of the Pre-Issuer Default Interest Priority of Payments; and (b) the Interest Available Funds (net of such Interest Shortfall Amount) on such Guarantor Payment Date.

"**ISDA Definitions**" has the meaning given in the relevant Final Terms.

"**ISDA Determination**" has the meaning given in the relevant Final Terms.

"**Issue Date**" means each date on which a Series or Tranche of Covered Bonds is issued.

"**Issuer**" means BMPS.

"**Issuer Default Notice**" means the notice to be served by the Representative of the Bondholders upon occurrence of certain Issuer Event of Default as better specified in Condition 11.2 (*Issuer Events of Default*).

"**Issuer Event of Default**" has the meaning given to it in the Terms and Conditions of the Covered Bonds.

"**Istruzioni di Vigilanza**" means the regulations for banks issued by the Bank of Italy on 17 December 2013 with Circular No. 285 (*Disposizioni di vigilanza per le banche*), as amended from time to time, as well as any other regulation issued by the Bank of Italy.

"***Istruzioni di Vigilanza per gli Intermediari Finanziari***" means the regulations for financial intermediaries issued by the Bank of Italy on 5 August 1996 with circular number 216, as subsequently amended and supplemented.

"**Italian Account**" means each of the Italian Collection Account, the Payments Account, the Expenses Account, the Main Programme Account and the Reserve Account, and "**Italian Accounts**" means all of them.

"**Italian Account Bank**" means BMPS or any other entity appointed to act as such pursuant to the Cash Allocation, Management and Payments Agreement.

"**Italian Account Bank Report**" means the report produced by the Italian Account Bank pursuant to the Cash Allocation, Management and Payments Agreement.

"**Italian Back-Up Account Bank**" means The Bank of New York Mellon SA/NV, Milan Branch or any other entity appointed to act as such pursuant to the Cash Allocation, Management and Payments Agreement.

"**Italian Collection Account**" means any of the account denominated in Euro opened in the name of the Guarantor and held by the Italian Account Bank for the deposit of any amount of the Collections of the Portfolios number 000008417530 (IBAN: IT 27 S 01030 14200 000008417530) and any other account which may be opened by the Guarantor if a bank part of the Montepaschi Group will accede the Programme in its capacity as Additional Seller and Additional Servicer, for the deposit of the collections of the Portfolios transferred by such bank, in its capacity as Additional Seller, to the Guarantor, or any other substitutive account which may be opened by the Guarantor pursuant to the Cash Allocation,

Management and Payments Agreement.

"**Joint-Arrangers**" means, collectively, Barclays Bank Ireland PLC, BMPS and NatWest Markets N.V..

"**Joint Regulation**" means the joint regulation of CONSOB and the Bank of Italy dated 13 August 2018, as subsequently amended and supplemented from time to time.

"**Latest Valuation**" means, at any time with respect to any Real Estate Asset, the value given to the relevant Real Estate Asset by the most recent valuation (to be performed in accordance with the requirements provided for under the Prudential Regulations) addressed to the Seller(s) or obtained from an independently maintained valuation model, acceptable to reasonable and prudent institutional mortgage lenders in Italy.

"**Law 130**" means Italian Law No. 130 of 30 April 1999 as the same may be amended, modified or supplemented from time to time.

"**Liquidity Assets**" means the Eligible Assets in accordance with article 7-*duodecies*, paragraph 2, let. (b) of Law 130.

"**Liquidity Reserve Requirement**" means the test described in clause 4 (*Liquidity Reserve Requirement*) of the Cover Pool Management Agreement.

"**Liabilities**" means in respect of any person, any losses, damages, costs, charges, awards, claims, demands, expenses, judgements, actions, proceedings or other liabilities whatsoever including legal fees and any taxes and penalties incurred by that person, together with any value added or similar tax charged or chargeable in respect of any sum referred to in this definition.

"**Loan Interest**" means any of the Base Interest or the Corresponding Interest, as calculated in the Subordinated Loan Agreement.

"**Loan Interest Period**" means, in relation to any Term Loan: (i) the relevant First Loan Interest Period; and thereafter (ii) each period starting on a Guarantor Payment Date (excluded) and ending on the following Guarantor Payment Date (included).

"**Main Programme Account**" means the account denominated in Euro opened in the name of the Guarantor and held by the Payments Account Bank, number 7577439780 (IBAN IT57Z0335101600007577439780), or any other substitutive account which may be opened by the Guarantor pursuant to the Cash Allocation, Management and Payments Agreement.

"**Mandate Agreement**" means the mandate agreement entered on 18 June 2010 between the Guarantor and the Representative of the Bondholders.

"**Mandatory Tests**" means the tests provided for under article 7-undecies of Law 130 as calculated pursuant to the Cover Pool Management Agreement.

"**Margin**" has the meaning set out to the term "Margine" in the Subordinated Loan Agreement.

"**Master Assets Purchase Agreement**" means the master assets purchase agreement entered on 25 May 2010 between the Guarantor, the Principal Seller and, following accession to the Programme, each Additional Seller, as amended from time to time.

"**Master Definitions Agreement**" means the master definitions agreement entered into on or about 18 June 2010 between the parties of the Programme Documents, as amended from time to time.

"**Master Servicing Agreement**" means the master servicing agreement entered on 25 May 2010 between the Guarantor, the Principal Servicer and, following accession to the Programme, each Additional Servicer, as amended from time to time.

"**Maturity Date**" means each date on which final redemption payments for a Series or Tranche of Covered Bonds become due in accordance with the Final Terms but subject to it being extended to the Extended Maturity Date.

"**Maximum Rate of Interest**" means has the meaning given in the relevant Final Terms.

"**Maximum Redemption Amount**" means has the meaning given in the relevant Final Terms.

"**Meetings**" has the meaning ascribed to such term in the Rules of the Organisation of the Bondholders.

"**Merger**" means the merger by way of incorporation of BAV in BMPS with effect as of 28 April 2013 for civil code purposes and as of 1 January 2013 for accounting and tax purposes. Following the Merger, BMPS assumed all rights and obligations of BAV in its capacity as Additional Seller; Additional Servicer and Additional Subordinated Lender under the Programme and any reference to BAV in the Programme Documents shall be deemed to be referred to BMPS, which takes over any and all activities and roles previously carried out by BAV.

"**Minimum DBRS Rating**":

Highest Rating Assigned to Rated Securities	**Minimum Institution Rating**
AAA (sf)	"A"
AA (high) (sf)	"A"
AA (sf)	"A"
AA (low) (sf)	"A"
A (high) (sf)	BBB (high)
A (sf)	BBB
A (low) (sf)	BBB (low)
BBB (high) (sf)	BBB (low)
BBB (sf)	BBB (low)
BBB (low) (sf)	BBB (low)

"**Minimum Rate of Interest**" has the meaning given in the relevant Final Terms.

"**Minimum Redemption Amount**" has the meaning given in the relevant Final Terms.

"**Montepaschi Group**" or "**Group**" means, together, the banks and other companies belonging from time to time to the banking group "Gruppo Montepaschi", enrolled with the register of banking groups held by the Bank of Italy pursuant to article 64 of the Consolidated Banking Act.

"**Monthly Collection Period**" means (a) each period commencing on (and including) a Collection Date and ending on (but excluding) the following Collection Date; and (b) in the case of the first Monthly Collection Period, the period commencing on (and including) the Valuation Date and ending on (and including) the last calendar day of the month immediately preceding the first Guarantor Payment Date.

"**Monthly Servicer's Report**" means, with reference to the Principal Servicer the monthly report prepared

by the Principal Servicer and with reference to any Additional Servicer, the monthly report prepared by any Additional Servicer pursuant to the Master Servicing Agreement.

"**Monthly Servicer's Report Date**" means (i) prior to the delivery of a Guarantor Default Notice, the date falling on the 15th calendar day of each month or, if such day is not a Business Day, the immediately preceding Business Day and (ii) following the delivery of a Guarantor Default Notice, such date as may be indicated by the Representative of the Bondholders.

"**Moody's**" means (a) for the purposes of identifying the entity which may assign a rating to the Covered Bonds (i) Moody's Italia S.r.l. and any of its successors or assignees, and (ii) any other rating agency which may be selected from time to time by the Issuer in relation to any issuance of Covered Bonds or for the remaining duration of the Programme, to the extent that any of them at the relevant time provides ratings in respect of any Series of Covered Bonds; and (b) in any other cases, any other entity of the Moody's group.

"**Mortgage**" means the mortgage security interests (*ipoteche*) created on the Real Estate Assets pursuant to Italian law in order to secure claims in respect of the Receivables.

"**Mortgage Loan**" means a Residential Mortgage Loan, the claims in respect of which have been and/or will be transferred by the Seller to the Guarantor pursuant to the Master Assets Purchase Agreement.

"**Mortgage Loan Agreement**" means any residential mortgage loan agreement out of which the Receivables arise.

"**Mortgagor**" means any person, either a borrower or a third party, who has granted a Mortgage in favour of the relevant Seller to secure the payment or repayment of any amounts payable in respect of a Mortgage Loan, and/or his/her successor in interest.

"**Negative Carry Factor**" is a percentage calculated by reference to the weighted average margin of the Covered Bonds and will, in any event, be not less than 0.5 per cent.

"**Net Liquidity Outflows**" means all payment outflows falling due on one day, including principal and interest payments, net of all payment inflows falling due on the same day for claims related to the Cover Pool, calculated in accordance with article 7-duodecies of Law 130 and the Bank of Italy Regulations, it being understood that, if the Maturity Date of a Series is extendable to the relevant Extended Maturity Date, the Principal Amount Outstanding of such Series to be taken into account shall be based on the relevant Extended Maturity Date and not on the relevant Maturity Date.

"**Net Present Value Test**" has the meaning as indicated pursuant to clause 2.3 of the Cover Pool Management Agreement.

"**New Portfolio**" means any portfolio of Eligible Assets (other than the Initial Portfolio) which may be purchased by the Guarantor pursuant to the terms and subject to the conditions of the Master Assets Purchase Agreement.

"**New Portfolio Purchase Price**" means the consideration which the Guarantor shall pay to the relevant Seller for the transfer of each New Portfolio in accordance with the Master Assets Purchase Agreement and equal to the aggregate amount of the Individual Purchase Price of all the relevant Eligible Assets included in the relevant New Portfolio.

"**Nominal Value Test**" has the meaning as indicated pursuant to clause 2.2 of the Cover Pool Management Agreement.

"**Non-Performing Asset**" means, collectively, the Defaulted Receivables and the UTP Receivables.

"**Notice**" means any notice delivered under or in connection with any Programme Document.

"**Obligations**" means all the obligations of the Guarantor created by or arising under the Programme Documents.

"**Order**" means a final, judicial or arbitration decision, ruling or award from a court of competent

jurisdiction that is not subject to possible appeal or reversal.

"**Optional Redemption Amount (Call)**" has the meaning given in the relevant Final Terms.

"**Optional Redemption Amount (Put)**" has the meaning given in the relevant Final Terms.

"**Optional Redemption Date (Call)**" has the meaning given in the relevant Final Terms.

"**Optional Redemption Date (Put)**" has the meaning given in the relevant Final Terms.

"**Organisation of the Bondholders**" means the association of the Bondholders, organised pursuant to the Rules of the Organisation of the Bondholders.

"**Other Guarantor Creditors**" means the Principal Seller and each Additional Seller, if any, the Principal Servicer and each Additional Servicer, if any, the Back-up Servicer, the Principal Subordinated Lender and each Additional Subordinated Lender, if any, the Guarantor Calculation Agent, the Pre-Issuer Default Test Calculation Agent, the Post-Issuer Default Test Calculation Agent, the Representative of the Bondholders, the Asset Monitor, the Asset Swap Providers, the Covered Bond Swap Providers, the Italian Account Bank, the Italian Back-Up Account Bank, the Payments Account Bank, the Cash Manager, the Principal Paying Agent, the Paying Agent(s), the Guarantor Corporate Servicer and the Portfolio Manager (if any).

"**Outstanding Principal Balance**" means any Principal Balance outstanding in respect of any asset included in the Cover Pool.

"**Pass Through Series**" means:

(1) any Series of Covered Bonds in respect of which:

(a) the Issuer has failed to repay in whole or in part the relevant Final Redemption Amount on the applicable Maturity Date and a Guarantee Enforcement Notice has been served on the Guarantor; and

(b) the Guarantor has insufficient moneys available under the relevant Priority of Payments to pay the Guaranteed Amounts corresponding to

the Final Redemption Amount in respect of such Series of Covered Bonds on the relevant Extension Determination Date;

(2) all Series of Covered Bonds if a Guarantee Enforcement Notice has been delivered (and, in case of a Guarantee Enforcement Notice delivered as result of an Article 74 Event, prior to the delivery of an Article 74 Event Cure Notice) and a breach of the Amortisation Test has occurred.

"**Paying Agent**" means the Principal Paying Agent and each other paying agent appointed from time to time under the terms of the Cash Allocation, Management and Payments Agreement.

"**Payment Business Day**" means a day on which banks in the relevant Place of Payment are open for payment of amounts due in respect of debt securities and for dealings in foreign currencies and any day which is:

(i) if the currency of payment is euro, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or

(ii) if the currency of payment is not euro, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

"**Payments Account**" means the account denominated in Euro opened in the name of the Guarantor and held with the Payments Account Bank number 8955119780, IBAN IT96O0335101600008955119780 or any other substitutive account which may be opened pursuant to the Cash Allocation, Management and Payments Agreement.

"**Payments Report**" means the report to be prepared and delivered by the Guarantor Calculation Agent

pursuant to the Cash Allocation, Management and Payments Agreement.

"**Performing Receivables**" means any Receivable which has not been classified as UTP Receivable or Defaulted Receivable.

"**Place of Payment**" means, in respect of any Bondholders, the place at which such Bondholder receives payment of interest or principal on the Covered Bonds.

"**Portfolio**" means collectively the Initial Portfolio and any other New Portfolios which has been purchased and which will be purchased by the Guarantor in accordance with the terms of the Master Assets Purchase Agreement.

"**Portfolio Manager**" means the subject appointed as portfolio manager pursuant to the Cover Pool Management Agreement or any other entity acting in such capacity pursuant to the Cover Pool Management Agreement.

"**Post-Enforcement Priority of Payments**" means the order of priority pursuant to which the Guarantor Available Funds shall be applied on each Guarantor Payment Date, following the delivery of a Guarantor Default Notice, in accordance with the Intercreditor Agreement.

"**Post-Issuer Default Test Calculation Agent**" means Banca Finanziaria Internazionale S.p.A..

"**Post-Issuer Default Test Performance Report**" means, on each Test Calculation Date and Quarterly Test Calculation Date during the period after the service of an Issuer Default Notice, the relevant report prepared by the Post-Issuer Default Test Calculation Agent setting out the calculations carried out by it with respect of the relevant Tests and specifying whether any of such Tests was not met.

"**Pre-Issuer Default Interest Priority of Payments**" means the order of priority pursuant to which the Interest Available Funds shall be applied on each Guarantor Payment Date, prior to the delivery of a Guarantee Enforcement Notice, in accordance with the Intercreditor Agreement.

"**Pre-Issuer Default Principal Priority of Payments**" means the order of priority pursuant to which the Principal Available Funds shall be applied on each Guarantor Payment Date, prior to the delivery of a Guarantee Enforcement Notice, in accordance with the Intercreditor Agreement.

"**Pre-Issuer Default Test Calculation Agent**" means BMPS.

"**Pre-Issuer Default Test Performance Report**" means, on each Test Calculation Date and Quarterly Test Calculation Date prior to the service of an Issuer Default Notice, the relevant report prepared by the Post-Issuer Default Test Calculation Agent setting out the calculations carried out by it with respect of the relevant Tests and specifying whether any of such Tests was not met.

"**Premium**" means, on each Guarantor Payment Date, an amount payable by the Guarantor on each Programme Term Loan in accordance with the relevant Priority of Payments and equal to the Guarantor Available Funds as at such date, after all amounts payable in priority thereto have been made in accordance with the relevant Priority of Payments.

"**Principal Amount Outstanding**" means, on any day: (a) in relation to a Covered Bond, the principal amount of that Covered Bond upon issue less the aggregate amount of any principal payments in respect of that Covered Bond which have become due and payable (and been paid) on or prior to that day; and (b) in relation to the Covered Bonds outstanding at any time, the aggregate of the amount in (a) in respect of all Covered Bonds outstanding.

"**Principal Available Funds**" means in respect of any Guarantor Payment Date, the aggregate of:

(i) all principal amounts collected by the Servicer in respect of the Cover Pool and credited to the Main Programme Account of the Guarantor during the immediately preceding Collection Period;

(ii) all other recoveries in respect of principal received by the Principal Servicer (and any Additional Seller, if any) and credited to the Main Programme Account of the Guarantor during the immediately preceding Collection Period;

(iii) all principal amounts received by the Guarantor from the Seller pursuant to the Master Assets Purchase Agreement during the immediately preceding Collection Period;

(iv) the proceeds of any disposal of Eligible Assets and any disinvestment of Eligible Investments;

(v) any amounts granted by the Seller under the Subordinated Loan Agreement and not used to fund the payment of the Purchase Price for any Eligible Assets;

(vi) all amounts in respect of principal (if any) received under any Swap Agreements other than any Swap Collateral Excluded Amounts;

(vii) any amounts paid out of item *Ninth* of the Pre-Issuer Default Interest Priority of Payments; and

(viii) any principal amounts standing to the credit of the Programme Accounts.

"**Principal Balance**" means for any Mortgage Loan as at any given date, the aggregate of: (a) the original principal amount advanced to the relevant Debtor and any further amount advanced on or before the given date to the relevant Debtor secured or intended to be secured by the related Security Interest; and (b) any interest, disbursement, legal expense, fee, charge, rent, service charge, premium or payment which has been properly capitalised in accordance with the relevant Mortgage Loan or with the relevant Debtor's consent and added to the amounts secured or intended to be secured by that Mortgage Loan; and (c) any other amount (including, for the avoidance of doubt, Accrued Interest and interest in arrears) which is due or accrued (whether or not due) and which has not been paid by the relevant Debtor and has not been capitalised, as at the end of the Business Day immediately preceding that given date less any repayment or payment of any of the foregoing made on or before the end of the Business Day immediately preceding that given date.

"**Principal Financial Centre**" means, in relation to any currency, the principal financial centre for that currency *provided, however,* that in relation to Euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee.

"**Principal Instalment**" means the principal component of each Instalment.

"**Principal Paying Agent**" means The Bank of New York Mellon SA/NV, Milan branch in its capacity as Principal Paying Agent pursuant to the Cash Allocation, Management and Payments Agreement or any other entity acting in such capacity pursuant to the Cash Allocation, Management and Payments Agreement.

"**Principal Seller**" means BMPS.

"**Principal Servicer**" means BMPS.

"**Principal Subordinated Lender**" means BMPS in its capacity as Subordinated Lender pursuant to the relevant Subordinated Loan Agreement.

"**Priority of Payments**" means each of the orders in which the Guarantor Available Funds shall be applied on each Guarantor Payment Date in accordance with the Intercreditor Agreement.

"**Privacy Law**" means (i) the EU Regulation n. 679/2016 ("General Data Protection Regulation" – "**GDPR**"); (ii) the Italian Legislative Decree no. 196 of 30 June 2003, as subsequently amended, modified or supplemented; as well as (iii) any regulations, guidelines and provisions, from time to time applicable, concerning the protection of personal data, adopted by the Supervisory Authority or other competent authority.

"**Programme**" means the programme for the issuance of each series of Covered Bonds (*Obbligazioni Bancarie Garantite*) by the Issuer in accordance with Title I-*bis* of Law 130.

"**Programme Accounts**" means, collectively, the Italian Accounts and any other account opened from time to time in connection with the Programme.

"**Programme Agreement**" means the programme agreement entered on 18 June 2010 between, *inter alios*, the Guarantor, the Principal Seller, the Issuer, the Representative of the Bondholders and the

Dealers, as amended from time to time.

"**Programme Documents**" means the Master Assets Purchase Agreement, the Master Servicing Agreement, the Warranty and Indemnity Agreement, the Cash Allocation, Management and Payments Agreement, the Cover Pool Management Agreement, the Programme Agreement, the Intercreditor Agreement, each Subordinated Loan Agreement, the Asset Monitor Agreement, the Guarantee, the Corporate Services Agreement, the Swap Agreements, the Mandate Agreement, the Quotaholders' Agreement, the Prospectus, the Terms and Conditions, the Deed of Pledge, the

Master Definitions Agreement, any Final Term agreed in the context of the issuance of each Series or Tranche of Covered Bonds and any other agreement entered into in connection with the Programme.

"**Programme Limit**" means €20,000,000,000.

"**Programme Term Loan**" means any Term Loan granted under the Subordinated Loan Agreement in respect of which the Base Interest applies pursuant to terms of the relevant Subordinated Loan Agreement.

"**Prospectus**" means the base prospectus prepared in the context of the issuance of the Covered Bonds.

"**Prospectus Regulation**" means Regulation EU 2017/1129, as subsequently amended and supplemented.

"**Purchase Price**" means, as applicable, the consideration for the Initial Portfolio Purchase Price or the consideration for the New Portfolio Purchase Price pursuant to the Master Assets Purchase Agreement.

"**Put Option**" has the meaning given in the relevant Final Terms.

"**Put Option Notice**" means a notice in the form obtainable from the Principal Paying Agent which must be delivered to the Principal Paying Agent by any Bondholder wanting to exercise a right to redeem Covered Bonds at the option of the Bondholders.

"**Put Option Receipt**" means a receipt issued by the Principal Paying Agent to a Bondholder having deposited a Put Option Notice.

"**Quarterly Collection Period**" means (a) prior to the service of a Guarantor Default Notice, each period commencing on (and including) the Collection Dates in December, March, June and September and ending on (but excluding), respectively, the Collection Dates in March, June, September and December; (b) following the service of a Guarantor Default Notice, each period commencing on (and including) the last day of the preceding Quarterly Collection Period and ending on (but excluding) the date falling 10 calendar days prior to the next following quarterly Collection Date.

"**Quarterly Servicer's Report**" with reference to the Principal Servicer the quarterly report prepared by the Principal Servicer and with reference to any Additional Servicer, the quarterly report prepared by any Additional Servicer pursuant to the Master Servicing Agreement.

"**Quarterly Servicer's Report Date**" means (a) prior to the delivery of a Guarantor Default Notice, the Monthly Servicer's Report Date falling in March, June, September and December of each year or, if such day is not a Business Day, the immediately preceding Business Day; and (b) following the delivery of a Guarantor Default Notice, such date as may be indicated by the Representative of the Bondholders.

"**Quarterly Test Calculation Date**" means the Test Calculation Date falling in March, June, September and December, of each year or, if such day is not a Business Day, the immediately preceding Business Day.

"**Quota Capital**" means the quota capital of the Guarantor.

"**Quota Capital Account**" means the account denominated in Euro opened in the name of the Guarantor with the Italian Account Bank IBAN IT 43O0103061622000061239727 for the deposit of the Quota Capital.

"**Quotaholder**" means BMPS and any other quotaholder of the Guarantor.

"**Quotaholders' Agreement**" means the quotaholders' agreement entered on 18 June 2010 between, *inter alios*, the Guarantor and the Quotaholders, as amended from time to time.

"**Rate of Exchange**" has the meaning set out in the relevant Final Terms.

"**Rate of Interest**" means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Series or Tranche of Covered Bonds specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms.

"**Rating Agencies**" means Fitch, Moody's and DBRS.

"**Real Estate Asset**s" means the real estate properties which have been mortgaged in order to secure the Receivables.

"**Receivables**" means specifically each and every right arising under the Mortgage Loans pursuant to the law and the Mortgage Loan Agreements, including but not limited to:

(i) all rights and claims in respect of the repayment of the Principal Instalments due and not paid at the Valuation Date (excluded);

(ii) all rights and claims in respect of the payment of interest (including the default interest) accruing on the Mortgage Loans, which are due from (but excluding) the Valuation Date;

(iii) the Accrued Interest;

(iv) all rights and claims in respect of each Mortgage and any Collateral Security relating to the relevant Mortgage Loan Agreement;

(v) all rights and claims under and in respect of the Insurance Policies; and

(vi) any privileges and priority rights (*diritti di prelazione*) transferable pursuant to the law, as well as any other right, claim or action (including any legal proceeding for the recovery of suffered damages, the remedy of termination (*risoluzione per inadempimento*) and the declaration of acceleration of the debt (*decadenza dal beneficio del termine*) with respect to the Debtors) and any substantial and procedural action and defence, including the remedy of termination (*risoluzione per inadempimento*) and the declaration of acceleration of the debt (*decadenza dal beneficio del termine*) with respect to the Debtors, inherent in or ancillary to the aforesaid rights and claims;

(vii) excluding any expenses for the correspondence and any expenses connected to the ancillary services requested by the relevant Debtor.

"**Recoveries**" means any amounts received or recovered by the Servicer in relation to any Defaulted Receivables and any UTP Receivables.

"**Redemption Amount**" means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount (as any such terms are defined in the Conditions) or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Final Terms.

"**Reference Banks**" (A) with respect to the Covered Bonds, has the meaning ascribed to it in the relevant Final Terms or, if none, four major banks selected by the Principal Paying Agent in the market that is most closely connected with the Reference Rate; and, (B) with respect to the Subordinated Loan Agreement, means four financial institutions of the greatest importance, acting on the interbank market of the member states of the European Union, as selected by the Principal Subordinated Lender and communicated to the Guarantor Calculation Agent.

"**Reference Price**" has the meaning given in the relevant Final Terms.

"**Reference Rate**" has the meaning ascribed to it in the relevant Final Terms.

"**Regular Period**" means:

(i) in the case of Covered Bonds where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding

the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;

(ii) in the case of Covered Bonds where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date,

where "Regular Date" means the day and month (but not the year) on which any Interest Payment Date falls; and

(iii) in the case of Covered Bonds where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "Regular Date" means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period.

"**Relevant Clearing System**" means Euroclear and/or Clearstream, Luxembourg and/or any other clearing system (other than Euronext Securities Milan) specified in the relevant Final Terms as a clearing system through which payments under the Covered Bonds may be made.

"**Relevant Financial Centre**" has the meaning given in the relevant Final Terms.

"**Relevant Screen Page**" means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate.

"**Relevant Time**" has the meaning given in the relevant Final Terms.

"**Representative of the Bondholders**" means The Bank of New York Mellon Corporate Trustee Services Limited or any other entity acting in such capacity pursuant to the Programme Documents.

"**Required Redemption Amount**" means (i) to the extent that no Series of Covered Bonds have become Pass Through Series, the Euro Equivalent of the Principal Amount Outstanding in respect of the Earliest Maturing Covered Bonds, multiplied by (1 + Negative Carry Factor x (days to maturity of the relevant Series or Tranche of Covered Bonds/365)) and thereafter (ii) zero.

"**Required Reserve Amount**" means the aggregate of the amounts calculated by the Guarantor Calculation Agent on each Guarantor Calculation Date, in accordance with the following formula:

- **A plus B**, if BMPS is the Covered Bond Swap Provider under the relevant Covered Bond Swap Agreement, or if no Covered Bond Swap Agreement has been entered into with respect to the relevant Series of Covered Bonds; and
- **A plus C**, if BMPS is not the Covered Bond Swap Provider under the relevant Covered Bond Swap Agreement, where:

  "**A**" is the sum of all the amounts to be paid by the Guarantor on the next following Guarantor Payment Date (i) under item First of the Pre-Issuer Default Interest Priority of Payments and (ii) as compensation for the activity of any of the Principal Servicer or the Additional Servicer under the terms of the Master Servicing Agreement.

  "**B**" is the aggregate amount of all interest payable with respect of each Series of Covered Bonds during the six months period following the relevant Guarantor Calculation Date; and

  "**C**" the sum of the Floating Amount (as defined in the Swap Agreement related to the relevant Series of Covered Bond) due by the Guarantor during the six months period following the relevant Guarantor Calculation Date.

"**Reserve Account**" means the account denominated in Euro opened in the name of the Guarantor and held by the Payments Account Bank, number 7577449780 (IBAN: IT05A0335101600007577449780) or any other substitutive account which may be opened pursuant to the Cash Allocation, Management and Payments Agreement.

"**Reserve Amount**" means the funds standing to the credit of the Reserve Account from time to time.

"**Residential Mortgage Loan**" means a loan secured by residential mortgage meeting the requirements of article 129, paragraph 1, lett. (d) of CRR and article 7-*novies*, paragraph 2, of Law 130.

"**Residential Real Estate Assets**" means the Real Estate Assets relating to Residential Mortgage Loans.

"**Resolution Event**" means the starting of a resolution procedure vis-à-vis the Issuer pursuant to Legislative Decree No. 180/2015 and subject to the relevant implementing measures adopted by the competent resolution authority.

"**Retention Amount**" means an amount equal to €50,000.00.

"**Rules of the Organisation of the Bondholders**" means the rules of the organisation of the Bondholders attached as Exhibit 1 to the Terms and Conditions, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Screen Rate Determination**" has the meaning given in the relevant Final Terms.

"**Securities Act**" means the U.S. Securities Act of 1933, as amended.

"**Security**" means the security created pursuant to the Deed of Pledge.

"**Security Interest**" means

(i) any mortgage, charge, pledge, lien or other encumbrance securing any obligation of any person;

(ii) any arrangement under which money or claims to money, or the benefit of, a bank or other account may be applied, set off or made subject to a combination of accounts so as to effect discharge of any sum owed or payable to any person; or

(iii) any other type of preferential arrangement (including any title transfer and retention arrangement) having a similar effect.

"**Segregation Event**" has the meaning given to the definition "Segregation Event" pursuant to the Terms and Conditions.

"**Selected Assets**" means the Eligible Assets from time to time sold by the Guarantor in accordance with the provisions of the Cover Pool Management Agreement.

"**Seller**" means the Principal Seller pursuant to the Master Assets Purchase Agreement and each Additional Seller (if any).

"**Series**" or "**Series of Covered Bonds**" means each series of Covered Bonds issued in the context of the Programme.

"**Servicer**" means any of BMPS in its capacity as Principal Servicer pursuant to the Master Servicing Agreement and any Additional Servicer pursuant to the terms and conditions provided therein.

"**Servicer Termination Event**" means any event as indicated in clause 11.1 of the Master Servicing Agreement.

"**Servicer's Report Date**" means any of the Monthly Servicer's Report Date or any of the Quarterly Servicer's Report Date.

"**Servicer's Reports**" means any of the Monthly Servicer's Report and the Quarterly Servicer's Report.

"**Specific Criteria**" means the specific criteria specified in schedule 1 to the Master Assets Purchase Agreement.

"**Specified Currency**" means the currency as may be agreed from time to time by the Issuer, the relevant Dealer(s), the Principal Paying Agent and the Representative of the Bondholders (as set out in the applicable Final Terms).

"**Specified Denomination**" has the meaning given in the relevant Final Terms.

"**Specified Office(s)**" means, in relation to any Paying Agent, the office currently specified in the Cash Allocation, Management and Payments Agreement or as further specified by notice to the Issuer and the other parties to the Cash Allocation, Management and Payments Agreement in the manner provided therein or in the relevant Final Terms, as the case may be.

"**Specified Period**" has the meaning set out in the relevant Final Terms.

"**Stock Exchange**" means the regulated market of the Luxembourg Stock Exchange (*Bourse de Luxembourg*).

"**Subordinated Lender**" means any of the Principal Subordinated Lender and any Additional Subordinated Lender(s), if any.

"**Subordinated Loan Agreement**" means each subordinated loan agreement entered between a Subordinated Lender and the Guarantor, as amended from time to time.

"**Subordinated Loan Availability Period**" means the period starting from the date of execution of the Subordinated Loan Agreement (or, in respect of any Additional Seller, the relevant Subordinated Loan Agreement) and ending on the date on which all the Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full pursuant to the relevant Final Terms, in which the Subordinated Lender has the right to grant to the Guarantor, on each Drawdown Date, a Term Loan.

"**Subscription Agreement**" means any subscription agreement entered on or about the Issue Date of each Series or Tranche of Covered Bonds between, *inter alios*, each Dealer and the Guarantor

"**Substitute Servicer**" means the substitute of the Servicer which will take over the servicing activities in the event of a Servicer Termination Event pursuant to clause 12 of the Master Servicing Agreement.

"**Swap Agreements**" means, collectively, the Covered Bond Swap Agreement(s), the Asset Swap Agreement and any other swap agreement which may be entered into by the Guarantor in the context of the Programme.

"**Swap Collateral Excluded Amounts**" means at any time, the amounts of Swap Collateral which may not be applied under the terms of the relevant Swap Agreement at that time in satisfaction of the relevant Swap Provider's obligations to the Guarantor or, as the case may be, the Issuer including Swap Collateral which is to be returned to the relevant Swap Provider from time to time in accordance with the terms of the Swap Agreements and ultimately upon termination of the relevant Swap Agreement.

"**Swap Providers**" means, as applicable, the Asset Swap Provider(s), the Covered Bond Swap Providers and any other entity which may act as swap counterparty to the Guarantor by entering into a Swap Agreement.

"**T2**" means the real time gross settlement system operated by the Eurosystem (T2) combining the functionalities of a Real Time Gross Settlement (RTGS) system with those of a Central Liquidity Management (CLM) system and which was launched on 20 March 2023.

"**TARGET Settlement Day**" means any day on which the T2 is open for the settlement of payments in Euro.

"**Tax**" means any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or any political sub-division thereof or any authority thereof or therein.

"**Term Loan**" means any term loan in the form of a Programme Term Loan or Fixed Interest Term Loan or Floating Interest Term Loan, made or to be made available to the Guarantor on each Drawdown Date under the Subordinated Loan Agreement or the principal amount outstanding for the time being of that loan.

"**Term Loan Proposal**" means an "*Offerta di Finanziamento Subordinato*" as such term is defined in the relevant Subordinated Loan Agreement.

"**Terms and Conditions**" means the Terms and Conditions of the Covered Bonds.

"**Test Calculation Agent**" means any of the Pre-Issuer Default Test Calculation Agent and the Post-Issuer Default Test Calculation Agent.

"**Test Calculation Date**" means the date on which the calculation of the Tests are performed, being a date falling on or before the Test Performance Report Date, **provided that** following the delivery of a Guarantee Enforcement Notice the first Test Calculation Date will fall 7 Business Days after the delivery of such Guarantee Enforcement Notice.

"**Test Grace Period**" means the period starting on the date on which the breach of any of the Mandatory Tests or of the Asset Coverage Test is notified by the Pre-Issuer Default Test Calculation Agent and ending on the immediately following Test Performance Report Date. "**Test Performance Report**" means, respectively (i) the Pre-Issuer Default Test Performance Report to be issued by the Pre-Issuer Default Test Calculation Agent and (ii) the Post-Issuer Default Test Performance Report to be issued by the Post-Issuer Default Test Calculation Agent, each setting out the calculations carried out by it with respect to the relevant Tests.

"**Test Performance Report Date**" means the date falling the 22nd calendar day of each month.

"**Test Remedy Period**" means the period starting from the date on which a Breach of Tests Notice is delivered and ending on the Test Performance Report Date falling 3 months thereafter.

"**Tests**" means, as appropriate, the Mandatory Tests, the Asset Coverage Test, the Amortisation Test and the Liquidity Reserve Requirement.

"**Total Commitment**" means, in respect of each Subordinated Lender, the commitment specified in the relevant Subordinated Loan Agreement.

"**Tranche**" or "**Tranches of Covered Bonds**" means each tranche of Covered Bonds which may be comprised in a Series of Covered Bonds.

"**Transfer Proposal**" means, in respect to each New Portfolio, the transfer proposal which will be sent by the relevant Seller and addressed to the Guarantor substantially in the form set out in schedule 7 to the Master Assets Purchase Agreement.

"**Treaty**" means the treaty establishing the European Community.

"**Usury Law**" means Italian Law number 108 of 7 March 1996, together with Decree number 349 of 29 December 2000 as converted into Law number 24 of 28 February 2001.

"**UTP Assets**" means the UTP Receivables.

"**UTP Receivables**" means any Receivable classified as unlikely-to-pay loan (inadempienza probabile) pursuant to the Circular no. 272/2008 (Matrice dei Conti) issued by the Bank of Italy, as subsequently modified and supplemented, and, as such, signalled to the "Centrale dei Rischi" pursuant to the Circular No. 139/1991 of the Bank of Italy, as subsequently modified and supplemented.

"**Valuation Date**" means, with respect to the Initial Portfolio, the 21 of May 2010 and with respect to any New Portfolios, the date that will be established jointly by the Principal Seller or any Additional Seller and the Guarantor.

"**Warranty and Indemnity Agreement**" means the warranty and indemnity agreement entered on 25 May 2010 between the Principal Seller and the Guarantor, as amended from time to time.

"**Zero Coupon Provisions**" has the meaning set out in Condition 8 (*Zero Coupon Provisions*).

"**€STR**" means the euro short-term rate published by the European Central Bank.

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