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 2 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**" or the "**Main Seller**") may from time to time issue covered bonds (*obbligazioni bancarie garantite*) (the "**Covered Bonds**") denominated in any currency agreed between the Issuer and the relevant Dealer(s), 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 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 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. MPS Covered Bond 2 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 Main Seller and, upon accession to the Programme, 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 does not constitute a prospectus with regard to the Issuer and the Covered Bonds for the purposes of Article 3 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (as amended, the "**Prospectus Regulation**") or under the Prospectus Regulation as it forms part of United Kingdom ("**UK**") domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended, the "**EUWA**") (the "**UK Prospectus Regulation**").

This Base Prospectus is drawn up also for the purposes of, *inter alia*, obtaining, where the relevant Final Terms states so, the admission to trading of the Covered Bonds on the EuroTLX Market ("**EuroTLX**"), which is a multilateral system for the purposes of the Market and Financial Instruments Directive (Directive 2014/65/EC (the "**MIFID II**")), managed by Borsa Italiana S.p.A. ("**Borsa Italiana**").

This Base Prospectus is neither subject to any approval or authorisation of CONSOB or Borsa Italiana S.p.A., nor to any disclosure duties in the Republic of Italy, other than those provided for by Italian Law.

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 may 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 Terms and 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 Extended Maturity Date), subject as provided in the relevant Final Terms.

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 the rating stated in the applicable Final Terms, by DBRS Ratings GmbH ("**DBRS**" or the "**Rating Agency**"). 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 rating agencies and each rating shall be evaluated independently of any other. The Covered Bonds issued under the Programme may also not be assigned a rating.

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.

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**").

Initial Dealer of the Programme

BANCA FINANZIARIA INTERNAZIONALE S.P.A.

The date of this Base Prospectus is 7 December 2023.

RESPONSIBILITY STATEMENT

This Base Prospectus is a base prospectus 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.

*This Base Prospectus does not constitute a prospectus with regard to the Issuer and the Covered Bonds for the purposes of Article 3 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (as amended, the "**Prospectus Regulation**") or under the Prospectus Regulation as it forms part of United Kingdom ("**UK**") domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended, the "**EUWA**") in respect of the UK (the "**UK Prospectus Regulation**").*

This Base Prospectus is to be read and construed in conjunction with any supplements hereto, with all documents which are incorporated herein 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, the information on the websites to which this Base Prospectus refers does not form part of this Base Prospectus.

*The Issuer accepts responsibility for the information contained in this Base Prospectus other than the information regarding the Guarantor (as set out in the section headed "*Description of the Guarantor*" below) for which the Guarantor accepts responsibility. 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 does not omit anything likely to affect the import of such information.*

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 the Initial Dealer. 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 amended or 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** – 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 –** 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**"); 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. 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 any Dealer nor any of its 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 any Dealer nor any of its 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 or the Initial Dealer 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 Guarantor and the Initial Dealer 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 Union, 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 the Section "Subscription and Sale".*

The Initial Dealer has not separately verified the information contained in this Base Prospectus. The Initial Dealer makes no representation, express or implied, or accept any responsibility, with respect to the accuracy or completeness of any of the information in this Base Prospectus. 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 or the Initial Dealer 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 investigations as it deems necessary. None of the Initial Dealer or the Representative of the Bondholders 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 or the Representative of the Bondholders.

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 Base 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, the Dealer(s) 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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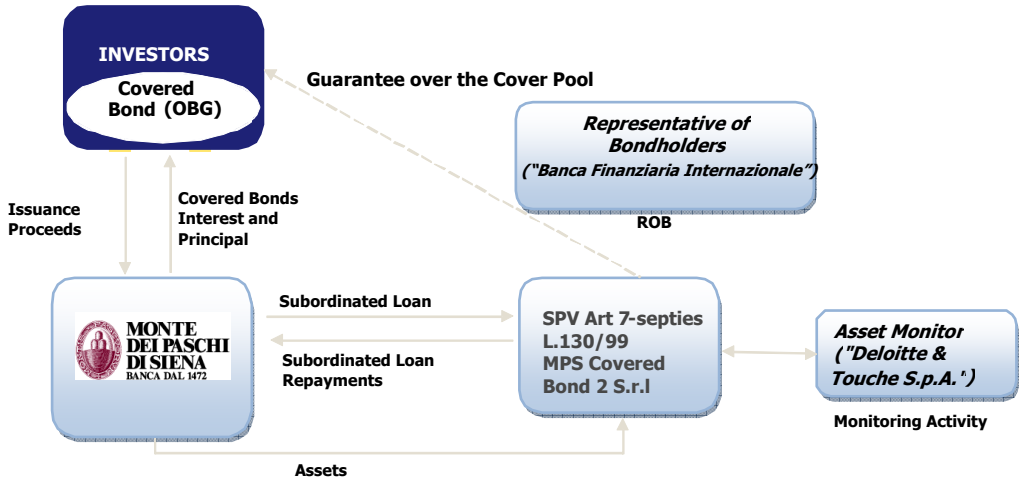
SUPPLEMENTS, FINAL TERMS AND FURTHER PROSPECTUSES

The Issuer and the Guarantor 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 specified or identified 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.

OVERVIEW OF THE PROGRAMME

This section constitutes a general description of the Programme. 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.



1. PRINCIPAL PARTIES

Issuer, Main Seller, Main Servicer, Main Subordinated Lender, Principal Paying Agent, Italian Account Bank, Test Calculation Agent, Cash Manager and Quotaholder	**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, share capital of Euro 7,453,450,788.44 fully paid up, fiscal code and enrolment with the companies register of Siena number 00884060526, enrolled under number 5274 in the register of banks held by the Bank of Italy pursuant to article 13 of the Consolidated Banking Act, holding of the Monte dei Paschi Group, enrolled under number 1030.6 in the register of banking groups held by the Bank of Italy pursuant to article 64 of the Consolidated Banking Act ("**BMPS**").
Guarantor	**MPS COVERED BOND 2 S.R.L.**, a company incorporated under the laws of the Republic of Italy as a *società a responsabilità limitata* pursuant to Title 1-*bis* of the Law 130, having its registered office at Via V. Alfieri 1, 31015 – Conegliano (TV), Italy, quota capital of Euro 10,000.00 fully paid up, fiscal code and enrolment with the companies register of Treviso-Belluno No. 04508680263, part of

	the Monte dei Paschi Group and subject to direction and coordination activities (*soggetta all'attività di direzione e coordinamento*) of BMPS.
Additional Seller(s)	Any other bank which is a member of the Monte dei Paschi Group and wishes to sell Eligible Assets to the Guarantor in the context of the Programme, subject to satisfaction of certain conditions and which, for such purpose, shall accede to, *inter alia*, the Master Assets Purchase Agreement and the Cover Pool Management Agreement.
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 which, for such purpose, shall accede to the Master Servicing Agreement.
Back-up Servicer Facilitator	Any eligible counterparty appointed upon downgrading of the Servicer below a DBRS Long Term Critical Obligations Rating (COR) of "**BBB** (**low**)" by DBRS pursuant to the Master Servicing Agreement.
Back-up Servicer	Any eligible counterparty appointed upon downgrading of the Servicer below a DBRS Long Term Critical Obligations Rating (COR) of "**BB** (**high**)" by DBRS pursuant to the Master Servicing Agreement.
Additional Subordinated Lender	Any Additional Seller that has acceded to the Programme as Additional Seller will also act as Additional Subordinated Lender in respect of the Assets transferred by itself to the Guarantor and, for such purpose, shall enter into a Subordinated Loan Agreement with the Guarantor.
Guarantor Calculation Agent, Guarantor Corporate Servicer and Representative of the Bondholders	**BANCA FINANZIARIA INTERNAZIONALE S.P.A.**, a bank incorporated under the laws of the Republic of Italy as a joint stock company (*società per azioni*), having its registered office at Via V. Alfieri 1, 31015 Conegliano (TV), Italy, share capital of Euro 91,743,007.00 fully paid up, tax code and registered in the Register of Enterprises (*Registro delle imprese*) of Treviso – Belluno under number 04040580963, VAT Group "Gruppo IVA FININT S.P.A." – VAT number 04977190265, registered with the Register of the Banks (*Albo delle Banche*) held by the Bank of Italy pursuant to article 13 of the Banking Act (*Testo unico bancario*) under number 5580 and in the Register of Banking Groups as Parent Company of the Banca Finanziaria Internazionale Banking Group, member of the National Interbank Deposit Guarantee Fund (*Fondo Interbancario di Tutela dei Depositi*) and of the National Compensation Fund (*Fondo*

Nazionale di Garanzia).

Asset Monitor	**DELOITTE & TOUCHE S.P.A.**, a company incorporated under the laws of the Republic of Italy, with registered office at Via Tortona, 25, Milan, with Fiscal Code, VAT number and registration number with the Register of Enterprises of Milan No. 03049560166, registered with the Register of Statutory Auditors (*Registro dei Revisori Legali*) maintained by the Minister of Economy and Finance with registration number 132587.
Additional Account Bank	**CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK, MILAN BRANCH**, a company incorporated under the laws of France as *a société anonyme*, having its registered office at 12, place des Etats-Unis, CS 70052, 92547 Montrouge Cedex (France), enrolment with the companies register of Nanterre (*Registre Commerciale et des Sociétés de Nanterre*) under no. Siren 304 187 701, acting through its Milan branch, located in Piazza Cavour 2, 20121 Milan, Italy, registered with the register of banks held by the Bank of Italy under number 5276, acting in its capacities as additional account bank.
Quotaholders	**BMPS** and **SVM SECURITISATION VEHICLES MANAGEMENT S.R.L.**, a company incorporated under the laws of the Republic of Italy as a *società a responsabilità limitata*, quota capital of Euro 30,000 fully paid up, having its registered office at Via Vittorio Alfieri, 1 – 31015 Conegliano (TV), Italy, fiscal code and enrolment in the companies' register of Treviso-Belluno number 03546650262.
Initial Dealer	Pursuant to the Programme Agreement, Banca Finanziaria Internazionale S.p.A. will act as initial dealer.
Dealer(s)	The Initial Dealer and any other Dealer(s) appointed in accordance with the Programme Agreement.
Rating Agency	DBRS

2. 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.

3. THE COVERED BONDS

Form of Covered Bonds

Unless otherwise specified in the Terms and Conditions and the relevant 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 may also 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.

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 or central bank requirements, 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) and the Principal Paying Agent 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 for 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	The applicable Final Terms relating to each Series or Tranche of Covered Bonds issued may 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 up to the Long Due for Payment Date. The deferral will occur automatically if an Issuer Default Notice has been delivered, having the Issuer failed to pay the Final Redemption Amount on the Maturity Date for such Series or Tranche of Covered Bonds and if the Guarantor does not pay the final redemption amount in

respect of the relevant Series or Tranche of Covered Bonds (for example, because the Guarantor has insufficient funds) by the Extension Determination Date.

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 Maturity Date shall be paid, in accordance with the applicable Priority of Payments, by the Guarantor on any Interest Payment Date thereafter according to the relevant Final Terms, up to (and including) the relevant Extended Maturity Date.

Interest will continue to accrue and be payable on the unpaid amount at a floating rate as shall be indicated in the relevant Final Terms up to the Extended Maturity Date, subject to and in accordance with the provisions of the relevant Final Terms.

The Extended Maturity Date, up to the Long Due for Payment Date, if applicable in respect of a Series of Covered Bonds will be specified in the relevant Final Terms.

Where an Extended Maturity Date is specified as applicable in the relevant Final Terms for a Series or Tranche of Covered Bonds and applied, failure to pay on the Maturity Date by the Guarantor shall not constitute a Guarantor Event of Default.

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.

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 (as set out in the relevant Final Terms).

Interest Covered Bonds may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable 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).

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

(c) on such other basis as may be agreed between the Issuer and the relevant Dealer(s),

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 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 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*).

Issue Rating 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 a rating on the relevant Issue Date as stated in the applicable Final Terms. The issuance of any Series or Tranche of Covered Bonds (including any unrated Covered Bonds) shall be subject to prior notice to the Rating Agency.

Governing Law The Covered Bonds, the related Programme Documents and any non-contractual obligations arising out thereof will be governed by Italian law, except for any Swap Agreement and the Deed of Charge (if any) which will be governed by English law.

4. BREACH OF THE TESTS, SEGREGATION EVENTS, ISSUER EVENTS OF DEFAULT AND GUARANTOR EVENTS OF DEFAULT

Breach of Mandatory Tests and/or Asset Coverage Test If any Test Performance Report specifies the breach of any of the Tests, then, within the Test Grace Period, the Main Seller (and/or, if any, any Additional Seller(s)) will either (i) sell additional Eligible Assets to the Guarantor for an amount sufficient to allow the relevant Test(s) to be met on the Test Calculation Date falling at the end of the Test Grace Period, in accordance with the Master

Assets Purchase Agreement and the Cover Pool Management Agreement, also to be financed through the proceeds of Term Loans to be granted by the Main Seller (and/or any Additional Seller(s), 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, for an amount sufficient to allow the relevant Test(s) to be met on the Test Calculation Date falling at the end of the Test Grace Period (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 breach of the relevant Mandatory Test(s) or 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 a Segregation Event will occur.

If, after the delivery of a Breach of Tests Notice, the breach of the relevant Mandatory Test(s) or Asset Coverage Test is not remedied within the Test Remedy Period, an Issuer Event of Default will occur and the Representative of the Bondholders will deliver an Issuer Default Notice to the Issuer and the Guarantor.

If, after the delivery of a Breach of Tests Notice, but prior to the delivery of an Issuer Default Notice, the relevant Mandatory Test(s) or Asset Coverage Test is/are newly met at the end of the Test Remedy Period according to the information included in the relevant 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 deliver to the Issuer and the Guarantor a Breach of Tests Cure Notice, informing such parties that the Breach of Tests Notice then outstanding has been revoked.

Breach of Amortisation Test

If, after the delivery of an Issuer Default Notice (provided that, should such Issuer Default Notice consists of an Article 74 Event, an Article 74 Event Cure Notice has not been served), a breach of the Amortisation Test occurs, a Guarantor Event of Default will occur and the Representative of the Bondholders will deliver a Guarantor Default Notice (unless the Representative of the Bondholders, having exercised its discretion, resolves otherwise or a Programme Resolution of the Bondholders is passed resolving

otherwise), **provided that** the Amortisation Test shall not apply and, accordingly, no Guarantor Event of Default will occur, if the Extended Maturity Date equal to the Long Due for Payment Date is applied to the Covered Bonds.

Upon receipt of an Issuer Default Notice or a Guarantor Default Notice, the Guarantor may, if so directed by a Programme Resolution of the Bondholders and with the prior consent of the Representative of the Bondholders, dispose of the Assets included in the Cover Pool in accordance with 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 Quarterly Test Calculation Date, the relevant 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 any 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 other than the Asset Coverage Test.

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) the Asset Coverage Test; and

(vi) 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.

Segregation Events

In case of the occurrence of a breach of any of the Mandatory Tests and/or the Asset Coverage Test on the relevant Quarterly Test Calculation Date, which in either case has not been remedied within the applicable Test Grace Period, the Representative of the Bondholders will serve a Breach of Tests Notice on the Issuer and the Guarantor.

Upon delivery of a Breach of Test Notice (for the avoidance of doubt, other than with respect to the test related to the Liquidity

Reserve Requirement), a Segregation Event will occur and:

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

(b) there shall be no further payments to the Subordinated Lender under any relevant Term Loan, other than when necessary for the purpose of complying with 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);

(c) the purchase price for any Eligible Assets to be acquired by the Guarantor shall be paid only using the proceeds of a Term Loan, except where the breach referred to in the Breach of Tests Notice may be cured by using the Guarantor Available Funds;

(d) the Main Servicer (and any Additional Servicer, if any) will be prevented from carrying out renegotiations of the Loans pursuant to the Master Servicing Agreement; and

(e) payments due under the Covered Bonds will continue to be made by the Issuer until an Issuer Default Notice has been delivered.

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

Issuer Events of Default

An Issuer Event of Default will occur if:

(i) *Non-payment*: 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 Business Days, in case of amounts of interest, or 20 Business Days, in case of amounts of principal, as the case may be; or

(ii) *Breach of other obligations:* a material breach by the Issuer of any obligation under the Programme Documents occurs (other than payment obligations referred to in item (i) (*Non-payment*) above) and such breach is not remedied within 30 days after the Representative of the Bondholders has given

written notice thereof to the Issuer; or

(iii) *Insolvency*: an Insolvency Event occurs with respect to the Issuer; or

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

(v) *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 at the end of the Test Remedy Period, unless a Programme Resolution of the Bondholders is passed resolving to extend the Test Remedy Period.

If any of the events set out in points from (i) to (v) above (each, an "**Issuer Event of Default**") occurs and is continuing, then the Representative of the Bondholders shall, or, in the case of the event under item (ii) (*Breach of other obligations*) above shall, if so directed by a Programme Resolution, serve an Issuer Default Notice on the Issuer and the Guarantor demanding payment under the Guarantee, and specifying, in case of the Issuer Event of Default referred to under item (iv) (*Article 74 Event*) above, that the Issuer Event of Default may be temporary.

Upon the service of an Issuer Default Notice:

(a) *Application of the Segregation Event provisions*: the provisions governing the Segregation Event referred to in Condition 12.1.2 shall apply; and

(b) *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 Terms and 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 relevant Priority of Payment. In this respect, the payment of any Guaranteed Amounts which are Due for Payment in respect of a Series or Tranche of Covered Bonds whose Interest Payment Date or Maturity Date (or Extended Maturity Date, if applicable) falls within two Business Days immediately after delivery of an Issuer Default Notice, will be made by the Guarantor within the date falling five Business Days following such delivery, it being understood that the above provision will

apply only (A) in respect of the first Interest Payment Date of the relevant Series or Tranche of Covered Bonds and (B) in respect of the Maturity Date (or Extended Maturity Date, if applicable) of the Earliest Maturing Covered Bonds; (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; and

(c) *Disposal of Eligible Assets*: if necessary, in order to make payments under the Covered Bonds, the Guarantor may, if so directed by a Programme Resolution of the Bondholders and with the prior consent of the Representative of the Bondholders, sell or otherwise liquidate, 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 (c) (*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) during the Suspension Period, the Guarantor shall be responsible for the payments of the amounts due and payable under the Covered Bonds, in accordance with Law 130, and (B) at the end of the Suspension Period, the Issuer shall be again responsible for meeting the payment obligations under the Covered Bonds.

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

Guarantor Event of Default Following the delivery of an Issuer Default Notice, a Guarantor Event of Default will occur if:

(i) *Non-payment*: the Guarantor fails to pay any Guaranteed Amount under the Guarantee and such breach is not remedied within the next following 15 Business Days, in case of amounts of interests, or 20 Business Days, in case of amounts of principal, as the case may be; or

(ii) *Insolvency*: an Insolvency Event occurs with respect to the

Guarantor; or

(iii) *Breach of other obligations:* 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 days after the Representative of the Bondholders has given written notice thereof to the Guarantor; or

(iv) *Breach of the Amortisation Tests:* the Amortisation Tests is breached on any Quarterly Test Calculation Date, provided that the Amortisation Test shall not apply and no Guarantor Event of Default will occur, if the Extended Maturity Date equal to the Long Due for Payment Date is applied to the Covered Bond,

If any of the events set out in points from (i) to (iv) above (each, a "**Guarantor Event of Default**") occurs and is continuing then the Representative of the Bondholders shall serve a Guarantor Default Notice, unless the Representative of the Bondholders, having exercised its discretion, resolves otherwise or a Programme 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 under Condition 11.1 (*Gross-up by Issuer*) in accordance with the Post-Enforcement Priority of Payments;

(iii) *Disposal of Eligible Assets*: the Guarantor may, if so directed by a Programme Resolution of the Bondholders and with the prior consent of the Representative of the Bondholders, sell or otherwise liquidate, the 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.

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

5. 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 an Issuer Default Notice has been served on the Issuer and on the Guarantor, provided that, to the extent the Issuer Event of Default consists of an Article 74 Event, no Article 74 Event Cure Notice has been delivered.

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:

(a) collateralised by the Cover Pool, constituted by (i) the Portfolio comprised of Receivables assigned form time to time to the Guarantor by the Main Seller (and/or each Additional Seller, if any) in accordance with the terms of the Master Assets Purchase Agreement, and any other Eligible Assets held by the Guarantor with respect to the Covered Bonds (including any proceeds thereof which will, inter alia, comprise the funds generated by the Portfolio and 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), and

(b) limited to the Segregated Assets, consisting of (i) the Cover Pool, (ii) any amounts paid by the relevant Debtors and/or the Swap Providers and (iii) any amount paid to the Guarantor from any other party to the Programme Documents.

For further details, see "*Description of the Cover Pool*".

Limited recourse

The obligations of the Guarantor to the Bondholders and, in general, to the Main Seller (and/or any Additional Seller(s), if any) and other creditors will be limited recourse obligations of the Guarantor. The Bondholders, the Seller (and /or any Additional Seller(s), if any) and such other creditors will have a claim against the Guarantor only within the limits of the Guarantor Available Funds and 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 relevant Subordinated Loan Agreement, the Main Seller and each Additional Seller (if any), in their capacity, respectively, as Main Subordinated Lender and Additional Subordinated Lender(s), 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*, (a) funding the purchase price of the Eligible Assets included in the Initial Portfolio; (b) funding, in whole (upon delivery by the Test Calculation Agent of a Test Performance Report showing the breach of any of the Tests) or in part, the purchase price of the Eligible Assets to be transferred to the Guarantor pursuant to the Master Assets Purchase Agreement and the Cover Pool Management Agreement in order to remedy the breach of any of the Tests; (c) allowing the Guarantor to credit on the Reserve Account or to create a reserve sufficient to respect the Liquidity Reserve Requirement, and/or (d) funding (in whole or in part) the purchase price of any Eligible Assets transferred to the Guarantor pursuant to the Master Assets Purchase Agreement for over-collateralisation purposes.

Each Floating Interest Term Loan or Fixed Interest Term Loan will be granted for the purpose of, *inter alia*, funding (in whole or in part) (a) 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 (b) the repayment (in whole or in part) of any Term Loan previously granted, and/or (c) 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 Agreement".

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, the Bank of Italy Regulations and no disposal under item (i) above may occur if it would cause any of 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 any Swap Providers under any 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 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.
Claims 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 an Issuer Default Notice (but prior to the service of a Guarantor Default Notice)	After the service of an Issuer Default Notice on the Guarantor, but prior to the service of a Guarantor Default Notice, the Guarantor or the Portfolio Manager may, if so directed by a Programme Resolution of the Bondholders and with the prior consent of the Representative of the Bondholders, sell the Eligible Assets in the Cover Pool in accordance with the Cover Pool Management Agreement, subject to the right of pre-emption in favour of the Issuer, as Main Seller, or any Additional Seller(s), if any (as the case may be), in respect of the Eligible Assets transferred by each of them. The proceeds from any such sale will be credited to the Main Programme Account and applied as set out in the applicable Priority of Payments, provided that in case of an Issuer Default Notice specifying that the relevant Issuer Event of Default consists of an Article 74 Event, such provisions will only apply for as long as the Representative of the Bondholders will have delivered an Article 74 Event Cure Notice to the Issuer, the Guarantor and the Asset Monitor, informing such parties that the Article 74 Event has been cured. The Eligible Assets to be sold will be selected from the Cover Pool on a random basis by the Main Servicer on behalf of the Guarantor (any such Eligible Assets the "**Selected Assets**") on the condition that the Amortisation Test (if applicable) is complied with prior to and after the sale of such Selected Assets, but **it being understood that** the Amortisation Test will not apply if an Extended Maturity Date equal to the Long Due for Payment Date is applied to the Covered Bonds.

Disposal of the Assets included in the Cover Pool following the delivery of a Guarantor Default Notice	After the service of a Guarantor Default Notice, the Guarantor may, if so directed by a Programme Resolution of the Bondholders and with the prior consent of the Representative of the Bondholders, sell 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, as Main Seller, or any Additional Seller(s), if any (as the case may be), 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 Events of Default*).

6. SALE AND DISTRIBUTION

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 may apply and will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time. 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 environmental, social and governance factors; and*

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

1. Risk factors relating to the Issuer and the Group

1.1. Risks related to the failure to implement the Business Plan 2022-2026

On 22 June 2022, the Board of Directors of BMPS approved the Business Plan 2022-2026 headed "*A clear and simple commercial bank*" (the "**Business Plan 2022-2026**").

Taking account of the successful completion of the Euro 2.5 billion capital increase transaction on 4 November 2022 (the "**Capital Increase**") as well as the progress of actions contained in the Business Plan 2022-2026, there is a reasonable expectation that the Bank will continue to operate as a going concern in the foreseeable future that the significant doubts about the going concern that had been declared in the reports before the Consolidated Interim Report as at 30 September 2022 have been overcome, marking a positive turning point in the management of the Bank.

Failure to implement the assumptions of the Business Plan 2022-2026, in the absence of timely corrective actions not yet timely identified as of the date of the Base Prospectus, would jeopardize the prospect of a going concern of the Issuer and the Group.

On 27 December 2022 BMPS announced that it has received the final decision of the European Central Bank ("**ECB**") regarding the capital requirements to be respected starting from 1 January 2023 (the "**2022 SREP Decision**"). Following the successful outcome of the Capital Increase for Euro 2.5 billion, the ECB also removed the ban on the distribution of dividends, replacing it with the obligation for the Bank to obtain prior authorization from the authority of supervision.

In the context of the 2022 SREP Decision, the ECB highlighted attention points that could limit BMPS' ability to fully achieve the goals of the Business Plan 2022-2026 in the medium term with reference to: (i) the persistence of tensions on the BTP-Bund spread and market volatility with potential negative repercussions for the cost of funding; (ii) the expected dynamics of commissions which, although considered reasonable, depend on the success of planned commercial initiatives and are exposed to competitive pressure; (iii) the increase in interest rates and a less favourable gross domestic product ("**GDP**") scenario that may adversely affect the repayment capacity of debtors; (iv) the trend of complaints and lawsuits that are not in the full control of BMPS, as well as the ability to prevent the emergence of further litigations. In the aforementioned document, the ECB also pointed out that additional cost savings of Euro 40 million from 2024, due to branch closures, the Group's corporate reorganization, and IT investments in digitalization, could be offset by inflationary levels related to the

new macroeconomic scenario that may be higher than expected and may not be limited to utilities, also reducing the savings from the same investments in digitalization.

For more information on the 2022 SREP Decision please refer to sub-paragraph "*2022 SREP Decision*" of paragraph "*SREP Decisions*" of "*Banca Monte dei Paschi di Siena S.p.A.*" section of this Base Prospectus.

With the decision dated 25 November 2022, the Bank of Italy identified also for the year 2023, BMPS as an other systemically important institutions (O-SIIs) authorized to operate in Italy. Bank of Italy exercised its supervisory judgment in identifying BMPS as an O-SII, even if the overall score of BMPS was below the threshold established for automatic identification as an O-SII indicated in the EBA guidelines. As a result, BMPS will still have to maintain from 1 January 2023 a capital buffer of 0.25 per cent. of its total risk-weighted exposure. The O-SII capital buffer is coherent with the Business Plan 2022-2026 projections.

In the context of and as part of the restructuring plan 2017-2021 (the "**Restructuring Plan**"), the Republic of Italy made certain commitments to the European Commission.

Following approval of the Business Plan 2022-2026, on 3 October 2022, the European Commission published a revision of the Commitments dated 2 August 2022.

As of the date of the Base Prospectus, the Group is exposed to the risk that in the event of non-compliance with the Commitments, the European Commission would impose the adoption of compensatory measures that would tighten the breached commitments or other commitments already disclosed. In the event of a serious breach of the Commitments, the European Commission may, in addition, initiate infringement proceedings against the Bank, which could have a significant impact on the Bank's capital position.

The Business Plan 2022-2026 does not consider business combination assumptions; the forecast data reported therein have been defined on the basis of assumptions regarding: (i) the effects of specific actions or concerning future events over which the Issuer can only partially exert influence and which may not occur, as well as (ii) certain aspects of the external scenario, subject to the risks and uncertainties that characterize the current and future macroeconomic and regulatory environment over which the Issuer cannot exert influence and whose occurrence would cause significant negative effects on the Group's economic and financial results with respect to the objectives indicated in the Plan. Therefore, it is highlighted that a part of the assumptions in the Business Plan 2022-2026 is beyond the control of the Issuer's directors. The Bank is exposed to the risk of failing to achieve part of the objectives set forth in the Business Plan 2022-2026.

In the event that - over the Business Plan 2022-2026 period - the Group is unable to achieve the objectives set or to achieve them in accordance with the expected timeframes and measures, to meet its commitments, or in the event that it incurs net losses to an extent that would significantly erode the capital held for regulatory purposes, then the Issuer could suffer the negative effects, even significant, of the repercussions of any measures adopted by the European Commission against the Republic of Italy; in each case, with possible impacts on the Issuer's and/or the Group's economic, capital and financial situation as well as on the going concern assumption.

The Business Plan 2022-2026's macroeconomic assumptions, as of the date of the Prospectus, are facing a subdued economic cycle and higher interest rates' scenario. Further significant deviations

between the actual and assumed macroeconomic dynamics underlying the Business Plan 2022-2026 could produce impacts on the Bank's economic, capital and financial position. Any significant deviations between the actual and assumed macroeconomic dynamics underlying the Business Plan 2022-2026 would produce significant negative impacts on the Bank's economic, capital and financial position.

Failure to implement the Business Plan 2022-2026 in accordance with the terms and measures set forth therein would entail the need to promptly take alternative actions in order not to jeopardize the continuation of the Issuer's and the Group's business activities.

In addition, the delay in the timely achievement of the objectives of the Business Plan 2022-2026, in relation to business aspects, would make it necessary to modify or reshape the objectives.

The occurrence of such events would have a material adverse effect on the Bank's and the Group's business and economic, capital and/or financial position as well as on the Issuer's and the Group's ability to continue as a going concern.

1.2. Risks related to the Group's earnings performance

During the three-year period 2020-2022, the Group's income performance was affected by significant variability in results, mainly due to the negative impact originated by non-operating and non-recurring items, such as higher provisions for risks and charges and higher restructuring charges, as well as the worsening evolution of the macroeconomic scenario. In particular, for the period ended on 31 December 2022, the Group reported a loss of Euro 205 million, including restructuring costs of approximately Euro 930 million, mainly related to exits through redundancy or access to the solidarity fund (Euro 310 million profit for the same period of the previous year). The Group's income performance in the first half of 2023, instead, is significantly higher than in the first half of 2022, mainly due to the growth in net interest income (benefiting from the rise in commercial asset rates) and the reduction in operating expenses (mainly as a result of the voluntary redundancies mentioned above).

In the 2022 SREP Decision, ECB continues to assess the business model as a high-risk element, but updated its considerations in light of the Business Plan 2022-2026. In particular, the ECB highlighted, within a balanced set of assumptions and with potential upside elements (related, for example, to a higher rate hike than had been assumed in the Business Plan 2022-2026), a number of risks, such as:

a) the persistence of tensions on the BTP-Bund spread and market volatility, with potential negative effects on the cost of funding;

b) the expected dynamics of commissions which, although considered reasonable, depends on the success of planned commercial initiatives and is exposed to competitive pressure;

c) rising interest rates and a less favourable GDP scenario that may adversely affect borrowers' ability to repay;

d) the development of claims and lawsuits, which is not in the full control of BMPS, as well as the ability to prevent new emergencies related to litigation; and

e) cost savings of Euro 40 million as of 2024 due to branch closures, the Group's corporate reorganization, and IT investments in digitalization could be offset by inflationary levels related to the new macroeconomic scenario, which may be higher than expected and may not be limited to utilities, also reducing the savings from the same investments in digitalization.

Furthmore, the ECB comments that despite the staff reduction achieved through the activation of the "solidarity fund" for a number of full-time equivalent units (FTEs) well above of what was originally planned increases the extent by which administrative expenses will be reduced, it is yet to be confirmed that the reduction of staff will not negatively affect the productivity levels and/or the effectiveness of the internal control functions.

Based on the above, ECB's conclusion is that BMPS's ability to generate robust and stable profitability will be achieved only if, after the execution of the Capital Increase, management is able to achieve all the objectives of the Business Plan 2022-2026 in due time, demonstrating, over a sufficiently extended period of time, that structural weaknesses have been definitively overcome. Actions envisaged in the Business Plan 2022-2026 are ongoing and with respect to the monitoring of the commitments related to the Business Plan 2022-2026, started in early 2023, at the end of the first half of 2023 no critical issues were identified.

Lastly, it should be noted that the Business Plan 2022-2026 envisages a net profit of Euro 1,003 million in fiscal year 2024 and Euro 833 million in fiscal year 2026; the expected operating results over the Business Plan 2022-2026 horizon include a benefit, resulting from the recognition of new DTAs, amounting to Euro 1,273 million.

If, also as a result of any further deterioration in the macroeconomic scenario, attributable, for example, to the escalation of the conflict between Russia and Ukraine, the Issuer is unable to achieve the targets set in the Business Plan 2022-2026, the Group may not be in a position to achieve the desired sustainable profitability as the ability to structurally generate a level of income, relative to equity, in line with banking system-wide expectations in the medium term. In this respect, as notified to the Issuer in the Letter of Intervention dated 14 January 2022, the ECB recommended to the Issuer that the Business Plan 2022-2026 ensure that the Group's key earnings indicators (including but not limited to ROE, ROA, and cost/income ratio) reach or exceed by the end of 2024 the average values for significant Italian banks on a consolidated basis, as published on the ECB's website[1]. In light of the above, as of the date of the Base Prospectus there is a risk that if the Group is unable to achieve the aforementioned sustainable profitability, there will be negative impacts on the Group's equity and capital requirements and, more generally, even significant negative effects on the Group's economic, capital and/or financial position, to the point where the Group's ability to continue as a going concern will cease to exist.

1.3. Risks related to capital adequacy

The assessment of capital adequacy from a regulatory perspective is based on the constant monitoring of current and prospective equity and risk-weighted assets ("**Risk Weighted Assets**" or "**RWA**"). The optimization of the capital adequacy profile is pursued through the "Risk Appetite Statement" process, during which business and risk strategies are defined and subjected to adequacy review.

The Issuer is subject to the capital adequacy requirements of the EU Directive 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 CRR. Specifically, with the 2022 SREP Decision, the ECB required the Bank to maintain, as of 1 January 2023, on a consolidated basis, a TSCR level of 10.75%, which includes the minimum P1R

[1] As stated in the Intervention Letter of 14 January 2022 sent by the ECB, "the ECB recommends that the Business Plan 2022-2026 ensures that the key profitability parameters (including but not limited to return on equity, return on assets, and cost-to-income ratio) of the BMPS Group reach or exceed, by the end of 2024, the average values of significant Italian institutions at the consolidated level published on the ECB's website."

requirement of 8% under Article 92 of the CRR and an additional P2R requirement of 2.75%, on an ongoing basis, to be held at least 56.25% in the form of CET1 and 75% in the form of Tier 1.

In addition to the P1R and P2R requirements, the Group must also hold sufficient capital to meet a CBR of 2.76% . Thus, the Group must meet, at the consolidated level, a CET1 Ratio of 8.81%, a Tier1 Ratio of 10.83%, and a Total Capital Ratio of 13.51% (Overall Capital Requirement - OCR). Considering Pillar II Capital Guidance ("P2G") as well, the Group has to comply, at the consolidated level, with a CET1 Ratio of 11.31%, a Tier1 Ratio of 13.33%, and a Total Capital Ratio of 16.01%.

Therefore, there is the risk that supervisory authorities may impose further requirements and/or parameters for the purpose of calculating capital adequacy requirements or may adopt interpretation approaches of the legislation governing prudential funds requirements unfavourable to the Issuer, with consequent inability of the Bank to comply with the requirements imposed and with a potential negative impact, even material, on the business and capital, economic and financial conditions of the Issuer and the Group.

In the 2022 SREP Decision, the ECB has also highlighted among the Bank's weaknesses/points of attention, inter alia, those relating to (i) the risk related to capital adequacy, in order to ensure compliance with capital requirements, in a prospective framework of fragile capital position in stress situations; and (ii) the Internal Capital Adequacy Assessment Process ("**ICAAP**") process, highlighting the need for further improvements with reference to capital planning, scenario design and stress tests, which result in fragmented approaches, and the data and IT infrastructure to support such analyses.

As of 30 June 2023, the Group has a CET 1 Ratio and a Tier 1 ratio of 15,86%, a Total Capital Ratio of 19,38%.

The Group, on a consolidated basis, meets all capital requirements, including those related to the P2G.

Finally, it should be noted that, as of the same date, the Group has a leverage ratio of 6.2% above the minimum requirement of 3%.

In the 12-month evolution of capital adequacy, there are no expected events that could significantly impair the Issuer's capital position.

It should also be noted that the SREP is carried out by the ECB at least annually. The 2022 SREP Decision (effective from 1 January 2023) prescribes some qualitative requirements on processes supporting capital adequacy. However, there is a risk that, starting with the SREP 2023 process (effective from 1 January 2024), the supervisory authority will prescribe more stringent measures for the Issuer than those contained in the 2022 SREP Decision.

In 2023, the Group participated in the 2023 EU-wide stress test conducted by the European Banking Authority (EBA) in cooperation with the European Central Bank (ECB) and the European Systemic Risk Board (ESRB). The results announced by the EBA on 28 July 2023, best ever in the Group's stress test exercises, 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 HR cost savings.

Any assessment of the level of capital adequacy is influenced by several variables, including the need to cope with the impacts resulting from the new and more demanding requirements at the regulatory level announced by the European regulator, the need to support functional plans for a more rapid reduction in the volume of impaired loans - even in addition to the disposal of the Bank's NPLs - and/or the assessment of market scenarios that are expected to be particularly challenging and will

require the availability of adequate capital resources to support the Group's level of activity and investments.

1.4. Risks related to non-compliance with MREL requirements

Pursuant to Article 45 of Directive 2014/59/EU, as subsequently amended, institutions must meet at all times a 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 business, as well as to generate sufficient confidence in it in the market.

With the letter of 10 March 2023, the Parent Company received from the Bank of Italy, in its capacity as Resolution Authority, the decision SRB/EES/2022/156 of the Single Resolution Committee on the calculation of the minimum requirement for own funds and eligible liabilities ("**2022 MREL Decision**").

Starting from 1 January 2024, the Parent Company must meet on a consolidated basis an MREL of 23.77% in terms of TREA, to which the Combined Buffer Requirement (CBR) applicable at that date will be added, and 6.29% in terms of LRE. In addition, there are subordinated MREL requirements, which must be met with own funds and subordinated instruments, equal to 16.38% for TREA, plus the CBR applicable on that date, and 6.29% for the LRE. For 2023, when the requirements are informative and non-binding, the Parent Company must comply with an intermediate target ensuring linear build-up of own funds and eligible liabilities towards the 1 January 2024 requirement.

As at 30 June 2023, the Group had values higher than the intermediate requirements set for 2023:

- an MREL capacity of 26.07% in terms of TREA and 10.23% in terms of LRE ("Leverage ratio exposure measure"); and
- an MREL subordination capacity of 19.51% in terms of TREA and 7.65% in terms of LRE.

It should be noted that 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 needed 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 ruled out that in the future the Group will present a breach with respect to the MREL and/or 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 eligible for MREL purposes. Such circumstance could lead, in addition to the prohibition on dividend distributions and the prohibition to perform certain activities already imposed by the resolution authorities, to the adoption of specific measures against the Issuer by the same authorities and, should the Issuer and/or the Group be unable to comply with such measures or to fulfil the obligations imposed by the same authorities, with significant consequences for the Issuer's and/or the Group's economic, equity and financial situation.

In this regard, it should be noted that in the event of a breach of MREL requirements, the Directive 2014/59/EU for the recovery and resolution of credit institutions ("**BRRD**") grants the resolution authorities the ability to exercise the following powers:

(i) the powers to address or remove impediments to the possibility of resolution through the adoption of specific measures (e.g., limitation of business line development; request to issue MREL-eligible liabilities; request to renegotiate eligible liabilities or AT1 and T2 instruments

already issued; request to change the maturity of own funds instruments, subject to agreement with the ECB, and eligible liabilities);

(ii) the powers under Article 16(a) of the BRRD on the limitation of certain distributions;

(iii) the adoption of measures under Article 104 of CRD IV on additional Pillar II Capital Requirements;

(iv) the adoption of early intervention measures in accordance with Article 27 of the BRRD, such as the implementation of the adopted reorganization plan or the preparation of a plan to negotiate debt restructuring with all or some creditors, the modification of the corporate form; as well as the removal of members of the administrative and supervisory bodies and senior management; and

(v) the adoption of administrative sanctions and other administrative measures pursuant to Article 144 of the Consolidated Finance Act.

The exercise by competent authorities of the abovementioned powers may have potential effects on the Group's economic, capital and/or financial position.

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

Deterioration in credit quality and the impacts of a worsening economic environment can pose significant risks to banks and financial institutions. When borrowers face financial difficulties due to economic downturns (i.e. increase of commodities or energy prices), they may struggle to meet their loan obligations. This can lead to an increase in non-performing loans (NPLs) within banks' portfolios. A high level of NPLs can erode a bank's profitability and capital adequacy. In a deteriorating economic environment, the likelihood of defaults and credit losses increases and banks may need to set aside more provisions for expected credit losses, which can impact their earnings and capital reserves. A decline in credit quality and rising credit losses can deplete a bank's capital.

The impact of economic conditions on the banking sector can be particularly pronounced in countries like Italy, whose economic environment is mainly made up of small and medium-sized enterprises that rely mainly on bank credit for investment. The economy may be heavily reliant on certain industries, such as tourism and manufacturing. Economic downturns in these sectors can have a cascading effect on credit quality and banking.

To mitigate these risks, banks typically employ robust risk management practices, maintain diversified loan portfolios, and closely monitor economic indicators and borrower creditworthiness. Additionally, regulatory authorities often implement measures to enhance the resilience of the banking sector during challenging economic conditions.

As part of the 2022 SREP Decision, the ECB updated, as expected, the recommended level for the coverage of exposures classified as non-performing exposures as of 31 March 2018 (70% for the secured component and 80% for the unsecured component); these levels have already been factored into both the prospective calendar provisioning impact estimates in the Business Plan 2022-2026 and the non-performing exposure Strategy. The risk factor related to the lapsing of state support measures is not reiterated, but credit risk is still considered a key risk factor in the face of the delay in the implementation of the new early warning system of intercepting deterioration in creditworthiness, governance shortcomings of changes in the credit risk models used for the purpose of calculating capital requirements, and general uncertainties related to the impacts of the pandemic, the war in

Ukraine, and evolving macroeconomic conditions. Finally, in the 2022 SREP Decision, ECB acknowledges that in light of accounting provisions and specific deductions from regulatory capital made after 31 December 2021, the Group is aligned with its calendar provisioning hedges.

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

The Business Plan 2022-2026 considers a scenario characterized by a slowdown in Italian GDP dynamics in 2022, after rebounding in 2021, with acceleration in 2023. Compared to Bank of Italy expectations, the scenario assumes lower growth estimates for 2022 and higher ones for 2023. Failure of the Business Plan 2022-2026 scenario, which prefigures an improvement in default flow starting in 2023, could result in a less significant decrease in default rates than expected, with significant negative effects on the Group's credit quality.

In particular, in accordance with the provisions of the Business Plan 2022-2026, the Bank expects an inflationary peak in 2022 with a settlement on the 2% threshold in the following years; the growth of inflation - despite not being considered as a critical variable in the Business Plan 2022-2026 for the purposes of a deterioration of the credit scenario - could generate a progressive deterioration in the quality of assets attributable to the corporate and private system. In particular, for individuals, a scenario of high inflation along with an inadequate realignment of wages would lead to a progressive erosion of disposable income with resulting potential strains on instalment-income ratios in the payment of mortgages and personal loans. Compared with the assumptions referring to the evolution of inflation in the macroeconomic scenario underlying the elaboration of the Business Plan 2022-2026, Bank of Italy's expectations of medium-term inflation are higher; however, a higher level of expected prices leads to negative impacts on the real value of disposable income and households' propensity to save, but also to increases, in nominal terms, in the value of investments and working capital financing needs by businesses and nominal growth in household spending. Such strains, should a high inflation scenario persist, could result in counterparty default with a consequent increase in the riskiness of the Bank's assets.

To assess the effects of a worsening scenario, the Group estimated that a slowdown in the economic cycle, with rising interest rates and higher levels of inflation, could bring an increase in the cost of risk of about Euro 650 million over the three years, based on a cumulative negative change in GDP of about 500 basis points. The estimate was based on the assumption of a negative effect of about Euro 130 million for each point of GDP lost relative to Business Plan 2022-2026 assumptions. The isolated impact of this vulnerability on the Business Plan 2022-2026's pre-tax result would be about Euro 650 million over the three years.

A worsening of the domestic and international macroeconomic scenario could alter the ability of the Group's contractual counterparties to meet their payment obligations to the Group, thereby increasing the risk related to the Group's credit exposure, with significant adverse effects on the Group's operating results and economic, capital and/or financial position.

The Business Plan 2022-2026's macroeconomic assumptions regarding the dynamics of GDP, inflation and the BTP-Bund spread are more favourable than current market assumptions. Any significant deviations between the actual macroeconomic dynamics and the macroeconomic dynamics assumed as the basis for the Business Plan 2022-2026 could result in significant adverse effects on the Group's operating results and economic, capital and/or financial position.

The Issuer believes, however, that the observed changes in the macroeconomic scenario, even taking into account the IMF forecast updated in October 2022 about the trend of Italian GDP[2], would not produce negative impacts that could affect the validity of the Business Plan 2022-2026.

Moreover, as at the date of this Base Prospectus, the Bank of Italy's authority to set borrower based measures has recently been introduced into the Circular No. 285 (as defined below) and there is uncertainty as to how (and if) the Italian regulator would exercise such authority. Therefore, it is not yet clear what impact these regulatory changes will have on the Issuer's operations.

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

As of the date of the Base Prospectus, there is a risk that in a time horizon beyond 12 months from 2023, unexpected events of a macroeconomic nature, events that cause damage to the Bank's reputation, new prudential or regulatory requirements related to regulatory developments, which would have even significant adverse effects on the liquidity profile and the economic and financial situation of the Bank and the Group, will occur.

Without prejudice to the foregoing, the Group's liquidity position could be exposed, in a time horizon beyond 12 months from 2023, to a series of both exogenous and internal events that could generate a decrease in its customers' deposits, difficulties or inability to access 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 conflict initiated by Russia), the worsening of the Issuer's reputational profile, and possible tensions in the debt market (making the Group's issuance programme more difficult to implement) is of particular relevance. As of the date of the Base Prospectus, the Issuer has reserves that are deemed sufficient for the twelve months following that date even in the face of the occurrence of severe adverse events.

As of the date of the Base Prospectus, there is a risk that, further to the 12-months period from 2023, severe strains may occur in the procurement of liquidity in the market, which could adversely affect the achievement of the Group's objectives, especially in view of the international geopolitical and pandemic environment, resulting in even more significant adverse effects on the Bank's and the Group's economic, financial and capital position. Failure to comply with the minimum requirements under the regulations applicable to the Issuer for liquidity indicators could result in the adoption of specific measures against the Issuer by the authorities and, if the Issuer and/or the Group were unable to comply with such measures or to fulfil the obligations imposed by the same authorities, this could lead to even significant adverse effects on the Issuer's and/or the Group's economic, financial and asset situation.

In particular, within the scope of liquidity risk, two types of risk can be identified, such as:

- market liquidity risk: related to the possibility that the Bank, in case of need, may not be able to liquidate an asset on the balance sheet without incurring capital losses or a significantly longer time to realization due to low liquidity or inefficiencies in the reference market; and

[2] International Monetary Fund, World Economic Outlook, October 2022

- funding liquidity risk: represents the possibility that the Bank may not be able to meet expected and unexpected payment commitments on a cost-effective basis and without impairing its core business or financial position.

With respect to risks related to the Issuer's indebtedness and interventions to support system liquidity, significant reduction or withdrawal of system 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 even significant adverse effects on the Bank's and/or the Group's activities and economic, capital and/or financial position.

The ECB, within the SREP Decision 2022, gave its opinion on the Internal Liquidity Adequacy Assessment Process ("**ILAAP**") implemented by the Group, concluding that no additional liquidity requirements are deemed necessary, because of the implemention of robust strategies, policies, processes and systems for the identification, measurement, management and monitoring of liquidity risk over an appropriate set of time horizons, the sufficient coverage of liquidity risk and the compliance with all requirements of Directive 2013/36/EU and Regulation (EU) No 575/2013. The only area of improvement highlighted concerns risk data and IT infrastructure.

As of the date of the Base Prospectus, the Issuer's indebtedness to the ECB, which is attributable to the refinancing operations put in place by the ECB, is Euro 5.5 billion, represented entirely by targeted longer-term refinancing operations ("**TLTRO III**") operations, of which (i) Euro 2.5 billion called on 24 March 2021 with maturity on 27 March 2024 and (iv) Euro 3.0 billion called on 24 June 2021, with maturity on 26 June 2024.

If the collateral provided by the Bank to the ECB against the refinancing activity carried out by the ECB proves to be inadequate with respect to the amount of the refinancing operations, the ECB may request, subject to the Bank of Italy's notification to the Group, the early collectability of the refinancing operations carried out.

The occurrence of the aforementioned event would oblige the Group to immediately reduce the amount of refinancing transactions with the ECB by the same amount or to provide additional eligible assets and/or cash as collateral. Other causes of early collectability include corporate reorganisations and non-compliance with reporting requirements. The occurrence of such an event could result in the consequent risk of encountering difficulties in accessing sources of market liquidity or of having to incur greater, unbudgeted, charges for this purpose, with consequent, even significant negative effects on the Bank's and/or the Group's business and economic, equity and/or financial situation. As mentioned at the beginning of the paragraph, the maturity ladder is not affected by the ECB funding already carried out but by the level of eligible assets available for the purpose of refinancing operations with the ECB.

As a result of the monetary policy decisions taken by the Governing Council on 27 October 2022 in which the terms and conditions of the third round of TLTRO III were changed, neutralizing part of the economic benefits of maintaining TLTROs to the final maturity, the Group partially early repay TLTROIIIs in the December 2022 early redemption date (for the amount of Euro 6 billion, reducing the TLTRO III maturing on 28 June 2023 from Euro 17 billion to Euro 11 billion) in addition to the 4 billion maturying in December 2022 (for a total reimbursement of 10 billion). The 11 billion tranche was then regularly reimbursed at natural maturity (28 June 2023). The early repayment did not substantially modify the liquidity and risk profile of the Bank, with respect to maintaining the initial amount until the original maturity (which was only 6 months later).

The possible failure to achieve the objectives of diversification of funding sources envisaged in the Business Plan 2022-2026 could be determined by external or BMPS' specific events.

Among the main external elements of uncertainty are, in particular, stress situations in the bank funding market or the institutional funding market, resulting from financial or macroeconomic shocks. Approximately Euro 6 billion of issuances of MREL eligible securities are envisaged during the period of the Business Plan 2022-2026 (in relation to subordinated loans, it should be noted that they are neutral for liquidity risk purposes since, in the event of a failure to issue, the call on existing subordinated loans would not be exercised and they would be brought to natural maturity). With reference to a time horizon beyond 12 months starting from 2022, failure to issue would make it appropriate to take compensatory actions, in order to achieve targets on key regulatory liquidity indicators (LCR/NSFR), such as increasing funding from deposits or from funding transactions such as repurchase agreements on paper other than high-quality liquid assets, such as to have a positive impact on the Bank's liquidity position. It should be noted that failure to implement such compensatory actions, in the absence of institutional issuances eligible for MREL purposes, would not allow the achievement of the Business Plan 2022-2026 targets on LCR/NSFR indicators, which would have a significant negative impact on the Group's economic, capital and/or financial position.

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 the Base Prospectus, contracts have already been signed for the disposal of non-performing exposures for a total gross book value of Euro 1.1 billion, and the legal effectiveness of the relevant transfer has already occurred for an amount of Euro 0.9 billion. In general, the conclusion of transfer transactions could lead to the charge to the income statement of higher loan impairments in a significant amount attributable to any differences between the value at which the transferred loans are recorded in the Bank's balance sheet and the consideration that market operators specialized in the management of impaired loans are willing to offer to purchase them. Given the same expectations of recovery of cash flows obtainable from the debtor and/or liquidation procedures, the difference between the book value and the sale consideration is in fact influenced by the high rates of return that investors intend to achieve, as well as by the management costs (costs of personnel and organizational structures dedicated to recovery activities) that potential buyers must cover, factors that, consistently with market practice, are discounted in determining the purchase price of the receivables themselves.

With exclusive reference to the sales of impaired receivables already completed as of the date of the 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; (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 the 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[3]; and (iv) there is no certainty as to the fate of the

[3] 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

claims 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 the Base Prospectus, the Group has received notifications of disputes amounting to Euro 825 million, of which approximately Euro 822 million related to:

- the securitization transaction "Valentine/Crystal" carried out by the Group in December 2017 in favour of Siena NPL 2018 S.r.l., in the context of which more than 9,800 claims have been received as of 30 June 2023 – i.e. the expiration date of the representations and warranties and the deadline for the notification of claims for breach of the same – for a *petitum* of approximately Euro 640 million. As of 30 June 2023, the Group has analyzed 46% of the total number of claims notified, equal to 93% of the total petitum, considering as founded only a limited percentage of the claims analyzed. With regard to the claims considered unfounded, while on one hand, the Issuer has promptly communicated the reasons for which it considers them to be so, on the other hand, Siena NPL 2018 S.r.l. in its replies has reiterated, for the majority of such claims, the original arguments;

- the Demerger Transaction 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 operation as of 1 December 2022, 222 claims have been notified for a petitum of approximately Euro 105 million, of which the Bank has analysed a number equal to 100% of the petitum. Negotiating tables necessary for the amicable settlement of those considered unfounded by BMPS are ongoing;

- the securitisation "Fantino" (as better described below), in the context of which_

  a) on 19 October 2022, illimity Bank S.p.A. sent to the Issuer an indemnification notice for an indemnity amount of approximately Euro 5 million;

  b) on 13 June 2023, Amco S.p.A. sent to the Issuer an indemnification notice for an indemnity amount of approximately Euro 0.9 million.

Finally, it should be noted that the provisions set aside by the Group for the overall disposal transactions 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.

In addition, on 4 August 2022, the Group entered into three receivables transfer agreements in relation to a portfolio of impaired loans, called "Fantino", for a total gross book value of Euro 0.9 billion. The legal transfer and consequent derecognition by the Group of the portfolio has already taken place. The representations and warranties set out in the receivables transfer agreements entered into with the counterparties to the transaction (i.e., illimity Bank S.p.A., Intrum Holding S.r.l. and AMCO – Asset Management Company S.p.A.) expose the Group to the following disbursement risks:

- illimity Bank S.p.A.: maximum outlay amounting to Euro 13.9 million;

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afore-mentioned 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 afore mentioned date, upon the occurrence of the future and uncertain event deducted in the relevant pre-claim

- Intrum Holding S.r.l. (through the securitisation vehicle Alicudi SPV S.r.l.): maximum outlay amounting to Euro 3.1 million;

- AMCO: maximum outlay amounting to Euro 7.2 million.

In particular, the representations and warranties given by the banks of the Group have a duration of: (i) with regard to the portfolio transferred to illimity Bank S.p.A., 15 months from the transfer of the relevant receivables (i.e. 6 November 2022 or 4 December 2022) (with the exception of some limited hypotheses in which the term, regardless of the transfer date of the relevant receivable, starts from 4 December 2022); (ii) with regard to the portfolio transferred to Intrum, 12 months from the date of the certified e-mail by which the Issuer confirms that it has made available the documentation in electronic format (*i.e.* 22 October 2022); and (iii) with regard to the portfolio transferred to AMCO, 18 months from the transfer of the receivables (*i.e.* 20 November 2022). As a consequence, the assignees will have the right to notify claims until the above-mentioned deadlines.

In addition, on 3 August 2023, the Group entered into two receivables transfer agreements in relation to a portfolio of NPL, called "Mugello", for a total gross book value of Euro 0.2 billion. The legal transfer and consequent derecognition by the Group of the portfolio will take place in the last quarter of 2023.

In this regard, it should be noted that as of the date of the Base Prospectus further disputes to the detriment of the Group could emerge from the aforementioned transactions resulting in possible effects on the Bank's and/or Group's economic, equity and/or financial situation.

1.8. Risks related to impairment of goodwill, intangible assets and equity investments

In line with IAS 36, goodwill is subject to impairment testing at least once a year and in any case when there are signs of deterioration. The activity of testing goodwill for impairment is based on a preliminary allocation of the value of goodwill to the various cash generating units ("**CGUs**") to which it is attributable; the definition of the scope of the CGUs is carried out in a manner consistent with the segment reporting given in the financial statements, which in turn reflects management reporting.

In light of the circumstance that the Group's most significant equity investments (see below) pertain to the insurance business, which is particularly exposed to market variables (e.g. interest rates), the profiles of uncertainty that characterize the national and global macroeconomic framework, also due to the impacts and developments on public health and the economy resulting from the Russian war in Ukraine, could have significant negative effects on the estimated cash flows assumed, as well as on the main financial assumptions considered, and could consequently result in the need to provide for impairment losses of goodwill, intangible assets and equity investments, including significant ones.

For equity investments, the process of recognizing any impairment initially involves checking for impairment indicators and, in the event of violation of these indicators, the determination of any impairment is determined to the extent that the recoverable value is lower than the carrying value. The parameters and projections on which the estimates are based evolve with the updating of plans of associated equity investments, which are significantly influenced by the macroeconomic environment and financial market dynamics.

As of 30 June 2023, monitoring of the main impairment indicators showed indications of potential impairment of the investments held in AXA-MPS Assicurazioni Vita S.p.A. and AXA-MPS Assicurazioni Danni. The recoverable value of the investee assets was then calculated using the Appraisal Value method for AXA-MPS Assicurazioni Vita S.p.A. and the Dividend Discount Model (DDM) method for AXA-MPS Assicurazioni Danni S.p.A. In both cases, the recoverable value was found to be higher than

the corresponding book value, and the carrying value of the investments was therefore confirmed. The valuation carried out by the Group as at 30 June 2023 highlighted the need to make value adjustments for the associate Fidi Toscana (Euro 1.5 million).

In light of the foregoing, although the impairment tests carried out by the Issuer did not reveal the need to proceed with the recognition of value adjustments for goodwill, intangible assets with a finite useful life and, except as described above, equity investments recorded in the financial statements, it cannot, however, be ruled out that in the future it may be appropriate to proceed with the recognition of value adjustments and make write-downs of the aforementioned balance sheet items, even if significant.

1.9. 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 30 June 2023, the Group's exposure in securities to the Italian government represented 10% of the Group's total assets, up from 9% as of 31 December 2022, 9% as of 31 December 2021, and up slightly from 7% as of 31 December 2020. Overall, securities issued by governments, central banks, and other public entities account for 11%, approximately, of total financial assets (Group's securities assets and net position in derivatives), a percentage that is essentially stable compared to the end of 2022 (11%), up from the end of 2021 (10%), and up slightly from the end of 2020 (9%).

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 (Euro -0.2 million on Trading Book - FVTPL, Euro -0.5 million on Banking Book - FVOCI, as of 30 June 2023).

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.

1.10. Risks related to the application of Burden Sharing to FRESH 2008 Securities

The Bank is exposed to the risk that the unfavourable outcome of the litigation with the holders of the floating rate equity-linked subordinated hybrid preferred securities ("**FRESH 2008 Securities**") structure and the consequent failure to convert the FRESH 2008 Securities into ordinary shares of the Issuer - as a result of the Ministerial Decree of 27 July 2017 ("**Burden Sharing**") and/or the failure to apply to them Article 22, paragraph 4 of Decree 237 - pursuant to which contractual or other clauses entered into by the Issuer concerning its own shares or capital instruments and relating to the equity rights pertaining to the FRESH 2008 Securities, which prevent or limit their full eligibility for inclusion in Primary Tier 1 Capital, are ineffective - may have a negative impact in terms of the profitability of the investment in BMPS shares.

Certain holders of FRESH 2008 Securities maturing in 2099, by a document served on 19 December 2017, sued BMPS before the Luxembourg Court - together with certain additional companies that entered into a swap agreement with the Issuer having the FRESH 2008 Securities as underlying - to seek a declaration that the Decree 237 is inapplicable to the holders of FRESH 2008 Securities and,

consequently, to obtain a ruling that: (a) said bonds cannot be forcibly converted into shares; (b) said bonds continue to remain valid and effective in accordance with the terms and conditions of their issuance, as governed by Luxembourg law; and (c) BMPS is not entitled, in the absence of the conversion of the FRESH 2008 Securities, to obtain from JP Morgan the payment of Euro 49.9 million arising from the execution of the usufruct agreement signed by it in the context of the issuance of the Bank's shares against the forced conversion of the FRESH 2008 Securities.

In the event of an unfavourable outcome of the aforesaid litigation, the FRESH 2008 Securities will not be converted into BMPS shares and, consequently (i) the Bank will not collect the amount of Euro 49.9 million resulting from the issuance of the same; (ii) there would also be the non-application, to the issuance of the FRESH 2008 Securities, of the Burden Sharing principle and, consequently, the bondholders could request to receive the coupon (equal to Euribor 3M+425 basis points on a notional amount of Euro 1 billion) if the Bank is in a position to distribute dividends or, as a result of the sale of the stake held by the MEF, a merger with another company occurs. In this regard, it should be noted that the Bank has not paid dividends since the date of the Burden Sharing and, therefore, any unfavourable outcome of the litigation will only produce prospective effects and only in case of dividend distribution.

The Luxembourg Court, by order of January 2022, rejected the Bank's request to suspend proceedings until the international courts had ruled on the Bank's objections to the Court's jurisdiction.

However, it admitted that the Court did not have jurisdiction over the trust agreement signed by the Bank with some of the other defendants JP Morgan Securities PLC and JP Morgan Chase in the context of the 2008 rights offering. With regard to this contract, the Luxembourg Court suspended the decision pending the decision of the Italian court. At the same time, it ruled that it had jurisdiction over the swap agreement signed by the Bank with the same counterparties in the context of the 2008 rights offering.

In November 2022 the bondholders' representative appealed against the judgment of suspension rendered by the Luxembourg Court asking to declare that the same District Court of Luxembourg has jurisdiction to hear all the claims formulated by the bondholders' representative and that there is no need to stay the proceedings, awaiting decisions of the Italian court. The Bank - in parallel - on the basis of the ruling issued by the Luxembourg Court, filed a petition with the Italian Court asking it to rule on the grounds for the termination of the usufruct contract. The Court of Milan scheduled for the continuation of the case a hearing on 12 December 2023 and ordered the notification of appeal and subsequent decree for setting the hearing by 30 September 2023.

For further information in this respect, please refer to sub-paragraph "*Legal dispute Banca Monte dei Paschi di Siena S.p.A. / the holders of FRESH 2008*" of the paragraph "*Civil Proceedings*" in the "*Banca Monte dei Paschi di Siena S.p.A.*" section of this Base Prospectus.

1.11. Risks related to the distribution of dividends

As of the date of the Base Prospectus, as provided by 2022 SREP Decision, following the successful outcome of the Capital Increase for 2.5 billion Euro, the ECB removed the ban on the distribution of dividends, replacing it with the obligation for the Bank to obtain prior authorization from the authority of supervision. As of the date of the Base Prospectus, the Bank is therefore exposed to the risk that, even if it achieves the required capital requirements, the supervisory authority will decide not to give the aformentioned authorization or that it will still fail to make distributable profits.

The Issuer was also subject to the limits on the possibility of distributing dividends provided for in Article 16(a) of Directive 2019/879/EU ("**BRRD II**"), transposed in Italy by Legislative Decree No. 193 of 8 November 2021 in the event of a violation of the CBR considered in addition to the MREL. The Commitments published by the European Commission on 3 October 2022 also prohibited the Bank - assuming that no dividend distribution prohibitions set by the ECB or the SRB are already in place - from making dividend distributions unless the CET 1 ratio and Total Capital Ratio are higher than the SREP guidance provided by the ECB by at least 50 to 100 basis points.

It should be noted that, although the Business Plan 2022-2026 envisages, upon the occurrence of the relevant assumptions, the distribution of dividends starting from 2026 (30% pay-out ratio on 2025-2026 results), the Issuer may not be able to proceed with the distribution of dividends due to legislative and regulatory prohibitions and/or limitations or resulting from measures of the relevant supervisory authorities.

In this regard, it should be noted that the ECB, in a note published on 23 July 2021, decided not to extend beyond 30 September 2021 its recommendation addressed to all banks to limit the distribution of dividends, published in order for banks to preserve their capital and preserve their ability to support the economy in the context of great uncertainty resulting from the COVID-19 pandemic (Recommendation ECB/2020/19, most recently replaced by Recommendation ECB/2020/62). However, the ECB continues to recommend that banks (i) adopt prudence in their decisions on dividends (as well as on share buybacks), carefully considering the sustainability of their business model, and (ii) do not underestimate the risk that additional losses may later affect the evolution of their capital profile when the support measures come to an end. As of the date of the Base Prospectus, however, it is not possible to exclude the risk of events occurring that would result in the publication of new recommendations by the supervisory authorities.

Notwithstanding the above, finally, it cannot be ruled out that, even in the face of distributable operating profits, the distribution of dividends to shareholders will not be resolved, thereby having a negative impact on the return on investment in the Bank's shares.

1.12. Risks Related to Assumptions and Methodologies for Fair Value Measurement of the Issuer's Assets and Liabilities

The preparation of the financial statements also requires the use of estimates and assumptions that may have a significant effect on the amounts recorded in the balance sheet and income statement. In particular, the Group is exposed to the risk that changes in the current values recorded at fair value in the financial statements as a result of changes in the main factors considered and the subjective assessments used may generate potential negative impacts on the Issuer's profitability.

In line with IFRS 13, which governs fair value measurement rules, the Group classifies assets and liabilities carried at fair value in the financial statements, based on a threefold hierarchy that reflects the reliability of the inputs used in making valuations.

Level 1 fair value assets and liabilities (L1) consist exclusively of financial instruments listed in active markets, and as the valuation is made on the basis of market prices (so-called "active markets"), the riskiness of the portfolio is typically related to fluctuations in market prices.

Level 2 (L2) and Level 3 (L3) fair value valuations of assets and liabilities that are not based on market quotations require the selection of market information (including interest rates, exchange rates, valuations of comparable instruments), if available, and/or the adoption of subjective valuations also based on historical experience or internal valuation models, which by their very nature may vary.

Changes in the current values recorded in the financial statements as a result of changes in the main factors considered and the subjective valuations used could generate negative impacts on the Group's profitability.

The preparation of financial disclosures also requires the use of other estimates and assumptions that can have significant effects on the amounts recognized in the balance sheet and income statement. The other main instances for which the use of subjective judgements by management is most required are:

a) the quantification of impairment losses on receivables and, in general, other financial assets;

b) the assessment of the appropriateness of the value of equity investments and other non-financial assets (goodwill, tangible assets, including the value in use of assets acquired through leasing, and intangible assets);

c) the estimate and assumptions on the recoverability of DTAs;

d) the estimation of liabilities arising from defined-benefit corporate pension funds;

e) the quantification of provisions for legal and tax liabilities; and

f) the quantification of the fair value of properties held for investment and properties used in the business.

As anticipated, the measurement of fair value Level 2 and fair value Level 3 involves the use of market information, if available, and/or the adoption of subjective assessments, also based on historical experience or internal valuation models. Estimates and assumptions may be different from year to year and, therefore, it cannot be ruled out that, in subsequent years, the current values recorded in the financial statements may change, even significantly, with potential negative impacts on the Group's profitability.

1.13. Risks related to the impairment of DTAs

As of the date of the Base Prospectus, the Issuer is exposed to the risk that the recorded DTAs may in the future be subject to partial or full impairment in the financial statements (i) 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 COVID-19 pandemic and the conflict in Ukraine), or (ii) should significant changes in current tax legislation and related practice occur. As of 30 June 2023, DTAs at the Group level amounted to Euro 1,509.1 million (compared to Euro 1,498.1 million as of 31 December 2022, Euro 1,046.4 million as of 31 December 2021, and Euro 1,183.7 million as of 31 December 2020), of which Euro 545.5 million can be converted into a tax credit under Law of 22 December 2011, no. 214 ("**Law 214/2011**") (Euro 576.9 million as of 31 December 2022, Euro 577.5 million as of 31 December 2021, and Euro 760.2 million as of 31 December 2020). 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 30 June 2023, DTAs amounting to an additional Euro 3,214.2 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 963.6 million as of 30 June 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:

- with regard to DTAs from tax losses and/or from "ACE" (Aid to Economic Growth under Art. 1 Law Decree 201/2011) surpluses, the impact of any write-down on capital ratios would be nil, as this type of DTA is deducted in full from regulatory capital (the effect on the income statement would be sterilised by the deduction);

- with regard to DTAs that can be transformed into tax credits under Law 214/2011, the impact would be high because such DTAs are not negative elements of capital and are included in Risk Weighted Assets (RWA) with a 100% weighting (the effect on the income statement would be only partially offset by the opposite effect on RWA); and

- with respect to DTAs having a different nature from the previous ones, the impact on capital ratios would be nil up to the point at which said DTAs exceed the allowance and relevant for the part included in it.

Finally, it should be noted that any write-down of unrecognized DTAs would have no impact on capital ratios.

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 disapplicative interpellations that may be proposed by the Issuer pursuant to current applicable legal provisions in connection with the business combination transactions envisaged in the Business Plan 2022-2026. In particular, Articles 172 and 173 of the T.U.I.R. 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. 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 Group determines the capital requirement for operational risk using the advanced method (Advanced Measurement Approach) for major Group companies and the basic method (Base Indicator Approach) for smaller subsidiaries. Operational loss events to which the Group is exposed fall into the following regulatory categories:

- internal fraud;

- external fraud;
- labour relations;
- business practices;
- property damage;
- IT systems; and
- process execution.

Within the operational risks there are risks of incurring economic, reputational and market share losses in connection with the use of information and communication technology. Types of information technology risks include:

- risks related to malfunctions, errors, deficiencies and environmental events, which may compromise the availability and integrity of data and systems, the continuity of business processes, or the implementation of evolutions and changes on systems;
- cyber (or cybersecurity) risks related to the success of external attacks or malicious activities of internal parties, which may compromise the confidentiality, integrity and authenticity of corporate data and information, and the continuity of services provided; and
- risks related to the use of IT services/systems provided by third parties. The main factors of exposure to IT risk concern:
- the continuous evolution and sophistication of the cyber threat, also fueled by geopolitical tensions at the international level;
- the expansion of the attack surface, related to the digitization of services and business processes, and the transformation of the corporate information system into a "technology hub," with the increasing use of outsourcing and cloud solutions; and
- the need to achieve business objectives through the implementation of digital transformation and data enhancement plans from a business perspective.

In the 2022 SREP Decision, with respecto to the the need to strengthen cyber risk prevention and mitigation processes with a view to minimizing the risk of the occurrence of major cyber incidents, the ECB acknowledged the implementation of the remedial actions defined by the supervisory authority, but considers that the IT risk is still high, with areas of focus in organizational structure, implementation of technical solutions, assertiveness of control functions, and in general IT risk culture, considering the high exposure to cybersecurity, availability and continuity risks of IT resources and outsourcing risks. In addition, the low quality of IT and data quality operational management controls is highlighted.

The ECB also stressed the relevance of the tightness of anti-money laundering safeguards to operational risk, considering that during the pandemic period, partly due to repeated lockdowns, the reduction in customer contacts slowed down the improvement actions implemented by the Bank.

Finally, in the 2022 SREP Decision, the ECB acknowledged the implementation of remedial actions from an organisational and methodological point of view, but points out that, to be fully effective, processes

and behaviours must also improve in the same way; therefore, there is a risk that the supervisory authority may not consider them satisfactory, requiring further remedial actions, resulting in significant adverse effects on the Bank's business and capital and/or financial position of the Bank and/or the Group. Furthermore, in the 2022 SREP Decision, the ECB highlighted weaknesses in the governance of IT infrastructure, data aggregation and reporting, which need to be significantly improved in light of the low capacity to produce necessary information in a timely and effective manner.

Should the operational risk management processes prove to be inadequate, the Issuer and the Group could be exposed to unforeseen risks, including due to unforeseeable events wholly or partially beyond the control of the Issuer or the Group, resulting in the possibility of incurring losses, including significant losses, and potentially detrimental effects on the Group's economic, asset and/or financial position.

2.2. 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 (c. 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 to Risk" measure (the "VaR"); with reference to the trading book as of 30 June 2023, the VaR at the 99% is approximately of Euro 4,51 million at the Group level (approximately Euro 3,70 million as of 31 December 2022, Euro 3,38 million as of 31 December 2021 and Euro 5,24 million as of 31 December 2020).

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.

Banking portfolios, in particular, represent the main component of the Group's market in terms of internal capital, 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 (AC)).

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.

As anticipated, market risk could be generated by changes in the general performance of the economy and national and international financial markets, monetary and fiscal policies, market liquidity on a global scale, availability and cost of capital, interventions by rating agencies, political events at both local and international levels, war and acts of terrorism, and the spread of epidemics that impact public health and the economy. In the current context, this risk may also manifest itself as a result of the global increase in inflation and commodity prices in the face of, among other things, the continuation

of hostilities in Ukraine, as well as the further expected increase in interest rates that may be implemented by the ECB, which is already evident in market expectations as of the first quarter of the year.

Finally, in the 2022 SREP Decision, while acknowledging the reduction in the risk profile on Italian government bonds implemented by the Bank, the ECB continued to highlight profiles/points of attention that related, among other things, to market risk, in relation to the Bank's significant exposure to government bonds as a significant risk factor in light of the significant volatility of the BTP credit spread.

2.3. 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.

In particular, as of 4 November 2014, the Single Supervisory Mechanism (the "**SSM**") was launched, which includes the ECB and the competent national authorities of the participating member states, including the Bank of Italy, and is responsible for the prudential supervision of all "significant" credit institutions in the participating member states. As of that date, therefore, BMPS as a "significant" bank is subject to the direct supervision of the ECB, which exercises its powers in close cooperation with the national supervisory authorities (in Italy, the Bank of Italy, which has retained supervisory powers over the Issuer, in accordance with the rules of the Consolidated Finance Act). In the exercise of their supervisory powers, the ECB and the Bank of Italy subject the Issuer to various ordinary and extraordinary inspection and/or verification activities on a periodic basis in order to carry out their prudential supervisory tasks. Regarding verification activities in particular, reference is made to off and on-site supervision, the combination of which aims to ensure a detailed and thorough analysis of the supervised entities' business and risks. On-site supervision is performed through on-site inspections (OSIs), internal model investigations (IMIs) or other verification activities such as, in particular, the "Thematic Review".

The aforementioned inspection and/or verification activities feed into the annual prudential review and assessment process, the purpose of which is to ascertain that the credit institution is equipped with appropriate capital and organizational safeguards with respect to the risks assumed, ensuring the overall management balance.

For further information on the assessment procedures on the Issuer please refer to sub-section "*ECB/Bank of Italy and Consob inspections during the period 2019-2023*" under section "*Banca Monte dei Paschi di Siena S.p.A.*" of the Base Prospectus.

In light of the foregoing, the Group is exposed to the risk that as a result of the aforementioned inspections, procedural deficiencies may emerge that could imply the need to take organizational actions and reinforce safeguards aimed at addressing these deficiencies. Any inadequacy of the corrective actions and remedial plans undertaken by the Bank to implement any recommendations made by the supervisory authorities could lead to significant negative effects on the Group's economic, equity and/or financial situation and possible sanction proceedings, including those of an interdictory nature, with consequent reputational repercussions.

Specifically, in relation to on-site inspections, failure to comply with the implementation of remedial actions within the required timeframe exposes the Bank to the risk of a negative assessment by the Authority, which may incorporate such a judgment as part of the broader annual SREP assessment

process, even applying specific requirements to achieve the target set, if necessary. In relation to internal models inspections, failure to comply with findings requirements exposes the Bank to the risk of sanctions, limitations and/or RWA add-on requests.

Such remedial actions, where not formally accepted by the ECB, are not final in nature, and could therefore be subject to future requests for review by the supervisory authority.

2.4. Risks related to outstanding legal proceedings

The Group is involved in various capacities in certain legal proceedings (civil, labor, criminal and administrative). In particular, the criminal proceedings originate 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 the Base Prospectus.

As of 30 September 2023, the Group is a party to court proceedings arising from the conduct of its business (excluding labour and tax proceedings) with a total petitum, where quantified, of Euro 3.2 billion (rounded) and out-of-court claims for a petitum of approximately Euro 1.9 billion, mainly pertaining to claims classified as "probable" at risk of losing.

In light of the foregoing, it cannot be ruled out that any investigative and procedural findings significantly different from these estimates, such as the establishment in the future of further significant litigation, could - also in light of developments in case law - lead to the need for a revision of the same, resulting in even significant risk to the economic, financial and equity situation and prospects of the Issuer and/or the Group.

It should also be noted that, as of the date of the Base Prospectus, the Group's image is damaged by the events related to the judicial proceedings initiated by the Public Prosecutor's Office in the last decade against the Bank and certain individuals at the time who were exponents of the same, including the structured finance transactions called "Alexandria" and "Santorini" and the real estate reorganization transaction of the Group called "Chianti Classico" (please also refer to sub-paragraphs "*Criminal proceedings no. 29634/14*" *and "Proceedings before the Court of Milan no. 13756/2020*" of paragraph "*Criminal investigations and proceedings*" of "*Banca Monte dei Paschi di Siena S.p.A.*" section of this Base Prospectus). Negative perceptions of the Group's image on the part of customers, counterparties, shareholders, investors or the competent supervisory authorities could affect the ability of BMPS and/or the Group to maintain, or create, new business relationships and continue to access "funding" resources, with even significant repercussions for its activities and volume of profits and capital. Such negative perception could also result from the possible emergence of new judicial, tax or arbitration proceedings against the Issuer and/or the other banks of the Group as well as its employees or exponents or from possible administrative sanctions, significant financial losses, regardless of the grounds for the claims made.

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 profiles that relate, among other things, to operational risk, where legal risk explains most of the exposure. Legal risk is due both to past events that have weakened the Group's reputation and to the high number of ongoing lawsuits, to which were added insufficient governance and control processes compared to the size and complexity of this risk, which was identified by the ECB as higher than the corresponding risk affecting the Bank's competitors. The size of the pending proceedings is also identified by the ECB as an obstacle to a merger transaction on market terms and may still result in a significant negative impact on the Issuer's future profitability. The supervisory authority expects that this exposure will continue to be high in the years ahead and that the path to normalizing the Bank's reputation and litigation risk will be a long

one. These assessments were confirmed by the supervisory authority in the 2022 SREP Decision according to which, moreover, while noting the reduction in exposure pursued in 2021 due to the settlement with the MPS Foundation and other minor transactions, a new increase in out-of-court claims in the middle part of 2022 is highlighted due to the initiative of a single company. In addition, the ECB highlights that although a possible further reduction in exposure to legal risks may materialize due to the development of one of the criminal proceedings in which BMPS is a civil party and in which some former executives are involved, it cannot be excluded that new strands of litigation against the Bank may open up, particularly in relation to another criminal proceeding concerning alleged irregularities in the accounting of NPLs (please also refer to sub-paragraph "*Audits of the 2012, 2013, 2014 and 2015 interim financial statements in respect of the Non-performing loans- Proceeding 33714/2016*" of paragraph "*Criminal investigations and proceedings*" of "*Banca Monte dei Paschi di Siena S.p.A.*" section of this Base Prospectus).

2.5. 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

As of the date of the Base Prospectus, the Bank is involved in three criminal proceedings with respect to which the Bank has been charged with liability under Legislative Decree 231/2001, specifically:

- in criminal proceeding no. 955/16, concerning the accounting of the Alexandria and Santorini transactions; the Bank's allegation of liability is based on the alleged offences of market manipulation and false corporate communications (please also refer to sub-paragraph "*Proceedings before the Court of Milan no. 955/2016*" of paragraph "*Criminal investigations and proceedings*" of "*Banca Monte dei Paschi di Siena S.p.A.*" section of this Base Prospectus);

- in criminal proceeding no.1874/14 before the Court of Forlì attributable to the conduct of some employees of the Forlì branch; the contestation of administrative offences under Legislative Decree 231/2001 is based on the predicate offences of obstructing the exercise of the functions of public supervisory authorities, money laundering and transnational criminal association; on 18 February 2023, the Public Prosecutor filed a request for the dismissal of all the defendants, natural persons and legal entities, including the Bank, with the exception of the top management positions of the San Marino bank, for which separate proceedings will be carried out. The Bank therefore awaits the determinations of the Judge of Preliminary Investigations, which, if consistent with the request of the Public Prosecutor, will determine the extinction of the proceedings.

- in criminal proceeding no. 33714/2016 before the Court of Milan, on 14 December 2022 a request for indictment was issued against three former members of the Bank (two chairmen of the board of directors and a managing director) and a former executive (responsible for preparing the corporate accounting documents); on 12 December 2022 the Bank's position as administrative manager pursuant to Model 231 has been eliminated (please also refer to sub-paragraph "*Audits of the 2012, 2013, 2014 and 2015 interim financial statements in respect of the Non-performing loans- Proceeding 33714/2016*" of paragraph "*Criminal investigations and proceedings*" of "*Banca Monte dei Paschi di Siena S.p.A.*" section of this Base Prospectus).

In light of the above, BMPS is exposed to the risk of incurring convictions as a responsible party pursuant to Legislative Decree 231/2001 with significant negative effects on its economic, financial and equity situation as a result.

The Issuer and the Group are therefore exposed to the risk of incurring penalties arising from any assessment of the inadequacy of the models adopted, including the organization, management and

control model envisaged by the provisions of Legislative Decree 231/2001 and subsequent amendments and additions (the "**231 Model**") and/or from the commission of an offence that provides for the administrative liability of the Issuer and the Group pursuant to Legislative Decree 231/2001 as well as pursuant to similar provisions applicable in the countries in which the Group operates.

In this regard, it should be noted that the adoption of the 231 Model does not exclude the applicability of the sanctions provided for in Legislative Decree 231/2001 and that the adequacy and suitability of the model to prevent the crimes covered by the legislation is ascertained from time to time by the judicial authority called who verifies the individual cases of crime. If the 231 Model is not considered adequate by the judicial authority, and in the event of an offence, it is not recognized that the Issuer is exempt from liability; a fine and confiscation of any price or profit of the offence is foreseen against the Issuer, in addition to publication of the conviction and, for more serious cases, the possible application of disqualification sanctions, such as disqualification from conducting business, the suspension or revocation of authorizations, licenses or concessions, the prohibition to contract with the public administration, the exclusion from facilitations, financing, contributions or 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, prospects, reputation as well as the economic, equity and financial situation of the Issuer and the Group.

2.6. Risks related to bancassurance relationships

As at the date of the 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. and AXA MPS Assicurazioni Danni S.p.A. held by AXA MH (the "**Put Option**") as well as (b) the right of MPS Finance (as at the date of the Base Prospectus, the right is of BMPS) to purchase the shares of AXA MPS Assicurazioni Vita S.p.A. and AXA MPS Assicurazioni Danni S.p.A. 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 of AXA MPS Assicurazioni Vita S.p.A. and AXA MPS Assicurazioni Danni S.p.A. 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 the Base Prospectus, cannot be quantified, even taking into account existing contractual provisions; such an investment could hinder the Bank's ability to pursue the Business Plan 2022-2026's capital targets, 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 AXA MPS Assicurazioni Vita S.p.A. and AXA MPS Assicurazioni Danni S.p.A. held by AXA MH could result in even significant negative effects on the Bank's and/or the Group's economic, equity and/or financial situation. In particular, said purchase transactions could have significant 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.

As at the date of the Base Prospectus, there is a risk that any conflicting situations between the parties participating in said alliance initiatives could lead, among other things, to operational deadlocks, resulting in the Group's inability to pursue the economic benefits derived from them and with possible even significant negative effects on the Bank's and/or the Group's activities and economic, equity and/or financial situation.

Finally, it should be noted that the agreement in place with AXA MH - having terms and conditions in line with market practice for similar transactions - provides for an obligation of indemnification by the Bank in the event of a breach of the provisions contained therein up to a maximum limit of 10% of the Life Branch Price, with an absolute deductible of Euro 5,000,000, in relation to AXA MPS Assicurazioni Vita S.p.A. and within the maximum limit of 10% of the consideration paid by AXA MH for the purchase of ordinary shares representing 50% of the capital of AXA MPS Assicurazioni Danni S.p.A., with an absolute deductible of Euro 2,000,000. In this regard, it should be noted that although the indemnification obligation relating to the general guarantees expired in 2008, as at the date of the Base Prospectus the Bank is exposed to the risk that, in the event of a breach of the declarations made in tax, social security, insurance, labour law as well as concerning compliance with anti-money laundering, regulatory and supervisory regulations, it will be required to bear the charges arising from the aforementioned indemnification obligations.

2.7. Risks related to the speculative 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 Morningstar ("**DBRS**", and together with Moody's and Fitch, the "**Agencies**"), which, as of the date of the Base Prospectus, have assigned ratings to the Issuer that fall into the non-investment grade category, which is characterised by an accentuated risk profile and includes debt securities that are particularly exposed to adverse economic, financial, and sectoral conditions. Specifically, the ratings assigned are:

(i) for Moody's: ba3 (Baseline Credit Assessment or "BCA"), Ba1 (long-term deposit rating) and Ba3 (senior unsecured debt rating), as per the rating action dated 21 November 2023. The NP short-term deposit rating is unchanged. According to Moody's the upgrade of the BCA rating reflects the progress in BMPS' restructuring, its stronger profit generation and lower risk profile in a more supportive operating environment. The outlook on long-term deposit and senior unsecured debt ratings has been confirmed "positive", reflecting Moody's view that the bank's improved creditworthiness, in particular reflected in its higher recurrent profitability and continued access to the bond market, could result in a higher standalone BCA if such improvements were to be sustained over 12 to 18 months.

(ii) for DBRS: BB (low) (Intrinsic Assessment), BB (long-term deposit rating) and BB (low) (long-term senior unsecured debt rating), R-4 (short-term deposit rating) as per the latest rating action dated 17 May 2023. The outlook is "stable."

The upgrade of ratings takes into account the improvements in BMPS's fundamentals in the last few years, thanks to which DBRS considers BMPS much better positioned than in the past. In particular, the EUR 2.5 billion capital increase has adequately restored capital levels and provided room to execute the 2022-2026 Business plan, which has already led to structural improvements in BMPS's earnings generation capacity. In particular, the substantial headcount reduction of around 4,000 employees in December 2022 was key to a structurally improved operating efficiency, which materialised in Q1 2023 results. Moreover, the rating action incorporates an improved revenue outlook, as BMPS is expected to benefit from rising interest rates in 2023. Finally, the upgrade incorporates the Bank's much cleaner asset quality profile, with asset quality metrics in line with that of its domestic peers.

(iii) for Fitch: bb (Viability Rating), BB+ (Long-term Deposit Rating), BB (Long-term Senior Preferred Debt Rating), BB- (Long-term Senior Non-Preferred Debt Rating) and B (Short-term Deposit Rating) as per the latest Rating action dated 10 November 2023. The outlook is "stable". According to the rating agency Fitch, the upgrade reflects the Bank's successful restructuring, allowing the Bank to structurally restore sound capital buffers and strengthen its operating profitability. The upgrade also reflects evidence that BMPS has regained customer confidence – which underpins stability in its deposit base – and its ability to issue on the wholesale markets after a period of absence.

The Issuer's rating may also be affected by the rating of the Italian State which, as of the date of this Supplement, is Baa3 for Moody's with a stable outlook, BBB for S&P with a stable outlook, BBB for Fitch with a stable outlook, and BBB (high) for DBRS with a stable outlook. Any significant downgrade in Italy's sovereign rating could adversely affect the Issuer's ratings, with consequent negative effects on the Bank's and/or the Group's business and economic, capital, and/or financial position.

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

2.8. 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. As part of the analysis carried out on the individual SREP pillars, the 2022 SREP Decision reiterated the highlight, among some of the Bank's weaknesses/points of attention, of profiles that related to the interest rate risk of the banking book, highlighting the need to improve the effectiveness of the measurement system (in fact, the Bank should not only include in the measurement the impact of a movement in rates on net interest income, but also on instruments held on the balance sheet whose value impacts the income statement or directly on equity), ex-ante assessment and ex-post reporting. This weakness could reduce the effectiveness of the Bank's internal control system and thus the Board's ability to effectively guide the Group's positioning with respect to rate curve movements, with possible negative effects on the income statement and thus also on the Issuer's capital position. It should be noted that the point has been addressed by the Bank throughout 2022.

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, consider 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.

2.9. 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 the financial markets as well as by the macroeconomic environment (with particular regard to growth prospects) of Italy. In particular, the national and global macroeconomic framework has recently deteriorated and it is marked by significant profiles of uncertainty in terms of magnitude of the dampening effects on demand due to monetary policies tightening measures in response to high inflation, price dynamics, including potential renewed upward pressures on the costs of energy and food, the continuation of the conflict affecting Ukraine and Russia and growing geopolitical tensions in the Pacif Area.

There is now increasing evidence that the tightening of monetary policy is weighing on demand and income in the Euro Area affecting the growth outlook. The impact of ECB monetary tightening is also becoming more evident with the demand and supply of credit that are slowing in recent months. The risk to economic growth is tilted to the downside and, even in Italy, espansion could be slower if the effects of monetary policy are more forceful than expected.

With particular reference to the aforementioned war conflict scenario, even if the world economy shows signs of resilience and adaptation to the conflict in Ukraine, new shocks on energy market due to a war escalation or intensified supply restrictions by exporter countries (ie. OPEC), could still afflicts households and in particular companies that could be impacted by the trend in the prices and availability of energy and raw materials (identified by the Group in companies belonging to the transport and logistics, refining and wholesale of fuels and fuels, those related to electric power, plus some specific production chains such as wool and milling industries, cold processing of steel, and production and processing of chemical fibres).

Upside risks to inflation also include the effects of adverse weather conditions, and the unfolding climate crisis that could push food prices up by more than expected, or higher than anticipated increases in wages or profit margins that could also drive inflation higher.

From a financial perspective, a further deterioration and weaker investment in the Chinese residential property market could lead to new tensions in the associated financial market, with global spillovers. Despite the intervention of the Authorities, new banking sector's crisis could also eventually recur, boosting global uncertainty.

The global macroeconomic picture is also affected by uncertainty about: (a) spillovers from weaker growth in China b) a subdued international trade environment c) re-introduction of more rigid EU fiscal rules that may force policies to a restrictive stance in the medium term with risk of political fragmentation in Europe; (d) geopolitical tensions between the U.S. and China.

With reference to the COVID-19 pandemic emergency, despite the fact that the Italian government lifted the state of emergency on 31 March 2022 and ended restrictions regarding isolation on 10 August 2023, the risk cannot be ruled out, albeit significantly reduced, that new variants of the virus will lead to a resurgence of the pandemic, with new repercussions on the national economic cycle, while at the international level limitating supply in many global supply chains (expecially in China).

There are also specific risks related to the Italian financial and political situation and the implementation of the National Recovery and Resilience Plan that, if hardly revised, postponed or failing in supporting green transition, could affects investors' perception of country risk by being reflected in a high yield differential between the Italian 10-year and the German bund. Also an eventually failure in complying with the domestic debt reduction trajectories agreed with EU could impact negatively on investors' perception of Italian country risk.

Should these risks lead to a stagnation or recessionary trend in the Italian economy in the short to medium term, this 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 significant. In particular, a contraction in demand for credit could manifest itself for the banking sector, with a decrease in customer deposits mainly with reference to companies, a slowdown in ordinary banking activity, a deterioration of the loan portfolio with a concomitant increase in the stock of impaired loans and insolvency situations, decrease in the value of assets due to the decrease in stock and bond prices, deterioration of revenues and increase in loan adjustments, with negative effects on the Group's activities and economic, financial and equity position. In this context, in particular, there is the possibility 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; there is also the possibility of a negative impact on the Group's ability to generate revenues, due to the weakening of demand for both financing and investment services and products from customers.

This recessionary scenario would also 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 a higher cost of "funding"; the result of securities portfolio management activities due to the aforementioned volatility of financial markets; and (iii) the fair value measurements of financial assets and liabilities, due to their lower market value.

It should be borne in mind that the Business Plan 2022-2026 considers a macroeconomic scenario that is consistent, in terms of Italian economic growth, with the estimates of the main national and international institutions (e.g., ECB, Bank of Italy, Istat) available at the date of approval of the Business Plan 2022-2026; however, it cannot be excluded that the evolution of the main phenomena that characterize the current macroeconomic context will produce significant deviations from the assumptions of the Business Plan 2022-2026.

2.10. Counterparty Risks

As part of its operations, the Group trades derivative contracts on a wide variety of underlyings, such as interest rates, foreign exchange rates, prices in equity indices, commodity derivatives, and credit rights both 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.

The Group, as required by supervisory regulations, for the purpose of measuring counterparty risk exposure, uses, from June 2021, in accordance with the provisions of Regulation (EU) 2019/876 (the "CRR II"), the Standardized Approach for Counterparty Credit Risk (SA CCR) method for the determination of Exposure at Default (EAD) for all transactions in Over the Counter (OTC) derivatives, Exchange Traded Derivatives (ETD) and LST, and the comprehensive method as defined by Regulation (EU) 2013/275 for the determination of EAD for SFT transactions. For the purpose of mitigating the value of EADs, 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. These policies ensure that the counterparty risk measurement system, in relation to the definition of the calculation methodology, production and analysis of EAD measures, is integrated into business processes, with exposure levels subject to daily monitoring by the control functions and presiding over specific limits, defined and deliberated by the Bank for derivative and SFT positions. The above contributes to maintaining counterparty risks at low levels, resulting in the Issuer's estimate of low materiality. Operations with financial institutions are almost entirely assisted by netting contracts with collateral exchange. With regard to operations with ordinary customers, the process is based on the distinction of roles and responsibilities between the different entities of the Group. Derivatives operations with customers involve the centralization of the product factory and market risk oversight in the Large Corporate & Investment Banking department of Commercial Officer structure (CCO-LCIB), with allocation, management and oversight of counterparty credit risk to customers in the Group's banks.

Derivatives operations with customers involve the centralization of the product factory and market risk oversight in the Issuer, with allocation, management and oversight of counterparty credit risk to customers in the Group's banks.

2.11. 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 acquired for transactions under Article 121, of Decree Law No. 34/2020. As of 30 June 2023, the nominal amount of the acquired credits present in the balance sheet assets is Euro 1,586.3 million. As of the same date, the aforementioned receivables have already been offset, under the conditions of the law, in the amount of Euro 384.4 million; the remaining nominal amount (Euro 1,201.9 million) will be subject to recovery in subsequent annual instalments (up to a maximum of ten annual instalments). The corresponding book value recorded in the balance sheet on an amortised cost basis, which take into account the purchase price and net fees accrued, as at 30 June 2023 amounts to Euro 1,075.2 million.

Pursuant to Article 121 of Decree Law 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*"), the Issuer purchased tax credits arising from transactions related to interventions in the construction sector (so-called superbonus, ecobonus, sismabonus, bonus facciate, etc.). Purchased tax credits must be used to offset payments of taxes and contributions due (the so-called "**Tax Capacity**"), within deadlines established by law, or transferred to third parties in time for use by the transferees. Failure to use or transfer within the terms results in a loss equal to the value not used or not transferred. Without prejudice to the controls imposed by the regulations and the rigorous preliminary verifications aimed 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 acquisition process, in the event that the tax authorities challenge the Issuer for "complicity" in any violations put in place by the taxpayers from which the acquired credits originate, the same would be subject to administrative sanctions, as well as 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 capacity (Tax Capacity) were not sold to third parties in a timely manner or (iii) co-responsibility emerged with respect to violations committed by taxpayers, or, again, (iv) credits were purchased despite the fact that there are situations for which the conditions set forth in Art. 35 ("obligation to report suspicious transactions") and 42 ("abstention") of Legislative Decree 231/2007 apply, the unrecovered value of the purchased receivables would have to be charged to loss, with negative effects on the Issuer's economic, asset and/or financial situation.

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

As of 30 June 2023, BMPS's commercial network is present throughout the country and divided into:

- 14 Regional Retail Departments, which report to the Chief Commercial Officer Retail and are in turn divided into 132 Districts, with approximately 10 branches each;
- 14 Regional Corporate and Private Departments, which report to the Chief Commercial Officer Corporate and Private, with 127 Specialised Centres, of which 73 Business Centres and 54 Private/Family Office Centres.

The credit supply chain is organised in line with the commercial chain. In fact, 14 "*Direzioni Credito Territoriali Retail*" and 14 "*Direzioni Credito Territoriali Imprese*" report , respectively to the Retail Lending Department and the to the Corporate Lending Department.

Starting from November 2022, the organisational model in the distribution network has been optimised extending the "Commercial Module" model to branches with a workforce of up to 9 employees. The reorganisation has been supported by a HR training and retraining programme, a branch manager rotation programme, a gradual extension of the commercial chain (approx. 600 affluent specialists) and the reallocation of resources from central functions and main subsidiaries to the Network (approx. 280 reallocated resources).

Due to presidium and historicity, the region of Tuscany is commercially articulated through two of the fourteen Regional Departments, while the other twelve Regional Departments cover each one wider territories, represented by one or more Italian regions.

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 MPS in Italy, with average values fluctuating in a range between 19% and 22%, on average higher than the other administrative regions, in terms of incidences related to the total of MPS in Italy, of about 15-17%. 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 4.3% of all of total Italy as of 30 June 2023) and deposits (13.1% compared to 3.6% of all of total Italy as of 30 June 2023).

There is therefore a potential risk that any change for the worse in the economic picture of the Tuscany region, in partial or total misalignment with the general national picture, could generate negative economic, financial and capital repercussions for the Group.

In the face of this risk, it is particularly important for the Group to constantly monitor economic trends, in order to catch any signs of deterioration referring to specific territories, and to diversify its activities across the various economic sectors, with particular regard to those with corporate customers and lending as counterparts.

In light of the above, it cannot be ruled out 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.

2.13. Risks related to Sanctioned Countries

(iv) The Issuer and the Group have customers and partners who are located in various countries around the world. Some of these countries 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 ("**Sanctioned Countries**"). Such sanctions may limit the ability of the Issuer and/or the Group to continue operating with such customers and partners in the future.

(v) In particular, since January 2016, the Bank has undertaken and, as at the date of this Base Prospectus, continues to undertake minor commercial transactions involving a limited number of private and state-owned banks having registered addresses in Iran, Cuba and Syria. Such commercial transactions have all been, and are, carried out in full compliance with all sanction laws applicable to the Bank and the Bank's internal sanctions-related policies and procedures for the purpose of supporting the Bank's selected Italian customers. Neither the Bank nor the Group maintains any physical presence in Iran, Cuba and/or Syria, and the Bank's existing activities as described above are undertaken solely through the use of correspondent banking relationships. The Bank and/or the Group do not otherwise conduct any other material business with any such sanctioned person or entity. As at the date of this Base Prospectus, it is also not expected that this position will materially change moving forward.

All of the activities described in the preceding paragraph have been, and are, conducted in compliance with all laws applicable to the Bank, and are not believed to have caused any person to violate any sanctions or the Blocking Statute (as defined below). Nor are they expected to result in the Bank and/or any member of the Group themselves becoming subject to such sanctions. However, following the unilateral decision of the United States to exit the Joint Comprehensive Plan of Action ("**JCPOA**"), the agreement originally entered into between, amongst others, Iran, the US and EU, and following the imposition of renewed extraterritorial US sanctions which were suspended pursuant to the JCPOA, there may be prejudicial effects on these operations as well as on the reputation of the Issuer and/or the Group. In particular, to mitigate against the impact of the renewed US sanctions on Iran, the European Commission updated Council Regulation (EC) No 2271/96 of 22 November 1996 (the "**Blocking Statute**"). The Blocking Statute prohibits EU entities from complying with the extraterritorial US sanctions on Iran and Cuba.

(vi) Furthermore, following the large-scale invasion of Ukraine launched by the Russian Federation on 24 February 2022, NATO and other countries have implemented unprecedented financial and economic sanctions and export controls against Russia in response to the invasion of Ukraine, and are likely to impose additional ones, against certain Russian organisations and/or individuals (the "**New Russian Sanctions**"). The New Russian Sanctions constrain in various manners transactions with certain Russian entities and individuals, transactions in Russian sovereign debt and investment, trade and financing. The scope and scale of the New Russian Sanctions and voluntary actions by companies remain subject to rapid and unpredictable change and may have considerable negative impacts on global macroeconmic conditions and European economies and counterparties. At present, it is difficult to ascertain how long the conflict between Russia and Ukraine may last, or how severe its impacts may become. The Group operates in compliance with the sanctions regime imposed on the Russian Federation since 2014, constantly adapting its operations to the international regulatory development on sanctions, including the New Russian Sanctions. Since February 2022, the operations of the Group in

Russia have drastically decreased and are likely to further reduce should the New Russian Sanctions on the Russian Federation be maintained or other forms be implemented.

(vii) The Groups' ability to engage in activity with certain custormers 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.

(viii) Actual or alleged violations of existing or future European, US or other international sanctions (including the Blocking Statute) could result in negative impacts on the capital, financial and economic situation of the Issuer and/or the Group.

2.14. Risks related to transactions with related parties

The Issuer and its subsidiaries have entered into transactions and have various kinds of relationships with related parties. As at 30 June 2023, the incidence of transactions with related parties in relation to balance sheet items was almost entirely attributable to transactions concluded with the MEF - mainly related to the purchase of government bonds - and the latter's its subsidiaries and/or associates.

Although the Group continuously applies the safeguards aimed at managing conflicts of interest provided for in the Bank's Procedure for Related Party Transactions, there is, however, no certainty that, if such transactions had been concluded with third parties, the latter would have negotiated and entered into the relevant contracts, or executed the same transactions, under the same conditions and in the same manner.

Transactions with related parties present the typical risks associated with transactions that take place between parties whose ownership or otherwise proximity to the Issuer and/or its decision-making structures could compromise the objectivity and impartiality of decisions on such transactions.

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

3.1. 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 within 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) any limitations on remuneration (so-called "salary cap") imposed on the Issuer by the relevant authorities;

(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;

(iii) the European Commission's Commitments published on 3 October 2022, pursuant to which, among other things, the Bank shall implement stringent executive compensation policies and the remuneration paid of any individual shall not exceed ten times the average remuneration of the Bank's employees in 2022. However, the remuneration of some personnel in key functions would not be subject to the above mentioned cap in case of fulfilment of the specific commitment on the disposal of the State participation.

In fact, the aforementioned conditions could lead to a reduction in the Group's competitive capacity, hindering its ability to retain key personnel and undermining the activities, where necessary, of identifying, 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, and affect its achievement of its set objectives, with potential negative effects on its economic, equity and/or financial situation and/or prospects.

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

4.1. Risks related to the entry into force of the new accounting standard IFRS 17 "Insurance Contracts"

On 18 May 2017, the IASB issued the new accounting standard IFRS 17 governing the accounting treatment of insurance contracts, which was endorsed on 19 November 2021, with the publication of Regulation No. 2036/2021 in the Official Gazette. On 25 June 2020, the IASB published a number of amendments that, among other things, provided for postponement of the first application to 1 January 2023. Compared to the previous IFRS 4 standard, which allowed insurance companies some discretion in identifying and measuring insurance assets and liabilities at the expense of comparability of financial statement disclosures, the new IFRS 17 standard introduces an integrated approach to accounting for insurance contracts, with the aim of ensuring relevant disclosures that faithfully represent the effects of insurance contracts on an entity's financial position, results of operations, and cash flows.

Changes in the carrying amount of insurance contracts due to the transition to IFRS 17 will be accounted for as an offset to equity on 1 January 2023.

The introduction of the new standard is indirectly relevant for the Group since, although it does not carry out insurance activities, it holds shareholdings in the capital of the associated insurance companies AXA MPS Assicurazioni Danni SpA and AXA MPS Assicurazioni Vita Spa, which are consolidated in the Group Financial Statements with the equity method. Although the first time applications of the aformentioned standard had an impact on the valuation of the investment held by the Group in insurance companies, with a positive impact on the Group's shareholders'equity from 1 January 2023 of Euro 62.4 million, it cannot be ecluded that applications of such standard may in future have an impact on the Group's shareholders'equity with potential impact on the economic, capital and/or financial condition of the Group.

4.2. Risks associated with uncertainty about the future results of stress tests or asset quality review (AQR) exercises

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 European Banking Authority ("**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 2021 aimed at assessing the resilience of the European banking sector, including the Group. The results were published at the end of July 2021 and are available on the EBA website.

On 28 July 2023, the European banking Authority (EBA) announced the results of the 2023 EU-wide stress test in which Banca MPS was subject. Such test was conducted by the EBA, in cooperation with the European Central Bank and the European Systemic Risk Board. 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, has 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 HR cost savings.

In addition, the 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 in order to address concerns related to deteriorating asset quality. Such an asset quality review exercise may, possibly, also be combined with an additional stress test conducted by 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 where the EBA and other relevant Supervisory Authorities conduct new comprehensive assessment exercises (or stress test exercises or asset quality review exercises) that the Issuer will meet the minimum parameters. In the event of bankruptcy, the Issuer could be subject to ECB measures that, among other things, could require the implementation of new capitalization actions or other appropriate measures to address the capital shortfalls found in the Bank's own funds, with potentially negative impact on the business and the economic, capital and/or financial condition of the Bank and/or the Group.

4.3. 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. 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 eventuality 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. The impacts of the continuous evolution of the regulatory framework – including, but not limited to, the introduction of more stringent rules on exposures to Sovereign States and NPLs, the application of the Fundamental Review of the Trading Book (FRTB), the adoption of the Standardized Measurement Approach (SMA) for operational risks, the introduction of output floors for the reduction of benefits from internal models or the introduction of changes to the calculation of the capital requirement on credit risk (so-called "regulatory headwinds") represent elements of uncertainty with specific reference to the required capitalization profiles and, more generally, to the valuation parameters applied by supervisory bodies.

With reference to the evolution of prudential supervision regulations, it should be noted that 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. The Council agreed on its General Approach for the proposals on 8 November 2022. Interinstitutional negotiations (known as "trilogues") with the European Parliament started on 9 March 2023 and ended in the provisional agreement reached on 27 June 2023. Once the approval process is completed, transposition of the directive will have to be carried out within 18 months from the date of publication in the EU Official Journal, while the new CRR provisions are expected to come into force from 1 January 2025 (with a five-year transitional arrangement), *i.e.* two years beyond the Basel-agreed deadline, which has already been deferred by one year in response to the pandemic crisis.

In light of the ongoing banking reform, it cannot be ruled out that the changes to the prudential supervisory framework may lead to an increase in RWAs, resulting in the inability of the Issuer and the Group to meet the minimum capital adequacy requirements, with possible adverse effects on the Issuer's and the Group's capital, economic and financial situation that may necessitate the adoption of additional capital strengthening measures.

In addition, it should be noted that as part of the EU-wide process of defining legislative measures aimed at supporting the development of sustainable finance, regulations and directives implementing MiFID II regulations have been, through delegated acts, amended with a view to encouraging the integration of sustainable investment profiles; if the Bank is unable to achieve timely compliance with the European regulations, it could be subject to measures and/or sanctions with possible negative impacts on its reputation, as well as on the Group's operating results and economic, capital and financial situation.

Moreover, as at the date of this Base Prospectus, the Bank of Italy's authority to implement a systemic risk buffer has recently been introduced into the Circular No. 285 (as defined below) and there is

uncertainty as to how (and if) the Italian regulator would exercise such authority. Therefore, it is not yet clear what impact these regulatory changes will have on the Issuer's operations.

The Issuer is also participated in by the MEF in an amount of 39.232% of the capital; for this reason at present it has a particularly extensive perimeter of related parties and connected persons whose management, due to the relative structure and breadth, constitutes a particularly heavy burden for the Issuer for the purposes of its application of the regulations on transactions with related parties and connected persons.

1. RISKS RELATED TO COVERED BONDS

The risks below have been classified into the following categories:

5. Risks related to Covered Bonds generally;

6. Risks related to the Guarantor;

7. Risks related to the underlying; and

8. 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 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 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*".

1.12. 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.

1.13. 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.

1.14. 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.

1.15. Floating rate risks

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

1.16. 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".

1.17. 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 Borrowers. 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 Borrowers 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 Covered Bonds 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 Borrowers 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 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 Test 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.

TERMS AND CONDITIONS OF THE COVERED BONDS

*The following is the text of the terms and conditions of the Covered Bonds (the "**Terms and Conditions**" and, each of them, a "**Condition**"). In these Terms and 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 regulation issued jointly by the Bank of Italy and CONSOB on 12 August 2018 and published in the Official Gazette number 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 Terms and 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 Terms and Conditions, replace or modify the Terms and Conditions for the purpose of such Series or Tranche.*

1. INTRODUCTION

1.1 *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 Euro 20,000,000,000 in aggregate principal amount of covered bonds (*obbligazioni bancarie garantite*) (the "**Covered Bonds**") guaranteed by MPS Covered Bond 2 S.r.l. (the "**Guarantor**"). Covered Bonds are issued pursuant to Title 1-*bis* of Law number 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 Italy on 17 December 2013, as supplemented on 30 March 2023, as supplemented from time to time (the "**Bank of Italy Regulations**").

1.2 *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 supplement, amend and replace these Terms and Conditions. The terms and conditions applicable to any particular Series or Tranche of Covered Bonds are these Terms and Conditions as supplemented, amended and/or replaced by the relevant Final Terms. In the event of any inconsistency between these Terms and Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.

1.3 *Guarantee*

Each Series or Tranche of Covered Bonds is the subject of a guarantee (the "**Guarantee**") entered into between the Guarantor and the Representative of the Bondholders on or about the date of the Prospectus for the purpose of guaranteeing the payments due by 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 Segregated Assets. Payments made by the Guarantor under the Guarantee will be made subject to, and in accordance with, the relevant Priority of Payments.

1.4 *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 or about the date of the Prospectus between the Issuer, the Guarantor, the Representative of the Bondholders and the Dealer. 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 power to appoint any institution as a new Dealer in respect of the Programme or appoint 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.

1.5 *Euronext Securities Milan Mandate Agreement*

In a mandate agreement with Euronext Securities Milan (formerly Monte Titoli S.p.A.) ("**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.

1.6 *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.

1.7 *The Covered Bonds*

Except where stated otherwise, all subsequent references in these Terms and 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.

1.8 *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 Terms and Conditions. References in these Terms and 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.

1.9 *Summaries*

Certain provisions of these Terms and 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. DEFINITIONS AND INTERPRETATION

2.1 *Definitions*

In these Terms and Conditions the following expressions have the following meanings:

"**Account Pledge Agreement**" means the Italian Law deed of pledge over bank accounts entered into o 22 August 2013 between the Guarantor and the Representative of the Bondholders, 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.

"**Accrued Interest**" means, as of each 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 Account Bank**" means CACIB, in its capacity as Additional Account Bank or any other entity acting in such capacity pursuant to the terms of the Cash Allocation, Management and Payments Agreement.

"**Additional Reserve Account**" means the account denominated in Euro, IBAN IT68S0343201600002212135625 opened in the name of the Guarantor and held by the Additional Account Bank or any other substitutive account which may be opened by the Guarantor pursuant to the Cash Allocation, Management and Payments Agreement.

"**Additional Financial Centre**" has the meaning set out in the relevant Final Terms.

"**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 (if any) which has been appointed as servicer in relation to the Eligible Assets transferred by it 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.

"**Affected Party**" has the meaning ascribed to that term in the Swap Agreements.

"**Amortisation Reserve Account**" means the account denominated in Euro that will be opened in the name of the Guarantor and held with an Eligible Institution, not belonging to the Montepaschi Group, for the deposit of the Redemption Amount(s) in respect of any Series or Tranche of Covered Bonds following the service of an Issuer Event of Default Notice relating to any other Series or Tranche of Covered Bonds, or any other substitutive account which may be opened by the Guarantor pursuant to the Cash Allocation, Management and Payments Agreement.

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

"**Article 74 Event**" has the meaning given to it in Condition 12.2.2.

"**Article 74 Event Cure Notice**" has the meaning given to it in these Terms and Conditions.

"**Asset Coverage Test**" means the test indicated in clause 4 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, or any other entity acting in such capacity.

"**Asset Monitor Agreement**" means the asset monitor agreement entered into on 7 between BMPS, the Guarantor, Banca Finanziaria Internazionale S.p.A. and the Asset Monitor.

"**Asset Monitor Engagement Letter**" means the engagement letter entered into on 23 May 2012 (as amended and supplemented) between the Issuer and the Asset Monitor in order to perform specific agreed upon procedures concerning, *inter alia*, (i) the fulfilment of the eligibility criteria set out under Law 130 with respect to the Eligible Assets included in the Cover Pool; (ii) the calculations carried-out by the Issuer in relation to the Tests; (iii) the compliance with the limits to the transfer of the Eligible Assets set out under article 129 of the CRR; and (iv) the effectiveness and adequacy of the risk protection provided by any Swap Agreement entered into in the context of the Programme.

"**Back-Up Servicer**" means the company that will be appointed in such capacity by the Guarantor pursuant to clause 10 of the Master Servicing Agreement.

"**Back-Up Servicer Facilitator**" means the company that will be appointed in such capacity by the Guarantor pursuant to clause 10 of the Master Servicing Agreement.

"**Asset Swap Agreement**" means (i) the asset swap agreement entered into between the Main Seller, in its capacity as Asset Swap Provider, and the Guarantor, on 23 May 2012, and (ii) each

other asset swap agreement which may be entered into between an Asset Swap Provider and the Guarantor.

"**Asset Swap Provider**" means the Main Seller as swap counterparty to the Guarantor pursuant to the Asset Swap Agreement and/or any other entity entering into an Asset Swap Agreement with the Guarantor.

"**Bank of Italy Regulations**" means the supervisory instructions of the Bank of Italy relating to covered bonds (*Obbligazioni Bancarie Garantite*) under Part Three, Chapter 3, of the Circular No. 285 dated 17 December 2013, as subsequently amended and supplemented, containing the "*Disposizioni di vigilanza per le banche*"..

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

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

"**BMPS Italian Collection Account**" means the account denominated in Euro IBAN IT31V0103014200000010305488 opened in the name of the Guarantor and held by the Italian Account Bank for the deposit of any Collections under the Portfolios assigned by BMPS or any other substitutive account which may be opened by the Guarantor pursuant to the Cash Allocation, Management and Payments Agreement.

"**BMPS Italian Securities Account**" means the account denominated in Euro opened in the name of the Guarantor and held by the Italian Account Bank for the deposit of any securities transferred by the Guarantor to BMPS, or any other substitutive account which may be opened by the Guarantor pursuant to the Cash Allocation, Management and Payments Agreement.

"**BMPS Subordinated Loan Agreement**" means the subordinated loan agreement entered into on 30 April 2012 between the Main Subordinated Lender and the Guarantor.

"**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 case, following the delivery of a Breach of Tests Notice, the Mandatory Tests and/or the Asset Coverage Test are newly met within the Test Remedy Period, in accordance with the Terms and Conditions.

"**Breach of Tests Notice**" means the notice delivered by the Representative of the Bondholders in accordance with the Terms and Conditions following the breach of any of the Mandatory Tests and/or the Asset Coverage Test prior to an Issuer Event of Default and/or a Guarantor 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, Siena 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.

"**CACIB**" means Crédit Agricole Corporate and Investment Bank, Milan Branch.

"**CACIB Account Pledge Agreement**" means the agreement entered into on 20 July 2023 between the Issuer, CACIB and Banca Finanziaria Internazionale S.p.A.

"**Calculation Amount**" has the meaning given to that term in the relevant Final Terms

"**Calculation Period**" means each period between a Guarantor Calculation Date (included) and the next Guarantor Calculation Date (excluded).

"**Cash Allocation, Management and Payments Agreement**" means the cash allocation, management and payments agreement entered into on 23 May 2012 between, *inter alios*, the Guarantor, the Representative of the Bondholders, the Guarantor Calculation Agent, the Cash Manager and the Italian Account Bank, 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.

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

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

"**Collateral Security**" means any security (including any loan mortgage insurance but excluding Mortgages) granted to the Main 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 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 as such by the Representative of the Bondholders.

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

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

"**Commercial Mortgage Loan**" means a loan secured by a commercial mortgage meeting the requirements of article 129, paragraph 1, lett. (f) of CRR and article 7-novies, paragraph 2, of Law 130.

"**Commercial Mortgage Loan Agreement**" means each of the agreements entered into with the relevant Debtor, pursuant to which a Commercial Mortgage Loan is disbursed, as well as each deed, contract, agreement or supplement thereto or amendment thereof, or any document pertaining thereto (such as "*atti di accollo*").

"**Commercial Mortgage Receivable**" means a Receivable arising from a loan secured by commercial mortgage meeting the requirements of article 129, paragraph 1, letter (f) of CRR and article 7-*novies*, paragraph 2, of Law 130.

"**Commingling Reserve Account**" means the account denominated in Euro that will be opened in the name of the Guarantor and held with an Eligible Institution, not belonging to the Montepaschi Group, in order to post from time to time the Commingling Reserve Amount (if any) or any other substitutive account which may be opened pursuant to the Cash Allocation, Management and Payments Agreement.

"**Commingling Reserve Amount**" has the meaning given to such term in Clause 4 (Asset Coverage Test) of the Cover Pool Management Agreement.

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

"**Consolidated Banking Act**" means Legislative Decree number 385 of 1 September 1993, as subsequently amended and supplemented.

"**Consolidated Monthly Servicer's Report**" means the consolidated monthly report prepared by the Main Servicer in accordance with Clause 6.3 of the Master Servicing Agreement and sent within each Monthly Servicer's Report Date pursuant to the Master Servicing Agreement.

"**Corporate Services Agreement**" means the corporate services agreement entered into on 23 May 2012 between, *inter alios*, the Guarantor and the Guarantor Corporate Servicer 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.

"**Corresponding Interest**" has the meaning given to the term "*Interesse Collegato*" pursuant to each 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.

"**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 collection and recovery of Receivables from time to time adopted by the relevant Servicer.

"**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 into on 23 May 2012 between, *inter alios*, the Issuer, the Guarantor, the Main Seller, the Test Calculation Agent, the Guarantor Calculation Agent and the Representative of the Bondholders,

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.

"**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 (or any successor).

"**DBRS Equivalent Rating**" means the DBRS rating equivalent of any of the below ratings by Moody's, Fitch or S&P, as the same may be updated in accordance with the methodologies published from time to time by such rating agencies:

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 Long Term 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 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 the Initial Dealer and any other entity that will be appointed as dealer by the Issuer pursuant to the Programme Agreement.

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

"**Decree 239**" means the Legislative Decree number 239 of 1 April 1996, as subsequently amended and supplemented.

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

"**Deed of Pledge**" means the Italian law deed of pledge entered into on 23 May 2012 between the Guarantor and the Representative of the Bondholders, 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.

"**Defaulting Party**" has the meaning ascribed to that term in the Swap Agreements.

"**Deposits**" means any deposits held with banks which have their registered office in the European Economic Area or Switzerland or in a country for which a 0% risk weight is applicable in accordance with the Prudential Regulations – standardised approach.

"**Drawdown Date**" means the date indicated in each Term Loan Proposal on which a Term Loan is granted pursuant to each 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 an Issuer Default Notice after the occurrence of an Issuer Event 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; 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 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.

"**Eligible Assets**" means the assets contemplated under article 7-*novies* of Law 130, including the 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 relevant rating agencies' criteria.

"**Eligible Investments**" 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 Maturity 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 Italian Account Bank (other than BMPS) and the Additional 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 Maturity 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 Agency will, if requested by the Rating Agency, be limited to the maximum percentages specified by the Rating Agency;

(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 Bond 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, (iv) such Eligible investments should mature no later than one business day before the date when the funds from the investments are required, taking into account any grace period that might apply to the relevant investment; (v) such Eligible investments should be denominated and payable in a specified currency such that no exchange rate risk is introduced to the transaction; and (vi) such Eligible investments should normally return invested principal at maturity.

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

BB (sf)	BB or R-4
BB (low) (sf)	BB (low) or R-4
B (high) (sf)	B (high) or R-4
B (sf)	B or R-4
B (low) (sf)	B (low) or R-5

DBRS B Table

Maximum maturity	**CB rated at least AA (low) (sf)**	**CB rated between A (high) (sf)and A (low) (sf)**	**CB rated BBB (high) (sf) 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 Maturity Date**" means, in respect of any investment in Eligible Investments made or to be made in accordance with the Programme Documents, 1 (one) Business Day before the Guarantor Payment Date immediately following the relevant Eligible Investment Date.

"**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 Investments Securities Account**" means the securities account number IT56T0103014200000010305767 opened in the name of the Guarantor with the Italian Account Bank for the deposit of any Eligible Investments represented by securities or any other substitutive account which may be opened by the Guarantor pursuant to 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 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 the Loan Interest falling immediately before the beginning of such Loan Interest Period; or

(ii) in the event that on any date of determination of the Loan 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, upon its request of such Guarantor Calculation Agent, by the Reference Banks at 11.00 a.m. (Brussels time) on the relevant date of determination of the Loan 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 relevant 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 the 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 European Union which adopt the single currency introduced in accordance with the Treaty.

"**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 European Union which adopt the Euro currency in accordance with the Treaty.

"**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 IT37R0103014200000010305674, or any other substitutive account that may be opened pursuant to the Cash Allocation, Management and Payments Agreement.

"**Extended Maturity Date**" means the date when final redemption payments in relation to a specific Series or Tranche of Covered Bonds become due and payable pursuant to the extension of the relevant Maturity Date, as provided under the relevant Final Terms.

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

"**Final Redemption Amount**" means, in respect of any Series or Tranche of Covered Bonds, (i) the principal amount of such Series or (ii) following the occurrence of an Issuer Event of Default any part thereof payable in accordance with the Priority of Payments, or (iii) such other amount as may be specified in, or determined in accordance with, the relevant Final Terms.

"**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 Series of Covered Bonds or the First Tranche of Covered Bonds issued under the Programme.

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

"**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.

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

"**Fixed Interest Term Loan**" means each Term Loan granted under the relevant 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 each Term Loan granted under the relevant 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.

"**Guarantee**" means the agreement entered into on 23 May 2012, between the Guarantor, the Issuer and the Representative of the Bondholders, pursuant to which the Guarantor has granted a guarantee for the purpose of guaranteeing the payments owed by the Issuer to the Bondholders pursuant to Law 130 and the Bank of Italy Regulations, 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.

"**Guarantee Priority of Payments**" has the meaning ascribed to such term in clause 7.2 of the Intercreditor Agreement.

"**Guaranteed Amounts**" means the amounts due from time to time by the Issuer to Bondholders with respect to each Series or Tranche of Covered Bonds.

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

"**Guarantee Priority of Payments**" has the meaning ascribed to such term in the section "*Cash Flows*" of the Prospectus.

"**Guarantor**" means MPS Covered Bond 2 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 Cash Allocation, Management and Payments Agreement.

"**Guarantor Calculation Date**" means the date falling on the 24th calendar day of each January, April, July and October of each year or, if any such day is not a Business Day, the immediately following Business Day.

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

"**Guarantor Default Notice**" means the notice to be served by the Representative of the Bondholders upon occurrence of a Guarantor Event of Default, in accordance with the Terms and Conditions.

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

"**Guarantor Payment Date**" means (a) prior to the delivery of a Guarantor Default Notice, the 29th calendar day of January, April, July and October of each year or, if any such day is not a Business Day, the immediately following Business Day, provided that the first Guarantor Payment Date falls on 30 July 2012; 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 Terms and Conditions and the Intercreditor Agreement.

"**Guarantor's Accounts**" means, collectively, each Italian Collection Account, each Italian Securities Account (if any), the Payments Account (if any), the Main Programme Account, the Expenses Account, the Eligible Investments Securities Account, the Reserve Account, the Amortisation Reserve Account (if any), the Commingling Reserve Account (if any), the Additional Reserve Account and any other account opened in the context of the Programme, with the exception of the Quota Capital Account.

"**Individual Purchase Price**" means:

1. 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:

    (i) *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 from the date of the most recent financial statement (*ultimo bilancio*) until the relevant Valuation Date (included); and

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

2. with respect to each other Eligible Asset, such other value, pursuant to article 7-*viciester* of Law 130, as indicated by the Main Seller (or each Additional Seller, if any) in the relevant Transfer Proposal.

"**Initial Dealer**" means Banca Finanziaria Internazionale S.p.A.

"**Initial Portfolio**" means the first portfolio of Residential Mortgage Receivables and related Security Interests purchased on 30 April 2012 by the Guarantor from the Main Seller pursuant to the Master Assets Purchase Agreement.

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

"**Insolvency Event**" means:

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

(ii) 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, amministrative 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 Loan Agreement, each instalment due by the relevant Debtor thereunder and which consists of an Interest Instalment and a Principal Instalment.

"**Insurance Policies**" means (i) each insurance policy taken out with the insurance companies in relation to each Real Estate Asset subject to a Mortgage 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 into on 23 May 2012 between, *inter alios*, the Guarantor and the Other Guarantor Creditors, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**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 and/or yield collected by the relevant 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 relevant 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 Guarantor's 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 an Issuer Default Notice, on the Guarantor, any amounts standing to the credit of the Reserve Account;

(v) all amounts in respect of interest and/or yield received from the Eligible Investments;

(vi) any amounts received under the Swap Agreement(s);

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 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,

(vii) all interest amounts received from the relevant Seller by the Guarantor pursuant to the Master Assets Purchase Agreement during the immediately preceding Collection Period;

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

(ix) 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**" means the Test as described in the section of the Prospectus entitled "*Credit Structure – Mandatory Tests – Interest Coverage Test*".

"**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, in relation to each Series or Tranche of Covered Bonds, any date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms, adjusted in accordance with the relevant Business Day Convention if specified in the relevant Final Terms.

"**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 *Sixth* 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.

"**Issue Date**" means each date on which a Series or Tranche of Covered Bonds is issued, as set out in the applicable Final Terms.

"**Issuer**" means BMPS.

"**Issuer Default Notice**" means the notice to be served by the Representative of the Bondholders to the Issuer and the Guarantor upon occurrence of an Issuer Event of Default in accordance with the Terms and Conditions.

"**Issuer Event of Default**" has the meaning given to it in Condition 12.2 (*Issuer Events of Defaults*).

"**Italian Account Bank**" means BMPS in its capacity as Italian Account Bank or any other entity acting in such capacity pursuant to the terms of the Cash Allocation, Management and Payments Agreement.

"**Italian Collection Account**" means, as the case may be, the BMPS Italian Collection Account and/or 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.

"**Italian Securities Account**" means the BMPS Italian Securities Account and/or any other account which may be opened by the Guarantor for the deposit of any Securities represented by bonds, debentures, notes or other financial instruments in book entry form transferred by a Seller to the Guarantor or any other substitutive account which may be opened pursuant to the Cash Allocation, Management and Payments Agreement.

"**Law 130**" means Italian Law number 130 of 30 April 1999 as the same may be amended, modified or supplemented from time to time.

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

"**Liquidity Reserve**" means 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.

"**Liquidity Reserve Requirement**" has the meaning ascribed to such term in clause 5 (*Liquidity Reserve Requirement*) of the Cover Pool Management Agreement.

"**Loan**" means each Mortgage Loan.

"**Loan Agreement**" means each Mortgage Loan Agreement.

"**Loan Interest**" means any of the Base Interest or the Corresponding Interest, pursuant to the relevant Subordinated Loan Agreement.

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

"**Long Due for Payment Date**" means 31 December 2057 or any other date determined by the joint decision of the Issuer and the Rating Agency and notified by the Issuer to the Representative of the Bondholders, the Bank of Italy and DBRS.

"**Main Programme Account**" means the account denominated in Euro opened in the name of the Guarantor and held by the Italian Account Bank (IBAN IT18P0103014200000010305581), or any other substitutive account which may be opened by the Guarantor pursuant to the Cash Allocation, Management and Payments Agreement.

"**Main Seller**" means BMPS.

"**Main Servicer**" means BMPS.

"**Main Subordinated Lender**" means BMPS in its capacity as Subordinated Lender pursuant to the BMPS Subordinated Loan Agreement.

"**Mandate Agreement**" means the mandate agreement entered into on 23 May 2012 between the Guarantor and the Representative of the Bondholders, 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.

"**Mandatory Tests**" means, collectively, the Nominal Value Test, the Net Present Value Test and the Interest Coverage test, each as provided for under article 7-*undecies* of Law 130 and calculated pursuant to clause 3 of the Cover Pool Management Agreement.

"**Margin**" has the meaning ascribed to the term "Margine" in each Subordinated Loan Agreement.

"**Master Amendment Agreement**" means the agreement entered into on 17 July 2023 between the Issuer, CACIB, SVM Securitisation Vehicles Management S.r.l., the Guarantor and Banca Finanziaria Internazionale S.p.A.

"**Master Assets Purchase Agreement**" means the master assets purchase agreement entered on 30 April 2012 between the Guarantor, the Main Seller and, following accession to the Programme, each Additional Seller, 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.

"**Master Definitions Agreement**" means the master definitions agreement entered into on or about the date of the Prospectus between the parties of the Programme Documents, 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.

"**Master Servicing Agreement**" means the master servicing agreement entered on 30 April 2012 between the Guarantor, the Main Servicer and, following accession to the Programme, each Additional Servicer, 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.

"**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.

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

"**Minimum DBRS Rating**":

Highest Rating Assigned to Rated	Minimum Institution Rating

Securities	
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)

"**Montepaschi Group**" means, together, the banks and other companies belonging from time to time to the banking group "Gruppo Monte dei Paschi", 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 of the Initial Portfolio and ending on (but excluding) the Collection Date falling in June 2012.

"**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 Mortgage Receivables.

"**Mortgage Loan**" means each Residential Mortgage Loan or Commercial Mortgage Loan.

"**Mortgage Loan Agreement**" means any Residential Mortgage Loan Agreement or Commercial Mortgage Loan Agreement.

"**Mortgage Receivable**" means each Residential Mortgage Receivable or Commercial Mortgage Receivable.

"**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.

"**Net Present Value Test**" means the Test as described in the section of the Prospectus entitled "*Credit Structure – Mandatory Tests – Net Present Value Test*".

"**Negative Carry Factor**" has the meaning given to such term in Clause 4 (Asset Coverage Test) of the Cover Pool Management Agreement.

"**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

"**New Italian Account Bank**" means any entity, other than the Additional Account Bank, who succeeded to the Italian Account Bank in the capacity of new Italian account bank pursuant to the Cash Allocation, Management and Payments Agreement.

"**New Portfolio**" means each 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, without prejudice for the provisions set out under clause 6 of the Master Assets Purchase Agreement.

"**Nominal Value Test**" means the Test as described in the section of the Prospectus entitled "*Credit Structure – Mandatory Tests – Nominal Value Test*".

"**Official Gazette of the Republic of Italy**" means the *Gazzetta Ufficiale della Repubblica Italiana*.

"**Organisation of the Bondholders**" means the association of the Bondholders, organised pursuant to the Rules of the Organisation of the Bondholders.

"**Original Initial Dealer**" means MPS Capital Services S.p.A., now merged by way of incorporation in BMPS.

"**Other Guarantor Creditors**" means the Main Seller and each Additional Seller, if any, the Main Servicer and each Additional Servicer, if any, the Main Subordinated Lender and each Additional Subordinated Lender, if any, the Guarantor Calculation Agent, Back-up Servicer Facilitator and/or the Back-Up Servicer, if any, the Test Calculation Agent, the Dealer(s), the Representative of the Bondholders, each Swap Provider, the New Italian Account Bank (if any), the Italian Account Bank, the Cash Manager, the Principal Paying Agent, the Paying Agent(s) (if any), the Guarantor Corporate Servicer, the Additional Account Bank and the Portfolio Manager (if any).

"**Outstanding Principal Balance**" means any Principal Balance outstanding in respect of any Eligible Asset included in the Cover Pool.

"**Paying Agent**" means, together, 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 T2 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 that will be opened in the name of the Guarantor and held with the Principal Paying Agent following the delivery of an Issuer Default Notice or a Guarantor Default Notice, 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.

"**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 which may be appointed as portfolio manager pursuant to the Cover Pool Management Agreement.

"**Post-Enforcement Priority of Payments**" has the meaning ascribed to such term in the section "*Cash Flows*" of the Prospectus.

"**Post-Issuer Default Test Performance Report**" means, on each Quarterly Test Calculation Date falling after the service of an Issuer Default Notice, the report prepared by the Test Calculation Agent setting out the calculations carried out by it with respect to the Amortisation Test and specifying whether such Test was not met, provided that the Amortisation Test shall not apply

and the Post Issuer Default Test Performance Report must not be delivered by the Test Calculation Agent and, accordingly, no Guarantor Event of Default will occur, if the Extended Maturity Date equal to the Long Due for Payment Date is applied to the Covered Bonds.

"**Pre-Issuer Default Interest Priority of Payments**" has the meaning ascribed to such term in the section "*Cash Flows*" of the Prospectus.

"**Pre-Issuer Default Principal Priority of Payments**" has the meaning ascribed to such term in the section "*Cash Flows*" of the Prospectus.

"**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 report prepared by the Test Calculation Agent setting out the calculations carried out by it with respect to the Mandatory Tests and the Asset Coverage Test and specifying whether any of such Tests was not met.

"**Premium**" has the meaning ascribed to that term in each Subordinated Loan Agreement.

"**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 or deposited in the relevant ledger of the Amortisation Reserve Account) on or prior to that day; and (b) in relation to the Covered Bonds outstanding at any time, the aggregate of the amount referred to in letter (a) above 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 each Servicer in respect of the Cover Pool and credited to the Main Programme Account during the immediately preceding Collection Period;

(ii) all other Recoveries in respect of principal received by each Servicer and credited to the Main Programme Account during the immediately preceding Collection Period;

(iii) all principal amounts received by the Guarantor from each 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 the Eligible Assets;

(v) any amounts granted by each Subordinated Lender under the relevant Subordinated Loan Agreement and not used to fund the payment of the Purchase Price for any Eligible Assets;

(vi) all amounts other than in respect of interest received under any Swap Agreement;

(vii) any amounts paid out of item *Tenth* of the Pre-Issuer Default Interest Priority of Payments;

(viii) any amount paid to the Guarantor by the Issuer upon exercise by or on behalf of the Guarantor of the rights of subrogation (*surrogazione*) or recourse (*regresso*) against the Issuer pursuant to article 7-*quaterdecies*, paragraph 3 of Law 130;

(ix) after (a) delivery of an Issuer Default Notice in respect of any Series or Tranche of Covered Bonds and the deferral of the Maturity Date relating to such Series or Tranche of Covered Bonds to the Long Due for Payment Date and (b) occurrence of the relevant Maturity Date in respect of any other Series or Tranche of Covered Bonds, any Final Redemption Amount(s) accumulated on the Amortisation Reserve Account, provided that the Guarantor will allocate and pay such Final Redemption Amount(s) recorded on the ledgers of the Amortisation Reserve Account only pursuant to item (Sixth), letter (b) of the Guarantee Priority of Payments in respect of the corresponding Series or Tranche of Covered Bonds (excluding payment of any other items of the applicable Priority of Payments); and

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

"**Principal Balance**" means:

(i) 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;

(ii) for any security as at any given date, the principal amount outstanding of that security (plus any accrued but unpaid interest thereon).

"**Principal Financial Centre**" has the meaning set out in the relevant Final Terms.

"**Principal Instalment**" means the principal component of each Instalment.

"**Principal Paying Agent**" means BMPS or any other entity acting in such capacity pursuant to the Cash Allocation, Management and Payments 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 Terms and Conditions and 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 and 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 1-*bis* of Law 130.

"**Programme Agreement**" means the programme agreement entered into on 23 May 2012 between the Issuer, the Guarantor, the Representative of the Bondholders and the Initial Dealer, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

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

"**Programme Limit**" means euro 20,000,000,000.

"**Programme Term Loan**" means each Term Loan granted under the relevant Subordinated Loan Agreement in respect of which the Base Interest applies pursuant to terms of the relevant Subordinated Loan Agreement.

"**Prospectus**" means the prospectus prepared in the context of the issuance of the First Series of Covered Bonds, as eventually amended and supplemented from time to time.

"**Purchase Price**" means, as applicable, the Initial Portfolio Purchase Price or each New Portfolio Purchase Price pursuant to the Master Assets Purchase Agreement.

"**Quarterly Collection Period**" means (a) prior to the service of a Guarantor Default Notice, each period commencing on (and including) the Collection Date of January, April, July and October and ending on (but excluding), respectively, the Collection Date of April, July, October and January; and (b) in the case of the first Quarterly Collection Period, the period commencing on (but excluding) the Valuation Date of the Initial Portfolio and ending on (but excluding) the Collection Date falling in July 2012.

"**Quarterly Test Calculation Date**" means the 24th calendar day of January, April, July and October of each year or, if any such day is not a Business Day, the immediately following 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 Banca Antonveneta, Conegliano, Agenzia 1, IBAN IT14U05040 61621000001285814, for the deposit of the Quota Capital.

"**Quotaholders**" means BMPS and SVM Securitisation Vehicles Management S.r.l., as quotaholders of the Guarantor.

"**Quotaholders' Agreement**" means the quotaholders' agreement entered on 23 May 2012 between, *inter alios*, the Guarantor and the Quotaholders, 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.

"**Rate of Exchange**" has the meaning given to that term 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 the Terms and Conditions and/or the relevant Final Terms.

"**Rating Agency**" means DBRS and any other rating agency appointed as such under the Programme.

"**Real Estate Assets**" means the real estate properties which have been mortgaged in order to secure the Receivables.

"**Receivables**" means each Mortgage Receivable and every right arising under the relevant Loans pursuant to the law and the 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 relevant Valuation Date (excluded);

(ii) all rights and claims in respect of the payment of interest (including the default interest) accruing on the Loans, which are due from (but excluding) the relevant Valuation Date;

(iii) the Accrued Interest;

(iv) all rights and claims in respect of each Mortgage and any Collateral Security (if any) relating to the relevant Loan Agreement;

(v) all rights and claims under and in respect of the Insurance Policies (if any); 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 Assets and/or any UTP Assets.

"**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 Terms and 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 each 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 relevant Subordinated Lender and notified to the Guarantor Calculation Agent.

"**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 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.

"**Representative of the Bondholders**" means Banca Finanziaria Internazionale S.p.A. or any other entity acting in such capacity pursuant to the Programme Documents.

"**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**,

where:

"**A**" is the sum of all the amounts to be paid by the Guarantor on the following Guarantor Payment Date (i) under items from *First* to *Third* 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 6 (six) months period following the relevant Guarantor Calculation Date, which (i) in respect of the first quarter following the relevant Guarantor Calculation Date, shall be the interest payable on the relevant Series of Covered Bonds calculated on the basis of the reference rate (the "**Fixed Rate**") specified for such series of Covered Bonds pursuant to the applicable Final Terms; and (ii) in respect of the second quarter, shall be the interest payable on the relevant Series of Covered Bonds calculated on the basis of the same Fixed Rate.

"**Reserve Account**" means the account denominated in Euro opened in the name of the Guarantor and held by the Italian Account Bank (IBAN: IT 68 P 01030 14200 000010919758) 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.

"**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.

"**Residential Mortgage Loan Agreement**" means each of the agreements entered into with the relevant Debtor, pursuant to which a Residential Mortgage Loan is disbursed, as well as each deed, contract, agreement or supplement thereto or amendment thereof, or any document pertaining thereto (such as "*atti di accollo*").

"**Residential Mortgage Receivable**" means, a Receivables arising from a loan secured by residential mortgage meeting the requirements of article 129, paragraph 1, letter (d) of CRR and article 7-*novies,* paragraph 2, of Law 130.

"**Retention Amount**" means an amount equal to euro 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.

"**Securities Act**" means the U.S. Securities Act of 1933, as amended.

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

"**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.

"**Segregated Assets**" means the Guarantor's assets consisting of (a) the Cover Pool, (b) any amounts paid by the relevant Debtors and/or the Swap Providers and/or (c) any amounts received by the Guarantor pursuant to any other Programme Documents.

"**Segregation Event**" means the event occurring upon delivery of a Breach Test Notice pursuant to the Terms and Conditions.

"**Seller**" means any of the Main Seller and any Additional Seller pursuant to the Master Assets Purchase Agreement.

"**Series**" or "**Series of Covered Bonds**" means each series of Covered Bonds issued in the context of the Programme.

"**Servicer**" means any of the Main Servicer and any Additional Servicer pursuant to the Master Servicing Agreement.

"**Servicer Termination Event**" means any event as indicated in clause 10.1 of the Master Servicing 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 Period**" has the meaning set out in the relevant Final Terms.

"**Subordinated Lender**" means any of the Main Subordinated Lender and any Additional Subordinated Lender pursuant to the relevant Subordinated Loan Agreement.

"**Subordinated Loan Agreement**" means, as the case may be, the BMPS Subordinated Loan Agreement or any other subordinated loan agreement entered between an Additional Subordinated Lender and the Guarantor 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.

"**Subordinated Loan Availability Period**" means the period starting from the date of execution of 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 Terms and Conditions and the applicable Final Terms, in which the relevant Subordinated Lender may disburse to the Guarantor, on each Drawdown Date, a Term Loan.

"**Subscription Agreement**" means each subscription agreement entered on or about the Issue Date of each Series or Tranche of Covered Bonds between, *inter alios*, each Dealer and the Issuer.

"**Substitute Servicer**" means, with reference to each Servicer, the substitute which will be appointed upon the occurrence of a Servicer Termination Event pursuant to clause 10.6 of the Master Servicing Agreement.

"**Swap Agreements**" means any swap agreement which may be entered into by the Guarantor in the context of the Programme, 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.

"**Swap Providers**" means any entity which may act as swap counterparty to the Guarantor by entering into a Swap Agreement in the context of the Programme.

"**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 utilises a single shared platformand which was launched on 20 March 2023.

"**T2 Settlement Day**" means any day on which the T2 is open for the settlement of payments in Euro.

"**Target Commingling Amount**" has the meaning given to such term in Clause 4 (*Asset Coverage Test*) of the Cover Pool Management Agreement.

"**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 subdivision 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 these terms and conditions.

"**Test Calculation Agent**" means BMPS or any other entity acting in such capacity pursuant to the Cover Pool Management Agreement, as the case may be.

"**Test Calculation Date**" means, following the delivery of a Test Performance Report evidencing the breach of any of the Mandatory Tests and/or Asset Coverage Test and/or the Liquidity Reserve Requirement, the 24th calendar day of the second calendar month falling after the delivery of such Test Performance Report.

"**Test Grace Period**" means the period starting on the Test Performance Report Date on which a Test Performance Report notifying the breach of any of the Mandatory Tests and/or of the Asset Coverage Test is notified by the Test Calculation Agent and ending on the following Test Calculation Date.

"**Test Performance Report**" means the Pre-Issuer Default Test Performance Report or the Post-Issuer Default Test Performance Report, as the case may be.

"**Test Performance Report Date**" means (i) the 24th calendar day of each January, April, July and October of each year, and (ii) upon delivery of a Test Performance Report evidencing the breach of any of the Mandatory Tests and/or Asset Coverage Test, the 24th calendar day of the second calendar month following the delivery of such Test Performance Report.

"**Test Remedy Period**" means the period starting from the date on which a Breach of Tests Notice is delivered and ending on the immediately following Quarterly Test Calculation Date.

"**Tests**" means, collectively, the Mandatory Tests, the Asset Coverage Test and the Amortisation Test and the Liquidity Reserve Requirement and "**Test**" means any of them.

"**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.

"**Transaction Accounts**" means the accounts opened with the Italian Account Bank under the Programme, other than the BMPS Italian Collection Account.

"**Transfer Agreement"** means each transfer agreement of New Portfolios entered into between the Guarantor and the Main Seller, or each Additional Seller, pursuant to clause 4 of the Master Assets Purchase Agreement.

"**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 5 to the Master Assets Purchase Agreement.

"**Treaty**" means the treaty establishing the European Community.

"**Usury Law**" means 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*) meas 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 (i) with respect to the Initial Portfolio, 27 April 2012 and (ii) with respect to any New Portfolios, the date that will be agreed between the relevant Seller and the Guarantor.

"**Warranty and Indemnity Agreement**" means the warranty and indemnity agreement entered on 30 April 2012 between the Main Seller and the Guarantor, and, following accession to the Programme, each Additional Seller, 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.

"**Zero Coupon Covered Bonds**" means the Covered Bonds, bearing no interest, which may be offered and sold at a discount to their nominal amount, as specified in the applicable Final Terms.

"**€STR**" means the euro short-term rate published by the European Central Bank.

2.2 *Interpretation*

In these Terms and Conditions:

2.2.1 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 Terms and Conditions;

2.2.2 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 Terms and Conditions;

2.2.3 if an expression is stated in Condition 2.1 (*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;

2.2.4 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;

2.2.5 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

2.2.6 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. The Covered Bonds will be issued in dematerialised form or in any other form as set out in the relevant Final Terms. The Covered Bonds issued in 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 (i) article 83-*bis* of the Financial Laws Consolidation Act, and (ii) the regulation issued jointly by the Bank of Italy and CONSOB on 13 August 2018 and published in the Official Gazette number 201 of 30 August 2018, as subsequently amended and supplemented from time to time. The Covered Bonds issued in 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 dematerialised form. The rights and powers of the Bondholders may only be exercised in accordance with these Terms and Conditions and the Rules.

4. STATUS AND GUARANTEE

4.1 *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 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.

4.2 *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

5.1 *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.

5.2 *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 9.2 (*Extension of maturity*), the Floating Rate Provision will apply (as specified in the Final Terms).

5.3 *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.

5.4 *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

6.1 *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.

6.2 *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).

6.3 *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.

6.4 *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:

6.4.1 the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;

6.4.2 the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and

6.4.3 the relevant Reset Date (as defined in the ISDA Definitions), as specified in the relevant Final Terms.

6.5 *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 lower than the minimum so specified.

6.6 *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.

6.7 *Calculation of other amounts*

If the relevant Final Terms specifies that any other amount is to be calculated by the Principal Paying Agent, then the Principal Paying Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Principal Paying Agent in the manner specified in the relevant Final Terms.

6.8 *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.

6.9 *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**

7.1 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 (as defined below) 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 (as defined below) 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 Agency 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;

"**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

8.1 *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.

8.2 *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:

8.2.1 the Reference Price; and

8.2.2 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 sub sequent default in payment).

9. **REDEMPTION AND PURCHASE**

9.1 *Scheduled redemption*

Unless previously redeemed or cancelled and subject as otherwise specified in the relevant Final Terms, the Covered Bonds will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 9.2 (*Extension of maturity*) and Condition 10 (*Payments*).

9.2 *Extension of maturity*

9.2.1 Without prejudice to Condition 12 (*Segregation Event and Events of Default*), if an Extended Maturity Date is specified as applicable in the relevant Final Terms for a Series or Tranche of Covered Bonds and 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 date falling on the Extension Determination Date, then (subject as provided below and to 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 after the Extension Determination Date may be paid by the Guarantor on any Interest Payment Date thereafter up to (and including) the relevant Extended Maturity Date in accordance with the applicable Priority of Payments.

9.2.2 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.

9.2.3 The Guarantor shall notify the relevant holders of the Covered Bonds, the Representative of the Bondholders, any relevant Swap Provider(s), the Rating Agency and the Principal Paying Agent as soon as reasonably practicable and, in any event, at least one Business Day prior to the Maturity Date as specified in the preceding paragraph 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.

9.2.4 In the circumstances outlined above, the Guarantor shall on the Extension Determination Date, 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 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 on such Extension Determination Date not so paid shall be deferred as described above.

9.2.5 Interest will continue to accrue on any unpaid amount during such extended period and be payable on the Maturity Date and on each Interest Payment Date up to and on the Extended Maturity Date.

9.2.6 Where an Extended Maturity Date is specified as applicable in the relevant Final Terms for a Series or Tranche of Covered Bonds and applied, failure to pay on the Maturity Date by the Guarantor shall not constitute a Guarantor Event of Default.

9.2.7 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.

9.3 *Redemption for tax reasons*

9.3.1 The Covered Bonds may be redeemed at the option of the Issuer in whole, but not in part:

(i) at any time ; or

(ii) on any Interest Payment Date,

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:

(A) 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

(B) 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.

9.3.2 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 of 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 9.3 (*Redemption for tax reasons*), the Issuer shall be bound to redeem the Covered Bonds in accordance with this Condition 9.3 (*Redemption for tax reasons*).

9.4 *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).

9.5 *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 9.5 (*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 9.5 (*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 9.5 (*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.

9.6 *Partial redemption*

If the Covered Bonds are to be redeemed in part only, on any date in accordance with Condition 9.4 (*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 the Covered Bonds issued in dematerialised form 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 9.4 (*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.

9.7 *Early redemption of Zero Coupon Covered Bonds*

9.7.1 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.

9.7.2 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 9.7 (*Early redemption of Zero Coupon Covered Bonds*) or, if none is so specified, a Day Count Fraction of 30E/360.

9.8 *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 9.8 (*Redemption by instalments*) the outstanding principal amount of each such Covered Bonds shall be reduced by the relevant Instalment Amount for all purposes.

9.9 *No other redemption*

The Issuer shall not be entitled to redeem the Covered Bonds otherwise than as provided in Condition 9.1 (*Scheduled redemption*) to 10.8 (*Redemption by instalments*) above or as specified in the relevant Final Term.

9.10 *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.

9.11 *Cancellation*

All Covered Bonds which are redeemed shall be cancelled and may not be reissued or resold.

10. **PAYMENTS**

10.1 *Payments through clearing systems*

Payment of interest and repayment of principal in respect of the Covered Bonds issued in dematerialised form 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.

10.2 *Other modalities of payments*

Payment of interest and repayment of principal in respect of the Covered Bonds issued in a form other than dematerialised will be made through the agent or registrar and pursuant to the modalities provided for in the relevant Final Terms.

10.3 *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.

10.4 *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

11.1 *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 239 with respect to any Covered Bonds and in all circumstances in which the procedures set forth in Decree 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) 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; or

(vi) 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

(vii) 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.

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.

11.2 *Taxing jurisdiction*

If the Issuer becomes subject at any time to any taxing jurisdiction other than the Republic of Italy, references in these Terms and Conditions to the Republic of Italy shall be construed as references to the Republic of Italy and/or such other jurisdiction.

11.3 *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*

12.1.1 A Breach of Tests Notice will be delivered by the Representative of the Bondholders in case of breach of any of the Mandatory Tests and/or the Asset Coverage Test on the relevant Quarterly Test Calculation Date, which in either case has not been remedied within the applicable Test Grace Period.

12.1.2 Upon delivery of a Breach of Tests Notice, a Segregation Event will occur and:

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

(b) there shall be no further payments to the Subordinated Lender under any relevant Term Loan, other than when necessary for the purpose of complying with 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);

(c) the purchase price for any Eligible Assets to be acquired by the Guarantor shall be paid only using the proceeds of a Term Loan, except where the breach referred to in the Breach of Tests Notice may be cured by using the Guarantor Available Funds;

(d) the Main Servicer (and any Additional Servicer, if any) will be prevented from carrying out renegotiations of the Loans pursuant to the Master Servicing Agreement; and

(e) payments due under the Covered Bonds will continue to be made by the Issuer until an Issuer Default Notice has been delivered.

12.1.3 Following the delivery of a Breach of Tests Notice, but prior to the delivery of an Issuer Default Notice, if any of the Mandatory Tests and/or the Asset Coverage Test is/are then newly met within the Test Remedy Period, the Representative of the Bondholders will promptly deliver to the Issuer and the Guarantor a Breach of Tests Cure Notice informing such parties that the Breach of Tests Notice then outstanding has been revoked.

12.2 *Issuer Events of Default*

12.2.1 If any of the following events (each, an "**Issuer Event of Default**") occurs and is continuing:

(i) *Non-payment*: 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 Business Days, in case of amounts of interest, or 20 Business Days, in case of amounts of principal, as the case may be; or

(ii) *Breach of other obligations:* a material breach by the Issuer of any obligation under the Programme Documents occurs (other than payment obligations referred to in item (i) (*Non-payment*) above) and such breach is not remedied within 30 days after the Representative of the Bondholders has given written

notice thereof to the Issuer; or

(iii) *Insolvency*: an Insolvency Event occurs with respect to the Issuer; or

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

(v) *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 at the end of the Test Remedy Period, unless a Programme Resolution of the Bondholders is passed resolving to extend the Test Remedy Period,

then the Representative of the Bondholders shall, or, in the case of the event under item (ii) (*Breach of other obligations*) above shall, if so directed by a Programme Resolution, serve an Issuer Default Notice on the Issuer and the Guarantor demanding payment under the Guarantee, and specifying, in case of the Issuer Event of Default referred to under item (iv) (*Article 74 Event*) above, that the Issuer Event of Default may be temporary.

12.2.2 Upon the service of an Issuer Default Notice:

(a) *Application of the Segregation Event provisions*: the provisions governing the Segregation Event referred to in Condition 12.1.2 shall apply; and

(b) *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 Terms and 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 relevant Priority of Payment. In this respect, the payment of any Guaranteed Amounts which are Due for Payment in respect of a Series or Tranche of Covered Bonds whose Interest Payment Date or Maturity Date (or Extended Maturity Date, if applicable) falls within two Business Days immediately after delivery of an Issuer Default Notice, will be made by the Guarantor within the date falling five Business Days following such delivery, it being understood that the above provision will apply only (A) in respect of the first Interest Payment Date of the relevant Series or Tranche of Covered Bonds and (B) in respect of the Maturity Date (or Extended Maturity Date, if applicable) of the Earliest Maturing Covered Bonds; (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; and

(c) *Disposal of Eligible Assets*: if necessary, in order to make payments under the

Covered Bonds, the Guarantor may, if so directed by a Programme Resolution of the Bondholders and with the prior consent of the Representative of the Bondholder, shall sell, or otherwise liquidate, 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 (c) (*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) during the Suspension Period, the Guarantor shall be responsible for the payments of the amounts due and payable under the Covered Bonds, in accordance with Law 130, and (B) at the end of the Suspension Period, the Issuer shall be again responsible for meeting the payment obligations under the Covered Bonds.

12.3 *Guarantor Events of Default*

12.3.1 If, following the delivery of an Issuer Default Notice, any of the following events (each, a "**Guarantor Event of Default**") occurs and is continuing:

(i) *Non-payment*: the Guarantor fails to pay any Guaranteed Amount under the Guarantee and such breach is not remedied within the next following 15 Business Days, in case of amounts of interests, or 20 Business Days, in case of amounts of principal, as the case may be; or

(ii) *Insolvency*: an Insolvency Event occurs with respect to the Guarantor; or

(iii) *Breach of other obligations:* 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 days after the Representative of the Bondholders has given written notice thereof to the Guarantor; or

(iv) *Breach of the Amortisation Tests:* the Amortisation Tests is breached on any Quarterly Test Calculation Date, provided that the Amortisation Test shall not apply and no Guarantor Event of Default will occur, if the Extended Maturity Date equal to the Long Due for Payment Date is applied to the Covered Bond,

then the Representative of the Bondholders shall serve a Guarantor Default Notice, unless the Representative of the Bondholders, having exercised its discretion, resolves otherwise or a Programme Resolution of the Bondholders is passed resolving otherwise.

12.3.2 Upon the delivery of a Guarantor Default Notice, unless a Programme Resolution is passed resolving otherwise:

(a) *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;

(b) *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 under Condition 11.1 (*Gross-up by Issuer*) in accordance with the Priority of Payments;

(c) *Disposal of Eligible Assets*: the Guarantor may, if so directed by a Programme Resolution of the Bondholders and with the prior consent of the Representative of the Bondholder, shall immediately sell, or otherwise liquidate, all the Eligible Assets included in the Cover Pool in accordance with the provisions of the Cover Pool Management Agreement; and

(d) *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 *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 Segregated Assets 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;

13.2.2 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;

13.2.3 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 the Terms and 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

13.2.4 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

15.1 *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 representative of the Organisation of the Bondholders is made by the Bondholders subject to and in accordance with the Rules.

15.2 *Initial appointment*

In the Programme Agreement, the Dealer has appointed the Representative of the Bondholders to perform the activities described in the Mandate Agreement, in the Programme Agreement, in these Terms and 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 First 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.

15.3 *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 no Dealer shall 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

16.1 In acting under the Cash Allocation, Management and Payments Agreement and in connection with the Covered Bonds, the Issuer will act as Principal Paying Agent and, within 30 Business Days following delivery of an Issuer Default Notice or a Guarantor Default Notice, the Guarantor will appoint, subject to the prior consent of the Main Servicer, a substitute Principal Paying Agent.

16.2 The Principal Paying Agent and its initial Specified Office is set out in these Terms and Conditions. Any additional Paying Agents and their Specified Offices are specified in the relevant Final Terms. The Issuer and, upon delivery of an Issuer Default Notice, 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, upon delivery of an Issuer Default Notice, 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.

16.3 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

18.1 *Notices given through Euronext Securities Milan*

Any notice regarding the Covered Bonds issued in 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.

18.2 *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 Terms and Conditions (unless otherwise specified in these Terms and 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

20.1 *Governing law*

The Covered Bonds, and any non-contractual obligations arising out of, or in connection with them, will be governed by Italian law, or with reference to a specific Series or Tranche of Covered Bonds, any other law set out in the relevant Final Terms. These Terms and Conditions and the related Programme Documents will be governed by Italian law, except for the Swap Agreements and the Deed of Charge, which will be governed by English law.

20.2 *Jurisdiction*

The courts of Siena have exclusive competence for the resolution of any dispute that may arise in relation to the Covered Bonds or their validity, interpretation or performance.

20.3 *Relevant legislation*

Anything not expressly provided for in these Terms and 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 of and subscription of the Covered Bonds of the first Series to be issued and is governed by the Rules of the Organisation of the Bondholders set out therein ("**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 Terms and Conditions of the Covered Bonds of each Series or Tranche issued by the Issuer.

2. DEFINITIONS AND INTERPRETATION

2.1 Definitions

2.1.1 In these Rules, the terms set out below 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 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 individual who takes the chair in accordance with Article 8 (*Chairman of the Meeting*) of the Rules.

"**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 30 of Decree number 213 and includes any depositary banks approved by Clearstream and Euroclear.

"**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.

"**Holder**" in respect of a Covered Bond means the ultimate owner of such Covered Bond.

"**Liabilities**" means all costs, charges, damages, expenses, liabilities and losses.

"**Meeting**" means a meeting of Bondholders (whether originally convened or resumed following an adjournment).

"**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% of the votes cast.

"**Programme Resolution**" means an Extraordinary Resolution passed at a single meeting of, or by means of a Written Resolution adopted by, the Bondholders of all Series and or Tranches, resolving to (i) direct the Representative of the Bondholders to take any action pursuant to Condition 12.2 (*Issuer Events of Default*), Condition 12.3 (*Guarantor Events of Default*) or to appoint or remove the Representative of the Bondholders

pursuant to Article 26 (*Appointment, Removal and Remuneration*); or (ii) take any other action stipulated in the Terms and Conditions or Programme Documents as requiring a Programme Resolution.

"**Proxy**" means a person appointed to vote under a Voting Certificate as a proxy or the person appointed to vote under a Block Voting Instruction, in each case, other than:

1. 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

2. 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.

"**Resolutions**" means Ordinary Resolutions, the Extraordinary Resolutions and the Programme Resolution, collectively.

"**Swap Rate**" means, in relation to a Covered Bond, Series or Tranche of Covered Bonds, the rate specified in any Swap Agreement relating to such Covered Bond, Series or Tranche of Covered Bonds or, if there is no 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 any 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:

1. 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 22 February 2008, as amended from time to time; or

2. a certificate issued by a Paying Agent stating that:

   (i) Blocked Covered Bonds will not be released until the earlier of:

      (1) a specified date which falls after the conclusion of the Meeting; and

      (2) 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 the place where the Paying Agents have their Specified Office.

"**48 hours**" means 2 consecutive periods of 24 hours.

2.1.2 Unless otherwise provided in these Rules, or the context requires otherwise, words and expressions used in the Rules shall have the meanings and the constructions ascribed to them in the Terms and Conditions to which the Rules are attached.

2.2 Interpretation

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.

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.

2.2.3 Any reference to any Transaction Party in these Rules 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 Issue

4.1.1 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 22 February 2008, as amended from time to time.

4.1.2 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.

4.2 Expiry of validity

A Voting Certificate or Block Voting Instruction shall be valid until the release of the Blocked Covered Bonds to which it relates.

4.3 Deemed Holder

So long as a Voting Certificate or Block Voting Instruction is valid, the party 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 refers for all purposes in connection with the Meeting to which such Voting Certificate or Block Voting Instruction relates.

4.4 **Mutually exclusive**

A Voting Certificate and a Block Voting Instruction cannot be outstanding simultaneously in respect of the same Covered Bond.

4.5 **References to the blocking or release**

Reference 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 AND VOTING CERTIFICATES**

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 Office of the Principal Paying Agent, or at any other place approved by the Representative of the Bondholders, at least 24 hours before the time of 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 Holder 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 Gauarantor 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 Meetings of the Bondholders and if the Issuer makes default for a period of seven days in convening such a meeting 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 aplly 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 Events 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 Agent, 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 (*Time and place of Meetings*).

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 Certificate 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 22 February 2008, 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 Covered 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 defines the terms for 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

9.1 The quorum at any Meeting will be:

9.1.1 in the case of an Ordinary Resolution, one 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, one 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, one 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, one 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, the Account Pledge Agreement 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 one 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, one 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.

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, the, 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 a 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 a 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;

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 euro 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 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 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 **Powers exercisable by Ordinary Resolution**

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 the Rules or of the Terms and 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 Terms and 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 Terms and 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 Terms and 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 Terms and 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 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;

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; and

18.2.11 direct the Representative of the Bondholders to take any action pursuant to Condition 12.2.1 (ii) (*Issuer Events of Default – Breach of other obligations*) and Condition 12.3.1 (iii) (*Guarantor Events of Default – Breach of other obligations*) or to appoint or remove the Representative of the Bondholders pursuant to Article 26 (*Appointment, Removal and Remuneration*).

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 12.2.1 (ii) (*Issuer Events of Default – Breach of other obligations*) and Condition 13.3.1 (iii) (*Guarantor Events of Default – Breach of other obligations*) and, including, following delivery of an Issuer Default Notice and/or Guarantor Default Notice, the power to direct the sale of the Assets included in the Cover Pool in accordance with the provisions of the Cover Pool Management Agreement, 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 Terms and Conditions or any Programme Document to be taken by Programme Resolution. For the avoidance of doubts, two or more Extraordinary Resolutions taken by the Bondholders of different Series or Tranche at separate meetings and resolving upn the matters referred to above in the same way shall deemed to be considered as a sole 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 Terms and 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 the 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 at such Meeting 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 (including a Programme 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% 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 the 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 Extraordinary Resolution or Programme Resolution of the Bondholders in accordance with the provisions of this Article 26, except for the appointment of the first Representative of the Bondholders which will be Banca Finanziaria Internazionale S.p.A.

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 European Union, 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 the Consolidated Banking Act and the relevant implementing regulations applicable to it as a financial intermediary; 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 Extraordinary Resolution or Programme Resolution of the Bondholders pursuant to Article 18.2 (*Extraordinary Resolutions*) or Article 18.3 (*Programme Resolutions*) 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 the appointment of which 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 Guarantor shall pay to the Representative of the Bondholders an initial fee and reimburse and pay any costs and expenses (including legal fees) incurred by it in the context of the Programme, as agreed either in the initial agreement(s) for the issue of and subscription for the Covered Bonds or in a separate fee letter. The Guarantor shall also pay to the Representative of the Bondholders an on-going annual fee and pay and reimburse any costs and expenses (including legal fees) incurred and documented by it in the context of the Programme in accordance with the relevant Priority of Payments.

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, 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 is representative**

The Representative of the Bondholders is the 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.

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 initiate and 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 these 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 Article 29.1 (*Limited obligations*), 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 Terms and 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:

3. the nature, status, creditworthiness or solvency of the Issuer;

4. 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;

5. the suitability, adequacy or sufficiency of any collection procedure operated by the Servicer or compliance therewith;

6. the failure by the Issuer to obtain or comply with any licence, consent or other authority in connection with the administration of the assets contained in the Cover Pool; and

7. 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 not be responsible for or 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;

29.2.7 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;

29.2.8 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 Issuer 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;

29.2.9 shall not be under any obligation to guarantee or procure the repayment of the assets contained in the Cover Pool or any part thereof;

29.2.10 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;

29.2.11 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;

29.2.12 shall not be responsible (except as expressly provided in the Terms and Conditions) for making or verifying any determination or calculation in respect of the Covered Bonds, the Cover Pool or any Programme Document;

29.2.13 shall not be under any obligation to insure the Cover Pool or any part thereof;

29.2.14 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;

29.2.15 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;

29.2.16 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

29.2.17 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

29.2.18 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 Events of Default*) and Condition 12.3 (*Guarantor Events 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 **Illegality**

No provision of the 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 sole 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 sole 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

The Representative of the Bondholders may call for, and shall be at liberty to accept as sufficient evidence:

30.2.1 as to any fact or matter *prima facie* within the Issuer's knowledge, a certificate duly signed by an authorised representative of the Issuer on its behalf;

30.2.2 that such is the case, a certificate of an authorised representative of the Issuer on its behalf 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 22 February 2008, 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 **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,

30.6.1 in respect of every matter and circumstance for which a certificate is expressly provided for under the Terms and Conditions or any Programme Document;

30.6.2 as any matter or fact *prima facie* within the knowledge of such party; or

30.6.3 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.

30.7 **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.

The Representative of the Bondholders shall be entitled to (a) base its actions, among other things and for the purposes of exercising any power, authority, duty or discretion under, or in relation to these Rules, on rating actions, including where the rating is placed under review with negative or positive implications, having been or being taken in relation to the Covered Bonds and, accordingly (b) maintain that such exercise would not be materially prejudicial to the interests of the Bondholders. It is agreed and acknowledged by the Representative of the Bondholders, and notified to the Bondholders, that a credit rating (i) is an assessment of credit and does not address other matters that may be of relevance to the Bondholders, and (ii) it is expressly agreed and acknowledged that such information does not impose on or extend to the Rating Agency in any respect any actual or contingent liability to the Representative of the

Bondholders, the Bondholders or any other third party or create any legal relations between the Rating Agency and the Representative of the Bondholders, the Bondholders or any other third party by way of contract or otherwise. 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 Agency as to how a specific act would affect any outstanding rating of the Covered Bonds, the Representative of the Bondholders may inform the Issuer or the Guarantor, as the case may be, which will then obtain such views at their 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 or the Guarantor, as the case may be.

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 Terms and 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 Terms and 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 Bank of Italy Regulations, as amended and supplemented from time to time, and the relevant implementation;

31.1.3 to these Rules, the Terms and 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 Terms and 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.

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 Terms and 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 Terms and 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 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 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 these Rules except in relation to its own fraud (*frode*), gross negligence (*colpa grave*) or wilful default (*dolo*).

TITLE IV

THE ORGANISATION OF THE BONDHOLDERS AFTER SERVICE OF A NOTICE

35. POWERS TO ACT ON BEHALF OF THE GUARANTOR

It is hereby acknowledged that, upon service of a Guarantor Default Notice or, prior to the 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 representative 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 representative 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

36. GOVERNING LAW

These Rules and any non-contractual obligations arising out of or in connection with it are governed by, and will be construed in accordance with, the laws of the Republic of Italy.

37. JURISDICTION

The Courts of Siena 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 the Rules and any non-contractual obligations arising out thereof or in connection therewith.

FORM OF FINAL TERMS

Set out below is the form of Final Terms which, subject to any necessary amendments, will be completed for each Series or 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 (the "**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 / 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 conclusion that: (i) the target market for the Covered Bonds is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (COBS), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**UK MiFIR**); and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Covered Bonds (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

Final Terms dated [•]

Banca Monte dei Paschi di Siena S.p.A. (the "Issuer")

Issue of [*Aggregate Nominal Amount of Tranche*] [*Description*] **Covered Bonds (*Obbligazioni Bancarie Garantite*) due** [*Maturity*] **(the "Covered Bonds")**

Guaranteed by
MPS Covered Bond 2 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 [•] [November] 2023 [and the supplement[s] to the base prospectus dated [•] [November] 2023] which [together] constitute[s] a base prospectus (the "**Base Prospectus**"). These Final Terms contain the final terms of the Covered Bonds and must be read in conjunction with the Conditions and the Base Prospectus [as so supplemented] in order to obtain all the relevant information. Full information on the Issuer, the Guarantor and the offer of the Covered Bonds (*Obbligazioni Bancarie Garantite*) described herein is only available on the basis of the combination of these Final Terms, the Conditions and the Base Prospectus [as so supplemented]. The Base Prospectus [, including the supplement[s]] [is/are] available for viewing 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.*]

[*When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus*.]

1.	(i)	Issuer:	Banca Monte dei Paschi di Siena S.p.A.
	(ii)	Guarantor:	MPS Covered Bond 2 S.r.l.
	(iii)	Series Number:	[•]
	(iv)	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]] (*If fungible with an existing Series, details of that Series, including the date on which the Covered Bonds become fungible*)
	(v)	Date on which the Covered Bonds will be consolidated and form a singles Series	[•] / [Not Applicable]
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 [•] in addition to the said sum of [•]] (*Include the wording in square brackets where the Specified Denomination is euro [100,000] or equivalent plus multiples of a lower principal amount.*)
	(ii)	Calculation Amount:	[•]
	(iii)	Rounding:	[The provisions of Condition 19 apply/Not applicable]
	(iv)	Issue Date:	[•]
	(v)	Interest Commencement Date:	[*Specify:* Issue Date/Not Applicable]
6.	**[Dematerialised Form/Registered Form/Other Form]**:		[•]

7.	**Maturity Date**:	[*Specify date or 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**:	[Long Due for Payment Date] / [*Specify date or Interest Payment Date falling in or nearest to the relevant month and year*]
9.	**Interest Basis**:	[[•] per cent. Fixed Rate][[*Specify reference rate*] +/- [*Margin*] per cent. Floating Rate] [Zero Coupon] [Other (*Specify*)] (*further particulars specified below*)
10.	**Redemption/Payment Basis:**	[Redemption at par][Installment] [Other (*Specify*)]
11.	**Change of Interest or Redemption/Payment Basis**:	[•] / [Not Applicable] [Change of interest rate may be applicable in case an Extended Maturity Date is specified as applicable, as provided for in Condition 9.2]
12.	**Hedging through covered bond swaps**	[Applicable/Not applicable]
13.	**Put/Call Options**:	[Not Applicable] [Investor Put] [Issuer Call] [(further particulars specified below)]
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]
	(i) Rate(s) of Interest:	(*If not applicable, delete the remaining sub-paragraphs of this paragraph*) [•] per cent. per annum [payable [annually/semi annually/quarterly/monthly/other (*specify*)] 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)] [adjusted] /[not adjusted]
(vi)	[Determination Date(s):	[[●] in each year / Not Applicable]] (*Only relevant where Day Count Fraction is Actual/Actual (ICMA)*)
(vii)	Other terms relating to the method of calculating interest for Fixed Rate Covered Bonds:	[Not Applicable/*give details*]
16.	**Floating Rate Provisions**	[Applicable/Not Applicable] [Applicable in respect of Extended Maturity Period] (*If not applicable, delete the remaining sub-paragraphs 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:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/FRN Convention/Other (*give details*)]
(vi)	Additional Business Centre(s):	[Not Applicable/*give details*]
(vii)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination/Other (*give details*)]
(viii)	Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Principal Paying Agent):	[[*Name*] shall be the relevant Calculation Agent]
(ix)	Screen Rate Determination:	
	• Reference Rate:	Reference Rate: [•] month [EURIBOR]
	• Reference Banks	[[•] / Not Applicable]
	• Interest Determination Dates:	[•]
	• Relevant Screen Page:	*[For example, Reuters EURIBOR 01]*
	• Relevant Time:	[*For example, 11.00 a.m. Italian time*]
	• Relevant Financial Centre	[*For example, Euro -zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro*]
(x)	ISDA Determination:	
	• 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 cent. per annum
(xii)	Minimum Rate of Interest:	[•] per cent. per annum
(xiii)	Maximum Rate of Interest:	[•] per cent. per annum
(xiv)	Day Count Fraction:	[Actual/Actual (ICMA)/ Actual/Actual (ISDA)/ Actual/365 (Fixed)/ Actual/360/ 30/360/ 30E/360/ Eurobond Basis/ 30E/360 (ISDA)] [adjusted] / [not adjusted]
17.	**Zero Coupon Provisions**:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i)	[Amortisation/Accrual] Yield:	[•] per cent. per annum
(ii)	Reference Price:	[•]
(iii)	Any other formula/basis of determining amount payable:	[*Consider whether it is necessary to specify a Day Count Fraction for the purposes of Condition* [9.7] *(Early redemption of Zero Coupon Covered Bonds)*]

PROVISIONS RELATING TO REDEMPTION

18.	**Call Option**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs 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:	
(iv)	Minimum Redemption Amount:	[[•] per Calculation Amount / not applicable]
(v)	Maximum Redemption Amount:	[[•] per Calculation Amount / not applicable]
(vi)	Notice Period:	[•]
19.	**Put Option**	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(i)	Optional Redemption Date(s):	[•]
(ii)	Optional Redemption Amount(s) of each Covered Bonds and method, if any, of calculation of such	[•] per Calculation Amount

amount(s):

(iii) Notice Period: [•]

20. **Final Redemption Amount of Covered Bonds** [•] per Calculation Amount

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 or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions): *[Not Applicable (If both the Early Termination Amount (Tax) and the Early Termination Amount are the principal amount of the Covered Bonds/specify the Early Termination Amount (Tax) and/or the Early Termination Amount if different from the principal amount of the Covered Bonds)]*

GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

22. Additional Financial Centre(s) or other special provisions relating to payment dates: [Not Applicable/*give details*]

[*Note that this paragraph relates to the date and place of payment, and not interest period and dates*]

23. Details relating to Covered Bonds which are amortising and for which principal is repayable in instalments: amount of each instalment, date on which each payment is to be made: [Not Applicable/*give details*]

[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 2 S.r.l.

By: .....

Duly authorised]

PART B – OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING**

(i)	Listing	[Official list/None]
(ii)	Admission to trading	[Application [is expected to be/has been] made by the Issuer (or on its behalf) for the Covered Bonds (*Obbligazioni Bancarie Garantite*) to be admitted to trading on [EuroTLX/*specify other regulated market*] with effect from [•].] [Not Applicable.] *(Where documenting a fungible issue, need to indicate that original Covered Bonds are already admitted to trading.)*
(iii)	Estimate of total expenses related to admission to trading:	[•]

2. **RATING**

Ratings:	The Covered Bonds *(Obbligazioni Bancarie Garantite)* to be issued [[have been rated]/[are expected to be]] rated: [DBRS: [•]] [Moody's: [•]] [Fitch: [•]] [[Other]: [•]] (*The above disclosure should reflect the rating allocated to Covered Bonds of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.*) *(Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.)* [DBRS] / [Others] *are established in the EEA and are* registered under Regulation (EU) No 1060/2009, as amended (the "**EU CRA Regulation**"). [DBRS] / [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. (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/OFFER]**

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Covered Bonds has an interest material to the offer. The [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 [Applicable]/[Not Applicable]

CRR:

8. **OPERATIONAL INFORMATION**

ISIN Code:	[•]
Common Code:	[Specify Code / Not Applicable]
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) and number(s)*]
Delivery:	Delivery [against/free of] payment
Names and Specified Offices of additional Paying Agent(s) (if any)	[[Not applicable]/[•]]
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 deposited with one of the ICSDs as common safekeeper 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.]
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**

Method of distribution:	[Syndicated/Non-syndicated]
If syndicated, names of Managers:	[Not Applicable/give names and business address]
Stabilising Manager(s) (if any):	[Not Applicable/give names and business address]
If non-syndicated, name of Arranger:	[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
Prohibition of Sales to UK Retail Investors:	Applicable

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, for general funding purposes of the Group.

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. BMPS 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 BMPS Group.

BMPS has been a member of FTSE Italia Mid Cap since June 2018 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.

Any other information concerning the Issuer and the Montepaschi Group, relating, *inter alia*, the history, the financial results, the bond indebtedness, the Group overview, the recent developments, the legal proceedings and the management is available on BMPS's website (https://www.gruppomps.it/).

2. History

BMPS, which is believed to be the oldest bank in the world, 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 (the "**Amato Law**") and was incorporated as a *Società per Azioni* or joint stock company owned by Monte dei Paschi di Siena — Istituto di Diritto Pubblico (the "**Foundation**").

3. Major events

a) 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 which set out the assumptions for the Precautionary Recapitalisation and Capital Enhancement, 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, among which:

- cost reduction: annual constraints in terms of number of branches, employees, cost/income and total operating costs, additional cuts up to a maximum of Euro 100 million in case the operating result targets (gross of LLPs) were not met;
- disposals of non-strategic assets: disposal of foreign subsidiaries, disposal of a list of company stakes over the Restructuring Plan's horizon, provided that the disposal price resulted in a capital neutral impact, and disposal of part of the Bank's real-estate property;
- contingency risk: in addition to the mentioned bulk deconsolidation of the most of the bank's bad loan portfolio, strengthened risk control, limitations on trading activity in terms of value at risk and of the nature of the traded instruments;
- prohibition to carry out transactions in connection with the acquisition of companies; and
- a remuneration cap equal to 10 times the average salary of BMPS employees.

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.

b) Precautionary Recapitalisation

On 28 July 2017, the MEF, through a ministerial decree (the "**Burden Sharing 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 for an amount equal to Euro 4,472,909,844.60 with issuance of 517,099,404 ordinary shares assigned to the holders of certain subordinated notes and other subordinated liabilities (the "**Burden Sharing Notes**"), which were converted into shares at the unitary price of Euro 8.65.

On the same date, another ministerial decree (the "**Recapitalisation Decree**") provided for the Bank's Capital Increase for an amount equal to Euro 3,854,215,456.30, to serve the subscription of 593,869,870 shares by the MEF executed on 3 August 2017 at the unitary price of Euro 6.49.

On 11 August 2017, the capital increase transaction for a combined total of Euro 8,327 million was finalized.

In addition to the above, the Bank also carried out a Public Offering for Exchange and Settlement pursuant to Decree 237 and provided for the purchase by the Bank, in the name and on behalf of the MEF, of the new shares assigned to former holders of Burden Sharing Notes pursuant to the Burden

Sharing Decree. Following the completion of this transaction, the MEF's ownership share of MPS increased from 52.184% to 68.247%.

c) Partial, non-proportional demerger with asymmetric option from BMPS in favour of AMCO

On 29 June 2020, the Board of Directors of BMPS and the Board of Directors of AMCO, a wholly-owned subsidiary of the MEF, approved the project related to the demerger relating to a compendium of NPEs, DTAs, other assets, financial debts, other liabilities and net equity, subject to certain conditions, first of all the positive scrutiny by the ECB. On 25 November 2020 the deed for the partial non-proportional demerger from BMPS in *favour* of AMCO with the granting of an asymmetric option to BMPS' shareholders, other than the MEF, was executed following the assessment, by the Board of Directors of BMPS, on the fulfilment of the conditions precedent which such demerger is subject to, including – in particular – the enrolment with the Companies' Register of Arezzo-Siena of the deed for the partial demerger of MPS Capital Services in favour of the Bank which was executed on 19 November 2020, enrolled with such Companies' Register on 20 November 2020 and effective as of 26 November 2020. The demerger transaction was effective (towards third parties) as of 1 December 2020. At the end of the exchange transactions, 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.

d) 2022-2026 Business Plan

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.

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 2022-2026 Business Plan. 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 will take place in the last quarter 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 announced that the capital increase, concerning no. 1,249,665,648 newly issued BMPS ordinary shares, is fully subscribed for the total amount of Euro 2,499,331,296. 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. into BMPS

On 2 December 2022, it was announced that, in execution of the resolutions passed on 10 November 2022, respectively by the Board of Directors of BMPS and the Extraordinary Shareholders' Meeting of Consorzio Operativo di Gruppo (hereinafter the "**COG**", a company wholly-owned by BMPS), BMPS and COG have entered into the merger deed relating to the merger by incorporation of COG into BMPS. The

Merger is effective as of 5 December 2022, and as of 1 January 2022 with respect to the accounting and tax effects.

h) Merger by incorporation of MPS Leasing & Factoring and MPS Capital Services into MPS

On 30 March 2023, the Board of Directors of BMPS has approved the merger by incorporation into BMPS of MPS Leasing & Factoring S.p.A. ("**MPSL&F**") and MPS Capital Services Banca per le Imprese S.p.A. ("**MPSCS**" or "**MPS Capital Services**").

On the same day, the extraordinary shareholders' meetings of MPSL&F and MPSCS were also held, which approved the respective mergers.

The deed relating to MPSL&F merger has been executed on 20 April 2023 and such merger has become effective as of 24 April 2023 and as of 1 January 2023 with respect to the accounting and tax effects.

The deed relating to MPSCS merger has been executed on 5 May 2023 and such merger has become effective as of 29 May 2023 and as of 1 January 2023 with respect to the accounting and tax effects.

i) Shareholders' ordinary meeting held on 20 April 2023

On 20 April 2023, the shareholders' ordinary meeting of the Issuer was held, *inter alia*, (i) to resolve the approval of the individual financial statements as at 31 December 2022 of the Issuer and the 2022 Consolidated Financial Statements, (ii) to set the number of members of the Board of Directors at 15 and (iii) to appoint the new members to the Board of Directors for financial years 2023, 2024 and 2025.

For further details on the new members of the Board of Directors please refer to the "*Management of the Bank*" section below.

j) Issuance of a new bond

On 23 February 2023, BMPS successfully concluded the placement of a Euro 750,000,000 Senior Preferred unsecured fixed-rate bond issue with maturity in 3 years (repayable in advance after 2 years), intended for institutional investors. The issue represents a successful return of BMPS to the institutional market, more than two years after the last issue.

k) Accelerated book building process for the sale process of 25% of MEF' shareholding

On 20 November 2023 the MEF has announced to have successfully completed the sale of 314,922,429 ordinary shares of BMPS, representing 25% of the share capital, through an Accelerated Book Building (ABB) process reserved to Italian and foreign institutional investors. The offer was increased from 20% to 25% of BMPS's share capital in response to demand that exceeded five times the initial amount.

The price per share is €2.92 for a total value of approximately €920 million. Further to completion of the transaction, MEF's shareholding in BMPS will decrease from 64.23% to approximately 39.23% of the share capital. Within the context of the transaction, the MEF has undertaken with the Joint Global Coordinators and Joint Bookrunners (BofA Securities, Jeffries and UBS Investment Bank) not to sell additional BMPS' shares in the open market for a period of 90 days. The transaction has been settled on 23 November 2023.

l) 2023 SREP Decision

On 4 December 2023, the Issuer announced that it has received the final decision of the ECB regarding the capital requirements to be respected starting from 1st January 2024 (the "2023 SREP Decision"),

following the conclusion of the yearly Supervisory Review and Evaluation Process performed in 2023, related to 31st December 2022 reference date and to any other subsequent relevant information.

In the context of the 2023 SREP Decision, 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 EBA 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 more identified as O-SII and, therefore, starting from 1st January 2024, it will not be subject any more to the request of an additional capital buffer of 25 bps.

The overall minimum requirement in terms of Common Equity Tier 1 ratio decreases to 8.56%, the sum of P1R (4.50%), P2R (1.55%1, invariato) and CBR (2.515%, decreasing since the Bank is no more identified as "O-SII"). Accordingly, the overall minimum requirement in terms of Total Capital ratio decreases to 13.27%. On the basis of the financial statements as at 30th September 2023, the Bank is well above such requirements, with Group's capital ratios of: (i) 16.7% as Common Equity Tier 1 ratio vs a requirement of 8.56%; (ii) 20.2% as Total Capital ratio vs a requirement of 13.27%.

3.1 Recent developments

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 EU-wide stress test does not contain a pass fail threshold and instead is designed to be used as an important source of information for the purposes of the SREP. The results of the stress test will assist the competent Authorities in assessing the Group's ability to meet the applicable prudential requirements under stressed scenarios.

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 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 HR cost savings of 857 million euro over the 3-year horizon, related to >4,000 staff exits concluded on 1st December 2022.

The Common Equity Tier 1 ratio (CET1%) 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 HR cost savings;

Adverse scenario:

10.13% (-551bps) rising to 11.98% (-366bps) considering the benefits of the above mentioned HR cost savings.

On 3 August 2023, the Bank signed an agreement for the disposal of NPEs for a gross book value of approximately Euro 0.2 billion to a group of Italian and foreign institutional investors. The deconsolidation of the loans is expected by year-end.

On 29 August 2023 BMPS has successfully completed the issue of a Euro 500 million Senior Preferred unsecured bond with a 4-year maturity (callable after 3 years), placed to institutional investors, in line with the 2023 funding plan objectives and in compliance with MREL targets.

3.2 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.

3.2.1 2022 SREP Decision

On 27 December 2022 BMPS has announced it has received the 2022 SREP Decision of the ECB regarding the capital requirements to be respected starting from 1 January 2023. For 2023 ECB confirms srep capital requirements in line with 2022 and already complied with. Following the successful outcome of the Capital Increase for 2.5 billion Euros, the ECB also removed the ban on the distribution of dividends, replacing it with the obligation for the Bank to obtain prior authorization from the supervisory authority. In 2023 for the MPS Group – at consolidated level – a total SREP capital requirement (TSCR) of 10.75% is envisaged, which includes:

- a minimum requirement of own funds – P1R of 8% (of which 4.50% of CET1); and
- an additional P2R of 2.75%, which is at the same level that was required for 2022, to be held for at least 56.25% in the form of Common Equity Tier 1 – CET1 – and 75% in the form of Tier 1 capital.

The overall minimum requirement in terms of total capital ratio, obtained by adding a CBR of 2.75% to the TSCR, is 13.50%.

The overall minimum requirement in terms of CET 1 ratio is 8.80%, the sum of P1R (4.50%), P2R (1.55%) and CBR (2.75%); the overall minimum requirement in terms of Tier 1 is 10.82%, inclusive of P1R of 6%, P2R of 2.06% and CBR of 2.75%.

The Bank's capital ratios at consolidated level as at 30 September 2022, taking into account the capital increase concluded on 4 November 2022 for approximately Euro 2.5 billion and the related costs, are equal to: 15.7% for Common Equity Tier 1 ratio, 15.7% for the Tier 1 ratio, 19.5% for the Total Capital ratio, calculated by applying the transitional criteria in force for 2022; 14.7% for the Common Equity

Tier 1 ratio, 14.7% for the Tier 1 ratio, 18.5% for the Total Capital ratio, calculated by applying the fully loaded criteria.

As regards P2G, it is confirmed at 2.50%, to be met with Common Equity Tier 1.

4. Ratings

On 21 November 2023 Moody's improved by one notch the Bank's ratings, leading among the others (i) the Baseline Credit Assessment ("BCA") to "ba3" from "b1", (ii) the long-term deposit rating to "Ba1" from "Ba2" and (iii) the long-term senior unsecured debt rating to "Ba3" from "B1". The outlook on long-term deposit and senior unsecured debt ratings has been confirmed "positive".

On 10 November 2023 Fitch has 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+". Furthermore, the senior preferred rating has been upgraded by two notches to "BB" from "B+", the senior non preferred rating has been upgraded by two notches to "BB-" from "B" and the subordinated debt rating has also been upgraded by two notches to "B+" from "B-". The trend on all ratings is confirmed "stable".

On 17 May 2023, DBRS has upgraded the Bank's ratings by one notch, upgrading the Intrinsic Assessment ("IA") and the long-term senior unsecured debt to "BB (low)" from "B (high)", and the long-term deposit rating to "BB" from "BB (low)". The subordinated debt rating has been upgraded by two notches to "B (low)" from "CCC". The trend on all ratings is confirmed "stable".

Ratings Agencies	Long term rating	Outlook	Short term rating	Outlook	Last updated
Moody's	Ba3[4]	Positive	(P)NP[5]	-	21 November 2023
Fitch	BB	Stable	B	-	10 November 2023
DBRS	BB (low)	Stable	R-4[6]	Stable	17 May 2023

5. Principal companies of the BMPS Group

BMPS, as the parent company of the BMPS 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 BMPS 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

[4] Senior Unsecured debt rating.

[5] 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).

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

the Group, including executing the instructions given by the relevant supervisory bodies and in the interest of maintaining the Group's stability.

The list below sets out the main companies of the Group and their percentage ownership as at the date of this Base Prospectus.

6. BMPS Group Profile

As at 30 June 2023, the BMPS Group is an Italian banking institution with approximately more than 3.6 million customers, assets of Euro 120.8 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 30 June 2023 BMPS Group counts approximately 16,843 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 30 June 2023, 1,362 branches, 127 specialised centres, 109 Widiba financial advisory offices.

The foreign network includes, as at 30 June 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".

Organisational structure

Group overview

The BMPS 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.

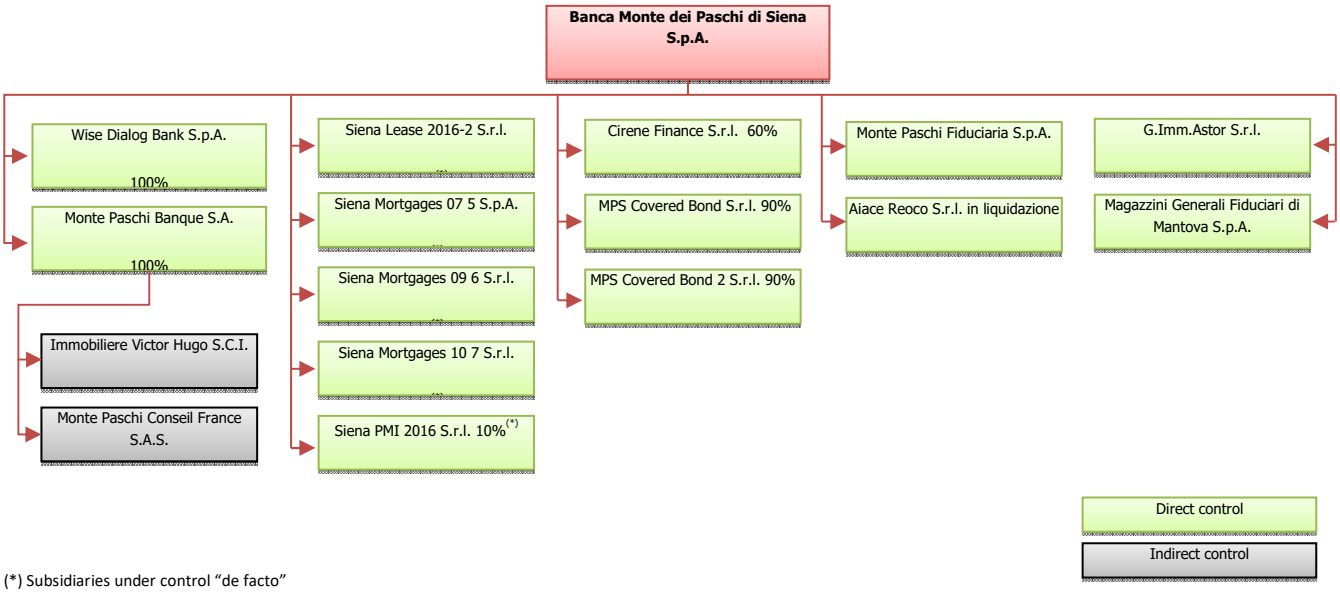
The BMPS Group's operations focus on traditional retail and commercial banking services, with activities prevalent in Italy.

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.



(*) Subsidiaries under control "de facto"

BMPS 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 viticulture sector (MPS Poggio Bonelli) and the agricultural sector (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 administration).

The BMPS Group's organisational structure as at the date of this Base Prospectus is set out below.

<u>BMPS as parent company of the Group</u>

Through its Head Office, BMPS performs 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.

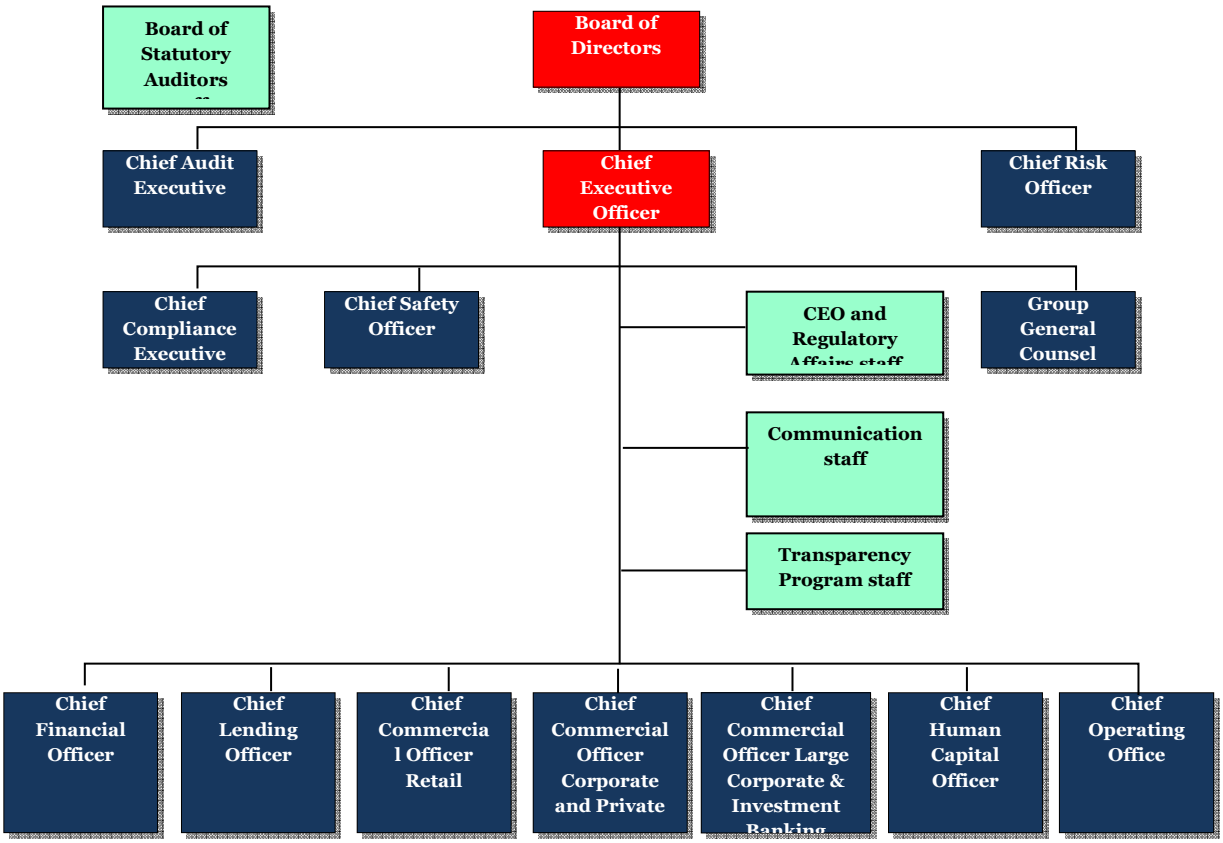
The monitoring and control functions (Chief Audit Executive department and Chief Risk Officer department) report to the Board of Directors, the business, governance and support functions, in addition to the compliance department, are directly supervised by the chief executive officer, strengthening the 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 Chief Commercial Officer Retail department;
- the Chief Commercial Officer Corporate and Private;

- the Chief Commercial Officer Large Corporate & Investment Banking;
- 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 Communication staff;
- the CEO and Regulatory Affairs staff; and
- 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, outstanding issues under the Euro Medium Term Note Programme are equal to a total aggregate notional amount of Euro 5.46 billion (rounded); outstanding issues under the Programme, placed on the market, are equal to a total aggregate notional amount of Euro 4.5 billion (rounded).

A significant funding source is also represented by ECB's TLTROs III guaranteed by assets pledged by the Bank, within the limits and according to the rules established in the Eurosystem. As at the date of this Base Prospectus, ECB's TLTROs III outstanding amount to Euro 5.5 billion, of which Euro 2.5 billion maturing on 27 March 2024 and Euro 3 billion on 26 June 2024, maturing weekly/quarterly, changes according to BMPS' liquidity needs.

8. Competition

The BMPS Group faces significant competition from a large number of banks throughout the Republic of Italy.

A period of consolidation has created larger, more effective and competitive banking groups. Competition in both deposit-taking and lending activities has intensified, contributing to the narrowing of spreads between deposits and loan rates.

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).

9. ECB/Bank of Italy and Consob inspections during the period 2019-2023

10.1. Verification activity on banking transparency

On 7 October 2019, the Bank of Italy started a new inspection with the aim of verifying compliance with the transparency regulations and the fairness of the Bank's relationship with its customers. The audit ended on 21 January 2020. Meanwhile, based on the findings of the verification, the Bank launched an action plan, including refunds to customers, of which the Bank of Italy was informed.

On 12 June 2020, the Bank of Italy presented its findings with an evaluation "predominantly non-compliant" and notified a formal challenge of the sanctioning procedure for violations subject to administrative sanctions under article 145 of the Consolidated Banking Act. At the same time, with a note signed by the governor of the Bank of Italy, it was requested to supplement the remedial plan already started.

On 11 August 2020, the Bank transmitted to the Bank of Italy its observations with regard to the audit report and its response to the decision to initiate the sanctioning procedure. At the same time a new remedial action plan was activated and completed by 31 December 2020. As a result of the remedial actions, the Bank refunded customers for a total amount of Euro 45 million (rounded), of which Euro 4,6 million (rounded) referring to sums made available by means of a notice published in the Official Gazette of the Republic of Italy and in two national newspapers. A follow-up plan of residual activities is currently being carried out.

On 3 May 2021, the Bank was imposed a pecuniary administrative sanction of Euro 2.9 million, pursuant to article 144 of the Italian Consolidated Banking Act.

On 6 July 2021, the Bank of Italy sent a further notice inviting the Bank to provide additions and clarifications regarding (i) the mechanisms adopted to ensure the timely delivery of the European standardised information sheet; (ii) the transfer of payment services; (iii) the remuneration of the credit lines; and (iv) the application of charges in the event of withdrawal from the current account. In September 2021, the Bank provided the expected clarifications.

The new inspection activity that started on 7 October 2019 and ended on 21 January 2020 regarding the transparency matter mentioned above was also conducted with respect to Banca Widiba S.p.A.. Two of the Bank of Italy's findings concerned Banca Widiba which, as the Bank did, launched and completed its own remedial action plan by 31 December 2020.

The sanctioning procedure that involved the Bank did not involve Banca Widiba S.p.A.

10.2. 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 to verify 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, signaling 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 AML-CFT Plan and with its contents approved by the Widiba Board of Directors, was sent to Bank of Italy on 4 April 2023.

10.3. Bank of Italy inspection on advisory activities to customers in relation to investment diamonds

In the context of the same inspection activity initiated on 6 June 2018, it is stated that the supervisory authority also provided the Bank with findings with regard to the reporting of investment diamonds to customers, carried out by the Bank until February 2017. With reference to these findings, it is specified that the Issuer provided timely responses to the supervisory authority within a letter dated 29 March 2019.

10.4. Inspection activity in relation to the IT Risk (OSI 3832)

From 26 March 2018 to 26 June 2018, the ECB conducted a Group-wide on-site computer risk investigation (the "**IT risk**"). On 15 November 2018, a report was issued identifying 15 complaints with varying degrees of impact mainly relating to IT security areas, the execution by control functions, business continuity, the definition of IT strategies and the organization of development projects. It

was found that the Group's IT structure was adequate to support the requirements within the horizon of the Restructuring Plan.

In August 2019, a follow-up letter was sent with recommendations associated with the deficiencies highlighted in the report. In April 2020, the Bank informed the ECB of the timely implementation of the recommended remedial actions. In addition, the Bank has implemented plans to improve IT security and is engaged in executing a multi-year data governance plan.

10.5. Inspection activity on legal risk (OSI 4125)

In the period from 28 January 2019 to 26 April 2019, the ECB conducted a Group-wide on-site investigation involving legal risk. In November 2019, the ECB sent a report, which included 11 observations on, inter alia, the handling of proceedings, litigation management aspects, and the monitoring of legal risk, the procedures for setting the provisions and the activities carried out by the internal control function.

On 7 May 2020, the ECB sent a follow-up letter setting forth its recommendations. The Bank completed the implementation of the recommendations by 30 June 2021, in line with the timetable provided by the ECB.

10.6. Inspection activity on interest rate risk inspection (OSI 3834)

In the period from 24 June 2019 to 27 September 2019, the ECB conducted a Group-wide on-site investigation of Interest Rate Risk in the Banking Book ("**IRRBB**"). On 12 February 2020, the ECB sent the final version of the report, which included six observations relating to the management processes and rate risk quantification models.

On 21 October 2021, the ECB sent a follow-up letter setting forth its recommendations. On 29 November 2021, the Bank sent the ECB the action plan to address the recommendations made with clear evidence of the activities already in place. A number of initiatives aimed at strengthening the system of internal controls, internal quantification metrics, and the IRRBB risk measurement system have been completed throughout the year 2022, in accordance with the scheduled deadline.

10.7. Inspection activity on liquidity allocation and internal funds' transfer pricing (OSI 4356)

From 23 October 2019 to 29 January 2020, an on-site investigation was conducted on the liquidity allocation and internal transfer rate. On 16 September 2020, the ECB sent its report on the results of the investigation, which included 10 findings, mainly relating to the measurement of liquidity risk, data quality controls and the FTP framework, the latter being the set of methodologies that preside over the calculation of the TIT (i.e., the corporate internal rate at which funds are exchanged between business units and the unit that centrally manages interest rate and liquidity risk (the Centralized Treasury)).

On 16 November 2021, the ECB sent a follow-up letter setting forth its recommendations. On 21 December 2021, the Bank sent the ECB the action plan to address the recommendations made with clear evidence of the activities already in place.

As of 30 March 2023 the Bank completed the implementation of all the expressed recommendations.

10.8. Inspection activity on internal governance and risk management (OSI 4834)

In February 2020, the ECB conducted an on-site investigation as part of the Bank's internal governance and risk management processes.

On 27 October 2021, the ECB sent a follow-up letter setting forth its recommendations related to the compliance and internal audit processes. The remediation action plan was implemented by the first quarter of 2022, in line with the ECB's deadlines.

10.9. Investigation of the Management of the Credit Portfolio during the Pandemic

By letter dated 4 December 2020, the ECB provided all banks with a guidance on the identification and measurement of credit risk in the context of the COVID-19 pandemic. In the course of 2021, ECB investigations to verify the Bank's operational capacity in credit management during the pandemic continued. With respect to this, a "Horizontal Targeted Review" was also conducted on the "Food and Accommodation Service" sector. The Bank subsequently informed the supervision of initiatives specifically dedicated to the supervision of credit risk during the pandemic.

10.10. 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 01 March 2023 the Bank received the final decision letter from the ECB, with the approval of model change 2021. All the finding of the previous inspection on IRB models were considered as remediated; while an appropriate action plan has been developed to remediate findings detected by IMI 0197502. The models were implemented into the Group's management systems since February 2023 and that models were used starting the IQ 2023 regulatory reporting.

10.11. Bank of Italy on-site inspection ECAF\IRB systems

On 14 June 2023, the Bank of Italy reported the result "*In Prevalenza Soddisfacente*" of its inspection on "*Utilizzo del sistema IRB di Banca MPS in ambito ECAF*" that was carried out during the period 25-27 January 2023.

10.12. Supervisory assessment, implementation plan and ECB Thematic Review on climate and environmental risks

In the first half of 2023, the Bank continued the implementation of the plan to integrate climate and environmental 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, which expects to implement a set of remedial actions, according to specific deadlines up to the end of 2024.

On 03 February 2023, the ECB sent to the Bank a letter relating to the results of the analysis conducted on the adequacy of the information provided on climate-related and environmental risks. This letter requests to further improve its information on climate and environmental risks, identifying suitable actions to address the shortcomings highlighted. On 17 March 2023, the Bank responded to the JST providing evidence of the improvements already implemented and those planned.

On 19 September 2023, the ECB sent to the Bank the Decision on the risk identification process for climate-related and environmental risks (C&E risks), requiring further strengthening efforts related to the identification of material C&E risks, the monitoring of the impact of C&E risks on the business environment in which it operates and recommending to review the materiality assessment for liquidity risk.

10.13. 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, (iii) review the credit classification and provisioning process. The inspection activity has been completed and the final inspection report was presented to the Bank in the exit meeting held on 20 December 2022. On 10 July 2023, the Bank received from the ECB the Follow Up Letter with the recommendations and the requests of

remediation for each finding listed in the final report, following which the Bank responded by sending a remedial action plan.

10.14. Residential Real Estate Targeted Review

During the IVQ 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.

During the course of the IIH 2023 the Bank is expected to receive an Operational Act, including any findings and the related remedial actions.

10.15. Internal Model Investigation (IMI 0227377)

On 19 June 2023, the ECB started an internal model investigation with the purpose to assess 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 the month of August 2023, the Bank is waiting for the inspection report.

10.16. IFRS9 Overlay Exercise

In the course of the IIH 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 major findings have arisen from the exercise, related to the governance of the management overlays process and the adoption of a collective stage assessment to complement the individual assessment. The Bank has started appropriate remedial actions.

With respect to on-site inspections, failure to comply with the implementation of remedial actions within the required timeframe exposes the Bank to the risk of a negative assessment by the ECB, which may incorporate this assessment as part of the broader annual SREP assessment process, including applying specific requirements to achieve the target as necessary. With respect to internal model inspections, failure to comply with findings requirements exposes the Bank to the risk of penalties, limitations or RWA add-on requests.

10.17. Consob inspection on certain profiles of the state of compliance with the new legislation resulting from the transposition of MiFID II

From 3 May 2022 to 17 February 2023, a Consob inspection was carried out on BMPS, with the aim of ascertaining the state of compliance with the new regulations consequent to the transposition of MiFID II with regard to the following profiles: (i) the procedural arrangements defined in the field of product governance; (ii) the procedures for assessing the adequacy of transactions carried out on behalf of clients.

As a result of the aforesaid inspection, on 28 July 2023, Consob, highlighting a context of substantial compliance with the regulatory framework and supervision by the control functions, convened a meeting, pursuant to Article 7, paragraph 1, letter a), of the Financial Laws Consolidation Act, with the Managing Director of BMPS and the Head of the Compliance Function, in order to discuss certain profiles worthy of investigation and update emerged during the inspection.

10. Legal Proceedings

10.1. Judicial and arbitration proceedings

Save as disclosed in this section, in the course of the 12 months preceding the date of this Base Prospectus there have been no governmental, legal or arbitration proceedings (including pending or threatened proceedings known to BMPS) which may have, or which had in the recent past, significant impact on the Bank's financial condition or profitability.

As at the date of this Base Prospectus there were various legal proceedings pending against the Bank, including civil, criminal and administrative actions.

These proceedings mainly relate to the financial transactions carried out to fund the acquisition of Banca Antonveneta, various financial transactions carried out by the Bank to restructure the "Alexandria" notes and the "Santorini" transaction, previous capital increases carried out by the Bank in 2008 and 2011 and the FRESH 2008 transaction. These events have resulted in also disciplinary procedures being filed by supervisory authorities against the management in office at the time of such events (which, should sanctions be imposed, would imply that the Bank will be held jointly liable with no certainty that the latter will be able to recover any amounts paid as a result of such obligation after the bringing of recourse actions) and certain legal actions brought against the Bank by consumer associations and individual investors who have subscribed for financial instruments in the context of the share issuances carried out by the Bank. This context also includes corporate liability lawsuits brought by the Bank against the Chairman of the Board of Directors and the General Manager in office at the time of events and suits for damages against Nomura and Deutsche Bank in connection with the restructuring of the "Alexandria" notes and the "Santorini" transaction, respectively.

In addition to this litigation, there are also (i) disputes deriving from the Bank's ordinary course of business, and concerning, *inter alia*, claw-back actions, compound interest, placement of bonds issued by Governments and companies that have defaulted, placement of other financial instruments and products, (ii) labour disputes, (iii) tax disputes and (iv) disputes in various manners related to the Burden Sharing, please see paragraph 10.2.4 "*Disputes relating to securities subject to the Burden Sharing*" of section "*Banca Monte dei Paschi di Siena S.p.A.*" of this Base Prospectus.

It should be noted that, in accordance to IAS 37, the amount of petitum indicated includes all disputes for which the risk of economic resources disbursement deriving from the potential loss has been assessed as probable or possible and, therefore, does not include disputes for which the risk has been assessed as remote.

On 30 September 2023 the following legal disputes and out-of-court claims were pending:

- legal disputes with a petitum, where quantified, of Euro 3.2 billion (rounded). In particular: :
  - Euro 2.2 billion (rounded) in claims regarding disputes classified as having a "probable" risk of losing the case;
  - Euro 1.0 billion (rounded) in claims attributable to disputes classified as having a "possible" risk of losing the case;
- out-of-court claims totalling, where quantified, Euro 1.9 billion (rounded), of which Euro 1,8 billion (rounded) related to claims classified at "probable" risk of losing the case, and Euro 0.065 billion (rounded) related to claims classified at "possible" risk of losing the case.

The overall petitum for tax proceedings of the Group is equal to Euro 37.2 million (rounded) while the overall petitum relating to the passive labour proceedings is equal to Euro 65.3 million (including the labour proceedings brought by certain employees of Fruendo S.r.l.) almost entirely relating to the Bank.

Allocations to the "provision for risks and charges" have been made for amounts representing the best possible estimate relating to each dispute, quantified with sufficient reasonableness and, in any case, in accordance with the criteria laid down by the Bank's policies.

The components of the overall "provision for risks and charges" include, in addition to the allocations provided for "legal and tax disputes", allocations versus expected losses on estimated disbursements for client complaints.

The estimate of liabilities is based on the information available from time to time and implies in any case, several uncertain factors characterising the different judicial proceedings, and multiple and significant evaluation elements. In particular, it is sometimes not possible to produce a reliable estimate as an example and without limitation in case of proceedings that have not been instituted, in case of possible cross-claims or in the presence of uncertainties in law or in fact such as to make any estimate unreliable.

Accordingly, although the Bank believes that the overall "provision for risks and charges" posted in the Financial Statement should be considered adequate in respect of the liabilities potentially consequent to negative impacts, if any, of the aforementioned disputes, it may occur that the provision, if any, may be insufficient to fully cover the charges, expenses, sanctions and compensation and restitution requests associated with the pending proceedings or that the Group may in the future be called to satisfy compensation and restitution costs and obligations not covered by provisions, with potential negative impact on the business and the economic, capital and/or financial condition of the Bank and/or the Group.

10.2. Disputes related to criminal investigations and legal affairs in 2012 and 2013

Following the aforementioned criminal investigations involving the Bank in 2012 and 2013, several criminal, sanctioning and civil proceedings were instituted by judges, supervisory authorities, the Bank itself, consumer associations and investors.

As at the date of this Base Prospectus, the Issuer and some of its representatives (including the former), are involved in several criminal proceedings and/or, according to the Issuer's knowledge, subject to investigations by the competent authorities for possible profiles of liability related to various criminal offences concerning banking operations, including, for example, those relating to the verification of liability of potential hypothesis of usury offence as referred to in article 644 of the Criminal Code.

Moreover, from time to time, directors, representatives and employees, including former directors, representatives and employees, may be involved in criminal proceedings arising from disputes connected with the performance of their activities at the Bank. The Bank is not entitled to know or communicate details of these proceedings.

As at the date of this Base Prospectus, although such criminal proceedings have not negatively affected the Bank's income statement, balance sheet and/or financial position, there is a risk that, if the Bank and/or the other companies of the Group, or their representatives (including the former), are convicted following a finding of violating provisions that result in criminal liability, such event may have an impact, significant or otherwise, on the reputation of the Bank and/or the Group.

The Bank's position in respect of such proceedings is aligned with the principles of business and managerial discontinuity which influenced the renovation actions undertaken by the management which took over from the previous management in office at the time of the events. These were aimed at identifying the best initiatives for the protection of the Bank, its assets and its image thereof, even through taking direct legal actions against the former top executives.

In particular, following the criminal investigations involving the Bank in 2012 and 2013, several criminal, sanctioning and civil proceedings were instituted by judges, supervisory authorities, consumer associations, investors and the Bank itself. In this regard, it is worth highlighting that the Bank has been involved in three criminal proceedings (identified as no. 29634/14, no. 955/16 and no. 33714/20), summarized and described below.

10.3. Criminal investigations and proceedings

(A) *Criminal proceedings no. 29634/14*

With respect to the criminal proceeding related to the structured term repurchase agreements for the "Alexandria" and "Santorini" transactions that the Bank entered into with Nomura International PLC ("**Nomura**") and Deutsche Bank AG, the criminal acts alleged to have been committed by the persons under investigation are related to the financial statements as of 31 December 2009, 2010, 2011 and 2012 and the balance sheets as of 31 March 2012, 30 June 2012 and as of 30 September 2012.

During March 2016, this proceeding was combined with the other criminal proceedings pending before the Court of Milan relating to the "Santorini", "FRESH 2008" and "Chianti Classico" transactions. With its order of 13 May 2016, the Milan Court of the Preliminary Hearing ("**GUP**") admitted the filing and the admissibility of claims made by civil parties against entities already party to the proceedings pursuant to Italian Legislative Decree n. 231/2001.

On 2 July 2016, with the consent of the public prosecutor's office, the Bank submitted a plea agreement in the criminal proceedings before the GUP in response to the prosecutor's charges relating to compliance with Italian Legislative Decree n. 231/2001.

Following the plea bargain, the Issuer's position was removed, limiting the consequences to a pecuniary administrative sanction of Euro 600 thousand and a confiscation of Euro 10 million, without exposing itself to the risk of greater penalties.

During the proceedings, by order of 6 April 2017 the Court of Milan decided on the requests for the exclusion of civil parties submitted by the defence teams of the defendants and the civilly liable parties, excluding several civil parties. In addition, the claim of damages as a civil party by the Issuer against Giuseppe Mussari, Antonio Vigni, Daniele Pirondini and Gian Luca Baldassarri was also excluded on the assumption of its contributory liability with respect to some defendants.

On 8 November 2019, the Court read the conclusion of the ruling in first instance by convicting all defendant natural persons, and pursuant to Italian Legislative Decree 231/2001, the legal persons of Deutsche Bank AG and Nomura International PLC. The reasons were filed on 12 May 2020.

The Issuer, as civilly liable party (not accused pursuant to Legislative Decree 231/2001 as a result of a previous plea bargaining) was convicted – jointly with the accused natural persons and the two foreign banks – and ordered to pay damages to the civil parties still making an appearance, to be settled in separate civil proceedings, the Court having rejected the request to make an amount available on a provisional and immediately enforceable basis, pursuant to article 539 of the Italian Code of Criminal Procedure.

The Issuer filed an appeal before the Court of Appeal of Milan against the ruling of first instance, as the civilly liable party, jointly and severally liable with the defendants. The first hearing of the appeal judgment was held on 2 December 2021 where some civil parties revoked their appearance as a result of the transactions that took place with the Issuer.

On 6 May 2022, the Court of Appeal of Milan, Second Criminal Division, acquitted all the defendants in the trial with a broad formula, highlighting that the "there is no case to answer" On 16 November 2022, an appeal was lodged with the Court of Cassation by both the Attorney General's Office at the Court of Appeal of Milan and Consob. The appeals have been discussed at the hearing on 11 October 2023 before the V Criminal division of the Court of Cassation.

Following the sentence issued by the Court of Cassation on such date, the Bank has downgraded from "possible" to "remote" the risk related to a number of claims, both judicial and extra judicial; consequently, the total amount of litigations and out-of-court claims related to financial information

disclosed in the 2008-2015 period has significantly reduced, from EUR 4.1 billion in June to EUR 2.9 billion in September.

In addition, as of 11 October 2023, all out-of-court claims served on the Bank after 29 April 2018 are considered time-barred in accordance with such Court of Cassation's sentence.

Proceedings before the Court of Milan no. 13756/2020

This criminal proceeding originates from the transmission of the documents to the Milan Public Prosecutor's Office ordered in the first instance ruling in criminal trial no. 29634/14, as, during the hearing of oral arguments, relevant elements and circumstances emerged against two former managers of the Issuer not involved in criminal proceedings no. 29634/14 regarding the construction, completion and accounting of the FRESH, Santorini and Alexandria transactions.

It should be remembered in this regard that, as mentioned previously, on 6 May 2022 the Court of Appeal of Milan acquitted all the defendants in criminal proceedings no. 29634/14 with a broad formula, highlighting that the "there is no case to answer".

As part of criminal proceedings no. 13756/20, CONSOB filed an action as aggrieved party in criminal proceeding which requested and obtained, with the authorisation of the Preliminary Hearing Judge of 13 February 2023, the summons of the Bank as civilly liable party pursuant to article 2049 of the Italian Civil Code for the offence of market manipulation, with reference to the financial statements relating to the years 2008, 2009, 2010, 2011 and the accounting situations as at 31 March, 30 June and 30 September 2012 challenged to the aforementioned former executives, with a claim for damages to be quantified during the trial. At the hearing on 4 May 2023, the Issuer appeared in proceedings as a civilly liable party. The Court adjourned the proceedings to the hearing of 14 September 2023 pending the Court of Cassation hearing date for the main proceedings no. 29634/14, Court of Milan.

(B) Proceedings before the Court of Milan no. 955/2016

On 12 May 2017 the committal for trial of the representatives Alessandro Profumo, Viola Fabrizio and Salvadori Paolo was requested within new criminal proceedings before the Court of Milan, in which they were charged with false corporate disclosures (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 at 30 June 2015, as well as market manipulation (article 185 of the Italian Legislative Decree no. 58/1998) in relation to the disclosures to the public concerning the approval of the financial statements and the balance sheets specified above.

Following the formalisation of the appearance before the court by the Issuer, the Public Prosecutor requested the issue of a pronouncement of acquittal because there is no case to answer or because the act does not constitute an offence depending on the charge in question. On the outcome of the hearing, the schedule was updated on 13, 20 and 27 April 2018 for the continuance of discussion and the possible issue of the final ruling of the preliminary hearing.

Following the outcome of the preliminary hearing, the Preliminary Hearing Judge found no grounds for a decision not to proceed to judgement and ordered the committal for trial of the defendants, natural persons (Messrs. Viola, Profumo and Salvadori) and the Issuer (as entity liable pursuant to Italian Legislative Decree no. 231/2001). Only Mr Salvadori was found not to be subject to proceedings for the charge pursuant to article 185 of the Italian Legislative Decree no. 58/1998.

At the hearing on 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 conclusion of the ruling of first instance, registered under number 10748/20, sentencing all accused natural persons and the Issuer pursuant to Italian Legislative Decree no. 231/2001. The reasons were filed on 7 April 2021.

In its reasons, the Court analysed the conduct with which the defendants were charged with reference to the incriminating circumstances pursuant to article 2622 of the Italian Civil Code (false disclosure) and pursuant to article 185 of the Italian Legislative Decree no. 58/1998 (market manipulation) and confirmed the grounds of the administrative offences with which the Issuer was charged pursuant to articles 5, 6, 8 and 25 ter, letter b) of Italian Legislative Decree no. 231/2001, limited to the offence of false disclosure 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 Italian Legislative Decree no. 231/2001 due to market manipulation relating to press releases concerning the approval of the financial statements as at 31 December 2012, 31 December 2013, 31 December 2014 and the half-yearly report as at 30 June 2015, imposing an administrative fine of Euro 0.8 million.

With reference to the Issuer's position as civilly liable party, the grounds of the ruling explained the reasons for the generic sentencing to provide compensation for damages based on which demands for relief from civil parties may be accepted, pursuant to article 2049 of the Italian Civil Code, in separate civil proceedings.

The Issuer filed an appeal before the Court of Appeal of Milan against the ruling of first instance, as the civilly liable party, jointly and severally liable with the defendants, having administrative liability under Italian Legislative Decree no. 231/2001.

In addition, an appeal was also ledged not only by the defendants but also by the counsels for the defence of some civil parties, while 27 civil parties, withdrew their appeal. At the first hearing held on 31 March 2023 before the second criminal division of the Court of Appeal of Milan, the General Public Prosecutor and some civil parties discussed and presented written conclusions. At the subsequent hearings held on 6 April 2023, 28 April 2023, 19 May 2023 and 16 June 2023 the remaining appellant and non-appellant civil parties, the counsels of the defendants and the civilly liable party discussed and submitted written conclusions.

The court adjourned the discussion until 27 October 2023, for replies.

(C) Audits of the 2012, 2013, 2014 and 2015 interim financial statements in respect of the Non-performing loans- Criminal Proceeding 33714/2016

In relation to criminal proceeding no. 33714/16 pending before the Milan Attorney General's Office, the Issuer was originally implicated as administrative manager pursuant to Legislative Decree no. 231/2001 in connection with an allegation 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 crime (a measure also confirmed by the General Prosecutor's Office on 15 March 2019).

On 25 July 2019, the Preliminary Investigations Judge of the Court of Milan, on the one hand, acknowledged the dismissal of the proceedings against the Issuer, as the liable entity pursuant to Legislative Decree No. 231/2001 (moreover, the Issuer had also taken on the role of injured party in the proceedings) and, on the other hand, ordered the continuation of the investigations of the

defendant natural persons (i.e. chairman of the Board of Directors, CEO and pro-tempore Chairman of the Board of Statutory Auditors) thus rejecting the Public Prosecutor's request for the case to be dismissed (supported by a detailed expert report prepared in the interest of the Public Prosecutor's Office). The investigations continued in the form of an evidence gathering procedure (in which the Issuer did not participate) during which two experts were appointed by the Preliminary Investigations Judge, who, on 30 April 2021, filed their report. The questions posed to the experts mainly concerned the verification of the correctness and timeliness of the adjustments to non-performing loans recorded by the Issuer in the period from 2012 to 2017 in compliance with the accrual principle and the other accounting standards 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 on 8 June 2021, the evidence gathering procedure was closed and the Preliminary Investigations Judge forwarded the documents to the Public Prosecutor's Office assigning it a deadline of 45 days to carry out any further investigations and make their determinations.

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 review the documentation related to the 100 positions for which the ECB, in the context of the 2015-2016 inspection, had indicated the greater difference between the provisions set aside by the Bank and those indicated by the same Supervisory Authority, in order to identify the actual effect of such deviation.

This analysis was concluded with the preparation of further technical advice. The Public Prosecutor's consultants, while finding some alleged accounting errors, came to different conclusions from those of the expert report ordered by the Preliminary Investigations Judge in 2020 on the same credit positions.

In addition, the Public Prosecutor instructed two officials of the Bank of Italy to review the effects on regulatory capital of major adjustments to non-performing loans that the Bank would have had to make in the financial years covered by the above-mentioned 2020 report. In this case, too, the two appointees have filed their own expert opinion.

On 25 February 2022, the Preliminary Investigations Judge 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 concerning the conclusion of preliminary investigations pursuant to article 415-bis of the 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 Executive manager (responsible for the preparation of corporate accounting documents). Despite the previous dismissal, the Issuer also received the same notice as party bearing administrative liability pursuant to Italian Legislative Decree 231/01. On 14 December 2022, a request for committal for trial was issued against the aforementioned exponents and the former Executive manager; on 12 December 2022, the Issuer's position as administrative manager pursuant to 231 Model was instead eliminated.

The natural persons are charged with the offences of false corporate communications (pursuant to article 2622 of the Italian Civil Code) and market manipulation (pursuant to article 185 of the Italian Legislative Decree no. 58/1998) with reference to the 2013-2014-2015 Financial Statements and the 2015-2016 half-yearly reports, as well as of false accounting statements (pursuant to article 173-bis of the Italian Legislative Decree no. 58/1998) in relation to the 2014-2015 prospectuses.

According to the charges, in the above-mentioned corporate communications, the defendants allegedly posted adjustments relating to non-performing loans in violation of accounting standards, thereby misrepresenting the economic and financial position of the Issuer. According to the accusation, this misrepresentation was also reflected in the communications and statements contextually released by the Issuer.

The Bank, as party bearing administrative liability still under investigation despite the withdrawal order mentioned above, is charged with the administrative offences under 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.

At the first preliminary hearing held on 12 May 2023, more than 4,000 civil parties entered an appearance as aggrieved party. The preliminary hearing continued on 26 June 2023, when new civil parties appeared, for a total number of over 5,000 parties. Consob and Bank of Italy did not appear as civil parties. Almost all the civil parties requested the summoning of the Issuer as civilly liable party.

At the hearing on 26 June 2023, the Judge ruled that no further appearance as civil parties would be admitted. Furthermore, considering that the full scanning by the court's clerk of documents filed at the hearing of 12 May, had been made available only on 23 June 2023, considering also the additional set of documents filed at the hearing of 26 June 2023, in order to allow the defendant to exercise their right, the Judge postponed the hearing previously scheduled for 10 July and 18 September 2023, to 10 November and 1 December 2023.

For the same reasons, the Judge of Preliminary Hearing reserved the right to decide on the filing of the decree to summon the civilly responsible party, which has been filed by 19 September 2023.

10.4. Civil Proceedings

a) *Litigation and Out-of-Court Requests Related to Financial Information Disseminated in the 2008-2015 period*

The Bank is exposed to civil proceedings, the effects of judgments arising from criminal proceedings (29634/14, 955/16 and 33714/16) and out-of-court requests with regard to financial information disseminated in the period from 2008 to 2015. On 30 September 2023, the overall petitum in relation to disputes and out-of-court claims related to financial information distributed in the 2008-2015 period, amounted to Euro 2.9 billion (rounded). Specifically Euro 1.0 billion (rounded) of the civil proceedings related to the suits brought by the shareholders in the context of 2008, 2011, 2014 and 2015 capital increases, of which Euro 0.16 billion requested by civil claimants, where quantified, related to the criminal proceedings no. 955/16.

As a result of the sentence of the Court of Cassation issued on 11 October in relation to the criminal proceedings no. 29634/14, as of 11 October 2023, all out-of-court claims served on the Bank after 29 April 2018 are accordingly considered time-barred.

As at 30 June 2023, litigation and out-of-court claims concerning period after 2011 were reclassified to "likely" risk following the ruling of 15 October 2020 concerning criminal proceedings 955/2016 and those connected to criminal proceedings 33714/2016.

Instead, with reference to out-of-court claims classified as "likely" risk of losing the case, in order to take into account the probability of their transformation into real disputes, the provisions were determined by applying an experiential factor, in line with the Issuer policies for similar cases, to requests made by the opposing parties.

In any case, the Issuer has exercised the possibility granted by IAS 37 of not providing disclosures on the provisions allocated in the accounts since it believes that such information could seriously jeopardise its position in disputes and in potential settlement agreements.

(i) Legal dispute Banca Monte dei Paschi di Siena S.p.A. / the holders of FRESH 2008

Some holders of FRESH 2008 securities maturing in 2099, with writ of summons served on 15 November 2017, initiated proceedings against the Issuer, the company Mitsubishi UFJ Investors Services & Banking Luxembourg SA (which replaced the Issuer in issuing the bond loan Issuer of New York Mellon Luxembourg), the British company JP Morgan Securities PLC and the American company JP Morgan Chase Bank N.A. (which entered into a swap agreement with the bond loan issuer) so that: (i) the inapplicability of the Burden Sharing Decree to the holders of the FRESH 2008 Securities and, consequently, to hold that the said bonds cannot be forcibly converted into shares, (ii) the validity and effectiveness of the said bonds in accordance with the terms and conditions of their issue be affirmed insofar as they are governed by Luxembourg law, and, finally, (iii) it is declared that the Issuer is not entitled, in the absence of the conversion of the FRESH 2008 Securities, 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, dismissed the requests made by the Issuer to stay the proceedings until the ruling of the international courts with regard to the preliminary objections raised by the Issuer; on the other hand, it upheld the plea of lack of jurisdiction of the court before which the case was brought in relation to the claim concerning the usufruct contract entered into by the Issuer with JP Morgan Securities PLC and JP Morgan Chase in the context of the 2008 share capital increase transaction. In relation to the aforementioned usufruct contract, the Luxembourg Court has reserved its judgement pending the decision of the Italian Court and, on the contrary, has declared its jurisdiction in relation to the swap contract entered into by the Issuer with the same counterparties in the context of the 2008 capital increase transaction.

It is noted that, following the start of the proceedings in question by the holders of the FRESH 2008 Securities, the Issuer, on 19 April 2018, brought a legal action before the Court of Milan against JP Morgan Securities Ltd JP Morgan Chase Bank N.A. London Branch, as well as the representative of the FRESH 2008 securities holders and Mitsubishi Investors Services & Banking (Luxembourg) S.A. to ascertain that the Italian Judge is the only one with jurisdiction and competence to decide about the usufruct contract and the company swap agreement signed by the Issuer with the first two defendants in the context of the operation of the share capital increase in 2008. Consequently, the Bank asked:

- to ascertain, pursuant to Article 22, paragraph 4 of Decree 237 of 23 December 2016, the ineffectiveness of the usufruct contract and the company swap agreement that provide for payment obligations in favour of JP Morgan Securities PLC and JP Morgan Chase Bank NA;
- to ascertain the ineffectiveness and/or termination and/or settlement of the usufruct contract or, in the alternative;
- to ascertain the termination of the usufruct contract due to the capital deficiency event of 30 June 2017.

The first hearing was held on 18 December 2018 and the Investigating Judge, considering the prejudicial nature of the issue of jurisdiction raised by the defendants, in view of the fact that a dispute is pending before the Luxembourg Court involving the same relief sought and the same cause, had granted the parties terms to reply only to the procedural objections and adjourned the hearing to 16 April 2019 for assessment of the disputed issue. At the subsequent hearing on 2 July 2019, the case was held over for decision and by order of 2 December 2019, the Court of Milan ordered the proceedings to be suspended pending the decision of the aforementioned Luxembourg Court. Against this order, the Issuer had filed a petition with the Court of Cassation for the referral to a different

competent court. The court has rejected the petition of the Issuer with ruling dated 31 March 2021. Fresh bond holders appealed the first instance ruling by the Luxembourg Court. The notice of appeal was filed at the end of November 2022. The Issuer - in parallel - on the basis of the ruling issued by the Luxembourg Court, filed a petition with the Italian court asking it to rule on the grounds for the termination of the usufruct contract. The Court of Milan scheduled for the continuation of the case a hearing on 12 December 2023 and ordered the notification of appeal and subsequent decree for setting the hearing by 30 September 2023.

In the event of a favourable outcome of the dispute, 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 dispute, the principle of burden sharing cannot be applied and therefore the bondholders will retain the right to receive the coupon (equal to Euribor 3M + 425 bps on a notional amount of Euro 1 billion) provided that the Bank 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 dispute will only produce prospective effects and only in the event of dividend distribution.

(ii) Dispute Banca Monte dei Paschi di Siena S.p.A./ Alken Fund Sicav and Alken Luxembourg S.A.

On 22 November 2017, the counterparties (the "**Funds**") served a complaint on the Issuer, as well as Nomura International ("**Nomura**"), Giuseppe Mussari, Antonio Vigni, Alessandro Profumo, Fabrizio Viola and Paolo Salvadori, before the Court of Milan, requesting that the court confirm and declare: (i) the alleged liability of the Issuer pursuant to article 94) of the Italian Legislative Decree no. 58/1998, as well as for the deeds of defendants Mussari, Vigni, Profumo and Viola pursuant to article 2935 of the Italian Civil Code due to the offences perpetrated against the plaintiffs; (ii) the alleged liability of defendants Mussari and Vigni in relation to investments made by the Funds in 2012 on the basis of false information; (iii) the alleged liability of defendants Viola, Profumo and Salvadori in relation to investments made by the Funds subsequent to 2012; and (iv) the alleged liability of Nomura pursuant to article 2043 of the Italian Civil Code and, as a result, order the Issuer and Nomura jointly and severally to provide compensation for financial damages equal to Euro 423.9 million for Alken Funds Sicav and Euro 10 million for lower management fees and reputational damage to the management company Alken Luxembourg SA, as well as jointly and severally with the Issuer and Nomura the defendants Mussari and Vigni for damages resulting from the investments made in 2012, and Viola, Profumo and Salvadori for damages subsequent to 2012. The opposing parties also requested that the defendants be ordered to provide compensation for non-financial damages upon confirmation that they were guilty of the offence of providing false corporate disclosures. The Issuer duly appeared and set out its defence. In the alternative, the Issuer applied for recourse against Nomura. It should be noted that in the judgement, four natural persons intervened, separately and independently, claiming damages for a total of approximately Euro 0.7 million. By order dated 24 July 2019, the Investigating Judge rejected Alken's petition for a court appointed expert report (CTU), deeming the case ready for decision, and adjourned the case to the hearing of 7 July 2020 for closing arguments, during which, having rejected Alken's petition to refer the case to preliminary investigation, the case was retained for decision. With ruling issued on 7 July 2021, the Court of Milan rejected all requests made by the Funds, which were ordered to refund the legal costs of the Issuer. The request of a single intervener was partially accepted, in relation to which the Issuer was ordered to pay the sum of approximately Euro 52 thousand (for principal and interest) jointly with Nomura and in part with Antonio Vigni and the lawyer Giuseppe Mussari. Both the Issuer and Nomura and the Funds appealed (the latter for a relief sought of approximately Euro 454 million) against the ruling before the Milan Court of Appeal in which the above-mentioned intervener also filed a cross-appeal against the Issuer, for a relief-sought of Euro 0.6

million, and another party, also intervened in the first instance, whose claims had been rejected by the Court. On 13 July 2022, the first hearing was held in the three pending appeal proceedings, which were ordered to be joined. The Court postponed the joined cases for closing arguments to the hearing of 5 July 2023 then anticipated to 10 May 2023 at which the case was taken under advisement in accordance with article 190 of Code of Civil Procedure for the closing and answer briefs.

With a ruling published on 9 November 2023, the Court of Appeal of Milan fully rejected Alken's appeal (as well as those of Gaetano and Giulio Longobardi) and fully upheld the appeals of BMPS and Nomura (as well as those of Mussari and Vigni).

(iii) Dispute BMPS, Alessandro Profumo, Fabrizio Viola, Paolo Salvadori, Nomura International plc, York and York Luxembourg Funds

On 11 March 2019, the York and York Luxembourg Funds served a writ of summons to the Issuer's registered office, bringing an action before the Court of Milan (Section specialised in corporate matters) against the Issuer and Mr Alessandro Profumo, Mr Fabrizio Viola, Paolo Salvadori as well as Nomura International PLC, ordering the defendants, jointly and severally, to pay damages amounting to a total of Euro 186.7 million and – subject to an incidental finding that the offence of false corporate communications has been committed – to compensation for non-monetary damages to be paid on an equitable basis, pursuant to article 1226 of the Italian Civil Code, plus interest, revaluation, interest pursuant to article 1284, para. IV of the Italian Civil Code, and interest compound pursuant to article 1283 of the Italian Civil Code.

The plaintiffs' claim is based on alleged losses incurred as part of its investment transactions in the Issuer totalling Euro 520.3 million, carried out through the purchase of shares (investment of Euro 41.4 million by York Luxembourg) and derivative instruments (investment of Euro 478.9 million by York Funds). The plaintiffs' quantified their comprehensive losses at Euro 186.7 million.

The investment transactions challenged began in March 2014, when Messrs. Fabrizio Viola and Alessandro Profumo held the offices of CEO and Chairman, respectively, of the Issuer. The plaintiffs charge alleged unlawful behaviour by top management of the Issuer in falsifying the financial representation in financial statements, substantially modifying the assumptions used in measurements of financial instruments issued by the Issuer.

The first hearing, initially scheduled for 29 January 2020, was deferred to 4 February 2020. The Issuer duly appeared before the court. The parties filed the preliminary briefs and, at the subsequent hearing, discussed the respective preliminary requests, on which the Judge reserved the right to provide for their admission. At the hearing on 15 July 2022, the Court of Milan: (i) declared the witness evidence requested by York, Nomura, Profumo and Viola to be inadmissible and (ii) referred to the panel – following the outcome of the decision regarding the causal link – the assessment of the need to dispose of the accounting expert witness requested by York. The case was postponed to 23 November 2023, for the finalization of closing arguments.

(iv) Banca Monte dei Paschi di Siena S.p.A./Caputo + 24 other names

On 4 December 2020, Mr Giuseppe Caputo and an additional twenty-five parties (now 24 after one of the plaintiffs died) sued the Issuer before the Court of Milan to challenge the investments made by them in compliance with the share capital increases ordered by the same, or through purchases on the electronic/secondary market between 2014 and 2015. The plaintiffs claim that they have suffered serious damage as a result of the informational asymmetry created on the market by the Issuer (here, referring, moreover, to criminal proceedings R.G.N.R. 29634/14, concluded at first instance with

judgement no. 13490/2019, as well as criminal proceedings R.G.N.R. 955/16, concluded at first instance with judgement no. 10748/2020), and they also argue the incorrect accounting of non-performing loans starting from the 2013 Financial Statements, (here, conversely, referring to the ongoing criminal proceedings 33714/16); they also contest the unfair business practices put in place by the Issuer, the investments in diamonds, the 2013- 2017 Business Plan and the non-compliant business organization.

The plaintiffs therefore requested full compensation for the damage suffered equal to the entire consideration paid for the purchase of the BMPS shares, with a final quantification of the relief sought equal to approximately Euro 25.8 million and - subject to the incidental finding of the crime of false corporate communications - compensation for non-pecuniary damage to be settled on an equitable basis pursuant to article 1226 of the Italian Civil Code, plus interest and revaluation. Following the appearance of the Issuer and the first hearing, the parties filed the preliminary briefs and, at the subsequent hearing, discussed the requests formulated by the plaintiff, on which the Judge reserved the right to provide for their admission. Upon lifting the reservation, the Judge deemed it necessary to refer the case to the deliberating body in order to settle the dispute or to proceed with any expert investigations and therefore postponed the case to the hearing for closing arguments on 4 November 2022 which was then adjourned to 23 February 2023 regarding the same issues. In this date the Judge retained the case for decision, assigning the terms pursuant to Article 190 of the Code of Civil Procedure for the filing of final statements and answer briefs.

By its ruling of 6 November 2023, the Court declared the extinction of the trial pursuant to Article 75, paragraph 1, of the Italian Code of Criminal Procedure due to the transfer of the action to the criminal trial relating to the claims (extinction requested by all the plaintiffs, with the exception of Angela Oscuro and Giorgio Pulazza, with a petition subsequent to the filing of the closing briefs), rejected the opposing requests in their entirety and sentenced Angela Oscuro and Giorgio Pulazza, jointly and severally, to reimburse BMPS for the costs of the litigation, settled in the amount of Euro 49,000.00 plus accessories, while the settlement of the costs of the litigation with reference to the plaintiffs against whom extinction was declared was reserved for the criminal proceedings.

(v) Monte dei Paschi di Siena S.p.A. vs. Caltagirone Group

By a writ of summons dated 2 August 2022, the companies Caltagirone Editore SPA, Finced Srl, Capitolium Srl, Mantegna 87 srl, Vianini Lavori Spa, and Fincal Spa brought an action against the Issuer before the Court of Rome alleging that the Issuer had failed to disclose to the market information in relation to investments in MPS shares made by the six companies between 2006 and 2011.

In particular, the counterparties deduced that they had invested a total of approximately Euro 856 million in MPS securities, as well as having resold these financial instruments in the first few months of 2012, reporting a capital loss of approximately Euro 741 million.

On the assumption that such damage is directly related to the allegedly unlawful conduct of the Issuer for the dissemination of erroneous price-sensitive information since 2006, the counterparties claim compensation for damages equal to the entire capital loss suffered, attributing to this allegedly untrue representation of the Issuer's financial situation the fact that they purchased and/or maintained the MPS shares in their respective portfolios over the above-mentioned period of time.

At the first hearing on 30 January 2023, the plaintiff applied for the granting of investigation time limits, while the defendant Bank asked for the case to be sent for closing arguments, after which the Judge reserved its decision.

The Supreme Court's ruling on the Criminal Proceedings 29634/14, together with other specific aspects of this dispute, led to the reclassification of this dispute from "possible" to "remote" risk as of the third quarter of 2023.

(vi) Monte dei Paschi di Siena S.p.A. vs. Angelino + 40

By writ of summons dated 31 December 2022, Mr Angelino and forty other persons brought legal action against the Issuer before the Court of Milan to challenge the investments made by them in compliance with the share capital increases ordered by the Bank, i.e. through purchases on the electronic secondary market of BMPS shares between 2013 and 2016. The plaintiffs claim to have suffered a serious loss as a result of the discrepancy of information disclosed on the market by the Issuer (referring both to the criminal proceedings 29634/14 and to the proceedings 955/16); the focus of the opposing objections, also as a result of the acquittal of the former management Mussari and Vigni in 2022 by the Court of Appeal of Milan, is however focused on the alleged offences committed by the former directors Viola and Profumo starting from 2012 both with references – as mentioned – to criminal proceeding 955/16 now at the appeal stage and with regard to the incorrect accounting of non-performing loans starting from the 2013 Financial Statements (in this regard, referring to criminal proceedings 33714/16); the opposing parties also contest the unfair commercial practices implemented by the Issuer, the investments in diamonds, the 2013 – 2017 Business Plan. The plaintiffs therefore requested full compensation for the damage suffered equal to the entire consideration paid for the purchase of the BMPS shares, with a final quantification of the relief sought equal to approximately Euro 81.2 million in addition to interest and revaluation from the due date to the balance and in addition to the loss of profit; they also requested that the Issuer be sentenced to pay compensation for damages, including non-pecuniary damages, subject to the preliminary assessment of the crime of false corporate communications (article 2622 of the Italian Civil Code) and market manipulation (article 185 of the Italian Legislative Decree no. 58/1998) to be settled on an equitable basis pursuant to article 1226 of the Italian Civil Code. At the first hearing on 13 June 2023, the plaintiffs' counsel reported that – in addition to five plaintiffs already joined the civil action in the criminal proceeding R.G.N.R. 955/2016 – all the other claimants would also transfer the action for damages brought against the Bank, by appearing before the Court as aggrieved party in the criminal proceedings R.G.N.R. 33714/16 renouncing to the civil proceedings pursuant the Article 75, paragraph 1, of the Cod of Criminal Procedure. Therefore, the plaintiff requested a postponement of the hearing, to allow the appearance of claimants as aggrieved parties in the proceedings R.G.N.R. 33714/16 withdrawing from the present case and to verity the possibility of adjourning the case for the other five named claimants. The Bank did not oppose the request.

The Judge set a new hearing pursuant to Article 183 of the Code of Civil Procedure for 17 October 2023, ordering the case to be dealt with on a paper-bases hearing.

b) *Out-of-Court claims for the repayment of sums and/or compensation for damages by Shareholders and Investitor of Banca Monte dei Paschi di Siena S.p.A. in relation to the 2008, 2011, 2014 and 2015 share capital increases*

The grand total of out-of-court claims (complaints and mediations) received by the Issuer as at 30 September 2023, relating to capital increase transactions and allegedly incorrect financial disclosures in prospectuses and/or financial statements and/or price-sensitive information, amounted to Euro 1,863 billion (Euro 2,264 as at 30 June 2023), of which Euro 1,811 classified as "probable" risk (Euro 1,807 as at 30 June 2023). In the third quarter, also as a result of the ruling of the Court of Cassation regarding the Criminal Proceedings no. 29634/14, the risk was reclassified from "possible" to "remote" with regard to a petitum portion of approximately Euro 405 million.

10.5. Disputes relating to securities subject to the Burden Sharing

As of 30 September 2023, the overall *petitum* for such disputes amounted to Euro 35.0 million.

It should be highlighted 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. It should also be noted that the opposing parties' objections are focused on the alleged lack of any notice and/or on the breach of the applicable legislation as in any other "similar" case concerning financial matters commenced against the Bank. Indeed, the plaintiffs claimed misselling occurred, i.e. distributing the above financial instruments in breach of the Consolidated Finance Act (and its implementing regulations), as well as in breach of the general principles of fairness, transparency and diligence.

10.6. Disputes deriving from ordinary business

While carrying out its ordinary business, the Group, similar to other banking groups, is involved in various judicial proceedings concerning, *inter alia*, allegations relating to: clawback, compound interest, placement of bond securities that are issued by governments and defaulted by companies and the placement of schemes and financial products. The latter types show a consistent overall decrease that is not material in terms of the sum and related civil funds.

With respect to the proceedings regarding bankruptcy claw-backs, the reform that was implemented in 2005 reduced and limited the scope of insolvency claw-backs, especially those concerning direct payments in accounts. For those still eligible for proposal or already pending at the date of entry into force of the reform, the Bank uses all available arguments to defend its position.

With respect to disputes concerning compound interests, interest and conditions, since 1999 there has been a progressive increase in claims brought by account holders for the retrocession of interest expenses due to quarterly compound interest. In such cases, plaintiffs contest the legality of the interest rate and the calculation method for the fees. In this latter respect, the interpretation introduced by the Supreme Court, with effect from 2010 in the matter of usury, on the basis of which the maximum overdraft fees, even before the entry into force of Law 2/2009, had to be taken into account in the calculation of the global effective rate, in contrast with the guidance of the Bank of Italy, is frequently the basis for lawsuits brought by customers. Most of the cases involve claims related to the balances of current accounts, but increasingly frequent are disputes concerning compound interests, referring to the legitimacy of the socalled "French compound interests" of mortgage loans, and the violations of Law 108/1996 on usury, on maturing loans.

In relation to compound interests, the reform of article 120 of the Italian Banking Act, as amended first by Law no. 147 of 27 December 2013 and, then, by Law no. 49 of 8 April 2016, introduced relevant novelties in the matter of computation of interests and prohibition of their capitalisation (such as, *inter alia*, the provisions according to which: (i) interests accrued in a current account or in a payment account (both in favour of the Bank and in favour of the account holder) are calculated with the same frequency in any case not lower than one year and that (ii) accrued interests do not give rise to further interests, except for delay interests, and are calculated exclusively on capital and, in case of opening of credit lines settled in the current account, for overdrafts even in the absence of a credit line or in excess of the credit line).

10.7. Civil disputes arising in connection with the ordinary business of the Issuer

Below are listed the most relevant proceedings in terms of the *petitum* and the state of the case.

(A) *Civil dispute brought by Fatrotek S.r.l. before the Court of Appeal of Salerno*

This case, where the Issuer was sued together with other credit institutions and companies with the summons of 27 June 2007, seeks the assessment of alleged monetary and non-monetary damage

suffered by the plaintiff, as a result of an alleged unlawful report filed with the Italian Central Credit Register. The relative relief sought is Euro 157 million. The plaintiff also asks that the defendant banks be found jointly liable, each proportionately to the seriousness of its behaviour. The Issuer's defence was based on the fact that the company's extremely severe financial situation fully justified the Issuer's initiatives.

At the hearing on 31 May 2018, the Judge reserved his decision on the objections raised by the defendants. On 5 June 2018, the plaintiff company declared bankruptcy, which induced the Official Receivers to resume proceedings. At the end of preliminary investigation, in which a court-appointed expert's report was carried out, the case was retained for decision on 6 October 2022, after that the Court of Salerno, with a judgement of 11 November 2022, assessed and settled only a non-financial damage, amounting to Euro 20 thousand for each bank (therefore for a total of Euro 100 thousand) plus interest and litigation costs.

The outlay attributable to the Issuer amounted to Euro 34,151.69. The positive outcome of the proceeding indicates that the appeal is not admissible but, however, it was lodged by the plaintiff company in bankruptcy with a summons served on 10 July 2023 (hearing on 15 December 2023).

(B) *Civil disputes instituted by Riscossione Sicilia S.p.A. and the Assessorato of Economy of Sicily before the Court of Appeal of Palermo*

By writ of summons notified on 15 July 2016 Riscossione Sicilia S.p.A. (today the Italian Revenue Agency – Collection (also, ADER), which took over universally in all legal relationships of Riscossione Sicilia starting from 1 October 2021, pursuant to article 76 of Italian Law Decree no. 73/2021 converted with Italian Law no. 106/2021) had summoned the Issuer before the Court of Palermo, asking for it to be ordered to pay the total sum of Euro 106.8 million.

The claim of Riscossione Sicilia S.p.A. falls within the realm of the complex dealings between the Issuer and the plaintiff, originated from the disposal to Riscossione Sicilia S.p.A. (pursuant to Italian Law Decree 203/05, converted into Law 248/05) of the equity investment held by the Issuer in Monte Paschi Serit S.p.A. (later Serit Sicilia S.p.A.).

In the preliminary phase of the proceedings, a court-appointed technical consultancy was carried out, the results of which were favourable to the Issuer. In fact, the court appointed expert not only concluded that the Issuer owes nothing to Riscossione Sicilia S.p.A., but also identified a receivable of the Issuer of roughly Euro 2.8 million, equal to the balance of the price for the sale of 60% of Serit Sicilia S.p.A. to Riscossione Sicilia S.p.A. by the Issuer (dating back to September 2006), a sum that has to date been held in escrow by Riscossione Sicilia S.p.A. With judgement no. 2350/22, filed on 30 May 2022, the Court of Palermo, essentially adhering to the conclusions of the court-appointed expert, rejected Riscossione Sicilia's counterclaims and sentenced the latter to pay the Issuer approximately Euro 2.9 million plus legal interest and court fees.

This judgment was appealed on 27 December 2022 by summons before the Court of Appeal of Palermo. The Bank appeared before the Court on 15 April lodging a cross-appeal. The first appearance at the hearing of 5 May 2023 was held in written form; the Bank is awaiting the communication regarding the date of next hearing.

On 17 July 2018, the Finance Department of the Sicily Region sent to the Issuer an order of injunction pursuant to article 2 of Italian Royal Decree no. 639/1910 and of repayment, pursuant to article 823, paragraph 2 of the Italian Civil Code, of the amount of around Euro 68.6 million, assigning the Issuer the term of 30 days to make the payment with the warning that, in the event of failure to do so, it will proceed with the forced recovery through the registration of the claim. The Sicily Region filed a petition for the summons of Riscossione Sicilia, resulting in the postponement of the first appearance hearing, which was held on 26 September 2019 and in which the Judge, upon acknowledging the statements provided by the parties, set out the terms for lodging the statements pursuant to article 183 of the

Italian Code of Civil Procedure and adjourned to an evidentiary hearing scheduled for 26 November 2020. On that occasion, the Issuer asked for the hearing closing arguments to be scheduled, requesting the Court to verify the action had become devoid of purpose, as Riscossione Sicilia during the proceedings had proved that the receivable claimed by the Sicily Region had been fully cancelled.

With ruling no. 3649/2021, published on 4 October 2021 and notified on 5 October 2021, the Court of Palermo rejected the Issuer's opposition against the aforementioned order with simultaneous condemnation of the Issuer to pay the litigation costs. The Issuer lodged an appeal against this decision before the Palermo Court of Appeal. By order filed on 11 February 2022, the Court of Appeal ordered the integration of the cross-examination against the Italian Revenue Agency – Collection, as successor of Riscossione Sicilia S.p.A., ordering it to appear at the hearing scheduled for 1 July 2022, during which time the case was postponed to the hearing of 22 November 2024 for the presentation of closing arguments.

For the sake of completeness, it should be noted that the Issuer has also filed an administrative case before the Regional Administrative Court of Sicily – Palermo office for the declaration of nullity and/or annulment of the injunction order pursuant to article 2 of Italian Royal Decree no. 639/1910, notified by the Department on 17 July 2018, by appeal lodged on 16 October 2018 (RG 2201/2018).

The appeal concerns the challenging of the Order of injunction in the part in which, "alternatively, pursuant to article 823, paragraph 2 of the Italian Civil Code, it orders Banca Monte dei Paschi di Siena (…) to return to the Sicily Region, within the same period of 30 days from receipt of the present, the amount of approximately Euro 68.6 million plus interest at the rate established by special legislation for late payment in commercial transactions, as provided for in paragraph 4 of article 1284 of the Italian Civil Code".

The Department appeared via the Avvocatura dello Stato (office of the State Attorney) on 15 November 2018. The Regional Administrative Court has set 13 November 2023 as the date for the so-called "disposal" hearing, at which the interest in pursuing the case will have to be confirmed or not. On 20 December 2022, the law firm defending the Issuer indicated that "the continuation of the aforesaid administrative lawsuit appears to be of likely futility given that the Sicilian Region has already obtained the enforceable measure in civil proceedings.

Moreover, following the notification of the tax bill against the registration of the claim brought by judgement No. 3649/2021 of the Court of Palermo "for the recovery of amounts under Injunction Order 16465/2018", the Issuer contested the execution and the file as an enforceable act pursuant to article 615 of the Italian Code of Civil Procedure before the Court of Siena with a summons dated 21 November 2022 and filed an application to suspend the enforceability of the act.

At the same time, the Issuer filed a petition with the Court of Auditors on 21 November 2022 pursuant to article 172 paragraph 1 letter d) of the Italian Accounting Justice Code to annul the acts for the recovery of the amounts.

Finally, the Issuer, on 16 November 2022, petitioned ADER pursuant to Italian Law no. 228/2012 to obtain a suspension of the recovery of the amount due under the tax bill. On 25 January 2023, the Bank was notified by the Sicilian Regional Department of the Economy of a formal notice of rejection of said petition. Consequently, on 27 January 2023, the payment of the amount of Euro 74 million was ordered, and the necessary steps are underway to recover the aforementioned credit of about Euro 68.6 million from ADER, to which the Issuer is entitled, as the sole successor of Riscossione Sicilia.

(C) Civil Case brought by Marcangeli Giunio S.r.l.

With a writ of summons, notified on 28 November 2019, the claimant Marcangeli Giunio S.r.l. asked the Court of Siena to assess, first and foremost, the contractual liability of the Issuer for not issuing a loan of Euro 24.2 million – necessary to the purchase of land and the construction of a shopping mall with

spaces to be leased or sold – and subsequently the conviction of the Issuer with order to pay compensation for damages and loss of profit in the amount of Euro 43.3 million. As an alternative, in view of the facts specified in the writ of summons, a request is made for the Issuer to be found pre-contractually liable for having interrupted the negotiations with the company without disbursing the agreed loan, and to be ordered to pay compensation in the same amount asked first and foremost.

The Court, in its judgment No. 2058/2023 of 12 October 2023, essentially upheld the favourable decision of the first instance, partially offsetting legal costs.

(D) *Civil Case brought by Nuova Idea S.r.l.*

With a writ of summons notified on 21 December 2021, Nuova Idea S.r.l. summoned the Issuer before the Court of Caltanissetta in order to have it declare that it was obliged to compensate all the damages, financial and non-financial, suffered by the company as a consequence of the protest of a bill of Euro 2,947 domiciled at the Caltanissetta Branch, which according to the plaintiff's prospect would have been raised due to the Issuer's exclusive negligence.

The plaintiff argues that the illegitimate protest constituted the only causal antecedent of a chain of events described in the writ of summons which resulted in the net reduction of its shareholdings in a Temporary Grouping of Companies awarded a service contract with ASL Napoli 1 Centro, consequently requesting, principally, that the Issuer was ordered to pay in its favour the amount of Euro 57.3 million by way of loss of earnings as well as an amount of Euro 2.8 million by way of loss of profit, and thus a total of Euro 60.1 million, in addition to compensation for damage to the corporate image and commercial reputation to be paid on an equitable basis.

The first appearance hearing, indicated in the summons as 29 April 2022, was postponed to 4 May 2022. The Issuer promptly appeared, stating the correctness of the behaviour taken when the protest was raised and the absence of any causal link between the Issuer's actions and the alleged damage. The Judge lifting his reservation on the parties' preliminary motions formulated at the hearing of 29 March 2023, admitted the testimonial evidence. At the hearing of 19 May 2023, the witnesses were examined, and the Honorary Judge of the Peace (in Italian G.O.P.) closed the case and remitted the file to the competent Judge for the hearing on 12 July, since at that hearing the parties insisted on their respective preliminary requests, the Judge reserved his decision.

(E) *Banca Monte dei Paschi di Siena S.p.A. vs. EUR S.p.A.*

The company EUR S.p.A. sued the former subsidiary MPS Capital Services Banca per le imprese S.p.A. (now merged by incorporation into the Issuer) at the Court of Rome, together with three other lending banks, primarily in order to obtain a declaration of invalidity or, alternatively, the cancellation and/or ineffectiveness of the following contracts: 1) Interest rate swap (IRS) concluded on 24 April 2009; 2) IRS of 29 July 2010; 3) the Novation Confirmation of 15 July 2010, with which the IRS sub 2 was transferred from Eur Congressi S.p.A. to EUR S.p.A.; 4) the close out contract dated 29 July 2010 relating to IRS sub 1; 5) the Termination Agreement of 18 December 2015 relating to IRS sub 2. Again primarily, the plaintiff seeks the condemnation of the banks in the pool, jointly and severally, by way of restitution of the debt and compensation for pre-contractual and/or contractual and/or non-contractual damage, to the payment of approximately Euro 57.7 million representing the relief sought as indicated by the plaintiff.

Since this amount relates to all the derivatives concluded by the 4 banks in the pool with EUR S.p.A., it should be noted that in the unlikely event of losing, MPS Capital Services Banca per le imprese S.p.A. having been sentenced to pay the compensation, will be able to distribute the amount paid with the other banks in the pool due to its stake in the loan, which for MPS Capital Services Banca per le imprese S.p.A. is 12.61%.

MPS Capital Services Banca per le imprese S.p.A. appeared in court to have the full validity of its actions recognised and to request the rejection of the plaintiff's claims. In the defence and answer, MPS Capital Services Banca per le Imprese S.p.A. objected in limine litis the lack of jurisdiction of the court, given that the contracts regulating derivative operations between the subsidiary and EUR S.p.A. consist of ISDA Master Agreements governed by English law and subject to the jurisdiction of the Anglo-Saxon courts. The existence of the jurisdiction of the Italian court, according to the plaintiff, is due to the negotiated link between the IRSs and the financing contracts, which are governed precisely by Italian law, as well as to the public nature of EUR S.p.A. "as a company wholly owned by public institutions", arguments which appear to be unfounded.

In the only hearing held on 22 November 2021, the judge held that before entering into the merits the preliminary objections presented by the defendant banks, concerning: 1) the suspension of this judgement, by virtue of the provisions referred to in article 7 paragraph 1 of Law 218/1995, pending the definition of the separate lawsuit brought by a bank in the pool against EUR S.p.A. in the United Kingdom concerning the verification of the validity and effectiveness of the derivative contracts concluded between the parties; 2) the "lis pendens" between the two lawsuits; 3) the lack of jurisdiction of the Italian judge in favour of the English one by virtue of the clauses of exclusive jurisdiction of the English courts contained in the above mentioned ISDA Agreements.

Following the filing of preliminary pleadings essentially aimed at illustrating these preliminary issues, on 24 January, the judge, lifting the reservation set out in the minutes of the hearing of 22 November 2021 and considering the case ripe for decision on the objection of jurisdiction of the Italian court raised by the defendants, "taking into account the exclusive jurisdiction of the English court, as well as the lack of application of Italian law to the case in question", adjourned the parties for the definition of the conclusions to the hearing of 8 November 2022.

Following the filing of the conclusions and the final deeds, on 21 April 2023, the Court of Rome issued the decision in which, accepting the exception raised by the defendant Banks, the lack of jurisdiction of the Italian Court was declared, in favour of the UK Court, . The decision in agreement with the other defendant banks was not served and therefore has not yet become final.

(F) *Anti-money laundering*

As at 30 September 2023, 29 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 3.7 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 30 September 2023, 20 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 0.29 million (rounded).

10.8. 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 30 September 2023, the overall petitum relating to the passive labour proceedings is equal to Euro 65.3 million (Euro 90.2 million as at 31 December 2022) almost entirely relating to the Bank.

It has to be further specified that, after the transfer of the back-office activities business unit to Fruendo S.r.l., which occurred in January 2014 and concerned 1,064 resources, 634 employees (subsequently reduced to 233 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 for 224 workers involved, the judgment was defined as unfavourable to the Bank. With regard to the remaining 9 employees, a judgement of first and/or second-instance unfavourable to the Bank was issued.

It is worth noting that 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 fact, with 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 31 August 2023, 208 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 October 2022 and December 2024.

Noting the change of law on the "double remuneration" topic and verified the increasing number of judgements that differ from the previous consolidated approach, it has been decided, on a prudential basis, 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 no. 16 workers before the Court of Appeal of Florence - Labour Section which, on the other hand, ascertained the illegality of the contract, ordering the readmission to service of no. 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 with effect from 1 March 2022. As at the date of this Prospectus, the judgment is currently pending before the Italian Supreme Court (*Corte di Cassazione*).

Furthermore, further actions were initiated to ascertain the illegality of the contract by 50 workers of Fruendo:

1. no. 13 applicants have appealed to the Court of Padua – Labour Section: the 2 cases were reconciled at the hearing on 24 October 2022;

2. 37 workers appealed to the Court of Siena – Labour Section. We summarize below the situation of the related judgments:

   - for two groups of applicants (no. 18 in total) who brought class actions, favorable judgments were issued at first instance by the Court of Siena – Labour Section which were appealed before the Court of Appeal of Florence: next hearing on 5 October 2023;
   - for other two groups of applicants (no. 18 in total), the Court of Siena – Labour Section has set the next hearing for 6 November 2023;
   - for the only applicant who has brought an individual case, the Court of Siena – Labour Section has set the next hearing for 20 October 2023.

10.9. 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 for aspects falling within the responsibility area of said supervisory authority.

With regard to the sanctioning procedures falling within the competence of the Bank of Italy, during 2020 the Bank of Italy started a sanctioning proceeding against the Bank with respect to the alleged breach of banking transparency provisions.

On 11 August 2020, the Bank transmitted to the Bank of Italy its observations with regard to the latter's audit report and its response to the decision to initiate the sanctioning procedure. At the same time a new BMPS remedial action plan was activated and completed by 31 December 2020, for which a follow-up plan was created. As a result of such remedial actions, the Bank refunded customers for a total amount of approximately Euro 45 million, of which approximately Euro 4.6 million refer to sums made available by means of a notice published in the Official Gazette of the Republic of Italy and in two national newspapers.

On 6 May 2021, the Bank was imposed a pecuniary administrative sanction of Euro 2.9 million pursuant to art. 144 of the Italian Consolidated Banking Act.

The Bank of Italy has asked further information to the Bank (last communication of 8 February 2022) regarding: (i) the mechanisms adopted to ensure the timely delivery of the European Standardized Information Prospectus (PIES); (ii) the transfer of payment services; (iii) the remuneration of the credit lines; and (iv) the application of charges in the event of delayed termination of the current account. During 2021 and 2022, the Bank provided the required clarifications and carried out the additional interventions requested by the Supervisory Authority, which are completed.

In December 2019, the Bank received the penalty notification from the Bank of Italy for an amount of Euro 1.32 million highlighting deficiencies in customer due diligence requirements as well as in the identification of beneficial owners and suspicious transaction reporting. The supervisory authority took into consideration for the quantification of the penalty the remedial actions initiated and largely implemented by the Bank.

For further information in relation to inspection activity on anti-money laundering carried out by the Bank of Italy on the Bank, reference is made to this in paragraph 9.2 "*Inspection activity on anti-money laundering*" of this section *Banca Monte dei Paschi di Siena S.p.A.*.

* * *

For the sake of completeness, it should be noted that, 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 Antonventa 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, directly 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 4 (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 9 (nine) sanctioning measures imposed by CONSOB of which (i) 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 (ii) 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 the 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 by the Bank. With regard to the individuals who have benefited from the suspension of the recourse action and have brought the relevant appeals, it appears that some proceedings against the sanction by the sanctioned persons are still in progress at the various levels of judgment (please note that, since the Bank is not a party to the aforementioned proceedings, this information is on the basis of what the various individuals involved disclosed to the Issuer). 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 opened proceedings I794 against the Italian Banking Association in respect of the remuneration of the SEDA service. Such proceedings were subsequently extended (on 13 April 2016) to the 11 most important Italian banks, amongst which was BMPS. According to AGCM the interbank agreement for the remuneration of the SEDA service may represent an agreement restricting competition pursuant to article 101 of the Treaty on the Functioning of the European

Union, since it would imply "the absence of any competitive pressure", with a consequent possible increase in overall prices borne by enterprises, which may in turn be charged to consumers.

The proceedings were closed by the AGCM on 28 April 2017 and notified on 15 May 2017. The authority resolved: (i) that the parties (including BMPS) put in place an agreement restricting competition, in breach of article 101 of the Treaty on the Functioning of the European Union; (ii) that the same parties should cease such activity and file a report illustrating the measures that were adopted to prevent such infringement by 1 January 2018 and should refrain from undertaking such activity in the future; and (iii) as a result of this not being a serious infringement in respect of the legislative and economic framework in which it had been implemented, no sanctions are applied.

BMPS challenged the measure before the Administrative Regional Court ("**TAR**"), which upheld the appeal and annulled the challenged measure with a judgment published on 1 July 2021. AGCM challenged the TAR's judgment before the Administrative National Court (*Consiglio di Stato*) on 2 November 2021 and BMPS joined the appeal proceeding. The Administrative National Court dismissed the appeal on 3 February 2023, confirming the TAR's decision.

10.10. Judicial proceedings pursuant to Italian Legislative Decree 231/2001

In the context of a proceeding instituted by the public prosecutor's office at the Courts of Forlì against several natural persons and three legal persons for money laundering and obstructing the exercise of public supervisory functions, the Bank was charged with three administrative offenses for obstruction of 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 association (article 416 of the Italian Criminal Code).

In particular, the public prosecutor believed that the employees of the Forlì branch of the Bank, subject to the direction and supervision of persons in senior positions within the Bank, committed the above described crimes in the interest and to the advantage of the Bank.

According to the indictment, the commission of these offences would have been possible due to the breach of the direction and supervision obligations for the adoption and effective implementation by the Bank, prior to the commission of such offences, of an organisation, management and control model suitable to prevent crimes such as those at hand.

BMPS's activities, subject to disputes, which are within the time period 2005-2008, relate to operations carried out by the branch of Forlì, on behalf of the Cassa di Risparmio of San Marino, on a management account opened with the Bank of Italy, Forlì branch on behalf of BMPS.

In consideration of the particular location within the Republic of San Marino, the Cassa di Risparmio of San Marino had in fact required the Forlì branch of BMPS to use such account to meet its cash demands, through the cash deposit/withdrawal operations at the relevant branch of the Bank of Italy.

Such operations, characterised by a strong movement of cash, and the anomalies charged by the judicial authority on the registration in the single digital archive (*Archivio Unico Informatico* – "**AUI**") of the relating transactions, which at that time, considering unequivocal legislation on the relations between the Republic of Italy and the Republic of San Marino, led BMPS to consider the Cassa di Risparmio of San Marino as a "licensed intermediary", representing the basis of the allegations against the Bank.

According to the judicial authority, such operations would have been put in place to prevent the identification of the criminal origin of such amounts, as well as the traceability of all hidden exchange operations related to illicit amounts.

In particular, the employees of the Forlì branch have been jointly charged with the crime of obstructing the functions of public supervisory authorities, money laundering, violation of the Italian

anti-money laundering regime and criminal association in relation to the transnational crime pursuant to Law 146/2006, the commission of which is assumed to have been permitted because of the breach of the direction and supervision obligations of the Bank in the alleged absence of a suitable and effective organisational model.

The conduct put in place by employees, according to the opinion of the judicial authority, would have permitted to concealment of the commission of money laundering offenses, not to acquire accurate information on the actual beneficiaries of such transactions nor on the real characteristics, purpose and nature of the related accounting movements with effects on the recordings in the AUI. The Bank's defence in these proceedings seeks to prove the nonexistence of the crimes as the basis of the allegations against it and to demonstrate the adoption and effective implementation, already in place at the time of the events, of an organisation, management and control model suitable to prevent crimes such as those at hand.

The PHJ at the Courts of Forlì ordered the indictment of the defendants, including BMPS, on grounds of administrative liability of entities. At the hearing of 14 December 2021, the Court of Forlì highlighted the radical vagueness of the charges - also with respect to the specific charges against BMPS - and therefore annulled the indictment decree and ordered the transmission of the acts of the proceedings to the Public Prosecutor.

The Public Prosecutor, on 18 February 2023, filed a request for the dismissal of all the defendants, natural persons and legal entities, including the Bank, with the exception of the top management positions of the San Marino bank for which separate proceedings will be carried out.

The Bank therefore awaits the determinations of the Judge of Preliminary Investigations, which, if consistent with the request of the Public Prosecutor, will determine the extinction of the proceedings.

The Bank filed an appeal before the Court of Appeal of Milan against the ruling of first instance, as the civilly liable party, jointly and severally liable with the defendants, having administrative liability under Italian Legislative Decree 231/2001.

At the first hearing held on 31 March 2023 before the second criminal division of the Court of Appeal of Milan, the General Public Prosecutor and some civil parties discussed and presented written conclusions. At the subsequent hearings held on 6 April 2023, 28 April 2023, 19 May 2023 and 16 June 2023 the remaining appellant and non-appellant civil parties, the counsels of the defendants and the civilly liable party discussed and submitted written conclusions.

The Court adjourned the discussion until 27 October 2023, for replies.

For further information in relation to anti-money laundering proceedings, please refer to sub-paragraph "*(F) Anti-money laundering*" of paragraph "*10.2.5 Civil disputes arising in connection with the ordinary business of the Issuer*" above.

10.11. Administrative offences pursuant to Legislative Decree 231/2001 challenged in relation to the sale of investment diamonds based on alleged self-laundering crime (article 648-ter of the Italian Criminal Code)

With reference to the "diamond" affair and the self-money laundering allegations, the Public Prosecutor's Office at the Court of Siena, with reference to the criminal proceedings, issued a request for dismissal on 12 September 2022 against the natural persons (4 former executive managers and the only executive manager still employed), who had been investigated for self-laundering and also issued a decree for dismissal with regard to the Issuer as party bearing administrative liability, and also

ordered the removal of the attachment order issued in relation to the offence of self-money laundering pursuant to Italian Legislative Decree no. 231/2001, for the sum of Euro 0.2 million.

The dismissal with respect to the Issuer was transmitted to the Attorney General of the Court of Appeal of Florence, which endorsed it on 16 November 2022, while the Preliminary Investigations Judge issued a decree of dismissal against the natural persons on 5 October 2022.

With regard to the criminal proceedings pending before the Court of Rome under reference no. 44268/21, on 11 July 2023 the first preliminary hearing was held and postponed to 21 November 2023, due to issue concerning defects in the notification against certain defendants.

For the same case, additional criminal proceedings for the offences of aggravated fraud, self-money laundering and hindering the exercise of the functions of Public Supervisory Authorities were lodged before the Public Prosecutor's Office at the Court of Milan. On 28 September 2021 the Public Prosecutor made a request for committal for trial, against seven former executive managers (of which five in the main line of litigation) and the Chief Executive Officer and pro tempore General Manager of the Issuer.

The preliminary hearing was set for 30 September 2022. At that hearing, the Preliminary Hearing Judge postponed the hearing to 25 January 2023 for any civil action and the relative matters as well as for further preliminary matters, including regarding jurisdiction.

At the hearing of 25 January 2023, the Court ordered a postponement to 5 April 2023 and after to 22 June 2023, pending the filing of the reasoning of the Court of Cassation's ruling 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 at issue.

At the hearing of 22 June 2023, the issue of lack of territorial jurisdiction was discussed. The Public Prosecutor did not contest it and referred to the judge's assessment.

At the hearing of 10 July 2023, the Judge for preliminary investigation issuing three ruling s of lack of territorial jurisdictions: (i) in favour of the Judicial Authority of Rome, for the fraud hypothesis alleged against the exponent of DPI and the Issuer; (ii) in favour of the Judicial Authority of Siena for the hypothesis of self-money laundering and obstacle to the function of Public Surveillance Authorities against the managers of the Issuer; (iii) in favour of the Judicial Authority of Verona for the alleged offences concerning Banco BPM.

The Judge reserved the filing of the motivations within 30 days. In these new proceedings, the Issuer is not involved as party with administrative liability pursuant to Italian Legislative Decree no. 231/2001.

To meet the initiatives taken, the Issuer has set aside provisions which take into account, among other things, the anticipated number of requests and the current wholesale value of the stones to be returned.

As at 30 September 2023, more than twelve thousand requests had been received for a total amount of approximately Euro 318 million, while the cases concluded totalled approximately Euro 317.6 million

(of which approximately Euro 1.6 million during the first nine months of 2023), covered for the amount net of the market value of the stones by the provision for risks and charges allocated in previous years) and represented 92.25% of the total volume of diamond offer notifications by the Company. The residual provisions for risks and charges recognised in respect of the relief initiative amounted to Euro 2.3 million at the end of September 2023.

As at 30 September 2023, the stones returned were recognised for a total value of Euro 79.43 million.

10.12. Tax disputes

The Bank and the main group companies are involved in a number of tax disputes. As at 30 September 2023 approximately 180 cases are pending, for a total amount at a consolidated level of Euro 42.9 million (rounded) for taxes, sanctions and interests set out in the relevant claim (of which Euro 42.9 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 "likely" unfavourable outcomes, as at 30 September 2023 the Bank allocated to the overall provision for risks and charges an amount equal to Euro 12.5 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 shareholding 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 favor of the company) and (ii) one related to the fiscal years 2007 and 2008 (brought by the company against the appellate court judgment in favor of the Italian Revenue Agency). As a consequence of 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 is 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 favorable basis by AXA MPS Assicurazioni Vita S.p.A. pursuant to the Legislative Decree 119/2018 ("**Fiscal Peace**") 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 and its adviser's 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 unfavorable 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.

10.13. New legal proceedings

(A) *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:

- jointly and severally among all defendants in the amount of Euro 389.3 million;
- subordinately Euro 322.0 million (increase in insolvency liabilities);
- or subordinately in the amount of Euro 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.

The first hearing is set for 25 October 2023.

MANAGEMENT OF THE BANK

The Bank is managed by a board of directors tasked with strategic supervision. The Board of Directors in office consists of 15 members. 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)):

	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	Univesity 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. Director of AMtrust Assicurazioni S.p.A.
3.	Luigi Lovaglio	Chief Executive Officer and General Manager	Potenza, 4 August 1955	//

	Name	Position	Place and date of birth	Main activities outside the Bank, deemed significant
4.	Alessandra Giuseppina Barzaghi (*)	Director	Giussano (MB), 29 April 1955	//
5.	Paola De Martini (*)	Director	Genova, 14 June 1962	Director of Renergetica S.p.A. Director of Growens S.p.A.
6.	Stefano Di Stefano	Director	Casoli (Chieti), 5 May 1960	Director of Office IV of Directorate VII – 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	Univesity 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

	Name	Position	Place and date of birth	Main activities outside the Bank, deemed significant
				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.
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. Director of Restart S.p.A.
13.	Renato Sala (*)	Director	Arcore (MI), 10 March 1953	CEO of Advisors S.r.l.
14.	Donatella Visconti (*)	Director	Roma (RM), 21 May 1956	Chairperson Asso 112 – Associazione Confidi Italiani ex art. 112 TUB Director of Assoholding S.p.A. Member of the Advisory Board of 1OAK Financial

Name	Position	Place and date of birth	Main activities outside the Bank, deemed significant
			Group (Italian branch)
(Note 1)			

(*) The Independent directors meet the independence requirements established by the laws and regulations in force, the By-Laws and the further independence requirements established by the Corporate Governance Code.

(Note 1) On 13th November Marco Giorgino resigned from his position as Director of the Bank.

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	Chief Commercial Officer of Businesses and Private Customers	Grosseto, 23 July 1967	//
3.	Leonardo Bellucci	Chief Risk Officer	Firenze, 21 February 1974	//
4.	Massimiliano Bosio	Chief Audit Executive	Torino, 26 July 1971	Director of AIIA – Associazione Italiana Internal Auditors
5.	Vittorio Calvanico	Chief Operating Officer	Napoli, 8 February 1964	//
6.	Ettore Carneade	Compliance Officer	Mola di Bari (BA), 16 June 1961	//
7.	Nicola Massimo Clarelli	Financial Reporting Officer	Caserta, 22 October 1971	//
8.	Roberto Coita	Chief Human Capital	Milano, 28	//

	Name	Position	Place and date of birth	Main activities outside the Bank, deemed significant
		Officer	January 1972	
9.	Fiorella Ferri	Chief Safety Officer	Sovicille (SI), 5 June 1962	Chairperson of the Board of Directors of Cassa di Previdenza Aziendale per il personale di Monte dei Paschi di Siena
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.	Pasquale Marchese	Chief Commercial Officer Retail	Pescara, 2 June 1961	Deputy Chairperson of Widiba S.p.A. Director of AXA MPS Assicurazioni Danni S.p.A. Director of AXA MPS Assicurazioni Vita S.p.A. Director of Bancomat S.p.A.
13.	Riccardo Quagliana	Group General Counsel	Milano, 4 February 1971	##
14.	Emanuele Scarnati	Chief Commercial Officer Large Corporate & Investment Banking	Jesi (Ancona), 11 August 1965	##

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Board of Statutory Auditors

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).

- *Standing Auditors*: Enrico Ciai (Chairperson), Roberto Serrentino (1) and Lavinia Linguanti;

- *Alternate Auditors:* Pierpaolo Cotone (1) and Piera Vitali (2).

(1) Pierpaolo Cotone appointed as Alternate Auditor by the Shareholders' Meeting of the Bank held on 20 Aprile 2023, took office as Standing Auditor following the resignation of the Standing Auditor Roberto Serrentino as of 15 May 2023.

(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	Chairperson of the Board of Statutory Auditors of AXA MPS Assicurazioni Vita S.p.A. Chairperson 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 Manager of Confindustria Toscana Sud Sole Auditor of Lavanderia Senese S.r.l. Sole Auditor of Tuscany RF S.r.l. Sole Auditor Salumi Il Borgo S.r.l.
3.	Pierpaolo Cotone	Standing Auditor	Roma, 14 August 1951	Chairperson of the Board of Statutory Auditors of Mercitalia Logistics S.p.A. Chairperson of the Board of Statutory Auditors of Fondazione BNL Standing auditor of Tivù S.r.l.

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 they report 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 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* of the Italian Civil Code ("*Related party transactions*"), 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*), 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, decision-making and information skills, 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 compliance with the provisions of article 136 of the Italian Consolidated Banking Act, obliges the members of the Board of Directors to inform the Board itself 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 financial statements of the Bank 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 23 November 2023, directly and/or indirectly hold ordinary shares accounting for more than 3% of the Issuer's share capital, are as follows:

Shareholders	% share capital on overall share capital
Italian Ministry of Economy and Finance (MEF)	**39.232%**

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 37th update published on 24 November 2021. 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 authorities 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 fourth quarter of 2023;
- *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 11 November 2020 (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 will have to maintain a capital buffer of 0.25 per cent..

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. Italian authorities have not introduced such a measure to date. However, 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.

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 BRRD (as defined below) 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.

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 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 EU Banking Reform Package includes Directive (EU) 2019/879, which provides for a number of significant revisions to the BRRD (known as "**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 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 policy expands on how liabilities issued under the law of third countries can be considered eligible through contractual recognition; and

(f) transition 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).

Such "*Minimum Requirements for Own Funds and Eligible Liabilities (MREL) Policy under the Banking Package*" was updated by the SRB in May 2021. The updated policy introduces a number of new elements and refinements, based on the changes required by the Banking Package. In particular, the updated policy introduces:

- the MREL maximum distributable amount (MDA). This allows the SRB to restrict banks' earnings distribution if there are MREL breaches;
- policy criteria to identify systemic subsidiaries for which granting of an internal MREL waiver would raise financial stability concerns (based on the absolute asset size and relative contribution to resolution group); and
- the approach to MREL-eligibility of UK instruments without bail-in clauses.

It also refines:

- the methodology to estimate the Pillar 2 requirements (P2R) post-resolution, i.e. one of the components used for MREL calibration;
- the MREL calibration on preferred vs variant resolution strategy, confirming that the SRB computes MREL in line with the preferred strategy; and
- the MREL calibration methodology for liquidation entities, where the SRB clarifies that the loss absorption amount (LAA) may increase beyond the default adjustment in proportion to financial stability concerns.

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.

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 – in this respect, it is worth mentioning that on 29 June 2021 a draft overall compromise package concerning the new directive on credit servicers and credit purchasers has been agreed between the European Parliament and the Council and the relevant text law would be formally adopted after the revision of the text by the legal linguists of both institutions; establishing a data hub at European level; reviewing EBA templates to be used during the disposal of NPLs); (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. The Council agreed on its General Approach for the proposals on 8 November 2022. Interinstitutional negotiations (known as "trilogues") with the European Parliament started on 9 March 2023 and ended in the provisional agreement reached on 27 June 2023. Once the approval process is completed, transposition of the directive will have to be carried out within 18 months from the date of publication in the EU Official Journal, while the new CRR provisions are expected to come into force from 1 January 2025 (with a five-year transitional arrangement), i.e. two years beyond the Basel-agreed deadline, which has already been deferred by one year in response to the pandemic crisis.

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 08 February 2012 pursuant to Law 130 as a limited liability company (*società a responsabilità limitata*) under the name "SPV 2 Covered Bond S.r.l." and changed its name into "MPS Covered Bond 2 S.r.l." by the resolution of the meeting of the Quotaholders held on 27 April 2012 and enrolled into the companies' registry of Treviso-Belluno on 04 May 2012. The Guarantor is registered at the companies' registry of Treviso-Belluno under registration number 04508680263. The registered office of the Guarantor is at Via Vittorio Alfieri, 1 - 31015 Conegliano (TV), Italy and its telephone number is 0438 360926. The Guarantor has no employees and no subsidiaries. The Guarantor's by-laws provides for the termination of the same on 31 December 2100 subject to one or more extensions to be resolved, in accordance with the by-laws, by a Quotaholders' resolution. The Guarantor operates under the Italian law.

The LEI of the Guarantor is 8156001633A332BA9054.

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. The quotaholders of the Guarantor are as follows:

Quotaholders	Quota
SVM Securitisation Vehicles Management S.r.l.	Euro 1,000.00 (10% of capital)
BMPS	Euro 9,000.00 (90% 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	Samuele Trombini, head of the Gestione Amministrativa - Credit Portfolio Governance

Name	Position	Principal activities performed outside the Guarantor
	and managing Director	of Banca Monte dei Paschi di Siena S.p.A..
Stival Pamela	Managing Director	Pamela Stival, transaction manager and analyst of Banca Finanziaria Internazionale S.p.A..
Claudia Casini	Director	Claudia Casini, an employee 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 Quotaholders' Agreement the Quotaholders have undertaken that, if, at any time, they decide to appoint a supervisory body, one single Statutory Auditor will be appointed upon indication from BMPS.

On 30 Jannuary 2023, Mr Montanari Werther was appointed as single Statutory Auditor of the Guarantor.

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 23 May 2012 (as amended from time to time), 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 and prior notice the Rating Agency. 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.

The Guarantor has not, from the end of its first financial year (31 December 2012), carried out any business activities nor has incurred in any financial indebtedness (other than those incurred in the context of the Programme).

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 ended on 31 December 2025.

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 2012) and the end of its 11th financial year (31 December 2022).

The financial statements of the Guarantor, for the year ended on 31 December 2022, have been approved by the meeting of the quota-holders of the Guarantor on 17 April 2023.

DESCRIPTION OF THE PROGRAMME DOCUMENTS

GUARANTEE

On 23 May 2012, the Issuer, the Guarantor and the Representative of the Bondholders entered into the Guarantee, as amended 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 an Issuer Default 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 Covered 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:

(a) following the service of an Issuer Default Notice on the Issuer and on the Guarantor (but prior to a Guarantor Event of Default), and without prejudice to the effects of (i) a Suspension Period and (ii) an Extended Maturity Date being specified as applicable in the relevant Final Terms for a Series or Tranche of Covered Bonds, 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 each relevant Interest Payment Date, in accordance with the Guarantee Priority of Payments. In this respect, the payment of any Guaranteed Amounts which are Due for Payment in respect of a Series or Tranche of Covered Bonds whose Interest Payment Date or Maturity Date (or Extended Maturity Date, if applicable) falls within two Business Days immediately after delivery of an Issuer Default Notice, will be made by the Guarantor within the date falling five Business Days following such delivery, it being understood that the above provision will apply only (A) in respect of the first Interest Payment Date of the relevant Series or Tranche of Covered Bonds and (B) in respect of the Maturity Date (or Extended Maturity Date, if

applicable) of the Earliest Maturing Covered Bonds; or

(b) following the service of a Guarantor Default Notice on the Guarantor, the Guaranteed Amounts in respect of the Covered Bonds of each Series or Tranche (which shall have become immediately due and repayable), in accordance with the Post-Enforcement Priority of Payments.

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 amount to any Bondholder in respect of the amount of such withholding or deduction.

To the extent that the Guarantor makes, or there is made on its behalf, a payment of any amount under the Guarantee, the Guarantor will 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, to the fullest extent permitted by applicable law, provided that, pursuant to article 7-*quaterdecies* of Law 130, further to enforcement of the Guarantee, the Covered 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 and shall be construed in accordance with Italian law.

SUBORDINATED LOAN AGREEMENTS

On 30 April 2012, BMPS, as Main Subordinated Lender, and the Guarantor entered into the BMPS Subordinated Loan Agreement, as amended and restated from time to time, in accordance with Law 130 under which BMPS, acting as Main Subordinated Lender, granted to the Guarantor a term loan facility in an aggregate amount equal to the Total Commitment (as may be increased from time to time 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 Asset Purchase Agreement and the Cover Pool Management Agreement.

To the extent an Additional Seller will accede to the Programme, it will enter into a Subordinated Loan Agreement with the Guarantor having, *mutatis mutandis*, the terms and conditions of the BMPS Subordinated Loan Agreement.

Under the terms of the Subordinated Loan Agreements, the Main Seller and each Additional Seller, if any, in their capacity, respectively, as Main Subordinated Lender and Additional Subordinated Lender(s),

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*, (a) funding the purchase price of the Eligible Assets included in the Initial Portfolio; (b) funding, in whole (upon delivery by the Test Calculation Agent of a Test Performance Report showing the breach of any of the Tests) or in part, the purchase price of the Eligible Assets to be transferred to the Guarantor pursuant to the Master Assets Purchase Agreement and the Cover Pool Management Agreement in order to remedy the breach of any of the Tests; (c) allowing the Guarantor to credit on the Reserve Account or to create a reserve sufficient to respect the Liquidity Reserve Requirement, and/or (d) funding (in whole or in part) the purchase price of any Eligible Assets transferred to the Guarantor pursuant to the Master Assets Purchase Agreement for over-collateralisation purposes.

Each Floating Interest Term Loan or Fixed Interest Term Loan will be granted for the purpose of, *inter alia*, funding (in whole or in part) (a) 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 (b) the repayment (in whole or in part) of any Term Loan previously granted, and/or (c) allowing the Guarantor to credit on the Reserve Account or to create a reserve sufficient to respect 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 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 no payment of interest under any Term Loan shall be made by the Guarantor to the Subordinated Lender.

Each Programme Term Loan, unless repaid in full prior to such date, shall be repaid on the Guarantor Payment Date immediately following the Maturity Date or the Extended Maturity Date, as applicable, of the latest maturing Series or Tranche of Covered Bonds, within the limits of the then Guarantor Available Funds and in accordance with the relevant Priority of Payments. In addition, the Main Subordinated Lender may propose the Guarantor to reimburse each Programme Term Loan subject *inter alia* to the condition that Tests to be carried out as at the Test Calculation Date immediately succeeding the relevant Guarantor Payment Date are satisfied and that, as at the relevant Guarantor Payment Date, there are sufficient Guarantor Available Funds.

Each Floating Interest Term Loan or Fixed Interest Term Loan, unless repaid in full prior to such date, shall be repaid in full on the Guarantor Payment Date immediately following the date that matches the Maturity Date (or, as applicable, the Extended Maturity Date) of the Corresponding Series of Covered Bonds through (i) the Principal Available Funds (provided that, to the extent such amounts are insufficient for such purpose, the above provisions governing the repayment of the Programme Term

Loans will apply) or (ii) the granting of a Programme Term Loan, and shall be payable within the limits of the then Guarantor Available Funds and in accordance with the relevant Priority of Payments.

Pursuant to the Subordinated Loan Agreement(s), no amounts under the Subordinated Loan Agreements (either as repayment of principal or payment of interest or Premium) will become due to the relevant Subordinated Lender upon occurrence of (a) a Segregation Event, until delivery of a Breach of Tests Cure Notice; or (b) an Issuer Event of Default or a Guarantor Event of Default, until payment or discharge in full by the Guarantor of any other amounts ranking higher the repayment of Term Loans pursuant to the applicable 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 Covered Bond Guarantee.

Governing law

The Subordinated Loan Agreement and any non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian law.

MASTER ASSETS PURCHASE AGREEMENT

On 30 April 2012, BMPS and the Guarantor entered into the Master Assets Purchase Agreement in accordance with the combined provisions of articles 4 and 7-*bis* (now Title I-*bis*) of Law 130, pursuant to which BMPS, in its capacity as Main 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.

Under the Master Assets Purchase Agreement, upon satisfaction of certain conditions set out therein, the Main 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 Main 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 Main 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 from the Main Seller 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 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.

New Portfolios may only be offered or purchased if the following conditions are satisfied:

(a) a Guarantor Default Notice has not been served on the Guarantor;

(b) with respect to any assignment of Eligible Assets made by the relevant Seller(s) in order to (i) 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;

(c) 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;

(d) no Insolvency Event in respect of the relevant Seller(s) occurred;

(e) with respect to any assignment made for overcollateralisation purposes, no Breach of Tests Notice or Issuer Default Notice has been served, and sufficient Principal Available Funds are available at the relevant Execution Date for the payment of the purchase price relating to the assigned New Portfolio or the Guarantor received from the relevant Seller(s) the necessary amounts pursuant to the Subordinated Loan Agreement;

(d) 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 an Issuer Default 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 Subordinated Loan, are available at each relevant Execution Date.

The Initial Portfolio Purchase Price payable pursuant to the Master Assets Purchase Agreement was equal to the aggregate Purchase Price of all the Assets included in the Initial Portfolio.

The Purchase Price for the Receivables 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 1st January 2012 (excluded) included in such book value with respect to each Receivable; and (ii) any collections with respect to principal received by the Main Seller with respect to each Receivable included in the Initial Portfolio starting from 01 January 2012 (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 each following Portfolio was equal to the sum of the Individual Purchase Price of all the Assets included in the relevant Portfolio at the relevant Valuation Date.

The Receivables comprised in the Initial Portfolio and in each following Portfolio met, at the relevant Valuation Date, the Common Criteria and the Specific Criteria set out in the Master Assets Purchase Agreement (all such criteria are described in detail in the section headed "*Description of the Cover Pool*").

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 as from time to time specified in the relevant Transfer Proposal.

As consideration for the transfer of any New Portfolios, pursuant to the Master Assets Purchase Agreement, the Guarantor will pay to the relevant Seller an amount equal to the aggregate 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 bilancio*) 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 Main 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 an Issuer Default Notice, BMPS 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:

(a) to purchase UTP Assets or Defaulted Assets;

(b) to purchase Excess Assets (to be selected by the relevant Seller);

(c) to purchase Affected Assets;

(e) to purchase Eligible Assets which have become non-eligible in accordance with Law 130 and the Bank of Italy Regulations;

(f) 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

(g) 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 Quarterly Test Calculation Date a Test Performance Report specifies that the Cover Pool is not in compliance with the Tests, then the Main Seller (and/or, if any, any Additional Seller) will either (i) sell additional Eligible Assets to the Guarantor for an amount sufficient to allow the relevant Test(s) to be met on the next following Test Calculation Date, and finance such purchase by means of Term Loans to be granted by the relevant Seller; or (ii) substitute any relevant Assets in respect of which the right of repurchase may be exercised under the terms of the Master Assets Purchase Agreement with new Eligible Assets, for an amount sufficient to allow the relevant Test(s) to be met on the next following Test Calculation Date.

After the service of an Issuer Default Notice on the Guarantor, but prior to the service of a Guarantor Default Notice, the Guarantor may or shall, if necessary in order to effect timely payments under the Covered Bonds, sell Selected 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 Selected 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 the Main Seller and any Additional Seller (if any) an option right pursuant to which the Main Seller and any Additional Seller (if any) 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 an Issuer Default 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, the Main Seller and any Additional Seller (if any) 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.

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 and shall be construed in accordance with Italian law.

COVER POOL MANAGEMENT AGREEMENT

On 23 May 2012, the Issuer, the Main Seller, the Main Servicer, the Test Calculation Agent, the Main Subordinated Lender, the Guarantor, the Guarantor 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.

Under the Cover Pool Management Agreement relevant parties thereto agreed that, starting from the First Issue Date and until 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, the Issuer and any Additional Seller(s) (if any) shall ensure 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 the Liquidity Reserve Requirement was breached, each of the Mandatory Tests, being (i) the Nominal Value Test, (ii) the Net Present Value Test and (iii) the Interest Coverage Test, and the Liquidity Reserve Requirement are satisfied with respect of the Cover Pool in accordance with Law 130 and the provisions of the Cover Pool Management Agreement.

In addition, the Guarantor has undertaken to procure that starting from the date on which an Issuer Default Notice is delivered and until the earlier of: (a) 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 (b) the date on which a Guarantor Default Notice is delivered, the Amortisation Test (as described in detail in section "*Credit structure – Tests*" below) is met with respect to the Cover Pool on any Quarterly Test Calculation Date, 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 Amortisation Test shall not apply if the Extended Maturity Date equal to the Long Due for Payment Date is applied to the Covered Bonds.

The Test Calculation Agent has agreed to prepare and deliver, on each Test Performance Report Date, to the Issuer, the Guarantor, the Representative of the Bondholders, the Guarantor Calculation Agent, the Asset Monitor, the Main Seller (and any Additional Seller(s), if any), the Main Servicer (and any Additional Servicer(s), if any), a Test Performance Report setting out the calculations carried out by it with respect to the applicable Tests.

In case of determination by the Test Calculation Agent that a breach of any of any of the Tests has occurred, the Guarantor shall purchase Eligible Assets in an aggregate amount sufficient to ensure that, as of the Test Calculation Date or Quarterly Test Calculation Date falling at the end of the Test Grace Period or Test Remedy Period, as appropriate, all the Tests are satisfied with respect to the Cover Pool (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).

The undertaking to sell Eligible Assets shall be borne by the Main Seller and/or the Additional Seller(s) upon consultation with each other and ultimately, to the extent no other Seller has assigned any Eligible Assets to the Guarantor, by the Main Seller. To the extent that either the Main Seller and/or the Additional Seller(s) will be unable to offer for sale to the Guarantor Eligible Assets in an amount sufficient to ensure that the relevant Tests are then met, each of them shall promptly inform the Guarantor.

For the purpose of allowing the Guarantor to fund the purchase of such Eligible Assets, each Seller, in its capacity as Subordinated Lender, undertakes to advance to the Guarantor a Term Loan in accordance with the relevant Subordinated Loan Agreement in an amount equal to: (a) prior to the

delivery of a Test Performance Report showing that any of the Tests was breached, the portion of the relevant purchase price for the relevant Eligible Assets to be transferred by such Seller not payable by the Guarantor applying any Guarantor Available Funds available for such purpose in accordance with the Pre-Issuer Default Principal Priority of Payments; and (b) following the delivery of a Test Performance Report showing that any of the Tests was breached, the entire purchase price for the relevant Eligible Assets to be transferred by such Seller.

Following the notification by the Test Calculation Agent that the Mandatory Tests and/or the Asset Coverage Test have been breached, if the relevant breach is not remedied in accordance relevant provisions of the Cover Pool Management Agreement prior to the end of the applicable Test Grace Period according to the information included in the relevant Pre-Issuer Default Test Performance Report, then the Representative of the Bondholders shall promptly, and in any case within 5 calendar days from the end of the Test Grace Period, deliver a Breach of Tests Notice to the Issuer, the Guarantor and, for information purpose, the Guarantor Calculation Agent, the Main Seller and any Additional Seller (if any), the Main Servicer and any Additional Servicer (if any), as a consequence of which a Segregation Event will occur.

Following the delivery of a Breach of Tests Notice, but prior to the delivery of an Issuer Default Notice, if within the Test Remedy Period the relevant Mandatory Tests and/or the Asset Coverage Test is/are met according to the information included in the relevant 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, and in any case within 5 calendar days from the relevant Test Performance Report, deliver to the parties indicated in the Cover Pool Management Agreement a Breach of Tests Cure Notice, informing such parties that the Breach of Tests Notice then outstanding has been revoked.

The parties to the Cover Pool Management Agreement have also acknowledged and agreed the consequences deriving from the delivery of an Issuer Default Notice and/or a Guarantor Default Notice. In particular, after the service of an Issuer Default Notice, but prior to the service of a Guarantor Default Notice, the Guarantor or a duly appointed Portfolio Manager may, if so directed by a Programme Resolution of the Bondholders and with the prior consent of the Representative of the Bondholders, sell or otherwise liquidate the Eligible Assets included in the Cover Pool in accordance with the Cover Pool Management Agreement, subject to the rights of pre-emption in favour of the relevant Seller(s) to buy such Eligible Assets pursuant to the Master Assets Purchase Agreement. The relevant Eligible Assets (the "**Selected Assets**") to be sold will be selected from the Cover Pool on a random basis by the Main Servicer on behalf of the Guarantor on the condition that the Amortisation Test (if applicable) is complied with prior to and after the sale of such Selected Assets, but **it being understood that** the Amortisation Test will not apply if the Extended Maturity Date equal to the Long Due for Payment Date is applied to the Covered Bonds.

Under the terms of the Cover Pool Management Agreement, before offering Selected Assets for sale, the Guarantor shall ensure that the Selected Assets have an aggregate Expected Net Proceeds as close as possible equal to:

(a) the Euro Equivalent of the Principal Amount Outstanding in respect of the Earliest Maturing Covered Bonds; *minus*

(b) amounts standing to the credit of the Guarantor's Accounts as of the relevant Guarantor Calculation Date,

excluding, with respect to item (b) above, all amounts estimated to be applied on the next following Guarantor Payment Date to pay items ranking higher in the applicable Priority of Payments to the amounts required to repay any Series or Tranche of Covered Bonds which become due on the same date as the Earliest Maturing Covered Bonds, provided that the Cover Pool Management Agreement shall always be respected.

The Guarantor will offer the Selected Assets for sale for the best price reasonably available, but in any event for an amount not less than the Expected Net Proceeds.

In addition, upon the evaluation carried out by the Portfolio Manager, taking into account the then relevant market conditions, the Guarantor may sell Selected Assets for an amount equal to the Expected Net Proceeds calculated in respect of any other Series or Tranche of Covered Bonds then outstanding, rather than in respect of the Earliest Maturing Covered Bonds only. Furthermore, if the Selected Assets have not been sold in an amount equal to the Expected Net Proceeds by the date which is six months prior to, as applicable, the Maturity Date (if the relevant Series or Tranche of Covered Bonds is not subject to an Extended Maturity Date) or the Extended Maturity Date (if the relevant Series or Tranche of Covered Bonds is subject to an Extended Maturity Date) of the Earliest Maturing Covered Bonds, and the Guarantor does not have sufficient other funds standing to the credit of the Guarantor's Accounts available to repay the Earliest Maturing Covered Bonds (after taking into account all payments, provisions and credits to be made in priority thereto), then the Guarantor will offer the Selected Assets for sale for the best price reasonably available notwithstanding that such amount may be less than the Expected Net Proceeds.

The Guarantor may offer for sale part of any portfolio of Selected Assets (a "**Partial Portfolio**"), if beneficial to the Programme.

With respect to any sale to be carried out in accordance with the Cover Pool Management Agreement, the Guarantor will, through a tender process, appoint a Portfolio Manager of recognised standing on a basis intended to incentivise the Portfolio Manager 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 Main Seller and any 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, following the delivery by the Representative of the Bondholders of a Guarantor Default Notice, the Guarantor may, if so directed by a Programme Resolution of the Bondholders and with the prior consent of the Representative of the Bondholders, sell or otherwise liquidate the Eligible Assets 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.

Under the Cover Pool Management Agreement, the parties thereto have acknowledged that, prior to the occurrence of a Segregation Event, or if earlier, an Issuer Event of Default, the Main Seller and each Additional Seller (if any), will have the right to repurchase 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 and any non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian law.

WARRANTY AND INDEMNITY AGREEMENT

On 30 April 2012, BMPS, in its capacity as Main 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 Main Seller (and each Additional Seller, if any) 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 Italian 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 and any non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian law.

MASTER SERVICING AGREEMENT

On 30 April 2012, BMPS, in its capacity as Main 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 Main 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) they 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.

The receipt of the Collections is the responsibility of each Servicer, acting as agent (*mandatario*) of the Guarantor in relation to the Assets transferred by it to the Guarantor. Under the Master Servicing Agreement, each 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 First Issue Date, within one Business Day from the day on which the relevant Collections have been credited to the relevant Collection Account, credit the relevant amounts to the Main Programme Account.

Each 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 Agency, provided that such subdelegation does not prejudice the compliance by the relevant Servicer with its obligations under the Master Servicing Agreement.

Each Servicer shall remain fully liable vis-à-vis the Guarantor for the performance of any activity so delegated.

Each Servicer has been authorised, prior to a breach of the Tests and serving of a Breach of Tests Notice and/or Issuer Default 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 an Issuer Default Notice and/or Breach of Tests Notice, the Servicer(s) will not be authorised to reach settlement agreements with any relevant 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.

The Main 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.

Pursuant to the Master Servicing Agreement: (i) each Additional Servicer shall prepare and deliver to the Main Servicer the Monthly Servicer's Report and the Quarterly Servicer's Report, in either case referring to the Portfolios transferred by it to the Guarantor; and (ii) the Main Servicer shall:

(a) prepare its own Monthly Servicer's Report, referring to the New Portfolios transferred by it to the Guarantor, and deliver it to, *inter alios*, the Guarantor, any Swap Providers, the Back-up Servicer Facilitator and/or the Back-up Servicer (if any) and the Representative of the Bondholders together with the Monthly Servicer's Reports prepared by each Additional Servicer; and

(b) prepare and deliver to, *inter alios*, the Guarantor, any Swap Providers, the Back-up Servicer Facilitator and/or the Back-up Servicer (if any), the Rating Agency and the Representative of the Bondholders a Consolidated Quarterly Servicer's Report which shall include, together with the information relating to the Portfolios transferred by the Main Seller to the Guarantor, the information contained in the Quarterly Servicer's Reports prepared by the each Additional Servicer.

Furthermore, pursuant to clause 6.3 of the Master Servicing Agreement, if the Transaction Accounts are transferred to a New Italian Account Bank in accordance with clauses 5.6.2 and 12.4.2 of the Cash Allocation, Management and Payments Agreement and the Guarantor Payment Dates are to be settled monthly in accordance with letter (a), sub-paragraph (ii) of the definition of "*Guarantor Payment Date*", the Main Servicer will prepare and deliver to, *inter alios*, the Guarantor, any Swap Providers, the Rating Agency and the Representative of the Bondholders a Consolidated Monthly Servicer's Report which will include, together with the information relating to the Portfolios transferred by the Main Seller to the Guarantor, the information contained in the Monthly Servicer's Reports prepared by the each Additional Servicer.

In addition, pursuant to clause 10 of the Master Servicing Agreement:

(i) within 45 (forty-five) calendar days upon the DBRS Long Term Critical Obligation Rating (COR) of the Main Servicer's unsecured, unsubordinated and unguaranteed debt obligations falling below "**BBB** (**low**)" from DBRS, the Guarantor shall, in consultation with the Main Servicer and

the Representative of the Bondholders, appoint a back-up servicer facilitator (the "**Back-up Servicer Facilitator**") subject to the prior communication from the Guarantor to the Representative of the Bondholders and the Rating Agency; and

(ii) within 60 (sixty) calendar days upon the DBRS Long Term Critical Obligation Rating (COR) of the Main Servicer's unsecured, unsubordinated and unguaranteed debt obligations falling below "**BB** (**high**)" from DBRS, the Guarantor in accord with the Back-up Servicer Facilitator shall, in consultation with the Main Servicer, appoint a back-up servicer (the "**Backup Servicer**") subject to the prior communication from the Guarantor to the Representative of the Bondholders and the Rating Agency.

The Back-up Servicer would automatically succeed to the Servicer, within a term to be agreed with the Back-up Servicer, which shall not prejudice the rating assigned to the Covered Bonds in accordance with the criteria of the Rating Agency, upon occurrence of a Servicer Insolvency Event, and upon termination or resignation of the Servicer pursuant to the Master Servicing Agreement.

The Guarantor may terminate a 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:

(a) 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 5 Business Days following receipt by the Servicer of a written notice from the Guarantor requiring the relevant amount to be paid or deposited;

(b) 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;

(c) a Servicer Insolvency Event occurs with respect to the relevant Servicer;

(d) 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;

(e) 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 relevant Servicer, the Main Servicer and the Rating Agency, 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 relevant Servicer must continue to act as Servicer and meet its obligations until the Substitute Servicer is appointed, provided that the relevant Servicer will continue

to operate as the bank authorised to hold the Collection Account where the Collections are paid by the Debtors in accordance with the provisions of the Cash Allocation, Management and Payments Agreement, save for the case the relevant Servicer's appointment was terminated following the occurrence of a Servicer Insolvency Event.

The Guarantor may, upon the occurrence of a Servicer Termination Event, appoint as Substitute Servicer any person which *inter alia*:

(a) meets the requirements of Law 130 and the Bank of Italy to act as Servicer;

(b) has a experience (whether directly or through subsidiaries) in the administration of mortgage loans in Italy;

(c) has available and is able to use, 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 the proceeds deriving from the Securities, 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*).

Pursuant to the Master Servicing Agreement the Servicer shall not be entitled to resign from its appointment as Servicer prior to the Expiry Date.

Governing law

The Master Servicing Agreement and any non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian law.

CASH ALLOCATION, MANAGEMENT AND PAYMENTS AGREEMENT

On 23 May 2012, the Issuer, the Main Servicer, the Italian Account Bank, the Cash Manager, the Guarantor, the Guarantor Calculation Agent, the Guarantor Corporate Servicer and Representative of the Bondholders entered into the Cash Allocation, Management and Payments Agreement, as amended and restated from time to time.

Under the terms of the Cash Allocation, Management and Payments Agreement, *inter alia*:

(i) the Guarantor has appointed BMPS as Italian Account Bank and Cash Manager;

(ii) the Guarantor has appointed CACIB as Additional Account Bank;

(iii) the parties thereto have acknowledged that BMPS will act as Principal Paying Agent for the Covered Bonds until the delivery of an Issuer Default Notice or a Guarantor Default Notice, *provided that*,

(a) following delivery of an Issuer Default Notice and/or a Guarantor Default Notice, the Guarantor will appoint, before the immediately following Guarantor Payment Date - to the extent possible - and in any case within 30 Business Days, subject to the prior consent of

the Main Servicer, a substitute Principal Paying Agent. The appointment and accession of the substitute Principal Paying Agent will be notified by the Guarantor to the Rating Agency;

(b) pending the appointment of the substitute Principal Paying Agent, BMPS will continue to act as the existing Principal Paying Agent and meet and perform its obligations in such a capacity, until the successor Principal Paying Agent has been duly appointed; and

(c) if a New Italian Account Bank (as defined below) is already appointed by the time the relevant Issuer Default Notice and/or Guarantor Default Notice was delivered, the New Italian Account Bank will automatically succeed to BMPS as a successor Principal Paying Agent and, if not already transferred to it, the Italian Account Bank will procure the prompt transfer to the New Italian Account Bank of the Payments Account;

(iv) the Italian Account Bank has agreed (a) to establish and maintain, in the name and on behalf of the Guarantor, the BMPS Italian Collection Account, the Main Programme Account, the Reserve Account, the Expenses Account, the Payments Account and the Eligible Investments Securities 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; (b) that it will make payments on behalf of the Guarantor in favour of the Other Guarantor Creditors;

(v) 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 Payment Agreement;

(vi) the Guarantor Calculation Agent has agreed to provide the Guarantor with calculation services with respect to the Accounts and the Guarantor Available Funds and prepare and deliver to the Main Servicer for such purpose the Payments Report, which shall, *inter alia* (i) take into account any calculations made under any Swap Agreements in relation to payments due or to become due by the next following 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 an Issuer Default Notice has been delivered; and

(vii) the Cash Manager has agreed to procure that any credit balance from time to time standing to the credit of the Main Programme Account, the Reserve Account and/or any other Guarantor's Account (other than the Expense Account) is invested in Eligible Investments. The Guarantor will pledge in favour of the Bondholders and the Other Guarantor Creditors, from time to time, the Eligible Investments.

Furthermore, the parties to the Cash Allocation, Management and Payments Agreement, have agreed that:

(i) following the delivery of an Issuer Default Notice in respect of any Series or Tranche of Covered Bonds and the deferral of the Maturity Date relating to such Series or Tranche of Covered Bonds to the Long Due for Payment Date, the Italian Account Bank will open a dedicated account with an Eligible Institution which is not part of the Montepaschi Group (the "**Amortisation Reserve Account**"), for the purpose of accumulating the Final Redemption

Amount relating to any other Series or Tranche of Covered Bonds in respect of which the relevant Maturity Date has not occurred. The Italian Account Bank will create and maintain ledgers on the Amortisation Reserve Account for each Series of Covered Bonds and record amounts allocated to such Series of Covered Bonds in accordance with the Guarantee Priority of Payments and such amounts, once allocated, will only be available to pay amounts due in respect of the relevant Series of Covered Bonds on, and from, the relevant Maturity Date and up to the Extended Maturity Date. The Guarantor will pledge and create a Security Interest in favour of the Bondholders and the Other Guarantor Creditors over the Amortisation Reserve Account and the sums from time to time deposited thereon;

(ii) also in accordance with the Master Servicing Agreement, if the DBRS Long Term Critical Obligation Rating (COR) of the Servicer or BMPS falls below "**BBB (Low)**" from DBRS, the Guarantor may from time to time open one or more additional accounts (the "**Commingling Reserve Account**") for the purpose of crediting the Commingling Reserve Amount, up to the Target Commingling Amount in accordance with the applicable Priority of Payments, or other amounts required pursuant to the Programme Documents;

(iii) in addition to the Commingling Reserve Account and the Amortisation Reserve Account, the Guarantor may open, from time to time, one or more additional accounts for the purpose of crediting amounts required pursuant to the Programme Documents, provided that the Rating Agency is notified in advance of the opening of any such accounts;

(iv) it is **provided that**:

(a) if there were not sufficient Guarantor Available Funds to deposit timely the Commingling Reserve Amount referred in paragraph (ii) above up to the value of the Target Commingling Amount, Banca Monte dei Paschi di Siena S.p.A. in relation to the capacity of Servicer carried out, will (i) open an additional Commingling Reserve Account in the name of the Guarantor with an Eligible Institution, which is not part of the Montepaschi Group, and (ii) deposit and/or supplement, as soon as feasible and in any case within 30 calendar days from the relevant downgrading event, the Commingling Reserve Amount up to the Target Commingling Amount, for the benefit of the Guarantor, in the form of an irregular pledge (pegno irregolare). BMPS will create the irregular pledge as a security for the Servicer's obligations to transfer the Collections to the Guarantor, pursuant to article 1851 of the Italian civil code;

(b) the Guarantor will, contextually to the deposit of the Commingling Reserve Amount on the Commingling Reserve Account above, (i) pledge and create a Security Interest in favour of the Bondholders and the Other Guarantor Creditors over the Commingling Reserve Account and the sums from time to time deposited thereon;

(c) however, should the Potential Commingling Amount be entirely deducted from the Asset Coverage Test pursuant to clause 4 (Asset Coverage Test) of the Cover Pool Management Agreement, or should at any time the DBRS Long Term Critical Obligation Rating (COR) of the Servicer or BMPS become equal to or higher than "**BBB (Low)**" by DBRS, then: (i) the Commingling Reserve Account and any sums deposited thereon shall be deemed to be

released from any Security Interest; (ii) the amounts deposited on the Commingling Reserve Account by the Guarantor will be returned and comprised in the Guarantor Available Funds; (iii) any amounts deposited on the Commingling Reserve Account by BMPS will be automatically released from any Security Interest and retransferred directly to BMPS; (iv) the Commingling Reserve Account may be closed;

(v) furthermore, if (i) the long-term rating of the Italian Account Bank falls below (i) "**BBB**" from DBRS, should the rating assigned to the Covered Bonds be "**A**" from DBRS, or (ii) "**BBB (low)**" from DBRS, should the rating assigned to the Covered Bonds be "**A (low)**" from DBRS, or (ii) the appointment of the Italian Account Bank was terminated for whatsoever reason, or (iii) following the delivery of an Issuer Default Notice:

(a) the Italian Account Bank will promptly give notice of such event to the other parties;

(b) the Guarantor will, within 30 calendar days from the downgrading event, appoint a new Italian account bank (the "**New Italian Account Bank**") for the purpose of maintaining the Transaction Accounts (excluding, for avoidance of doubt, the Italian Collection Account), until the date upon 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

(c) the Italian Account Bank will use its best efforts to assist the Guarantor and procure within 30 calendar days from the relevant downgrading event the transfer of the moneys and/or securities standing to the credit of the Transaction Accounts (other than, for avoidance of doubt, the Italian Collection Account) held by itself to the New Italian Account Bank, which shall assume its role upon the terms of the Cash Allocation, Management and Payments Agreement and agree to become a party to the Intercreditor Agreement and any other relevant Programme Document,

provided that should the rating assigned to the Italian Account Bank become equal to or higher than (i) "**BBB**" from DBRS, should the rating assigned to the Covered Bonds be "A" from DBRS, or (ii) "**BBB (low)**" from DBRS, should the rating assigned to the Covered Bonds be "**A (low)**" from DBRS, BMPS and the New Italian Account Bank will be entitled – but not obliged – to agree and cooperate with the Guarantor to procure the re-transfer to BMPS, in the capacity of Italian Account Bank, of the moneys and/or securities standing to the credit of the Transaction Accounts held by the New Italian Account Bank in accordance with the Cash allocation, Management and Payments Agreement and the Programme Documents;

should a Servicer's Insolvency Event occur affecting BMPS in accordance with clause 11.1.1 of the Master Servicing Agreement, the Italian Account Bank will use its best efforts to assist the Guarantor and procure the immediate transfer of the moneys standing to the credit of the Italian Collection Account held by it to the New Italian Account Bank or, should the New Italian Account Bank no longer be, at that time, an Eligible Institution, to another bank selected by the Guarantor, being an Eligible Institution, which will assume the role of New Italian Account Bank upon the terms of the Cash Allocation, Management and Payments Agreement and agree to become a party to the Intercreditor Agreement and any other relevant Programme Document.

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 relevant 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. Any Agent may resign from its appointment under the Cash Allocation, Management and Payment 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, the Rating Agency and the Representative of the Bondholders subject to and conditional upon certain conditions set out in the Cash Allocation, Management and Payment Agreement, provided that a valid substitute has been appointed.

On 17 July 2023, the Parties entered into a master amendment agreement (the "**Master Amendment Agreement**") to, *inter alia*, agree upon the following actions: (i) the appointment by the Guarantor of CACIB as Additional Account Bank and the opening by the Guarantor with the latter of the Additional Reserve Account as set forth under the Master Amendment Agreement; (ii) the accession of CACIB to the Cash Allocation, Management and Payments Agreement, the Intercreditor Agreement, the Master Definitions Agreement and the other Programme Documents to which it should be a party as Additional Account Bank of the Programme; (iii) the entering into by the Issuer and the Guarantor of the CACIB Account Pledge Agreement.

Under the Master Amendment Agreement, the Parties agreed that:

i) the operation of the Reserve Account and the Additional Reserve Account will be alternative and, therefore, (i) so long the Issuer will not meet the eligibility criteria provided for under article 129, paragraph 1a, letter (c) of the CRR (such eligibility criteria, the "**CQS3 Condition**"), only the Additional Reserve Account will be operating, and (ii) if and starting from the date on which the CQS3 Condition is met, only the Reserve Account will be operating;

ii) in all Programme Documents, any reference to the Italian Account Bank as account bank where the Reserve Account is opened refers also to CACIB as account bank where the Additional Reserve Account is opened, also with regard to any payments due under the applicable Priority of Payments (including by way of example but not limited to, (a) item (*Third*) of the Pre-Issuer Default Interest Priority of Payments under Clause 7.1.1 (*Pre-Issuer Default Interest Priority of Payments*) of the Intercreditor Agreement, (b) item (*Third*) of the Guarantee Priority of Payments under Clause 7.2 (*Guarantee Priority of Payments*) of the Intercreditor Agreement, and (c) item (*Third*) of the Post-Enforcement Priority of Payments under Clause 7.3 (*Post-Enforcement Priority of Payments*) of the Intercreditor Agreement); and

iii) in all Programme Documents, any reference to the Reserve Account refers to (i) the Additional Reserve Account, so long the CQS3 Condition is not met, and (ii) the Reserve Account, if and so long the CQS3 Condition is met, also with regard to the sum to be credited therein under the applicable Priority of Payments (including by way of example but not limited to, (a) item (*Sixth*) of the Pre-Issuer Default Interest Priority of Payments under Clause 7.1.1 (*Pre-Issuer Default Interest Priority of Payments*) of the Intercreditor Agreement, and (b) item (*Fifth*) of the Guarantee Priority of Payments under Clause 7.2 (*Guarantee Priority of Payments*) of the Intercreditor Agreement).

Governing law

The Cash Allocation, Management and Payments Agreement and any non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian law.

MANDATE AGREEMENT

On 23 May 2012, the Guarantor and the Representative of the Bondholders entered into the Mandate Agreement, as amended and restated from time to time, 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 and any non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian law.

INTERCREDITOR AGREEMENT

On 23 May 2012, the Guarantor and the Other Guarantor Creditors entered into the Intercreditor Agreement, as amended and restated from time to time. 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 Terms and 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 Terms and Conditions), *inter alia*, enter into the Deed of Pledge and the Account Pledge Agreement. The Representative of the Bondholders is exempted from the obligation of reporting (*obbligo di rendiconto*) pursuant to article 1713 of the Italian civil code on the actions taken in the carrying out of such mandates. 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, the Account Pledge Agreement and the 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. 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 Main 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.

Governing law

The Intercreditor Agreement and any non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian law.

CORPORATE SERVICES AGREEMENT

Under the Corporate Services Agreement entered into on 23 May 2012, as amended and restated from time to time, 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 and shall be construed in accordance with Italian law.

PROGRAMME AGREEMENT

On 23 May 2012, the Issuer, the Guarantor, the Representative of the Bondholders and the Dealer(s), entered into the Programme Agreement, as amended and restated from time to time, pursuant to which the parties thereto have recorded the arrangements agreed between them in relation to the issue by the Issuer and the subscription by the Dealer(s) from time to time of Covered Bonds issued under the Programme.

On or about 7 December 2023, Banca Finanziaria Internazionale S.p.A. acceded into the Programme Agreement as Initial Dealer of the Programme, following the merger by incorporation of MPS Capital Services S.p.A. into the Issuer.

Under the Programme Agreement, 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 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 the Programme Agreement conditions precedent.

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 thereto 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 and any non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian law.

THE DEED OF PLEDGE AND THE ACCOUNT PLEDGE AGREEMENT

On 23 May 2012, the Guarantor and the Representative of the Bondholders entered into the Deed of Pledge, as amended and restated from time to time, 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. By a supplementing pledge undertaking letter (the "**Pledge Undertaking Letter**") dated 22 August 2013, between the Guarantor and the Representative of the Bondholders (on its own behalf and on behalf of the Bondholders and the Other Guarantor Creditors), pursuant to which the Guarantor has undertaken to pledge in favour of the Bondholders and the Other Issuer Creditors all the Eligible Investments from time to time made pursuant to or in relation to certain Programme Documents.

Furthermore, on 22 August 2013, the Guarantor and the Representative of the Bondholders entered into the Account Pledge Agreement 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 (i) has pledged and has undertaken to confirm such pledge over all the sums deposited as Reserve Amount(s) on the Reserve Account from time to time, and (ii) has undertaken to pledge all the sums deposited on the Commingling Reserve Account, once opened, in accordance with the provisions of the Programme Documents, in favour of the Bondholders and the Other Issuer Creditors. The security created pursuant to the Account Pledge Agreement will become enforceable upon the service of a Guarantor Default Notice.

Governing law

The Deed of Pledge and the Account Pledge Agreement and any non-contractual obligations arising out of or in connection with them are governed by and shall be construed in accordance with Italian law.

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 an Issuer Default 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 an Issuer Default Notice, the Amortisation Test (*provided that* the Amortisation Test shall not apply if the Extended Maturity Date equal to the Long Due for Payment Date is applied to the Covered Bonds) 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 an Issuer Default 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;
- a Reserve Account is established, which will build up over time using *inter alia* excess cash flow from Interest Available Funds; and
- under the terms of the Cash Allocation, Management and Payment Agreement, the Cash Manager has agreed that it may invest the moneys standing to the credit of the Main Programme Account and/or 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 an Issuer Default 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), if any) must ensure 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 the Liquidity Reserve Requirement was breached, the Cover Pool is in compliance with the relevant Tests described below.

MANDATORY TESTS AND LIQUIDITY RESERVE REQUIREMENT

In order to ensure that the Cover Pool is sufficient to repay the Covered Bonds, the Issuer, the Main 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 Main 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 Test Calculation Agent 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 aggregate Principal Amount Outstanding of all Series or Tranche of Covered Bonds issued under the Programme and not cancelled or redeemed in full in accordance with the 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 the Covered Bonds (or the Euro Equivalent, if applicable). The Nominal Value shall be calculated by applying the following formula:

$$A + B \geq OBG$$

where,

"**A**" is the Outstanding Principal Balance of all Eligible Assets 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), as reduced, with respect to those Receivables which have Instalments unpaid, respectively, for more than 90 and 180 calendar days, by the relevant amount deemed appropriate by the Originator;

"**B**" is the aggregate amount of all Principal Available Funds cash standing on the Guarantor's Accounts and the funds standing on the Additional Reserve Account that are exposures to credit institutions that qualify for credit quality step 1, 2 or 3; and

"**OBG**" is the aggregate Principal Amount Outstanding of all Series or Tranche of the Covered Bonds (or the Euro Equivalent, if applicable).

The calculation above will be performed without taking into account any Eligible Assets exceeding the limits 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 Quarterly 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, by applying the following formula:

$$(A+B-OBG)/OBG => 5\%$$

Where the parameters are the same of the Nominal Value Test. Furthermore, the relevant Test Calculation Agent shall verify on each Quarterly Test Calculation Date the compliance with the limits of article 129, paragraph 1a., of the CRR.

(B) ***Net Present Value Test***

The Test Calculation Agent 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 payments 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 Tranche of Covered Bonds issued under the Programme and not cancelled or redeemed in full in accordance with the Terms and Conditions and the relevant Final Terms.

The Net Present Value Test shall be met if:

A + B + C – D ≥ NPVOBG

where:

"**A**" is the net present value of all Eligible Assets comprised in the Cover Pool, as reduced, with respect to those Receivables which have Instalments unpaid, respectively, for more than 90 and 180 calendar days, by the relevant amount deemed appropriate by the Originator;

"**B**" is the net present value of each Eligible Swap Agreement;

"**C**" is the aggregate amount of all Principal Available Funds standing on the Guarantor's Accounts and the funds standing on the Additional Reserve Account that are exposures to credit institutions that qualify for credit quality step 1, 2 or 3;

"**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 the maintenance and the management costs due in case of liquidation of the Programme,to be calculated as per the provisions of the Cover Pool Management Agreement); and

"**NPVOBG**" is the sum of the net present value of all Series or Tranche of Covered Bonds outstanding under the Programme.

The calculation above will be performed without taking into account any Eligible Assets exceeding the limits set forth under article 129, paragraph 1a., of the CRR.

(C) *Interest Coverage Test*

The Test Calculation Agent 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 generated by the Eligible Assets included in the Cover Pool (including the payments of any nature expected to be received or paid by the Guarantor with respect to any Eligible Swap Agreement), net of all the costs borne by the Guarantor (including the payments 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 Tranche of Covered Bonds issued under the Programme and not cancelled or redeemed in full in accordance with the 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 in accordance with the applicable accounting principles):

A + B + C – D ≥ IOBG

where:

"**A**" is the interest component of (i) all the Instalments due and payable from the relevant Quarterly Test Calculation Date (or following the breach of any of the Mandatory Test, on each relevant Test Calculation Date) to the date falling 12 months thereafter and (ii) the interest component of all the amounts to be received in respect of the Eligible Assets comprised in the Cover Pool (other than those under letter (i) above), as reduced, with respect to those Receivables which have Instalments unpaid, respectively, for more than 90 and 180 calendar days, by the relevant amount deemed appropriate by the Originator;

"**B**" is any net amount expected to be received by the Guarantor under any Swap Agreement which are Eligible Swap Agreement from the relevant Guarantor Calculation Date to the date falling 12 months thereafter;

"**C**" is any interest expected to accrue in respect of the Principal Available Funds and on the funds standing to the credit of the Additional Reserve Account from the relevant Guarantor Calculation Date to the date falling 12 months thereafter that are exposures to credit institutions that qualify for credit quality step 1, 2 or 3;

"**D**" 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 *Third* of the Pre-Issuer Default Interest Priority of Payments; and

"**IOBG**" is the aggregate amount of all interest payments due and payable under all outstanding Series or Tranche of 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).

The calculation above will be performed without taking into account any Eligible Assets exceeding the limits set forth under article 129, paragraph 1a., of the CRR.

ASSET COVERAGE TEST

Starting from the First Issue Date (excluded) and until the earlier of (a) 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 (b) the date on which an Issuer Default 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 Main 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 the Asset Coverage Test was breached, the Asset Coverage Test is met with respect to the Cover Pool.

For the purposes of the Asset Coverage Test, the Test Calculation Agent shall verify that the adjusted aggregate asset amount (the "**Adjusted Aggregate Asset Amount**") is, on each Quarterly Test Calculation Date prior to the delivery of an Issuer Default Notice, at least equal to the aggregate

Principal Amount Outstanding of the Covered Bonds (or the Euro Equivalent, if applicable) ("**OBG**"); such verification shall be carried out by applying the following formula: Adjusted Aggregate Asset Amount ≥ OBG.

The Adjusted Aggregate Asset Amount will be calculated by applying the following formula:

A + B + C – Z – Y – W

where:

"**A**" is equal to **MIN*AP**

where:

"**MIN**" is the lower of:

(1) the aggregate actual Outstanding Principal Balance of all Mortgage Receivables included in the Cover Pool, as calculated on the last day of the immediately preceding Calculation Period; and

(2) the aggregate Latest Valuations of all Mortgage Receivables multiplied by M, where M is:

(a) equal to (A) 80 per cent. For all Residential Mortgage Receivables and (B) 60 per cent. for all Commercial Mortgage Receivables both arising from Mortgage Loans which (i) have no unpaid Instalments or (ii) have Instalments unpaid for less than 90 calendar days;

(b) equal to 40 per cent. for all the Mortgage Receivables arising from Mortgage Loans which have Instalments unpaid for more than 90 calendar days but less than 180 calendar days; and

(c) equal to 0 per cent. for all the Receivables arising from Mortgage Loans which (i) are Defaulted Receivables (*crediti in sofferenza*) and UTP Receivables (*crediti UTP*) or (ii) have Instalments unpaid for more than 180 calendar days;

"**AP**" is the "**Asset Percentage**", being the lower of:

(i) 95 per cent; and

(ii) such other lower percentage figure as may be determined by the Issuer on behalf of the Guarantor in accordance with the methodologies published from time to time by the Rating Agency,

provided that, 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.

"**B**" is the aggregate amount of the Principal Available Funds standing on all the Guarantor's Accounts and the funds standing on the Additional Reserve Account *plus* the Commingling Reserve Amount, without double counting;

"**C**" is the aggregate Outstanding Principal Balance of any Eligible Assets (other than those under letter (A) above);

"**Y**" is equal to ***nil***, as long as the Issuer's DBRS Long Term Critical Obligation Rating (COR) is at least "**BBB (Low)**" by DBRS, otherwise it is equal to the Potential Set-Off Amount;

"**W**" is equal to the Potential Commingling Amount;

"**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.

For the purposes of the paragraph above:

"**Additional Reserve Account**" means the account denominated in Euro, IBAN IT68S0343201600002212135625 opened in the name of the Guarantor and held by the Additional Account Bank or any other substitutive account which may be opened by the Guarantor pursuant to the Cash Allocation, Management and Payments Agreement.

"**Commingling Reserve Amount**" means the sum actually posted from time to time to the credit of the Commingling Reserve Account, up to Target Commingling Amount.

"**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.

"**Potential Commingling Amount**" means:

(a) ***nil***, as long as the Issuer's DBRS Long Term Critical Obligation Rating (COR) is at least "**BBB (Low)**" by DBRS; or

(b) as long as the Issuer's DBRS Long Term Critical Obligation Rating (COR) is below "**BBB (Low)**" by DBRS, the Target Commingling Amount.

"**Potential Set-Off Amount**" means a percentage of the outstanding Portfolio that could potentially be subject to set-off risk by the relevant Debtors exercising their set-off rights, deemed to be appropriate in order to cover the relevant set-off risk.

"**Target Commingling Amount**" means the positive difference between (***y***) the amount of principal and interest of the outstanding Portfolio that could be subject to commingling risk and (***x***) the Reserve Amount (if any) posted to the Reserve Account.

LIQUIDITY RESERVE REQUIREMENT

The relevant Test Calculation Agent shall verify on each Quarterly 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 Quarterly 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 Loan Provider may advance further Loans under the Subordinated Loan Agreement.

AMORTISATION TEST

Starting from the date on which an Issuer Default Notice is delivered to the Issuer and the Guarantor and until the earlier of (a) 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 (b) the date on which a Guarantor Default Notice is delivered, the Guarantor undertakes to procure that on any Quarterly 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.

The Amortisation Test shall not apply if the Extended Maturity Date equal to the Long Due for Payment Date is applied to the Covered Bonds.

For the purpose of the Amortisation Test, the Test Calculation Agent (as appointed by the Guarantor pursuant to Clause 2) of the Cover Pool Management Agreement shall verify that, on each Quarterly Test Calculation Date, the outstanding principal balance of the Cover Pool (which for such purpose is considered as an amount equal to the "**Amortisation Test Aggregate Asset Amount**") is higher than or equal to the Euro Equivalent of the Principal Amount Outstanding of all Series or Tranche of Covered Bonds issued under the Programme and not cancelled or redeemed in full in accordance with the Terms and Conditions and the relevant Final Terms at the relevant Quarterly Test Calculation Date ("**OBG**"); such verification shall be carried out by applying the following formula: Amortisation Test Aggregate Asset Amount $\geq$ OBG.

The Amortisation Test Aggregate Asset Amount will be calculated by applying the following formula:

$$A + B + C$$

where:

"**A**" is the lower of:

(1) the aggregate of the actual Outstanding Principal Balance of all Mortgage Receivables, as calculated on the last day of the immediately preceding Calculation Period; and

(2) the aggregate Latest Valuations of all Mortgage Receivables multiplied by M, where M is:

(a) equal to 100 per cent. for all Receivables arising from Mortgage Loans which (i) have no unpaid Instalments or (ii) have Instalments unpaid for less than 90 calendar days;

(b) equal to 80 per cent. for all the Receivables arising from Mortgage Loans which (i) have Instalments unpaid for more than 90 calendar days but less than 180 calendar days; and

(c) equal to 0 per cent. for all the Receivables arising from Mortgage Loans which have Instalments unpaid for more than 180 calendar days.

"**B**" the aggregate amount of the Principal Available Funds and the funds standing on the Additional Reserve Account;

"**C**" is the aggregate outstanding principal balance of any Eligible Assets (other than those under letter (A) above).

Breach of Tests

If any Test Performance Report specifies the breach of any of the Tests, then, within the Test Grace Period, the Main Seller, (and/or, if any, any Additional Seller) will either:

(i) sell additional Eligible Assets to the Guarantor for an amount sufficient to allow the relevant Test(s) to be met on the Test Calculation Date falling at the end of the Test Grace Period, 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 Main 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, for an amount sufficient to allow the relevant Test to be met on the Test Calculation Date falling at the end of the Test Grace Period,

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.

Failure to remedy Mandatory Tests and/or Asset Coverage Test

If, within the Test Grace Period, the breach of the relevant Mandatory Tests and/or 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 a Segregation Event will occur.

If, after the delivery of a Breach of Tests Notice, the breach of the relevant Mandatory Tests and/or Asset Coverage Test is not remedied within the Test Remedy Period, an Issuer Event of Default will occur and the Representative of the Bondholders will deliver an Issuer Default Notice to the Issuer and the Guarantor.

If, after the delivery of a Breach of Tests Notice, but prior to the delivery of an Issuer Default Notice, the relevant Mandatory Tests and/or Asset Coverage Test is/are newly met at the end of the Test Remedy Period according to the information included in the relevant 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 deliver to the Issuer and the Guarantor a Breach of Tests Cure Notice, informing such parties that the Breach of Tests Notice then outstanding has been revoked.

If, after the delivery of an Issuer Default Notice (provided that, should such Issuer Default Notice consists of an Article 74 Event, an Article 74 Event Cure Notice has not been served), a breach of the Amortisation Test occurs, the Representative of the Bondholders will deliver a Guarantor Default Notice (unless the Representative of the Bondholders, having exercised its discretion, resolves otherwise or a Programme Resolution of the Bondholders is passed resolving otherwise).

Upon receipt of an Issuer Default Notice, but prior to service of a Guarantor Default Notice, the Guarantor or the Portfolio Manager may, if so directed by a Programme Resolution of the Bondholders and with the prior consent of the Representative of the Bondholders, sell or otherwise dispose of the assets in the Cover Pool.

Upon receipt of a Guarantor Default Notice, the Guarantor shall dispose of the Assets included in the Cover Pool.

Reserve Account and Additional Reserve Account

The Reserve Account and the Additional Reserve Account is held in the name of the Guarantor. On each Guarantor Payment Date, in accordance with the Priority of Payments, available funds shall be deposited by the Issuer in the Reserve Account or the Additional Reserve Account, as the case may be, 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 Priorities of Payment, to the extent that the Guarantor Available Funds are not sufficient to make such payments on such Payments Date.

CASHFLOWS

As described above under "*Credit Structure*", until an Issuer Default 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 Guarantor's 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 the Guarantor Calculation Agent on each Calculation Date.

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

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

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

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

(xiii) any amounts standing to the credit of the Reserve Account in excess of the Required Reserve Amount, and following the service of an Issuer Default Notice, on the Guarantor, any amounts standing to the credit of the Reserve Account;

(xiv) all amounts in respect of interest and/or yield received from the Eligible Investments;

(xv) any amounts received under the Swap Agreement(s);

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 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,

(xvi) all interest amounts received from the relevant Seller by the Guarantor pursuant to the Master Assets Purchase Agreement during the immediately preceding Collection Period;

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

(xviii) 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:

(xi) all principal amounts collected by each Servicer in respect of the Cover Pool and credited to the Main Programme Account during the immediately preceding Collection Period;

(xii) all other Recoveries in respect of principal received by each Servicer and credited to the Main Programme Account during the immediately preceding Collection Period;

(xiii) all principal amounts received by the Guarantor from each Seller pursuant to the Master Assets Purchase Agreement during the immediately preceding Collection Period;

(xiv) the proceeds of any disposal of Eligible Assets and any disinvestment of the Eligible Assets;

(xv) any amounts granted by each Subordinated Lender under the relevant Subordinated Loan Agreement and not used to fund the payment of the Purchase Price for any Eligible Assets;

(xvi) all amounts other than in respect of interest received under any Swap Agreement;

(xvii) any amounts paid out of item *Tenth* of the Pre-Issuer Default Interest Priority of Payments;

(xviii) any amount paid to the Guarantor by the Issuer upon exercise by or on behalf of the Guarantor of the rights of subrogation (*surrogazione*) or recourse (*regresso*) against the Issuer pursuant to article 7-*quaterdecies*, paragraph 3 of Law 130;

(xix) after (a) delivery of an Issuer Default Notice in respect of any Series or Tranche of Covered Bonds and the deferral of the Maturity Date relating to such Series or Tranche of Covered Bonds to the Long Due for Payment Date and (b) occurrence of the relevant Maturity Date in respect of any other Series or Tranche of Covered Bonds, any Final Redemption Amount(s) accumulated on the Amortisation Reserve Account, provided that the Guarantor will allocate and pay such Final Redemption Amount(s) recorded on the ledgers of the Amortisation Reserve Account only pursuant to item (Sixth), letter (b) of the Guarantee Priority of Payments in respect of the corresponding Series or Tranche of Covered Bonds (excluding payment of any other items of the applicable Priority of Payments); and

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

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) (the "**Pre-Issuer Default Interest Priority of Payments**"):

1. (*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;

2. (*Second*), to pay any amounts due and payable to the Representative of the Bondholders;

3. (*Third*), to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amounts due and payable to the Servicer(s), the Italian Account Bank, the New Italian Account Bank (if any), the Cash Manager, the Guarantor Calculation Agent, the Back-up Servicer Facilitator (if any), the Back-up Servicer (if any) and the Guarantor Corporate Servicer;

4. (*Fourth*), *pari passu* and *pro rata*, according to the respective amounts thereof, to pay (or make a provision for payment of any relevant amounts falling due up to the next following Guarantor Payment Date as the Guarantor Calculation Agent may reasonably determine) of any interest amounts due to the Swap Provider(s) (including 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**");

5. (*Fifth*), to credit the Commingling Reserve Amount on the Commingling Reserve Account, up to the value of the Target Commingling Amount, if required pursuant to the provisions of the Cover Pool Management Agreement and/or the Master Servicing Agreement;

6. (*Sixth*), 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;

7. (*Seventh*), *pari passu* and *pro rata*, according to the respective amounts thereof, to pay any Loan Interest due and payable on the relevant Guarantor Payment Date on each Term Loan to the Subordinated Lender(s) pursuant to the terms of the relevant Subordinated Loan Agreement, provided that (i) no Segregation Event has occurred and is continuing on such Guarantor Payment Date; and/or (ii) any amount in respect of interest under the relevant Series or Tranche of Covered Bonds which has fallen due on or prior to the relevant Guarantor Payment Date has been paid in full by the Issuer;

8. (*Eighth*), 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 Substitute Servicer is appointed pursuant to the Master Servicing Agreement;

9. (*Ninth*), to pay *pro rata* and *pari passu* in accordance with the respective amounts thereof any

Excluded Swap Termination Amounts;

10. (*Tenth*), to allocate to the Principal Available Funds an amount equal to the Interest Shortfall Amount, if any, allocated on the immediately preceding Guarantor Payment Date and on any preceding Guarantor Payment Dates under item (*First*) of the Pre-Issuer Default Principal Priority of Payments and not already repaid;

11. (*Eleventh*), to pay, *pari passu* and *pro rata* according to the respective amounts thereof, to any party to the Programme Documents (other than the Seller(s)) any amounts 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;

12. (*Twelfth*), to pay, *pari passu* and *pro rata* according to the respective amounts thereof, to the Seller(s), any amounts 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;

13. (*Thirteenth*), *pari passu* and *pro rata* according to the respective amounts thereof, (a) to pay to the Subordinated Lender(s) any Premium on the relevant Programme Term Loans and (b) to repay to the Subordinated Lender(s) any Excess Term Loan Amount, provided that (i) no Segregation Event has occurred and is continuing on the relevant Guarantor Payment Date; and/or (ii) any amount in respect of interest under the relevant Series or Tranche of Covered Bonds which has fallen due on or prior to the relevant Guarantor Payment Date has been paid in full by the Issuer.

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) (the "**Pre-Issuer Default Principal Priority of Payments**"):

1. (*First*), to pay any amounts payable as Interest Shortfall Amount;

2. (*Second*), provided that no Segregation Event has occurred and is continuing, *pari passu* and *pro rata* according to the respective amounts thereof, to (i) pay in whole or in part the purchase price of each New Portfolio to the relevant Seller(s) or (ii) make a provision for payment of any such purchase price in case the formalities required to make the assignment of the relevant New Portfolio enforceable have not been carried out yet on such Guarantor Payment Date;

3. (*Third*), upon the occurrence of a Servicer Termination Event, to credit all remaining Principal 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 Substitute Servicer is appointed pursuant to the Master Servicing Agreement;

4. (*Fourth*), *pari passu* and *pro rata* according to the respective amounts thereof:

(a) to pay (or make a provision for payment of any relevant amounts falling due up to the next following Guarantor Payment Date as the Guarantor Calculation Agent may reasonably determine) any amounts other than in respect of interest due or to become due and payable to the relevant Swap Provider(s);

(b) (where appropriate, after taking into account any amounts other than in respect of interest to be received from any 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) to pay the amounts in respect of principal due and payable to the Subordinated Lender(s) under the relevant Term Loan,

provided that, with respect to paragraph (b) above only, no breach of the Mandatory Tests and/or Asset Coverage Test is pending; and

further provided that in respect of both paragraph (a) and (b) above (i) no Segregation Event has occurred and is continuing on such Guarantor Payment Date; and/or (ii) any principal amount outstanding in respect of the relevant Series or Tranche of Covered Bonds which has fallen due on or prior to the relevant Guarantor Payment Date has been repaid in full by the Issuer.

Guarantee Priority of Payments

At any time after service on an Issuer Default Notice, the Guarantor Available Funds standing to the credit of the Guarantor's Accounts will be applied as described below.

Following (i) the delivery of an Issuer Default Notice in respect of any Series or Tranche of Covered Bonds and (ii) the deferral of the Maturity Date relating to such Series or Tranche of Covered Bonds to the Long Due for Payment Date, the Final Redemption Amount(s) relating to any other Series or Tranche of Covered Bonds in respect of which the relevant Maturity Date has not occurred will be accumulated in the Amortisation Reserve Account, and recorded on specific ledgers created thereon, opened in the name of the Guarantor and such amounts, once allocated, will only be available to pay amounts due under the Guarantee in respect of the relevant Series of Covered Bonds on, and from, the relevant Maturity Date and up to the Extended Maturity Date.

Following the delivery of an Issuer Default Notice and – in the event that the Issuer Event of Default consists in an Article 74 Event – until the delivery of an Article 74 Event Cure 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) (the "**Guarantee Priority of Payments**"):

1. (*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;

2. (*Second*), to pay any amounts due and payable to the Representative of the Bondholders;

3. (*Third*), to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any

amounts due and payable to the Servicer(s), the Back-up Servicer Facilitator (if any), the Back-up Servicer (if any), the Italian Account Bank, the New Italian Account Bank (if any), the Cash Manager, the Guarantor Calculation Agent, the Guarantor Corporate Servicer, the Principal Paying Agent, the Paying Agent(s) (if any), the Portfolio Manager (if any), the Asset Monitor and the Test Calculation Agent;

4. (*Fourth*), *pari passu* and *pro rata* according to the respective amounts thereof, (i) to pay (or make a provision for payment of any relevant amounts falling due up to the next following Guarantor Payment Date as the Guarantor Calculation Agent may reasonably determine) any amounts due to the Swap Provider(s) (including any termination payments due and payable by the Guarantor other than any Excluded Swap Termination Amounts); and (ii) to pay, on any Guarantor Payment Date, any interest due and payable on such Guarantor Payment Date (or that will become due and payable up to the immediately succeeding Guarantor Payment Date) under the Guarantee in respect of each Series or Tranche of Covered Bonds (*pari passu* and *pro rata* in respect of each Series or Tranche of Covered Bonds);

5. (*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;

6. (Sixth), pari passu and pro rata according to the respective amounts thereof:

   (a) to pay (or to make a provision for payment of any relevant amounts falling due up to the next following Guarantor Payment Date as the Guarantor Calculation Agent may reasonably determine) the amounts other than in respect of interest due or to become due and payable to the relevant Swap Provider(s);

   (b) to pay (or make provision for payment of any relevant amounts falling due up to the next following Guarantor Payment Date, as the Guarantor Calculation Agent may reasonably determine) in whole or in part the Final Redemption Amount under the Guarantee in respect of each Series or Tranche of Covered Bonds to which the Extended Maturity Date applied; and

   (c) to credit any other amounts on the Amortisation Reserve Account, in order to fund the Redemption Amount in respect of each Series or Tranche of Covered Bonds in respect of which the relevant Maturity Date has not occurred;

7. (*Seventh*), 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 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;

8. (*Eighth*), to pay, *pari passu* and *pro rata* according to the respective amounts thereof, to any party to the Programme Documents (other than the Seller(s)) any amounts due and payable under the Programme Documents, to the extent not already paid or payable under other items of this Guarantee Priority of Payments;

9. (*Ninth*) to pay *pro rata* and *pari passu*, any Excluded Swap Termination Amount due and payable by the Guarantor;

10. (*Tenth*), to pay, *pari passu* and *pro rata* according to the respective amounts thereof, to the Seller(s) any amounts due and payable under the Programme Documents, to the extent not already paid or payable under other items of this Guarantee Priority of Payments;

11. (*Eleventh*), provided that any other amounts under this Guarantee Priority of Payments have been paid (or a provision for payment has been made) in full, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, to the Subordinated Lender(s) any interest and principal amount outstanding and Premium (if any), and other amounts due, on each Term Loan (as applicable) under the relevant Subordinated Loan Agreement(s).

Post-Enforcement Priority of Payment

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 (the "**Post-Enforcement Priority of Payments**"):

1. (*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);

2. (*Second*), to pay any amounts due and payable to the Representative of the Bondholders;

3. (*Third*), to pay, *pari passu* and *pro rata* according to the respective amounts thereof, (i) any amounts due and payable to the Servicer(s), the Back-up Servicer Facilitator (if any), the Back-up Servicer (if any), the Italian Account Bank, the New Italian Account Bank (if any), the Cash Manager, the Guarantor Calculation Agent, the Guarantor Corporate Servicer, the Principal Paying Agent, the Paying Agent(s) (if any), the Portfolio Manager (if any), the Asset Monitor and the Test Calculation Agent; (ii) any amounts due to the Swap Provider(s) other than any Excluded Swap Termination Amount; and (iii) any amounts due under the Guarantee in respect of each Series or Tranche of Covered Bonds;

4. (*Fourth*), any Excluded Swap Termination Amount due and payable by the Guarantor;

5. (*Fifth*), to pay, *pari passu* and *pro rata* according to the respective amounts thereof, to any party to the Programme Documents (other than the Seller(s)) any amounts due and payable under the Programme Documents;

6. (*Sixth*), to pay, *pari passu* and *pro rata* according to the respective amounts thereof, to the Seller(s) any amounts 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;

7. (*Seventh*), provided that any other amounts under this Post-Enforcement Priority of Payments have been paid in full, to pay or repay, *pari passu* and *pro rata* according to the respective

amounts thereof, to the Subordinated Lender(s) any amounts outstanding under the Subordinated Loan Agreement(s).

DESCRIPTION OF THE COVER POOL

The Cover Pool is and will be comprised of (i) Mortgage Loans and the related collateral assigned to the Guarantor by the Main Seller (and/or the Additional Seller(s), if any) in accordance with the terms of the Master Assets Purchase Agreement and (ii) any other Eligible Assets in accordance with Law 130 and the Bank of Italy Regulations.

The Initial Portfolio consists of Residential Mortgage Receivables transferred by the Main 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*".

Criteria

The sale of the Receivables and their related Security Interest to the Guarantor will be subject to various conditions being satisfied on the relevant Valuation Date (except as otherwise indicated). The Receivables to be transferred from time to time to the Guarantor will meet certain Criteria, identified so that the Receivables will be selected as a "pool" (blocco). The Criteria, which will differ for Residential Mortgage Receivables, Commercial Mortgage Receivables and other Eligible Assets, will comprise the Common Criteria, which will be from time to time integrated by the Specific Criteria, provided that the relevant Seller and the Guarantor may agree to amend the Common Criteria, also for the purposes of allowing the transfer of other Eligible Assets, any such amendment shall be notified to the Representative of the Bondholders and the Main Servicer.

Common Criteria for the transfer of the Residential Mortgage Receivables

The Residential Mortgage 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 Common Criteria (to be deemed cumulative unless otherwise provided) on each relevant Valuation Date (or at such other date specified below):

1. are secured by a Mortgage created over Real Estate Assets to be used as residence (*uso di abitazione*), in accordance with applicable laws and regulations, and in which the relevant Real Estate Assets are located in the Republic of Italy;

2. the relevant outstanding amount added to the principal amount outstanding of any preceding 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 date of disbursement of the relevant Residential Mortgage Loan in compliance with letter d), paragraph 1 of article 129 of the CRR;

3. in relation to 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, article 39, fourth paragraph, of the Consolidated Banking Act;

4. do not arise out of agreements subject to the consumer loan (*credito al consumo*) protections pursuant to *Titolo VI, Capo II,* of the Consolidated Banking Act and the Legislative Decree number 206 of 6 September 2005 (*Codice del consumo*);

5. in relation to which the relevant Residential Mortgage Loan is denominated in Euro or, if denominated in Lire as at the relevant disbursement date, it has been redenominated in Euro;

6. in relation to which the relevant Residential Mortgage Loan Agreement is governed by the Italian law;

7. are not under litigation (*in contenzioso*);

Common Criteria for the transfer of the Commercial Mortgage Receivables

The Commercial Mortgage 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 Common Criteria (to be deemed cumulative unless otherwise provided) on each relevant Valuation Date (or at such other date specified below):

1. are secured by a mortgage created over Real Estate Assets to be used for commercials or professionals purposes (*attività commercial o di ufficio*), in accordance with applicable laws and regulations, and in which the relevant Real Estate Assets are located in the Republic of Italy;

2. the relevant outstanding amount, added to the principal amount outstanding of any preceding mortgage loans secured by the same Real Estate Asset, does not exceed 60 per cent of the value of the Real Estate Asset as at the date of disbursement of the relevant Commercial Mortgage Loan, in compliance with letter f), paragraph 1 of article 129 of the CRR;

3. in relation to 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, article 39, fourth paragraph, of the Consolidated Banking Act;

4. in relation to which the relevant Commercial Mortgage Loan is denominated in Euro or, if denominated in Lire as at the relevant disbursement date, it has been redenominated in Euro;

5. in relation to which the relevant Commercial Mortgage Loan is governed by the Italian law;

6. are not under litigation (*in contenzioso*);

Specific Criteria for the transfer of the Residential Mortgage Receivables included in the Initial Portfolio

The Residential Mortgage Receivables included in the Initial Portfolio transferred by the Main Seller to the Guarantor on 30 April 2012 under the Master Assets Purchase Agreement met, in addition to the Common Criteria, the following Specific Criteria (to be deemed cumulative unless otherwise provided), as at the relevant Valuation Date (or at such other date specified below).

The Residential Mortgage Receivables arise out of Residential Mortgage Loans:

1. the disbursement date of which, regardless of the relevant value date, falls before 31 December 2011;

2. that are fully disbursed and in relation to which there was no obligation or possibility to make

additional disbursements;

3. in relation to which at least one Principal Instalment was paid before the relevant Valuation Date (i.e. Residential Mortgage Loans that are not in the pre-amortising phase);

4. in relation to which all the Instalments falling due before the relevant Valuation Date have been paid;

5. in relation to which no partial prepayments of undue Instalments were made;

6. which have been granted to one or more individuals (*persone fisiche o cointestatari*) (with the exclusion of enterprises owned by a single individual (*ditte individuali*) or *società di fatto*) resident in Italy who, in accordance with the classification criteria adopted by the Bank of Italy pursuant to Circular number 140 of 11 February 1991, as amended on 7 August 1998, fall into the following sectors of economic activities (*settori di attività economica*): 600 ("*Famiglie Consumatrici*"), 614 ("*Artigiani*") and 615 ("*Altre Famiglie Produttrici*");

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 creditor secured by the first ranking priority mortgage is BMPS 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 creditor 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 creditor secured by the mortgage(s) ranking prior to such second or subsequent mortgage is BMPS (even if the obligations secured by such ranking priority mortgage(s) have not been fully satisfied) and the receivables secured by such prior ranking priority mortgages arise from Mortgage Loans meeting the Common Criteria and these Specific Criteria;

8. the value of the registration of the relevant Mortgage was higher than Euro 10.00;

9. in relation to which the ratio between the value of the registration of the relevant Mortgage and the disbursed amount of the Residential Mortgage Loan, at the relevant date of the disbursement, was comprised between 1.5 (included) and 8 (included);

10. the relevant amount granted as at the relevant disbursement date was equal to or lower than (a) in relation to Residential Mortgage Loans disbursed to *Artigiani* and *Altre Famiglie Produttrici*, 80 per cent of the value of the Real Estate Asset as at the relevant appraisal date (*data di perizia*), and (b) in relation to Residential Mortgage Loans disbursed to *Famiglie Consumatrici*, 90 per cent of the value of the Real Estate Asset as at the relevant appraisal date (*data di perizia*);

11. secured by Real Estate Asset falling into the following Italian cadastral's categories: A1, A2, A3,

A4, A5, A6, A7, A8, A9 or A11;

12. which, at the time of Debtor request, were processed by the branches of BMPS, Banca Agricola Mantovana S.p.A. (merged into BMPS on 16 September 2008), Banca Antonveneta S.p.A. (merged into BMPS on 22 December 2008), Banca Toscana S.p.A. (merged into BMPS 24 March 2009) and Banca Personale S.p.A. (merged into BMPS on 16 April 2010);

13. which were not disbursed through third party funds, i.e. loans disbursed, also in part, through funds of the European Investment Bank (B.E.I.) or of the Social Development Fund of the Council of Europe or of specific national public entities or national or regional companies promoting enterprises (such as Cassa Depositi e Prestiti – *società finanziarie regionali, etc.*);

14. which were not disbursed under third parties facilitations on account of interest or principal (i.e., loans that qualify as *mutui agevolati*);

15. in relation to which the outstanding amount is comprised between Euro 5,000.00 (included) and Euro 5,000,000.00 (included);

16. where being fixed rate loan (*tasso fisso*), the relevant fixed rate was lower than 8 per cent per annum;

17. where being floating rate loans (*tasso variabile*), the spread to be added to the reference rate contractually provided for the calculation of the interest was not equal to, or higher than, 5 per cent;

18. which were not granted to Debtors who have taken part or have applied to take part to "*Combatti la crisi*", or any other similar initiatives promoted by BMPS, or who have not benefit from or applied to benefit from the suspension of payment of the instalments pursuant to the convention entered into between the Italian banking association (ABI) and the main consumers' associations (the so called "*Piano Famiglie*") of 18 December 2009, as extended on 26 January 2011 and 19 July 2011;

19. which were not renegotiated pursuant to Legislative Decree number 93 of 27 May 2008 (the so called *Decreto Tremonti*), converted into Law number 126 of 24 July 2008 and the convention between the Italian Ministry of Economy and Finance and ABI on 19 June 2008;

20. which were not granted to Debtors involved in the seismic events falling under the applicability of Law Decree number 39 of 28 April 2009, converted into Law number 74 of 24 June 2009, in favour of whom the suspension of the payment of the relevant instalments is provided.

Specific Criteria of the New Portfolios

The Specific Criteria of any New Portfolios are selected by the Seller on or about the relevant Valuation Date and identified among the Specific Criteria on the basis of the composition of the relevant New Portfolio. Such Specific Criteria of the New Portfolios are listed in the relevant Transfer Agreement and be available at the registered office of the Representative of the Bondholders and BMPS (in this respect please refer to section "*Documents Available*" below).

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.

Pursuant to an engagement letter (as amended, supplemented or restated from time to time, the "**Asset Monitor Engagement Letter**") entered into on 23 May 2012 between the Issuer and the Asset Monitor and to an asset monitor agreement entered into on or about 7 December 2023 between the Issuer, the Guarantor, the Asset Monitor and the Representative of the Bondholders (the "**Asset Monitor Agreement**"), the Asset Monitor has agreed to perform certain procedures relating to the Cover Pool and the Programme in accordance with Law 130 and the Bank of Italy Regulations.

ASSET MONITOR AGREEMENT

The Asset Monitor, will, pursuant to an asset monitor agreement entered into on or about 7 December 2023 (as amended and supplemented from time to time, the "**Asset Monitor Agreement**") between *inter alia* 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 Test Calculation Agent to the Asset Monitor, verify the arithmetic accuracy of the calculations performed by the Test Calculation Agent with respect to the Mandatory Tests, the Liquidity Reserve Requirement, the Amortisation Test and the Asset Coverage Test pursuant to the Cover Pool Management 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.

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.

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 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.

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 or in case of resolution of the issuer, 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 six months and for each transaction carried out the completeness, accuracy and timeliness of information available to investors pursuant to art. 129, paragraph 7, of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013.

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 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. 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.

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 23 May 2012 (as amended and restated from time to time, 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

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.

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:

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

b) *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

c) *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

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.

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 Base 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

As of the date of this Base Prospectus, the Covered Bonds are admitted to trading on the EuroTLX Market ("**EuroTLX**"), which is a multilateral system for the purposes of the Market and Financial Instruments Directive (Directive 2014/65/EC (the "**MIFID II**")), managed by Borsa Italiana S.p.A. ("**Borsa Italiana**"). The Issuer reserves the right to make an application for the Covered Bonds to be listed on any other stock exchange and/or admitted to trading on any other regulated market or multilateral trading facility after the Issue Date.

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.

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 9 February 2012 and the giving of the Guarantee has been duly authorised by a resolution of the board of directors of the Guarantor dated 27 April 2012.

The annual update of the Programme has been authorised by the resolution of the board of directors of the Issuer dated 23 June 2023.

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.

Documents Available

So long as Covered Bonds are capable of being issued under the Programme, copies of the following documents will 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;

(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 latest two annual financial statements of the Issuer and the relevant latest two auditors' reports;

(iv) the latest two annual financial statements of the Guarantor and the relevant latest two auditors' reports;

(v) a copy of this Base Prospectus;

(vi) 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 (except for those listed under item (i)) 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 at the following website https://www.gruppomps.it/.

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 17 April 2023, the Guarantor's quotaholders appointed PricewaterhouseCoopers S.p.A., appointed as auditor for the financial years 2023-2025.

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 Terms and 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 Terms and 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.

Fees and expenses

The estimated total expenses payable in connection with the issue and admission to trading of each Series or Tranche of Covered Bonds shall be provided under the applicable Final Terms and and will be borne by the Issuer.

The estimated annual fees and expenses payable by the Issuer in connection with the Programme amount to approximately Euro 600,000 (including servicing fees and any VAT).

"**Account Pledge Agreement**" means the Italian law deed of pledge over bank accounts entered into 22 August 2013 between the Guarantor and the Representative of the Bondholders, 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.

"**Accrued Interest**" means, as of each 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 Financial Centre**" has the meaning set out in the relevant Final Terms.

"**Additional Account Bank**" means CACIB, in its capacity as Additional Account Bank or any other entity acting in such capacity pursuant to the terms of the Cash Allocation, Management and Payments Agreement.

"**Additional Reserve Account**" means the account denominated in Euro, IBAN IT68S0343201600002212135625 opened in the name of the Guarantor and held by the Additional Account Bank or any other substitutive account which may be opened by the Guarantor pursuant to the Cash Allocation, Management and Payments 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 (if any) which has been appointed as servicer in relation to the Eligible Assets transferred by it 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.

"**Adjusted Aggregate Asset Amount**" means the amount calculated pursuant to the formula set out in clause 4.2 of the Cover Pool Management Agreement.

"**Affected Party**" has the meaning ascribed to that term in the Swap Agreements.

"**Amortisation Reserve Account**" means the account denominated in Euro that will be opened in the name of the Guarantor and held with an Eligible Institution, not belonging to the Montepaschi Group, for the deposit of the Redemption Amount(s) in respect of any Series or Tranche of Covered Bonds following the service of an Issuer Event of Default Notice relating to any other Series or Tranche of Covered Bonds, or any other substitutive account which may be opened by the Guarantor pursuant to the Cash Allocation, Management and Payments Agreement.

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

"**Article 74 Event**" has the meaning given to it in the Terms and Conditions.

"**Article 74 Event Cure Notice**" has the meaning given to it in the Terms and Conditions.

"**Asset Coverage Test**" means the test indicated in clause 4 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, or any other entity acting in such capacity.

"**Asset Monitor Agreement**" means the asset monitor agreement entered into on or about 7 December 2023 between BMPS, the Guarantor, Banca Finanziaria Internazionale S.p.A. and the Asset Monitor, as amended and supplemented from time to time.

"**Asset Monitor Engagement Letter**" means the engagement letter entered into on 23 May 2012 (as amended and supplemented) between the Issuer and the Asset Monitor in order to perform specific agreed upon procedures concerning, *inter alia*, (i) the fulfilment of the eligibility criteria set out under Law 130 with respect to the Eligible Assets included in the Cover Pool; (ii) the calculations carried-out by the Issuer in relation to the Tests; (iii) the compliance with the limits to the transfer of the Eligible Assets set out under article 129 of the CRR; and (iv) the effectiveness and adequacy of the risk protection provided by any Swap Agreement entered into in the context of the Programme.

"**Asset Percentage**" has the meaning given to such term in Clause 4 (*Asset Coverage Test*) of the Cover Pool Management Agreement.

"**Asset Swap Agreement**" means (i) the asset swap agreement entered into between the Main Seller, in its capacity as Asset Swap Provider, and the Guarantor, on 23 May 2012, and (ii) each other asset swap agreement which may be entered into between an Asset Swap Provider and the Guarantor.

"**Asset Swap Provider**" means the Main Seller as swap counterparty to the Guarantor pursuant to the Asset Swap Agreement and/or any other entity entering into an Asset Swap Agreement with the Guarantor.

"**Back-Up Servicer**" means the company that will be appointed in such capacity by the Guarantor pursuant to clause 10 of the Master Servicing Agreement.

"**Back-Up Servicer Facilitator**" means the company that will be appointed in such capacity by the Guarantor pursuant to clause 10 of the Master Servicing Agreement.

"**Bank of Italy Regulations**" means the supervisory instructions of the Bank of Italy relating to covered bonds (*Obbligazioni Bancarie Garantite*) under Part Three, Chapter 3, of the Circular No. 285 dated 17 December 2013, as subsequently amended and supplemented, containing the "*Disposizioni di vigilanza per le banche*".

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

"**Base Prospectus**" means this Base Prospectus, as eventually amended and supplemented from time to time.

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

"**BMPS Italian Collection Account**" means the account denominated in Euro IBAN IT31V0103014200000010305488 opened in the name of the Guarantor and held by the Italian

Account Bank for the deposit of any Collections under the Portfolios assigned by BMPS or any other substitutive account which may be opened by the Guarantor pursuant to the Cash Allocation, Management and Payments Agreement.

"**BMPS Italian Securities Account**" means the account denominated in Euro opened in the name of the Guarantor and held by the Italian Account Bank for the deposit of any securities transferred by the Guarantor to BMPS, or any other substitutive account which may be opened by the Guarantor pursuant to the Cash Allocation, Management and Payments Agreement.

"**BMPS Subordinated Loan Agreement**" means the subordinated loan agreement entered into on 30 April 2012 between the Main Subordinated Lender and the Guarantor.

"**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 case, following the delivery of a Breach of Tests Notice, the Mandatory Tests and/or the Asset Coverage Test are newly met within the Test Remedy Period, in accordance with the Terms and Conditions.

"**Breach of Tests Notice**" means the notice delivered by the Representative of the Bondholders in accordance with the Terms and Conditions following the breach of any of the Mandatory Tests and/or the Asset Coverage Test prior to an Issuer Event of Default and/or a Guarantor 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, Siena 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.

"**CACIB**" means Crédit Agricole Corporate and Investment Bank, Milan Branch.

"**CACIB Account Pledge Agreement**" means the agreement entered into on 20 July 2023 between the Issuer, CACIB and Banca Finanziaria Internazionale S.p.A.

"**Calculation Period**" means each period between a Guarantor Calculation Date (included) and the next Guarantor Calculation Date (excluded).

"**Cash Allocation, Management and Payments Agreement**" means the cash allocation, management and payments agreement entered into on 23 May 2012 between, *inter alios*, the Guarantor, the Representative of the Bondholders, the Guarantor Calculation Agent, the Cash Manager and the Italian Account Bank, as amended and supplemented from time to time.

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

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

"**Collateral Security**" means any security (including any loan mortgage insurance but excluding Mortgages) granted to the Main 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 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 as such by the Representative of the Bondholders.

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

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

"**Commercial Mortgage Loan**" means a loan secured by a commercial mortgage meeting the requirements of article 129, paragraph 1, lett. (f) of CRR and article 7-novies, paragraph 2, of Law 130.

"**Commercial Mortgage Loan Agreement**" means each of the agreements entered into with the relevant Debtor, pursuant to which a Commercial Mortgage Loan is disbursed, as well as each deed, contract, agreement or supplement thereto or amendment thereof, or any document pertaining thereto (such as "*atti di accollo*").

"**Commercial Mortgage Receivable**" means a Receivable arising from a loan secured by commercial mortgage meeting the requirements of article 129, paragraph 1, letter (f) of CRR and article 7-*novies*, paragraph 2, of Law 130.

"**Commingling Reserve Account**" means the account denominated in Euro that will be opened in the name of the Guarantor and held with an Eligible Institution, not belonging to the Montepaschi Group, in order to post from time to time the Commingling Reserve Amount (if any) or any other substitutive account which may be opened pursuant to the Cash Allocation, Management and Payments Agreement.

"**Commingling Reserve Amount**" has the meaning given to such term in Clause 4 (*Asset Coverage Test*) of the Cover Pool Management Agreement.

"**Common Criteria**" means the criteria for the selection of the Receivables, as listed in schedule 2, parties I and II to the Master Assets Purchase Agreement.

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

"**Consolidated Banking Act**" means Legislative Decree number 385 of 1 September 1993.

"**Consolidated Monthly Servicer's Report**" means the consolidated monthly report prepared by the Main Servicer in accordance with Clause 6.3 of the Master Servicing Agreement and sent within each Monthly Servicer's Report Date pursuant to the Master Servicing Agreement.

"**Consolidated Quarterly Servicer's Report**" means the consolidated quarterly report prepared by the Main Servicer and sent within each Quarterly Servicer's Report Date to the entities referred to in the Master Servicing Agreement.

"**Corporate Services Agreement**" means the corporate services agreement entered into on 23 May 2012 between, *inter alios*, the Guarantor and the Guarantor Corporate Servicer 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.

"**Corresponding Interest**" has the meaning given to the term "*Interesse Collegato*" pursuant to each 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.

"**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.

"**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 into on 23 May 2012 between, *inter alios*, the Issuer, the Guarantor, the Main Seller, the Test Calculation Agent, the Guarantor Calculation Agent and the Representative of the Bondholders, as amended and supplemented from time to time.

"**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 collection and recovery of Receivables from time to time adopted by the relevant Servicer.

"**Criteria**" means, collectively, the Common Criteria and the Specific Criteria.

"**CRR**" means Regulation (EU) No. 575/2013 of the European Parliament and 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.

"**Dealers**" means the Initial Dealer and any other entity that will be appointed as dealer by the Issuer pursuant to the Programme Agreement.

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

"**DBRS Equivalent Rating**" means the DBRS rating equivalent of any of the below ratings by Moody's, Fitch or S&P, as the same may be updated in accordance with the methodologies published from time to time by such rating agencies:

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 Long Term 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 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.

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

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

"**Deed of Charge**" means the English law deed of charge (if any) between the Guarantor and the Representative of the Bondholders (acting as trustee for the Bondholders and for the Other Guarantor Creditors).

"**Deed of Pledge**" means the Italian law deed of pledge entered into on 23 May 2012 between the Guarantor and the Representative of the Bondholders, as amended from time to time.

"**Defaulted Assets**" means the Defaulted Receivables.

"**Defaulted Receivables**" means any Receivables (i) which have 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 relevant Credit and Collection Policy; or (ii) in respect of which there are 12 unpaid Instalments (in respect of Receivables deriving from Loans with monthly instalments), 7 unpaid Instalments (in respect of Receivables deriving from Loans with quarterly instalments) or 4 unpaid Instalments (in respect of Receivables deriving from Loans with semi-annual instalments).

"**Defaulting Party**" has the meaning ascribed to that term in the Swap Agreements.

"**Deposits**" means any deposits held with banks which have their registered office in the European Economic Area or Switzerland or in a country for which a 0% risk weight is applicable in accordance with the Prudential Regulations - standardised approach.

"**Documentation**" means (i) any documentation relating to the Receivables comprised in the Portfolio; and (ii) any other documents relating to the Eligible Assets transferred from time to time by each Seller in the context of the Programme.

"**Drawdown Date**" means the date indicated in each Term Loan Proposal on which a Term Loan is granted pursuant to each 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 an Issuer Default Notice after the occurrence of a Issuer Event 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; 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**" means the European Central Bank.

"**Eligible Assets**" means the assets contemplated under article 7-*novies* of Law 130, including the 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:

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

(d) *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 relevant rating agencies' criteria.

"**Eligible Investments**" 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 Maturity 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 Italian Account Bank (other than BMPS) and the Additional 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 Maturity 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 Agency will, if requested by the Rating Agency, be limited to the maximum percentages specified by the Rating Agency;

(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 Bond 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, (iv) such Eligible investments should mature no later than one business day before the date when the funds from the investments are required, taking into account any grace period that might apply to the relevant investment; (v) such Eligible investments should be denominated and payable in a specified currency such that no exchange rate risk is introduced to the transaction; and (vi) such Eligible investments should normally return invested principal at maturity.

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

BBB (low) (sf)	BBB (low) or R-2 (low)
BB (high) (sf)	BB (high) or R-3
BB (sf)	BB or R-4
BB (low) (sf)	BB (low) or R-4
B (high) (sf)	B (high) or R-4
B (sf)	B or R-4
B (low) (sf)	B (low) or R-5

DBRS B Table

Maximum maturity	**CB rated at least AA (low) (sf)**	**CB rated between A (high) (sf)and A (low) (sf)**	**CB rated BBB (high) (sf) 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 Maturity Date**" means, in respect of any investment in Eligible Investments made or to be made in accordance with the Programme Documents, 1 (one) Business Day before the Guarantor Payment Date immediately following the relevant Eligible Investment Date.

"**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 Investments Securities Account**" means the securities account number IT56T0103014200000010305767 opened in the name of the Guarantor with the Italian Account Bank for the deposit of any Eligible Investments represented by securities or any other substitutive account which may be opened by the Guarantor pursuant to 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 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 the Loan Interest falling immediately before the beginning of such Loan Interest Period; or

(ii) in the event that on any date of determination of the Loan 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, upon its request of such Guarantor Calculation Agent, by the Reference Banks at 11.00 a.m. (Brussels time) on the relevant date of determination of the Loan 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 relevant 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 the 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 European Union 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 Milan S.p.A. (previously Monte Titoli S.p.A.).

"**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 European Union which adopt the Euro currency in accordance with the Treaty.

"**Excess Assets**" means any Eligible Assets 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 on which the Main Seller receives from the Guarantor the letter of acceptance of the Master Assets Purchase Agreement, the Master Servicing Agreement, the Warranty and Indemnity Agreement and the Subordinated Loan Agreement, and (ii) with respect to the assignment of each New Portfolio, the date on which the Main Seller (or the relevant 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 IT37R0103014200000010305674, or any other substitutive account that may be opened pursuant to the Cash Allocation, Management and Payments Agreement.

"**Extended Maturity Date**" means the date when final redemption payments in relation to a specific Series or Tranche of Covered Bonds become due and payable pursuant to the extension of the relevant Maturity Date.

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

"**Final Redemption Amount**" means, in respect of any Series or Tranche of Covered Bonds, (i) the principal amount of such Series or (ii) following the occurrence of an Issuer Event of Default any part thereof payable in accordance with the Priority of Payments, or (iii)such other amount as may be specified in, or determined in accordance with, the relevant Final Terms.

"**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.

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

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

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

"**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.

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

"**Fixed Interest Term Loan**" means each Term Loan granted under the relevant 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 Covered Bonds**" means the Covered Bonds which will bear interest at a fixed rate.

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

"**Floating Interest Term Loan**" means each Term Loan granted under the relevant 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 Covered Bonds**" means the Covered Bonds which will bear interest at a floating rate.

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

"**Guarantee**" means the agreement entered into on 23 May 2012, between the Guarantor, the Issuer and the Representative of the Bondholders, pursuant to which the Guarantor has granted a guarantee for the purpose of guaranteeing the payments owed by the Issuer to the Bondholders pursuant to Law 130 and the Bank of Italy Regulations.

"**Guarantee Priority of Payments**" has the meaning ascribed to such term in clause 7.2 of the Intercreditor Agreement.

"**Guaranteed Amounts**" means the amounts due from time to time by the Issuer to Bondholders with respect to each Series or Tranche of Covered Bonds.

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

"**Guarantee Priority of Payments**" has the meaning ascribed to such term in the section "*Cash Flows*" of this Base Prospectus.

"**Guarantor**" means MPS Covered Bond 2 S.r.l. acting in its capacity as guarantor pursuant to the Guarantee.

"**Guarantor's Accounts**" means, collectively, each Italian Collection Account, each Italian Securities Account (if any), the Payments Account (if any), the Main Programme Account, the Expenses Account, the Eligible Investments Securities Account, the Reserve Account, the Amortisation Reserve Account (if any), the Commingling Reserve Account (if any), the Additional Reserve Account and any other account opened in the context of the Programme, with the exception of the Quota Capital Account.

"**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 Cash Allocation, Management and Payments Agreement.

"**Guarantor Calculation Date**" means the date falling on the 24th calendar day of each January, April, July and October of each year or, if any such day is not a Business Day, the immediately following Business Day.

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

"**Guarantor Default Notice**" means the notice to be served by the Representative of the Bondholders upon occurrence of a Guarantor Event of Default, in accordance with the Terms and Conditions.

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

"**Guarantor Payment Date**" means (a) prior to the delivery of a Guarantor Default Notice, the 29th calendar day of January, April, July and October of each year or, if any such day is not a Business Day, the immediately following Business Day, provided that the first Guarantor Payment Date falls on 30 July 2012; 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 Terms and Conditions and the Intercreditor Agreement.

"**Individual Purchase Price**" means:

(a) 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:

(i) *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 from the date of the most recent financial statement (*ultimo bilancio*) until the relevant Valuation Date (included); and

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

(b) with respect to each other Eligible Asset, such other value, pursuant to article 7-*viciester* of Law 130, as indicated by the Main Seller (or each Additional Seller, if any) in the relevant Transfer Proposal.

"**Initial Dealer**" means Banca Finanziaria Internazionale S.p.A..

"**Initial Portfolio**" means the first portfolio of Residential Mortgage Receivables and related Security Interests purchased on 30 April 2012 by the Guarantor from the Main Seller pursuant to the Master Assets Purchase Agreement.

"**Initial Portfolio Purchase Price**" means the consideration paid by the Guarantor to the Main Seller for the transfer of the Initial Portfolio, calculated in accordance with 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:

(v) 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

(vi) 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

(vii) 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

(viii) 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

(ix) 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 Loan Agreement, each instalment due by the relevant Debtor thereunder and which consists of an Interest Instalment and a Principal Instalment.

"**Insurance Policies**" means (i) each insurance policy taken out with the insurance companies in relation to each Real Estate Asset subject to a Mortgage 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 into on 23 May 2012 between, *inter alios*, the Guarantor and the Other Guarantor Creditors, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**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 and/or yield collected by the relevant 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 relevant 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 Guarantor's 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 an Issuer Default Notice, on the Guarantor, any amounts standing to the credit of the Reserve Account;

(v) all amounts in respect of interest and/or yield received from the Eligible Investments;

(vi) any amounts received under the Swap Agreement(s),

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 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;

(vii) all interest amounts received from the relevant Seller by the Guarantor pursuant to the Master Assets Purchase Agreement during the immediately preceding Collection Period;

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

(ix) 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**" means the Test as described in the section of this Base Prospectus entitled "*Credit Structure – Mandatory Tests – Interest Coverage Test*".

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

"**Interest Payment Date**" means, in relation to each Series or Tranche of Covered Bonds, any date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final

Terms, adjusted in accordance with the relevant Business Day Convention if specified in the relevant Final Terms.

"**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 *Sixth* 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.

"**Issue Date**" means each date on which a Series or Tranche of Covered Bonds is issued, as set out in the applicable Final Terms.

"**Issuer**" means BMPS.

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

"**Issuer Default Notice**" means the notice to be served by the Representative of the Bondholders to the Issuer and the Guarantor upon occurrence of an Issuer Event of Default in accordance with the Terms and Conditions.

"**Italian Account Bank**" means BMPS in its capacity as Italian Account Bank or any other entity acting in such capacity pursuant to the terms of the Cash Allocation, Management and Payments Agreement.

"**Italian Collection Account**" means, as the case may be, the BMPS Italian Collection Account and/or 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.

"**Italian Securities Account**" means the BMPS Italian Securities Account and/or any other account which may be opened by the Guarantor for the deposit of any Securities represented by bonds, debentures, notes or other financial instruments in book entry form transferred by a Seller to the Guarantor or any other substitutive account which may be opened pursuant to the Cash Allocation, Management and Payments Agreement.

"**Law 130**" means Italian Law number 130 of 30 April 1999, as amended and supplemented from time to time.

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

"**Liquidity Reserve**" means 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.

"**Liquidity Reserve Requirement"** means the test described in clause 5 (*Liquidity Reserve Requirement*) of the Cover Pool Management Agreement.

"**Loan**" means each Mortgage Loan.

"**Loan Agreement**" means each Mortgage Loan Agreement.

"**Loan Interest**" means any of the Base Interest or the Corresponding Interest, pursuant to the relevant Subordinated Loan Agreement.

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

"**Long Due for Payment Date**" means 31 December 2057 or any other date determined by the joint decision of the Issuer and the Rating Agency and notified by the Issuer to the Representative of the Bondholders, the Bank of Italy and DBRS.

"**Main Programme Account**" means the account denominated in Euro opened in the name of the Guarantor and held by the Italian Account Bank (IBAN IT18P0103014200000010305581), or any other substitutive account which may be opened by the Guarantor pursuant to the Cash Allocation, Management and Payments Agreement.

"**Main Seller**" means BMPS.

"**Main Servicer**" means BMPS.

"**Main Subordinated Lender**" means BMPS in its capacity as Subordinated Lender pursuant to the BMPS Subordinated Loan Agreement.

"**Mandate Agreement**" means the mandate agreement entered into on 23 May 2012 between the Guarantor and the Representative of the Bondholders.

"**Mandatory Tests**" means, collectively, the Nominal Value Test, the Net Present Value Test and the Interest Coverage test, each as provided for under article 7-*undecies* of Law 130 and calculated pursuant to clause 3 of the Cover Pool Management Agreement.

"**Margin**" has the meaning ascribed to the term "Margine" in each Subordinated Loan Agreement.

"**Master Amendment Agreement**" means the agreement entered into on 17 July 2023 between the Issuer, CACIB, SVM Securitisation Vehicles Management S.r.l., the Guarantor and Banca Finanziaria Internazionale S.p.A.

"**Master Assets Purchase Agreement**" means the master assets purchase agreement entered into on 30 April 2012 between the Guarantor, the Main Seller and, following accession to the Programme, each Additional Seller, as amended and supplemented from time to time.

"**Master Definitions Agreement**" means the master definitions agreement entered into on 23 May 2012 between the parties of the Programme Documents, as amended and supplemented from time to time.

"**Master Servicing Agreement**" means the master servicing agreement entered on 30 April 2012 between the Guarantor, the Main Servicer and, following accession to the Programme, each Additional Servicer, as amended and supplemented 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.

"**Meeting**" 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)

"**Montepaschi Group**" means, together, the banks and other companies belonging from time to time to the banking group "Gruppo Monte dei Paschi", 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 of the Initial Portfolio and ending on (but excluding) the Collection Date falling in June 2012.

"**Monthly Servicer's Report**" means the monthly report prepared by each Servicer and sent to the Main 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 any such day is not a Business Day, the immediately preceding Business Day and (ii) following the delivery of a Guarantor Default Notice, the date as may be indicated as such by the Representative of the Bondholders.

"**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 Mortgage Receivables.

"**Mortgage Loan**" means each Residential Mortgage Loan or Commercial Mortgage Loan.

"**Mortgage Loan Agreement**" means any Residential Mortgage Loan Agreement or Commercial Mortgage Loan Agreement.

"**Mortgage Receivable**" means each Residential Mortgage Receivable or Commercial Mortgage Receivables.

"**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**" has the meaning given to such term in Clause 4 (*Asset Coverage Test*) of the Cover Pool Management Agreement.

"**New Italian Account Bank**" means any entity who succeeded to the Italian Account Bank in the capacity of new Italian account bank pursuant to the Cash Allocation, Management and Payments Agreement.

"**Net Present Value Test**" means the Test as described in the section of this Base Prospectus entitled "*Credit Structure – Mandatory Tests – Net Present Value Test*".

"**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.

"**New Italian Account Bank**" means any entity, other than the Additional Account Bank, who succeeded to the Italian Account Bank in the capacity of new Italian account bank pursuant to the Cash Allocation, Management and Payments Agreement.

"**New Portfolio**" means each 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, without prejudice for the provisions set out under clause 6 of the Master Assets Purchase Agreement.

"**Nominal Value Test**" means the Test as described in the section of this Base Prospectus entitled "*Credit Structure – Mandatory Tests – Nominal Value Test*".

"**Official Gazette of the Republic of Italy**" means the *Gazzetta Ufficiale della Repubblica Italiana*.

"**Organisation of the Bondholders**" means the association of the Bondholders, organised pursuant to the Rules of the Organisation of the Bondholders.

"**Original Initial Dealer**" means MPS Capital Services S.p.A., now merged by way of incorporation in BMPS.

"**Other Guarantor Creditors**" means the Main Seller and each Additional Seller, if any, the Main Servicer and each Additional Servicer, if any, the Main Subordinated Lender and each Additional Subordinated Lender, if any, the Guarantor Calculation Agent, Back-up Servicer Facilitator and/or the Back-Up Servicer, if any, the Test Calculation Agent, the Dealer(s), the Representative of the Bondholders, the New Italian Account Bank (if any),each Swap Provider, the Italian Account Bank, the Cash Manager, the Principal Paying Agent, the Paying Agent(s) (if any), the Guarantor Corporate Servicer, the Additional Account Bank and the Portfolio Manager (if any).

"**Outstanding Principal Balance**" means any Principal Balance outstanding in respect of any Eligible Asset included in the Cover Pool.

"**Paying Agent**" means, together, 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 T2 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 that will be opened in the name of the Guarantor and held with the Principal Paying Agent following the delivery of an Issuer Default Notice or a Guarantor Default Notice, 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.

"**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 which may be appointed as portfolio manager pursuant to the Cover Pool Management Agreement.

"**Post-Enforcement Priority of Payments**" has the meaning ascribed to such term in the section "*Cash Flows*" of this Base Prospectus.

"**Post-Issuer Default Test Performance Report**" means, on each Quarterly Test Calculation Date falling after the service of an Issuer Default Notice, the report prepared by the Test Calculation Agent setting out the calculations carried out by it with respect to the Amortisation Test and specifying whether such Test was not met, provided that the Amortisation Test shall not apply and the Post Issuer Default Test Performance Report must not be delivered by the Test Calculation Agent and, accordingly, no Guarantor Event of Default will occur, if the Extended Maturity Date equal to the Long Due for Payment Date is applied to the Covered Bonds.

"**Potential Commingling Amount**" has the meaning give to such term in Clause 4 (*Asset Coverage Test*) of the Cover Pool Management Agreement.

"**Pre-Issuer Default Interest Priority of Payments**" has the meaning ascribed to such term in the section "*Cash Flows*" of this Base Prospectus.

"**Pre-Issuer Default Principal Priority of Payments**" has the meaning ascribed to such term in the section "*Cash Flows*" of this Base Prospectus.

"**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 report prepared by the Test Calculation Agent setting out the calculations carried out by it with respect to the Mandatory Tests and the Asset Coverage Test and specifying whether any of such Tests was not met.

"**Premium**" has the meaning ascribed to that term in each Subordinated Loan Agreement.

"**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 or deposited in the relevant ledger of the Amortisation Reserve Account) on or prior to that day; and (b) in relation to the Covered Bonds outstanding at any time, the aggregate of the amount referred to in letter (a) above 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 each Servicer in respect of the Cover Pool and credited to the Main Programme Account during the immediately preceding Collection Period;

(ii) all other Recoveries in respect of principal received by each Servicer and credited to the Main Programme Account during the immediately preceding Collection Period;

(iii) all principal amounts received by the Guarantor from each 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 the Eligible Assets;

(v) any amounts granted by each Subordinated Lender under the relevant Subordinated Loan Agreement and not used to fund the payment of the Purchase Price for any Eligible Assets;

(vi) all amounts other than in respect of interest received under any Swap Agreement;

(vii) any amounts paid out of item *Tenth* of the Pre-Issuer Default Interest Priority of Payments;

(viii) any amount paid to the Guarantor by the Issuer upon exercise by or on behalf of the Guarantor of the rights of subrogation (*surrogazione*) or recourse (*regresso*) against the Issuer pursuant to article 7-*quaterdecies,* paragraph 3 of Law 130;

(ix) after (a) delivery of an Issuer Default Notice in respect of any Series or Tranche of Covered Bonds and the deferral of the Maturity Date relating to such Series or Tranche of Covered Bonds to the Long Due for Payment Date and (b) occurrence of the relevant Maturity Date in respect of any other Series or Tranche of Covered Bonds, any Final Redemption Amount(s) accumulated on the Amortisation Reserve Account, provided that the Guarantor will allocate and pay such Final Redemption Amount(s) recorded on the ledgers of the Amortisation Reserve Account only pursuant to item (Sixth), letter (b) of the Guarantee Priority of Payments in respect of the corresponding Series or Tranche of Covered Bonds (excluding payment of any other items of the applicable Priority of Payments); and

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

"**Principal Balance**" means:

(i) 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;

(ii) for any security as at any given date, the principal amount outstanding of that security (plus any accrued but unpaid interest thereon).

"**Principal Financial Centre**" has the meaning set out in the relevant Final Terms.

"**Principal Instalment**" means the principal component of each Instalment.

"**Principal Paying Agent**" means BMPS or any other entity acting in such capacity pursuant to the Cash Allocation, Management and Payments 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 Terms and Conditions and 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 1-*bis* of Law 130.

"**Programme Agreement**" means the programme agreement entered into on 23 May 2012 between the Issuer, the Guarantor, the Representative of the Bondholders and the Initial Dealer.

"**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 Guarantee, the Corporate Services Agreement, the Swap Agreements, the Mandate Agreement, the Quotaholders' Agreement, the Base Prospectus, the Terms and Conditions, the Deed of Pledge, the Account Pledge Agreement, the Deed of Charge, the Master Definitions Agreement, the Asset Monitor Agreement, any Final Terms agreed in the context of the issuance of each Series or Tranche of Covered Bonds, the CACIB Account Pledge Agreement, the Master Amendment Agreement and any other agreement entered into in connection with the Programme, each as amended and supplemented from time to time.

"**Programme Limit**" means euro 20,000,000,000.

"**Programme Term Loan**" means each Term Loan granted under the relevant Subordinated Loan Agreement in respect of which the Base Interest applies pursuant to terms of the relevant Subordinated Loan Agreement.

"**Purchase Price**" means, as applicable, the Initial Portfolio Purchase Price or each New Portfolio Purchase Price pursuant to the Master Assets Purchase Agreement.

"**Quarterly Collection Period**" means (a) prior to the service of a Guarantor Default Notice, each period commencing on (and including) the Collection Date of January, April, July and October and ending on

(but excluding), respectively, the Collection Date of April, July, October and January; and (b) in the case of the first Quarterly Collection Period, the period commencing on (but excluding) the Valuation Date of the Initial Portfolio and ending on (but excluding) the Collection Date falling in July 2012.

"**Quarterly Servicer's Report**" means the quarterly report prepared by each Servicer and sent to the Main Servicer pursuant to the Master Servicing Agreement.

"**Quarterly Servicer's Report Date**" means (a) prior to the delivery of a Guarantor Default Notice, the date falling on the 15th calendar day of each January, April, July and October of each year or, if any such day is not a Business Day, the immediately preceding Business Day; and (b) following the delivery of a Guarantor Default Notice, the date as may be indicated as such by the Representative of the Bondholders.

"**Quarterly Test Calculation Date**" means the 24th calendar day of January, April, July and October of each year or, if any such day is not a Business Day, the immediately following 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 Banca Monte dei Paschi di Siena S.p.A., Conegliano, IBAN IT 68 M 01030 61621 000001285811, for the deposit of the Quota Capital.

"**Quotaholders**" means BMPS and SVM Securitisation Vehicles Management S.r.l., as quotaholders of the Guarantor.

"**Quotaholders' Agreement**" means the quotaholders' agreement entered on 23 May 2012 between 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 the Terms and Conditions and/or the relevant Final Terms.

"**Rating Agency**" means DBRS and any other rating agency appointed as such under the Programme.

"**Real Estate Assets**" means the real estate properties which have been mortgaged in order to secure the Receivables.

"**Receivables**" means each Mortgage Receivable and every right arising under the relevant Loans pursuant to the law and the 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 relevant Valuation Date (excluded);

(ii) all rights and claims in respect of the payment of interest (including the default interest) accruing on the Loans, which are due from (but excluding) the relevant Valuation Date;

(iii) the Accrued Interest;

(iv) all rights and claims in respect of each Mortgage and any Collateral Security (if any) relating to the relevant Loan Agreement;

(v) all rights and claims under and in respect of the Insurance Policies (if any); 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 Assets and/or any UTP Assets.

"**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 Terms and 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 each 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 relevant Subordinated Lender and notified to the Guarantor Calculation Agent.

"**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.

"**Representative of the Bondholders**" means Banca Finanziaria Internazionale S.p.A. or any other entity acting in such capacity pursuant to the Programme Documents.

"**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**,

where:

"**A**" is the sum of all the amounts to be paid by the Guarantor on the following Guarantor Payment Date (i) under items from *First* to *Third* of the Pre-Issuer Default Interest Priority of Payments and (ii) as compensation for the activity of any of the Main 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 6 (six) months period following the relevant Guarantor Calculation Date, which (i) in respect of the first quarter following the relevant Guarantor Calculation Date, shall be the interest payable on the relevant Series of Covered Bonds calculated on the basis of the reference rate (the "**Fixed Rate**") specified for such series of Covered Bonds pursuant to the applicable Final Terms; and (ii) in respect of the second quarter, shall be the interest payable on the relevant Series of Covered Bonds calculated on the basis of the same Fixed Rate.

"**Reserve Account**" means the account denominated in Euro, IBAN IT68P0103014200000010919758, opened in the name of the Guarantor and held by the Italian Account Bank or any other substitutive account which may be opened by the Guarantor 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 Mortgage Loan Agreement**" means each of the agreements entered into with the relevant Debtor, pursuant to which a Residential Mortgage Loan is disbursed, as well as each deed, contract, agreement or supplement thereto or amendment thereof, or any document pertaining thereto (such as "*atti di accollo*").

"**Residential Mortgage Receivable**" means a Receivable arising from a loan secured by a residential mortgage meeting the requirements of article 129, paragraph 1, letter (d) of CRR and articole 7-novies, paragraph 2, of Law 130.

"**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 euro 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.

"**Securities Act**" means the U.S. Securities Act of 1933, as amended.

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

"**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.

"**Segregated Assets**" means the Guarantor's assets consisting of (a) the Cover Pool, (b) any amounts paid by the relevant Debtors and/or the Swap Providers and/or (c) any amounts received by the Guarantor pursuant to any other Programme Documents.

"**Segregation Event**" means the event occurring upon delivery of a Breach Test Notice pursuant to the Terms and Conditions.

"**Seller**" means any of the Main Seller and any Additional Seller pursuant to the Master Assets Purchase Agreement.

"**Series**" or "**Series of Covered Bonds**" means each series of Covered Bonds issued in the context of the Programme.

"**Servicer**" means any of the Main Servicer and any Additional Servicer pursuant to the Master Servicing Agreement.

"**Servicer Termination Event**" means any event as indicated in clause 10.1 of the Master Servicing Agreement.

"**Servicer's Insolvency Event**" means, with respect to the Main Servicer and/or any Additional Servicer acceding to the Master Servicing Agreement, any order issued by the competent authorities against the relevant Servicer, by effect of which such a Servicer is rendered subject to compulsory winding up

("*liquidazione coatta amministrativa*"), to an extraordinary administration procedure ("*amministrazione straordinaria*") or other insolvency procedure, which entails the cessation of the Servicer's business and prejudice its activity, or a resolution is passed by the relevant Servicer seeking its liquidation of the admission to any of the mentioned procedures.

"**Servicer's Reports**" means together the Monthly Servicer's Report, the Consolidated Monthly Servicer's Report, the Quarterly Servicer's Report and the Consolidated Quarterly Servicer's Report, and "**Servicer's Report**" means any of them.

"**Servicer's Report Date**" means the Quarterly Servicer's Report Date or the Monthly Servicer's Report Date, as the case may be.

"**Specific Criteria**" means the specific criteria integrating the Common Criteria for the selection of the Receivables, as specified from time to time by the relevant Seller to the Guarantor in the relevant Transfer Proposal.

"**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 Period**" has the meaning set out in the relevant Final Terms.

"**Subordinated Lender**" means any of the Main Subordinated Lender and any Additional Subordinated Lender pursuant to the relevant Subordinated Loan Agreement.

"**Subordinated Loan Agreement**" means, as the case may be, the BMPS Subordinated Loan Agreement or any other subordinated loan agreement entered between an Additional Subordinated Lender and the Guarantor, as amended and supplemented from time to time.

"**Subordinated Loan Availability Period**" means the period starting from the date of execution of 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 Terms and Conditions and the applicable Final Terms, in which the relevant Subordinated Lender may disburse to the Guarantor, on each Drawdown Date, a Term Loan.

"**Subscription Agreement**" means each subscription agreement entered on or about the Issue Date of each Series or Tranche of Covered Bonds between, *inter alios*, each Dealer and the Issuer.

"**Substitute Servicer**" means, with reference to each Servicer, the substitute which will be appointed upon the occurrence of a Servicer Termination Event pursuant to clause 10.6 of the Master Servicing Agreement.

"**Swap Agreements**" means any swap agreement which may be entered into by the Guarantor in the context of the Programme, 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.

"**Swap Providers**" means any entity which may act as swap counterparty to the Guarantor by entering into a Swap Agreement in the context of the Programme.

"**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 utilises a single shared platform and which was launched on 20 March 2023.

"**T2 Settlement Day**" means any day on which the T2 is open for the settlement of payments in Euro.

"**Target Commingling Amount**" has the meaning given to such term in Clause 4 (*Asset Coverage Test*) of the Cover Pool Management Agreement.

"**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 BMPS or any other entity acting in such capacity pursuant to the Cover Pool Management Agreement, as the case may be.

"**Test Calculation Date**" means, following the delivery of a Test Performance Report evidencing the breach of any of the Mandatory Tests and/or Asset Coverage Test and/or the Liquidity Reserve Requirement, the 24th calendar day of the second calendar month falling after the delivery of such Test Performance Report.

"**Test Grace Period**" means the period starting on the Test Performance Report Date on which a Test Performance Report notifying the breach of any of the Mandatory Tests and/or of the Asset Coverage Test is notified by the Test Calculation Agent and ending on the following Test Calculation Date.

"**Test Performance Report**" means the Pre-Issuer Default Test Performance Report or the Post-Issuer Default Test Performance Report, as the case may be.

"**Test Performance Report Date**" means (i) the 24th calendar day of each January, April, July and October of each year, and (ii) upon delivery of a Test Performance Report evidencing the breach of any of the Mandatory Tests and/or Asset Coverage Test, the 24th calendar day of the second calendar month following the delivery of such Test Performance Report.

"**Test Remedy Period**" means the period starting from the date on which a Breach of Tests Notice is delivered and ending on the immediately following Quarterly Test Calculation Date.

"**Tests**" means, collectively, the Mandatory Tests, the Asset Coverage Test, the Amortisation Test and the Liquidity Reserve Requirement and "**Test**" means any of them.

"**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.

"**Transaction Accounts**" means the accounts opened with the Italian Account Bank under the Programme, other than the BMPS Italian Collection Account.

"**Transfer Agreement**" means each transfer agreement of New Portfolios entered into between the Guarantor and the Main Seller, or each Additional Seller, pursuant to clause 4 of the Master Assets Purchase Agreement.

"**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 5 to the Master Assets Purchase Agreement.

"**Treaty**" means the treaty establishing the European Community.

"**Usury Law**" means 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 amended and supplemented

"**Valuation Date**" means (i) with respect to the Initial Portfolio, 27 April 2012 and (ii) with respect to any New Portfolios, the date that will be agreed between the relevant Seller and the Guarantor.

"**Warranty and Indemnity Agreement**" means the warranty and indemnity agreement entered on 30 April 2012 between the Main Seller and the Guarantor, and, following accession to the Programme, each Additional Seller, as amended and supplemented from time to time.

"**Zero Coupon Covered Bonds**" means the Covered Bonds, bearing no interest, which may be offered and sold at a discount to their nominal amount, as specified in the applicable Final Terms.

"**€STR**" means the euro short-term rate published by the European Central Bank.

ISSUER

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Italy

GUARANTOR

MPS Covered Bond 2 S.r.l.

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