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BASE PROSPECTUS

BANCO BPM S.P.A.

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

€25,000,000,000

Euro Medium Term Note Programme

This base prospectus (the "**Base Prospectus**") constitutes a base prospectus for the purposes of Article 8 of Regulation (EU) No. 2017/1129 of 14 June 2017 (the "**Prospectus Regulation**"). Under this €25,000,000,000 Euro Medium Term Note Programme (the "**Programme**"), BANCO BPM S.p.A. (the "**Issuer**" or the "**Bank**" or "**Banco BPM**") may from time to time issue non-equity securities in physical form (the "**Notes in Physical Form**") or in dematerialised form (the "**Dematerialised Notes**" and, together with the Notes in Physical Form, the "**Notes**"). Notes issued under the Programme may be denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €25,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein. In the event of such increase, a supplement to this Base Prospectus will be prepared by the Issuer, which shall be approved by the CSSF in accordance with Article 23 of the Prospectus Regulation.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Description of the Programme*" and each further Dealer appointed under the Programme from time to time by the Issuer (each a "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the "**relevant Dealer**" shall, in the case of an issue of Notes being subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

The terms and conditions for the Notes in Physical Form are set out under "*Terms and Conditions for the Notes in Physical Form*" and the terms and conditions for the Dematerialised Notes are set out under "*Terms and Conditions for the Dematerialised Notes*". References to the "Notes" shall be to the Notes in Physical Form and/or the Dematerialised Notes, as appropriate, and references to the "Terms and Conditions" or the "Conditions" shall be to the Terms and Conditions for the Notes in Physical Form and/or the Terms and Conditions for the Dematerialised Notes, as appropriate and as specified in the applicable Final Terms.

Amounts payable under the Notes may be calculated by reference to EURIBOR, CMS, or to the sterling overnight index average rate ("**SONIA**"), in each case as specified in the relevant Final Terms. As at the date of this Base Prospectus, EURIBOR is provided and administered by the European Money Markets Institute ("**EMMI**"), CMS is provided and administered by ICE Benchmark Administration Limited and SONIA is provided and administered by the Bank of England. At the date of this Base Prospectus, EMMI is authorised as benchmark administrators, and included on, the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to Article 36 of Regulation (EU) No. 2016/1011 (the "**Benchmarks Regulation**"). As at the date of this Base Prospectus, the administrator of CMS is not included in ESMA's register of administrators under Article 36 of the Benchmarks Regulation. As far as the Issuer is aware, the transitional provisions in Article 51 of the EU Benchmarks Regulation apply, such that ICE Benchmark Administration is not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence). As at the date of this Base Prospectus, the administrator of SONIA is not included in ESMA's register of administrators under Article 36 of the Benchmarks Regulation. As far as the Issuer is aware, SONIA does not fall within the scope of the Benchmarks Regulation.

An investment in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Notes are discussed under "*Risk Factors*" below.

The Base Prospectus has been approved by the Luxembourg *Commission de Surveillance du Secteur Financier* (the "**CSSF**") which is the Luxembourg competent authority under the Prospectus Regulation. The CSSF only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of either the Issuer or the quality of the Notes that are the subject of this Base Prospectus and investors should make their own assessment as to the suitability of investing in the Notes. By approving the Base Prospectus, the CSSF gives no undertaking as to the economic or financial soundness of the transaction or the quality and solvency of the Issuer in line with the provisions of Article 6(4) of the *loi du 16 juillet 2019 relative aux prospectus pour valeurs mobilières* dated 16 July 2019 (the "**Luxembourg Prospectus Law**"). This Base Prospectus is valid for admission to trading of Notes on a regulated market for the purposes of Directive 2014/65/EU (as amended, "**MiFID II**") for a period of twelve months from the date of approval ending on 6 June 2024, provided that it is completed by any supplement, pursuant to Article 23 of the Prospectus Regulation. For the avoidance of doubt, the Issuer shall have no obligation to supplement this Base Prospectus after the end of its 12-month validity period. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and to be listed on the Official List of the Luxembourg Stock Exchange. References in this Base Prospectus to Notes being listed (and all related references) shall mean that such notes have been admitted to trading on the regulated market of the Luxembourg Stock Exchange (*Bourse de Luxembourg*) and have been "listed" on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market (the "**Regulated Market**") is a regulated market for the purposes of MiFID II. Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined in the Conditions) of Notes will be set out in the relevant final terms (the "**Final Terms**") or in a separate prospectus specific to such Tranche (the "**Drawdown Prospectus**"). With respect to Notes to be listed on the Luxembourg Stock Exchange, the Final Terms will be filed with the CSSF and the Drawdown Prospectus will be subject to the approval of the CSSF. In the case of a Tranche of Notes 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.

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The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market. **The CSSF has neither approved nor reviewed information contained in this Base Prospectus in connection with unlisted Notes and/or Notes not admitted to trading on any market.**

As at the date of this Base Prospectus, payments of interest and other proceeds in respect of the Notes may be subject to withholding or deduction for or on account of Italian substitute tax (*imposta sostitutiva*), in accordance with Italian Legislative Decree No. 239 of 1 April 1996, 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 *imposta sostitutiva* from any payments under the Notes, neither the Issuer nor any other person shall have any obligation to pay any additional amount(s) to any holder of the Notes. In addition, certain other exceptions to the obligation of the Issuer to pay additional amounts to holders of the Notes with respect to the imposition of withholding or deduction from payments relating to the Notes also apply. For further details see the Conditions and the section entitled "*Taxation – Italian taxation*".

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States, and notes in bearer form are subject to U.S. tax law requirements. The Notes may not be offered, sold or (in the case of Notes in bearer form) delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")) except in certain transactions exempt from the registration requirements of the Securities Act.

ARRANGER

Citigroup

DEALERS

Banca Akros S.p.A. - Gruppo Banco BPM
BNP PARIBAS
Citigroup
Goldman Sachs International
IMI – Intesa Sanpaolo
Mediobanca
NatWest Markets
Santander Corporate & Investment Banking
UBS Investment Bank

Barclays
BofA Securities
Crédit Agricole CIB
Deutsche Bank
HSBC
J.P. Morgan
Morgan Stanley
Nomura
Société Générale Corporate & Investment Banking

The date of this Base Prospectus is 6 June 2023.

RESPONSIBILITY STATEMENT

The Issuer (the "**Responsible Person**") accepts responsibility for the information contained in this Base Prospectus and the applicable Final Terms for each Tranche of Notes. To the best of the knowledge of the Issuer 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.

Subject as provided in the relevant Final Terms, the only persons authorised to use this Base Prospectus in connection with an offer of Notes are the persons named in the relevant Final Terms as the relevant Dealer or the Managers, as the case may be.

Copies of Final Terms will be available from the registered office of the Issuer and the specified office set out below of each of the Paying Agents (as defined below) and, in the case of listed Notes, will be published on the website of the Luxembourg Stock Exchange (*www.luxse.com*).

This Base Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see "*Documents Incorporated by Reference*" below) and with any supplements hereto. This Base Prospectus shall be read and construed on the basis that such documents are incorporated in and form part of this Base Prospectus.

Neither the Dealers nor any of their respective affiliates have authorised this Base Prospectus or any part thereof nor independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers or any of their respective affiliates as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer in connection with the Programme. No Dealer accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme.

No person is or has been authorised by the Issuer or the Dealers to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Group (as defined herein). Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer or the Issuer and the Group during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, *inter alia*, the most recently published documents incorporated by reference into this Base Prospectus when deciding whether or not to purchase any Notes.

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and notes in bearer form are subject to U.S. tax law requirements. The Notes may not be offered, sold or (in the case of Notes in bearer form) delivered within the United States or to, or for the account or benefit of, U.S. persons as defined in Regulation S under the Securities Act except in certain transactions exempt from the registration requirements of the Securities Act. See "*Subscription and Sale*".

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Dealers which would permit a public offering of any Notes outside the European Economic Area or the United Kingdom or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the European Economic Area (including the Republic of Italy and France), the United Kingdom, Japan, Singapore and Switzerland. See "*Subscription and Sale*".

This Base Prospectus has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area (each a "**Member State**") will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Member State of Notes which are the subject of an offering contemplated in this Base Prospectus as completed by the relevant Final Terms in relation to the offer of those Notes may only do so in circumstances in which no obligation arises for 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, in each case, in relation to such offer. Neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

Prohibition of Sales to EEA Retail Investors – If the Final Terms (or the Drawdown Prospectus, as the case may be) in respect of any Notes includes a legend entitled "*Prohibition of Sales to EEA Retail Investors*", the Notes 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 MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No. 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Prohibition of Sales to UK Retail Investors – If the Final Terms (or the Drawdown Prospectus, as the case may be) in respect of any Notes includes a legend entitled "Prohibition of Sales to UK Retail Investors", the Notes 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 UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No. 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes 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 Notes will include a legend entitled "*MiFID II Product Governance*" which will outline the target market assessment in respect

of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (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 Notes (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 MiFID II Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID II Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID II Product Governance Rules.

UK MiFIR product governance / target market – The Final Terms (or the Drawdown Prospectus, as the case may be) in respect of any Notes will include a legend entitled "*UK MiFIR Product Governance*" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any distributor (as defined above) should take into consideration the target market assessment; however, a distributor subject to the MiFIR product governance rules set out in 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 Notes (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 Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

Product classification pursuant to Section 309B of the Securities and Futures Act (Chapter 289) of Singapore – The Final Terms (or the Drawdown Prospectus, as the case may be) in respect of any Notes may include a legend entitled "Singapore Securities and Futures Act Product Classification" which will state the product classification of the Notes pursuant to Section 309B(1) of the Securities and Futures Act (Chapter 289) of Singapore (as modified or amended from time to time, the "SFA"). The Issuer will make a determination and provide the appropriate written notification to "relevant persons" in relation to each issue about the classification of the Notes being offered for the purposes of Section 309B(1)(a) and Section 309B(1)(c) of the SFA.

The Notes of each Tranche may:

A. initially be represented by a temporary global note ("**Temporary Global Note**") which (i) in respect of a Temporary Global Note which is not intended to be issued in new global note form, will be deposited on the issue date thereof with a common depositary on behalf of Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**") and/or any other agreed clearance system, and (ii) in respect of a Temporary Global Note which is intended to be issued in new global note form, will be deposited on the issue date thereof with a common safekeeper for Euroclear and/or Clearstream, Luxembourg and/or any other agreed clearance system. Each Temporary Global Note will be exchangeable, as specified in the applicable Final Terms, for either a permanent global note ("**Permanent Global Note**") or Notes in definitive form, in each case upon certification as to non-US beneficial ownership as required by U.S. Treasury Regulations. A Permanent Global Note will be exchangeable, in whole but not in part, for definitive Notes, all as further described below; or

B. be held in dematerialised form on behalf of the beneficial owners, until redemption or cancellation thereof, by Monte Titoli S.p.A. with registered office and principal place of business at Piazza degli Affari 6, 20123 Milan, Italy ("**Monte Titoli**"), for the account of the relevant Monte Titoli Account Holders. The expression "Monte Titoli Account Holders" means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Monte Titoli and includes any depository banks appointed by Euroclear, as operator of the Euroclear System, and Clearstream, Luxembourg. The Dematerialised Notes have been accepted for clearance by Monte Titoli. The Dematerialised Notes will at all times be held in book entry form and title to the Dematerialised Notes will be evidenced by book entries pursuant to the relevant provisions of Italian Legislative Decree dated 24 February 1998, No. 58, as subsequently amended and supplemented (the "**Italian Finance Act**") and in accordance with the Commissione Nazionale per le società e la Borsa ("**CONSOB**") and Bank of Italy Joint Regulation dated 13 August 2018, as subsequently amended and supplemented ("**CONSOB and Bank of Italy Joint Regulation**"). The Noteholders may not require physical delivery of the Dematerialised Notes. However, the

Noteholders may ask the relevant intermediaries for certification pursuant to Article 83-*quinquies* and 83-*sexies* of the Italian Finance Act (the "**Dematerialised Notes**").

This Base Prospectus includes forward-looking statements. These include statements relating to, among other things, the future financial performance of the Issuer and the Group, plans and expectations regarding developments in the business, growth and profitability of the Group and general industry and business conditions applicable to the Group. The Issuer has based these forward-looking statements on its current expectations, assumptions, estimates and projections about future events. These forward-looking statements are subject to a number of risks, uncertainties and assumptions that may cause the actual results, performance or achievements of the Group or those of its industry to be materially different from or worse than these forward-looking statements. The Issuer does not assume any obligation to update such forward-looking statements and to adapt them to future events or developments except to the extent required by law.

Suitability of Notes as investments –The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;

(iv) thoroughly understand the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios of economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield as an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Legal investment considerations may restrict certain investments – The investment activities of certain investors are subject to legal 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: (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing, and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk based capital or similar rules.

Third Party Information – Certain information and statistics presented in this Base Prospectus regarding markets and market share of the Issuer or the Group are either derived from, or are based on, internal data or publicly available data from external sources. In addition, the sources for the rating information set out in the section headed "*Selected Consolidated Financial Data – Rating*" of this Base Prospectus are the following rating agencies: Moody's, Fitch and DBRS (each as defined below). In respect of information in this Base Prospectus that has been extracted from a third party, the Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by third parties, no facts have been omitted which would render the reproduced information

inaccurate or misleading. Although the Issuer believes that the external sources used are reliable, the Issuer has not independently verified the information provided by such sources.

In this Base Prospectus, references to websites are included for information purposes only. The contents of any websites (except for the documents (or portions thereof) incorporated by reference into this Base Prospectus to the extent set out on any such website) referenced in this Base Prospectus do not constitute a part of or are incorporated into this Base Prospectus and have not been scrutinised or approved by the CSSF.

All references in this document to: "Euro", "euro" and "€" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended; "U.S. dollars", "U.S.$" and "$" refer to United States dollars being the currency of the United States of America; "Sterling" refers to the currency of the United Kingdom; "yen" refers to the currency of Japan; and references to the "Banco BPM Group" or the "Group" are to BANCO BPM S.p.A. and its subsidiaries.

Certain figures and percentages included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

STABILISATION

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms or, as the case may be, Drawdown Prospectus may over allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Such stabilising shall be conducted in accordance with all applicable laws and rules. Any loss or profit sustained as a consequence of any such over-allotment or stabilising shall, as against the Issuer, be for the account of the Stabilising Manager(s) and the relevant Dealers.

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DESCRIPTION OF THE PROGRAMME

The following description 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 Tranche of Notes, the Terms and Conditions of the Notes of such Tranche and the relevant Final Terms.

This description constitutes a general description of the Programme for the purposes of Article 25 of the Commission Regulation (EU) No. 2019/980 (as amended). Words and expressions defined in "*Form of the Notes*", "*Terms and Conditions of the Notes in Physical Form*" and "*Terms and Conditions of the Dematerialised Notes*" shall have the same meanings in this description. References to the relevant Conditions shall be to the "*Terms and Conditions of the Notes in Physical Form*" (for Notes in Physical Form) and the "*Terms and Conditions of the Dematerialised Notes*" (for Dematerialised Notes) and references to a numbered "Condition" shall be to the relevant Condition in the relevant Terms and Conditions.

Issuer:	BANCO BPM S.p.A.
Issuer Legal Entity Identifier (LEI)	815600E4E6DCD2D25E30
Description:	Euro Medium Term Note Programme
Arranger:	Citigroup Global Markets Limited
Dealers:	Banca Akros S.p.A. – Gruppo Banco BPM Banco Santander, S.A. Barclays Bank Ireland PLC BNP Paribas BofA Securities Europe SA Citigroup Global Markets Europe AG Citigroup Global Markets Limited Crédit Agricole Corporate and Investment Bank Deutsche Bank Aktiengesellschaft Goldman Sachs International HSBC Continental Europe Intesa Sanpaolo S.p.A. J.P. Morgan SE Mediobanca – Banca di Credito Finanziario S.p.A. Morgan Stanley & Co. International plc NatWest Markets N.V. Nomura Financial Products Europe GmbH Société Générale UBS Europe SE and any other dealers appointed in accordance with the Programme Agreement.
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time. See "*Subscription and Sale*".
Issuing and Paying Agent (for Notes in Physical Form):	Citibank, N.A., London Branch

Paying Agent for the Dematerialised Notes	BANCO BPM S.p.A.
Luxembourg Listing Agent:	BNP Paribas, Luxembourg Branch
Programme Size:	Up to €25,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Euro, Sterling, U.S. dollars, yen and, subject to any applicable legal or regulatory restrictions, any other currency agreed between the Issuer and the relevant Dealer(s).
Maturities:	Such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency. In the case of Senior Non-Preferred Notes, pursuant to Article 12-*bis*, paragraph 1, letter a), of the Italian Banking Act, the Maturity Date shall not fall earlier than twelve months after their Issue Date. In the case of Subordinated Notes, unless otherwise permitted by current laws, regulations, directives and/or the requirements of the Relevant Authority (as defined in the Conditions) applicable to the issue of Subordinated Notes by the Issuer, Subordinated Notes must have a minimum maturity of five years. **Notes having a maturity of less than one year** Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see "*Subscription and Sale – United Kingdom*". Under the Luxembourg Prospectus Law, prospectuses for the listing of money market instruments having a maturity at issue of less than 12 months and complying also with the definition of securities do not need to be approved by the CSSF but would need to be approved by the Luxembourg Stock Exchange in accordance with Part III of the Luxembourg Prospectus Law.

Final Terms or Drawdown Prospectus:	Notes issued under the Programme may be issued either (1) pursuant to this Base Prospectus and the relevant Final Terms or (2) pursuant to a drawdown prospectus (each a "**Drawdown Prospectus**") prepared in connection with a particular Tranche of Notes. For a Tranche of Notes which is the subject of the relevant Final Terms, those relevant Final Terms will, for the purposes of that Tranche only, complete the Conditions and this Base Prospectus and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes which is the subject of such relevant Final Terms are the Conditions as completed by such Final Terms. The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the Conditions as supplemented, amended and/ or replaced to the extent described in the relevant Drawdown Prospectus. In the case of a Tranche of Notes 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.
Issue Price:	Notes may be issued at any price, as specified in the relevant Final Terms. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.
Issuance in Series:	Notes will be issued in series (each, a "**Series**"). Each Series may comprise one or more tranches ("**Tranches**" and, each, a "**Tranche**") issued on different issue dates. The Notes of each Series will be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations (of at least €100,000 or its equivalent in another currency. In addition, Senior Non-Preferred Notes must have a denomination of at least €150,000 and Subordinated Notes must have a denomination of at least €200,000).
Form of Notes in Physical Form:	The Notes in Physical Form will be in bearer form and will on issue be represented by either a Temporary Global Note or a Permanent Global Note as specified in the relevant Final Terms. Temporary Global Notes will be exchangeable for either (i) interests in a Permanent Global Note or (ii) definitive Notes, as indicated in the relevant Final Terms. Permanent Global Notes will be exchangeable for

	definitive Notes upon either (i) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) to the Agent as described therein or (ii) only upon the occurrence of an Exchange Event as described under "*Form of the Notes*".
Form of the Dematerialised Notes	The Dematerialised Notes will be in bearer form and will be held in dematerialised form on behalf of the beneficial owners, until redemption or cancellation thereof, by Monte Titoli for the account of the relevant Monte Titoli Account Holders as of their respective date of issue. The expression "Monte Titoli Account Holders" means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Monte Titoli and includes any depository banks appointed by Euroclear and Clearstream, Luxembourg. The Dematerialised Notes have been accepted for clearance by Monte Titoli. The Dematerialised Notes will at all times be held in book entry form and title to the Dematerialised Notes will be evidenced by book entries pursuant to the relevant provisions of the Italian Finance Act and in accordance with the CONSOB and Bank of Italy Joint Regulation. The Noteholders may not require physical delivery of Dematerialised Notes. However, the Noteholders may ask the relevant intermediaries for certification of their holding pursuant to Article 83-*quinquies* and 83-*sexies* of the Italian Finance Act.
Interest:	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate, or interest may initially accrue at a fixed rate and then switch to a floating rate, or interest may initially accrue at a floating rate and then switch to a fixed rate. The method of calculating interest may vary between the issue date and the maturity date of the relevant Series.
Fixed Rate Notes:	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer 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.
Reset Notes	Reset Notes will, in respect of an initial period, bear interest at the initial fixed rate of interest specified in the relevant Final Terms. Thereafter, the fixed rate of interest will be reset on one or more date(s) specified in the relevant Final Terms by reference to a mid-market swap rate, as adjusted for any applicable margin, in each case, as may be specified in the relevant Final Terms.
Floating Rate Notes:	Floating Rate Notes 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 (i) the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series) or (ii) if "ISDA 2021 Definitions" are specified as being applicable in the relevant Final Terms, the latest version of ISDA 2021 Interest Rate Derivatives Definitions, including each Matrix (as defined therein) (and any successor thereto), each as published by ISDA (or any successor) on its website (http://www.isda.org), on the Issue Date of the first Tranche of the Notes of the relevant Series; or (b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or (c) by reference to the benchmark as may be specified in the relevant Final Terms; or (d) on the basis of the CMS Rate. Investors should consult the Issuer should they require further information in respect of the ISDA Definitions. The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.
Other provisions in relation to Floating Rate Notes:	Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both. Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.
Fixed-Floating and Floating-Fixed Rate Notes:	Fixed-Floating Rate Notes will initially bear interest in accordance with the Fixed Rate Note provisions and will then switch to bear interest in accordance with the Floating Rate Note provisions, as specified in the relevant Final Terms. Floating-Fixed Rate Notes will initially bear interest in accordance with the Floating Rate Note provisions and will then switch to bear interest in accordance with the Fixed Rate Note provisions, as specified in the relevant Final Terms.
Benchmark Amendment:	On the occurrence of a Benchmark Event, the Issuer may (subject to certain conditions and following consultation with an Independent Adviser) determine a Successor Reference Rate, failing which an

	Alternative Reference Rate and, in either case, an Adjustment Spread, if any, and any Benchmark Amendments (each term as defined in the Conditions) in accordance with Condition 4.3(h).
Zero Coupon Notes:	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.
Redemption:	Unless previously redeemed or purchased and cancelled in accordance with the Conditions, each Note (including each CMS Linked Interest Note) will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the relevant Final Terms. The Final Redemption Amount will always be equal to at least 100 per cent. of the aggregate principal amount of the Notes. The relevant Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the occurrence of a MREL Disqualification Event (in case of Senior Notes) or a Regulatory Event (in case of Subordinated Notes), or in each case at the option of the Issuer (including, if specified in the Final Terms, if at least the Clean-Up Call Percentage of the aggregate nominal amount of the Notes of the same Series have been redeemed or purchased by, or on behalf of, the Issuer) and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer. The early redemption, repurchase or redemption at maturity of Subordinated Notes shall, to the extent required by the Applicable Banking Regulations, be subject to any conditions to such redemption or repurchase prescribed by the Applicable Banking Regulations at the relevant time, including the prior approval of the Relevant Authority. If such approval is not given on or prior to the relevant redemption date, the Issuer will re-apply to the Relevant Authority for its consent to such redemption forthwith upon its having again satisfied, by whatever means, such conditions. The Issuer will use reasonable endeavours to satisfy such conditions and to obtain such approval. Amounts that would otherwise be payable on the Maturity Date will continue to bear interest. The early redemption or repurchase of Senior Notes is subject to compliance by the Issuer with any conditions to such redemption or repurchase prescribed by the Applicable Banking Regulations at the relevant time.

Denomination of Notes:

Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency and save that the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a member state of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Regulation will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

In addition:

(a) Senior Non-Preferred Notes will have a denomination of at least €150,000; and

(b) Subordinated Notes will have a denomination of at least €200,000,

or, in each case, where the Senior Non-Preferred Notes or the Subordinated Notes, as applicable, are denominated in a Specified Currency other than Euro, the equivalent amount in such other Specified Currency.

Taxation:

All payments of principal, premium or interest (in case of Senior Notes not qualifying at such time as liabilities that are eligible to meet by the MREL Requirements only) or of interest only (in case of Senior Notes qualifying at such time as liabilities that are eligible to meet the MREL Requirements and of Subordinated Notes) will be made without deduction for or on account of withholding taxes imposed by the Republic of Italy subject as provided in Condition 7. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 7, be required to pay additional amounts to cover the amounts so deducted.

As more fully described under "*Taxation - Italian Taxation*" below, interest, premium and other income paid under Notes that qualify as (a) *obbligazioni* (b) *titoli similari alle obbligazioni* pursuant to Article 44 of Italian Presidential Decree No. 917 of 22 December 1986, as amended, or (c) Subordinated Notes meeting capital adequacy requirements are subject to a substitute tax (*imposta sostitutiva*) levied at the tax rate of 26 per cent. stated by Italian Legislative Decree No. 239 of 1 April 1996, as subsequently amended. Different rules could apply to non-Italian resident Noteholders.

Interest payments relating to Notes that do not qualify as *obbligazioni*, *titoli similari alle obbligazioni* or *capital adequacy financial*

instruments but qualify as *titoli atipici* (atypical securities) for Italian tax purposes, are subject to a withholding tax levied at the rate of 26 per cent. stated by Italian Law Decree No. 512 of 30 September 1983 (converted by Law No. 649 of 25 November 1983), as amended.

Negative Pledge: None.

Status of Notes: Notes issued by the Issuer may be either senior preferred ("**Senior Preferred Notes**"), senior non-preferred ("**Senior Non-Preferred Notes**" and, together with the Senior Preferred Notes, the "**Senior Notes**") or subordinated ("**Subordinated Notes**") as described below.

The Senior Preferred Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured and unsubordinated obligations of the Issuer, present and future (other than obligations ranking junior to the Senior Preferred Notes from time to time (including Senior Non-Preferred Notes and any further obligations permitted by law to rank junior to the Senior Preferred Notes following the Issue Date) if any) from time to time outstanding, as described in Condition 3.1 (*Status of the Senior Preferred Notes*).

The Senior Non-Preferred Notes will constitute direct, unconditional, unsubordinated, unsecured and non-preferred obligations of the Issuer and will rank junior to Senior Preferred Notes and any other unsecured and unsubordinated obligations of the Issuer which rank, or are expressed to rank by their terms, and/or by provision of law (including claims arising from the excluded liabilities within the meaning of Article 72a(2) of the CCR) senior to the Senior Non-Preferred Notes, *pari passu* without any preference among themselves, and with all other present or future obligations of the Issuer which do not rank or are not expressed by their terms to rank junior or senior to the relevant Senior Non-Preferred Notes and in priority to any subordinated instruments and to the claims of shareholders of the Issuer, pursuant to Article 91, paragraph 1-*bis*, letter c-*bis* of the Italian Banking Act, as amended from time to time, as described in Condition 3.2 (*Status of the Senior Non-Preferred Notes*).

The Subordinated Notes will constitute direct, unsecured and subordinated obligations of the Issuer and the payment obligations of the Issuer thereunder shall at all times rank:

(a) whilst the Subordinated Notes constitute, fully or partially, Tier 2 Capital:

(i) junior to all present or future unsecured and unsubordinated obligations of the Issuer (including, without limitation, any obligations under the Senior Notes) or any other present or future subordinated obligations of the Issuer which rank, or are expressed by their terms to rank, senior to the Subordinated Notes, including any obligation required to be preferred by law (including any subordinated instruments that have ceased to qualify in their entirety as Own Funds);

(ii) *pari passu* among themselves and with any other present or future obligations of the Issuer which do not rank, or are not expressed by their terms to rank, junior or senior to the Subordinated Notes (including the Issuer's obligations in respect of any instruments qualifying as Tier 2 Capital); and

(iii) senior to any present or future obligations of the Issuer which rank, or are expressed by their terms to rank, junior to the Subordinated Notes (including, without limitation, the claims of the shareholders of the Issuer and any other obligations under instruments or items included in the Tier 1 Capital of the Issuer); or

(b) if and when the Subordinated Notes are fully excluded from the Issuer's Own Funds:

(i) junior to all present or future unsecured and unsubordinated obligations of the Issuer and any other present or future unconditional, unsecured and subordinated obligations of the Issuer which rank, or are expressed by their terms to rank, senior to the Notes (including, without limitation, any obligations under the Senior Notes);

(ii) *pari passu* with all other present or future subordinated obligations of the Issuer that have ceased to qualify, in their entirety, as Tier 2 Capital or Own Funds and with all other subordinated obligations of the Issuer that have such ranking; and

(iii) senior to (i) all present or future unsecured and unsubordinated obligations of the Issuer, (ii) any other present or future subordinated obligations of the Issuer which rank, or are expressed by their terms to rank, junior to the Notes (including Own Funds Instruments), and (iii) all present or future obligations of the Issuer which do not rank, or are not expressed by their terms to rank, senior or pari passu to the Notes,

as described in Condition 3.3 (*Status of the Subordinated Notes*).

Terms and Conditions: Final Terms will be prepared in respect of each Tranche of Notes to be listed on the Official List, and admitted to trading on the regulated market, of the Luxembourg Stock Exchange. A copy of such Final Terms will be filed with the CSSF and delivered to

	the Luxembourg Stock Exchange on or before the date of issue of such Notes. The terms and conditions applicable to the Notes of each Tranche will be those set out herein under the Terms and Conditions of the Notes in Physical Form or the Terms and Conditions of the Dematerialised Notes, as the case may be, as completed and/or modified by the relevant Final Terms.
Risk Factors:	There are certain risks related to the holding of any Notes issued under the Programme which investors should ensure they fully understand. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Notes are discussed under "*Risk Factors*" below.
Rating:	The rating (if any) of the Notes to be issued under the Programme will be specified in the relevant Final Terms. Whether or not each credit rating applied for in relation to a relevant Series of Notes will be (1) issued by a credit rating agency established in the EEA and registered under the CRA Regulation, or (2) issued by a credit rating agency which is not established in the EEA but will be endorsed by a credit rating agency which is established in the EEA and registered under the CRA Regulation or (3) issued by a credit rating agency which is not established in the EEA but which is certified under the CRA Regulation will be disclosed in the Final Terms. In general, European regulated investors are restricted from using a rating for regulatory purposes unless (1) such rating is issued by a credit rating agency established in the EEA and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (3) the rating is provided by a credit rating agency not established in the EEA which is certified under Regulation (EU) No. 1060/2009, as amended (the "**CRA Regulation**"). Investors regulated in the UK are subject to similar restrictions under Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the EUWA (the "**UK CRA Regulation**"). As such, UK regulated investors are restricted from using a rating for regulatory purposes unless (1) such rating is issued 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 but is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or (3) the rating is provided by a credit rating agency not established in

	the UK which is certified under the UK CRA Regulation.
Approval, Listing and Admission to Trading:	The CSSF has approved this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and to be listed on the Official List of the Luxembourg Stock Exchange. Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued. The relevant Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.
Clearing Systems:	Euroclear, Clearstream Luxembourg, Monte Titoli and/or, in relation to any Notes, any other clearing system as may be specified in the relevant Final Terms.
Governing Law of the Dematerialised Notes:	The Dematerialised Notes and any non-contractual obligations arising out of or in connection with the Dematerialised Notes, will be governed by, and shall be construed in accordance with, Italian law.
Governing Law of the Notes in Physical Form:	The Notes in Physical Form and the Coupons and any non-contractual obligations arising out of or in connection with the Notes in Physical Form and the Coupons, will be governed by, and shall be construed in accordance with, Italian law.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area (including the Republic of Italy and France), the United Kingdom, Japan, Singapore and Switzerland and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes. See "*Subscription and Sale*".
United States Selling Restrictions:	Regulation S, Category 2. TEFRA C or D, as specified in the relevant Final Terms.
Prohibition of Sales to EEA Retail Investors:	If the Final Terms (or the Drawdown Prospectus, as the case may be) in respect of any Notes include a legend entitled "*Prohibition of Sales to EEA Retail Investors*", the Notes are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area.
Prohibition of Sales to UK Retail Investors:	If the Final Terms (or the Drawdown Prospectus, as the case may be) in respect of any Notes include a

legend entitled "*Prohibition of Sales to UK Retail Investors*", the Notes are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the United Kingdom.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. Most of these factors are contingencies which may or may not occur.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

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

Words and expressions defined in the "Terms and Conditions of the Notes in Physical Form" and in the "Terms and Conditions of the Dematerialised Notes" below or elsewhere in this Base Prospectus have the same meaning in this section. Unless otherwise specified, the term "Terms and Conditions" or "Conditions" shall refer to both the Terms and Conditions of the Notes in Physical Form and the Terms and Conditions of the Dematerialised Notes and any reference to a "Condition" shall be to both a Condition under the Terms and Conditions of the Notes in Physical Form and a Condition under the Terms and Conditions of the Dematerialised Notes.

RISK FACTORS RELATING TO THE ISSUER

Risks related to the impact of global macro-economic factors

Risks related to the impact of global macro-economic factors and the consequences arising from the continuation of the Russia-Ukraine conflict

The performance of the Banco BPM Group is influenced by: Italian and EU-wide macroeconomic conditions, the conditions of the financial markets in general, and in particular, by the stability and trends in the economies of those geographical areas in which Banco BPM conducts its activity. The earning capacity and solvency of the Banco BPM Group are affected, *inter alia*, by factors such as investor perception, long-term and short-term interest rate fluctuations, exchange rates, liquidity of financial markets, availability and costs of funding, sustainability of sovereign debt, family incomes and consumer spending, unemployment levels, inflation and property prices. Adverse changes in these factors, especially during times of economic and financial crisis, could result in potential losses, an increase in the Issuer's and/or the Banco BPM Group's borrowing costs, or a reduction in value of its assets, with possible negative effects on the business, financial condition and/or results of operations of the Issuer and/or the Banco BPM Group.

During the course of 2022, the global growth outlook deteriorated gradually but significantly. This was due to the sharp increase in inflationary dynamics, which was aggravated in Europe by the outbreak - in the first months of 2022 - of the war in Ukraine, which triggered a serious continental energy crisis. In fact, on 24 February 2022, Russia announced a military operation in the Donbass, initiating an invasion of Ukraine.

In addition, the disruptive effects of the Covid-19 pandemic on global supply chains became more apparent in the first half of 2022. Finally, the widespread and aggressive monetary tightening adopted to counter some inflationary pressures and the significant erosion of household purchasing power in the face of sharp price increases exacerbated the growth slowdown.

The Euro area economy, which is heavily dependent on Russian gas supplies, felt the impact of the Russia-Ukraine conflict at various times during 2022, also following the adoption of trade sanctions against Russia. The confluence of risks, the sharp increase in energy costs caused by the energy crisis and the resulting high price dynamics weighed on businesses and consumers, pushing the area onto a path of lower growth and higher consumer inflation. As a result, the annual inflation rate in the Euro area rose in the course of 2022, only to slow down slightly in the last quarter.

The Italian economy suffered to a relatively greater extent than other Euro area economies from the economic shock caused by the rise in energy and basic commodity prices: indeed, after sustained growth in the central quarters of 2022, household consumption fell in the last part of the year, as the marked rise

in consumer prices had a negative impact on disposable income.

2022 also saw an important and sudden reversal by the central banks (the Federal Reserve System and the European Central Bank ("**ECB**")) regarding the monetary policies of the major western economies, which radically opted for restrictive monetary policies to curb rising inflation.

In March 2023, volatility in the international financial markets increased abruptly following a series of events in the US banking sector. The most important of these was the failure of Silicon Valley Bank, which was declared insolvent on 10 March 2023 after it failed to cover losses on a large sale of securities, leading to a collapse in its share price and a huge outflow of deposits. Almost simultaneously, two other smaller US banks - Silvergate Bank and Signature Bank - also failed. Then, in the week of 13 March 2023, the Swiss bank Credit Suisse (which had been experiencing some difficulties for years that were already known to markets and regulators) was hit by a crisis of confidence that caused its share price to fall sharply on the stock markets. The combination of these events fuelled fears of contagion and led to a sudden increase in risk aversion in global financial markets. Substantial falls, which were later largely reversed, also affected bank share prices in the euro area. At the date of this Base Prospectus, the Group does not have investments in any of the aforementioned counterparties.

The afore-mentioned uncertain outlook for the Euro area economy is likely to affect the Group's budget estimates, as they require a selection of assumptions and hypotheses that may not be confirmed by actual future developments.

The increase in official interest rates has therefore been passed on to the cost of Italian bank loans in 2022. Indeed, an increase in interest rates can be observed both for outstanding amounts and for new loans to households and enterprises. In December 2022, the interest rate on new Italian banks' Euro loans to households for house purchases was 3.09% (1.40% in December 2021). The average rate on new Italian banks' Euro loans to non-financial corporations rose to 3.44% at the end of 2022, from 1.18% at the end of 2021. In contrast, in December 2022 the weighted average rate on Italian banks' total loans to households and non-financial corporations was 3.22% (2.13% in December 2021).

In this context, it should be noted that the direct impact of the Russia-Ukraine conflict on Banco BPM Group is not material, as it has no operations in Russia or Ukraine and no significant credit exposure to customers domiciled in these countries or indirectly related to Russian or Ukrainian counterparties. As at 31 December 2022, these exposures are entirely represented by loans. In fact, the Group's exposure represented by securities has been reduced to zero as of March 2022, with the sale of the only Russian government bond for a nominal value of Euro 2 million, which resulted in an insignificant loss (Euro 0.1 million).

In addition, a number of uncertainties remain in the current macroeconomic environment, namely: (a) the impact of the COVID-19 pandemic on global growth and individual countries (see the preceding paragraphs); (b) confirmation of growth trend, or recovery and consolidation perspectives, for the US and Chinese economies, which have shown consistent progresses in recent years but have recently lost momentum; (c) the ECB, in the Euro area, and the Federal Reserve System's, in the US, monetary policy effectiveness and their future developments, adverse future developments in the Dollar area, policies implemented by other countries aimed at promoting their currencies' competitive devaluations; (d) sovereign debt sustainability of certain countries and the related recurring tensions on the financial markets; (e) risks related to a high increase of inflation; and (f) international banking system crisis.

All of these factors, in particular in times of economic and financial crisis, could result in potential losses, an increase in the Issuer's and/or the Banco BPM Group's borrowing costs, or a reduction in value of its assets, with possible negative effects on the business, financial conditions and/or results of operations of the Issuer and/or the Banco BPM Group.

Risks related to the financial situation of the Issuer and the Group

Risks related to the Strategic Plan

On 4 November 2021 the Board of Directors of Banco BPM approved a strategic plan, containing the strategic that defines the new objectives of Banco BPM for the time period of 2021-2024 (the "**2021-2024 Strategic Plan**").

The 2021-2024 Strategic Plan shows, in qualitative and quantitative terms, the strategies of Banco BPM

and contains a set of hypotheses, estimates, projections and forecasts regarding the developments of the patrimonial, economic and financial figures based on the occurrence of future events and actions to be adopted by the management and the Board of Directors of Banco BPM, in the period of 2021-2024.

Such hypotheses, estimates and forecasts are based on hypothetical assumptions of various nature, and are subject (among others) to the risks and uncertainties, including those of a geopolitical nature relating to the Russia-Ukraine conflict, that characterise both the evolution of the macroeconomic scenario and the evolution of the legal and regulatory framework, and that relate to future events and actions which the Board of Directors and the management cannot, in whole or in part, influence, in relation to the performance of the principal financial and economic figures or other factors affecting such performance.

Strictly connected to the strategic risk is the commercial risk understood as the actual and prospective risk associated with the failure to achieve the objectives of volume and economic results due to the ineffectiveness of the actions taken by the Issuer's management and Board of Directors and/or thanks to adverse market conditions.

It should be noted that Banco BPM Group regularly monitors exposure to strategic risk and commercial risk, including through the calculation of an economic capital using an internally developed model, the results of which are accounted for in the integrated risk report that is presented to the Risk Committee on a monthly basis and to the corporate bodies on a quarterly basis.

Therefore, the Group is exposed to the risk that it may be unable to implement part or all of its strategy or that it may be unable to implement part or all of such strategy within the timeframe expected, that the assumptions on which the Group based its forecasts and strategy may be incorrect or that the strategy may not achieve the results expected; this may, in turn, have negative effects on the business, financial conditions and/or results of operations of the Issuer and/or the Banco BPM Group.

For further information, please refer to the section entitled "*Description of the Issuer and the Group - Strategy*".

Risks related to legal proceedings and inspections by Supervisory Authorities

The Banco BPM Group is subject to litigation in the ordinary course of its business, including civil and administrative legal proceedings, as well as several arbitration and tax proceedings. See "*Description of the Issuer and the Group – Legal Proceedings of the Group*". Negative outcomes in such proceedings or in any investigation by the supervisory authority may create liabilities which reduce the Issuer's ability to meet its obligations.

Given the complexity of the relevant circumstances and corporate transactions underlying these proceedings, together with the issues relating to the interpretation of applicable law, it is inherently difficult to estimate the potential liability to which the Banco BPM Group may be exposed when such proceedings are decided.

The Issuer considers that it has made appropriate provision in its consolidated financial statements to cover the possible losses that could arise from legal proceedings or other pending disputes, also taking into account indications provided by external legal counsel.

With regard to the diamonds sales activity carried out by a specialized third party company, the Intermarket Diamond Business S.p.A. (the "**IDB**"), in the course of 2022 the new complaints related to the proceedings by the Italian Antitrust Authority ("**AGCM**") were limited both in number and in overall additional petitum (equal to approximately Euro 3.2 million). As of 31 December 2022, as a result of the settlement activity through transactions or of a final sentence, complaints and disputes have been defined for a total petitum approximately equal to Euro 636.8 million against claims that at the same date amounted to a total of approximately Euro 718.4 million. It should also be noted that on 16 February 2023, the Public Prosecutor of Verona ordered the release of the sum of Euro 80.3 million in favour of the Bank. At this stage, the Public Prosecutor's Office has decided to withhold the remaining amount of approximately Euro 3.5 million as a precautionary measure.

The Banco BPM Group is managing the clients' complaints and litigation arising from such reporting activity through a dedicated task force and the provisions set forth in the 2022 Annual Financial Statements.

For further information please see further the paragraph in this Base Prospectus headed "*Legal Proceedings*

of the Group- Ongoing Legal and Administrative Proceedings - Proceedings related to the diamonds reporting activities" and "*10.6.3 Other Provisions – other*" on pages 312 – 314 of the 2021 Annual Financial Statements and "*10.6.3 Other Provisions – other*" on pages 338 – 341 of the 2022 Annual Financial Statements, each incorporated by reference in this Base Prospectus.

There can be no assurance that legal proceedings which are not included in these provisions would not give rise to additional liabilities in the future, nor that the amounts already set aside in these provisions will be sufficient to fully cover the possible losses deriving from these proceedings if the outcome is worse than expected. This could have a material adverse effect on the business, financial conditions or results of operations of the Issuer and/or of the Banco BPM Group. The Banco BPM Group is furthermore subject, in the course of its ordinary activities, to inspections by the supervisory authority that could require organisational interventions or the strengthening of internal functions which are aimed at addressing weaknesses that have been identified during inspections which might, furthermore, result in sanction proceedings being brought against officers of the Issuer.

In addition, the Banco BPM Group is regularly subject to enquiries and inspections by the ECB in its capacity as the Bank's supervisory authority and other supervisory authorities in the ordinary course of its business. For additional information on pending inspections, see "*Description of the Issuer and the Group – Inspection activities and proceedings conducted by the ECB, Bank of Italy and CONSOB on Banco BPM S.p.A.*". The outcomes of any such enquiries and inspections may lead to organisational interventions and the Banco BPM Group may be required to implement certain measures aimed at rectifying any shortcomings detected during such enquiries and inspections. A supervisory authority may also take a range of disciplinary actions against the representatives of the Issuer with administrative, management or control functions.

Compliance with any measures required by a supervisory authority may require the Banco BPM Group to take actions which have, and any sanction imposed by a supervisory authority may have, a potentially negative effect on the Group's business, financial condition or results of operations.

Risks related to deferred tax assets

Deferred tax assets ("**DTAs**") and liabilities are recognised in Banco BPM's consolidated financial statements according to accounting principle IAS 12. As of 31 December 2022, DTAs amounted in aggregate to Euro 4,357.3 million, of which Euro 2,278.2 million may be converted into tax credits pursuant to Law No. 214 of 22 December 2011 ("**Law 214/2011**").

The recognition of DTAs not convertible into tax credits and the subsequent maintenance in the balance sheet entails a probability test as to their potential recoverability, which must also consider the tax regulations in force at the date of preparation of the financial statements. The probability test must be based on reasonable income forecast taken from approved strategic plans and projections, also considering that, for income tax purposes, tax regulations permit tax losses to be carried forward without any time limit.

As a result, the recoverability of the DTAs not convertible into tax assets may be negatively influenced by changes in the tax regulations and in the accounting principles in force, which cannot be forecast at present. For further information on (i) DTAs, see Section 11 of Part B "*Information on the Consolidated Balance Sheet*" of the 2022 Annual Financial Statements, (ii) the timing for the expected recovery of DTAs, see section "*Notes to the consolidated financial statements*" paragraph "*Estimating the recoverability of deferred tax assets*" in the 2022 Annual Financial Statements, each incorporated by reference in this Base Prospectus.

Risks Related to Sanctions

The Banco BPM Group has clients and partners located in a number of different jurisdictions. The Group is therefore required to comply with sanctions regimes in the jurisdictions in which it operates. In particular, the Group must comply or may in the future be required to comply with economic sanctions imposed by the United Nations, the European Union, the United Kingdom and the United States on certain countries, in each case to the extent applicable, and these regimes are subject to change, which cannot be predicted. Such sanctions may limit the ability of the Group to continue to transact with clients or to maintain commercial relations with counterparties which may fall under economic sanctions and/or counterparties that are located in sanctioned countries. The risk has been recently exacerbated by the Russian invasion of Ukraine and the ensuing sanctions enacted by, *inter alia*, the United States, the European Union and the

United Kingdom. See also "*Risks related to the impact of global macro-economic factors and the consequences arising from the continuation of the Russia-Ukraine conflict*".

As of the date of this Base Prospectus, the Group has limited commercial relationships with certain counterparties located in sanctioned countries, but these are carried out in compliance with applicable laws and regulations. In addition and on the basis of advice obtained from an independent third party consultant, the Group regularly upgrades its dedicated procedures to enhance and monitor compliance with sanctions in the various countries in which it operates. However, were the counterparties of the Group, or the Group itself, to be affected by sanctions investigations and/or by sanctions, the investigation costs, remediation required and/or payment or other legal liability incurred could potentially negatively affect Banco BPM's net assets and net results. Such an adverse outcome could have a material adverse effect on the Group's reputation and business, results of operations or financial condition.

Risks related to the ratings assigned to the Issuer

The ratings assigned to the Issuer by the main international rating agencies are an indication of the credit ratings of the Issuer itself and the outlook represents the parameter which indicates the expected trend in the near future, of the ratings assigned to the Issuer. However, such indications may not properly reflect developments in the solvency position of the Issuer and the Banco BPM Group. In addition, ratings assigned to the Issuer may be influenced by developments in the rating assigned to Italy's sovereign debt and the Italian macroeconomic conditions. Any deterioration in the Italian sovereign debt rating or in the Italian macroeconomic condition may lead to a downgrade of the Issuer's ratings, which could in turn cause adverse effects on the business, financial condition and/or results of operations of the Issuer and/or of the Banco BPM Group.

Any reduction of the rating levels assigned to the Issuer could have a negative effect on the opportunities for the Issuer and for the Banco BPM Group to access the various liquidity instruments and could lead to an increase in funding costs or require the constitution of additional collateral guarantees for the purpose of accessing liquidity. This may cause adverse effects on the business, financial condition and/or results of operations of the Issuer and/or of the Banco BPM Group.

Risks relating to the Issuer's business activities and industry

Credit risk

Credit risk is the risk that debtors may not fulfil their obligations or that their credit rating may suffer a deterioration (such debtors include the counterparties of financial transactions involving OTC (over the counter) derivatives traded outside of regulated markets) or that the Banco BPM Group's companies grant credit that they would not otherwise have granted, or would have granted upon different terms, on the basis of information that is untruthful, incomplete or inaccurate. Credit risk includes (i) counterparty risk and (ii) risks connected to the deterioration of the credit quality.

A number of factors affect a bank's credit risk in relation to individual credit exposures or for its entire loan book. These include the trend in general economic conditions or those in specific sectors, changes in the rating of individual counterparties, deterioration in the competitive position of counterparties, poor management on the part of firms or counterparties given lines of credit, and other external factors, also of a legal and regulatory nature.

The deterioration of the creditworthiness of major customers and, more generally, any defaults or repayment irregularities, the launch of bankruptcy proceedings by counterparties, the reduction of the economic value of guarantees received and/or the inability to execute the said guarantees successfully and/or in a timely manner, as well as any errors in assessing customers' creditworthiness – which may be also due to ineffectiveness of the Group's risk management methodologies, assessments and processes – could have a material negative effect on the business, financial condition and/or results of operations of the Issuer and/or the Banco BPM Group.

a) Risks connected to the deterioration of the credit quality

The Banco BPM Group is subject to credit risk. The Banco BPM Group's policies for managing and controlling the quality of the loan portfolio, and the associated risks, are based on rules of sound and prudent management. The policies are implemented through the processes of distributing, managing and monitoring credit risks that varied according to the circumstances of the market, business sector and characteristics of

each borrower. The loan portfolio is closely monitored on a continuous basis in order to promptly identify any signs of imbalance and to take corrective measures aimed at preventing any deterioration.

The recent crisis in the financial markets and the global economic slowdown have reduced and may further reduce, also as a result of the COVID-19 pandemic, the disposable income of households, as well as the profitability of companies and/or adversely affect the ability of bank customers to honour their commitments, resulting in a significant deterioration in credit quality in the areas of activity of the Issuer.

The coverage of the non-performing exposures of the Banco BPM Group as at 31 December 2022 was equal to 50.6%. The coverage of the bad loans of the Banco BPM Group as at 31 December 2022 was equal to 64.8%.

Banco BPM Group's net non-performing loans, as of 31 December 2022, amounted to Euro 2.4 billion, with a decrease of Euro 0.9 billion or 27.8%, as compared to 31 December 2021, and represented 2.2% of Banco BPM Group's total net loans.

In addition, the Group's gross NPL ratio was equal to 4.2% as of 31 December 2022, as compared to 5.6% as of 31 December 2021. In this respect, on 20 March 2017, the ECB published the "*Guidance to banks on non-performing loans*". These guidelines address the main aspects of the management of non-performing loans, spanning from the definition of the NPL strategy and of the operational plan to the NPL governance and operations, meanwhile providing several recommendations and best practices which will drive in the future, the ECB's expectations. To this end, the Group constantly monitors the gross NPL ratio reduction target, as from time to time agreed with the competent supervising authorities. See also "*Risks related to the disposal of non-performing loans*" below.

Even though the Banco BPM Group periodically makes provisions to cover potential losses, on the basis of its experience and statistics, the Banco BPM Group may have to increase these provisions further should there be a rise in bad loans or an increasing number of the Banco BPM Group's debtors subject to insolvency proceedings (including bankruptcy or creditors' composition). In addition, provisioning may have to increase on the basis of the Prudential Backstop Regulation (as defined below, see also "*Regulatory – Regulatory Measures on NPLs"*). In this regard, any significant increase in the provisions for non-performing exposures, change in the estimates of credit risk, or any losses that exceed the level of the provisions already made, could have a negative impact on the business, financial condition and/or results of operations of the Issuer and/or the Banco BPM Group.

b) Counterparty risk

In the conduct of its operations, the Banco BPM Group is exposed to counterparty risk. Counterparty risk is the risk that a counterparty of a transaction (including operations in derivatives and repurchase agreements) involving particular financial instruments may default before the transaction is settled. The Banco BPM Group trades derivative contracts with a wide variety of underlying assets and instruments, including interest rates, exchange rates, equity indices, commodities and loans, with counterparties from the financial services sector, commercial banks, government entities, financial and insurance firms, investment banks, funds and other institutional clients as well as with non-institutional clients.

Transactions in derivatives and repurchase transactions expose the Banco BPM Group to the risk that the counterparty defaults or becomes insolvent before settlement or expiry of the transaction, where the Issuer or other Banco BPM Group company has an outstanding claim against such counterparty, in addition to market risks and operational risks.

The Banco BPM Group has specific policies and procedures for identifying, monitoring and managing these types of risk. Any breach by the counterparties of the obligations they assume under derivative or repurchase contracts they have made with the Issuer or other companies of the Banco BPM Group, and/or the realisation or liquidation of such collateral as they have provided that delivers a lower value than expected, may result in adverse effects on the business, financial condition and/or results of operations of the Issuer and/or of the Banco BPM Group.

c) Risks relating to the real estate market

The Banco BPM Group is exposed to the real estate sector, as it is a lender to companies in the real estate sector, and to real estate investment funds, whose cash flows are mainly, or exclusively, backed by proceeds deriving from the construction, lease and/or sale of real estate.

The "real estate sector" includes loans to construction and real estate companies/economic groups, to real estate investment funds and to private individuals (in the form of mortgage loans or finance leases to buy a house), together with loans to companies categorised within this sector but whose core business is not real estate (*indotto immobiliare*) as well as to companies in the public infrastructure construction sector.

The real estate sector has been particularly affected by the economic and financial crisis resulting in a fall in asset prices as well as in the number of transactions, accompanied by an increase in the cost of funding and greater difficulties in obtaining access to credit. Consequently, companies operating in the real estate sector have experienced a decrease in transactions both in terms of volumes and margins, an increase in financial expenses, as well as greater difficulties in refinancing their debt. The past economic dynamic, and the COVID-19 pandemic, could increase the bankruptcy rate of both individual and corporate borrowers of the Banco BPM Group, resulting in defaults in the payment of lease and/or mortgage instalments.

In this scenario, falling prices in the real estate market could adversely affect the Banco BPM Group, both directly as a result of the impact on customers operating in this sector, and indirectly as a result of the fall in the value of real estate properties posted as collateral for loans granted by the Banco BPM Group.

The Banco BPM Group has put procedures in place to handle and monitor the risk of default by the borrowers and is supported, where appropriate, by external and internal experts to evaluate any real estate projects and any exposure to the real estate sector is subject to increased capital requirements imposed by the Bank of Italy or the ECB. Notwithstanding the foregoing, any further deterioration of the real estate market conditions or of the economic and financial conditions in general and/or fall in the value of real estate properties placed as collateral could adversely affect the debt servicing ability of the Banco BPM Group's borrowers and, in turn, have a negative adverse impact on the business, financial conditions and/or results of operations of the Issuer and/or of the Banco BPM Group.

Risks related to the disposal of non-performing loans

As the Group is among the largest banking groups in Italy, the ECB highlighted the need for the Banco BPM Group to accelerate the reduction of non-performing loans including bad loans, unlikely to pay ("**UTP**") and past due (together, "**NPLs**"), and requested the preparation of a clear action plan for reducing NPLs and increasing the average coverage ratios of NPLs.

It is possible that additional disposals will take place. Further, in accordance with the terms and results of the disposals undertaken to reduce the number of NPLs, the Issuer can give no assurance that no further adjustments to the income statement in respect of the value of the loans will be made, on account of the difference between the value at which the NPLs are recorded in the balance sheet of banks, and the price which investors specialised in "distressed debt" management are prepared to pay for the acquisition of the same, in view of the returns that such investors consider achievable. Such adjustments may have a material negative impact on the finances, assets and business of the Banco BPM Group.

Risks related to the exposure to sovereign debt

Despite the several initiatives of supranational organisations to deal with the heightened sovereign debt crisis in the Euro Area, the global markets remain characterised by high uncertainty and volatility. Any further acceleration of the European sovereign debt crisis is likely to significantly affect, among other things, the recoverability and quality of the sovereign debt securities held by the Group as well as the financial resources of the Group's clients holding similar securities.

The ECB's unconventional policy (including public sector, covered bond and ABS purchase programme and provision of liquidity *via* Targeted Longer-Term Refinancing Operations ("**TLTRO**")) has contributed to ease market tensions, limiting the refinancing risk for the banking system and leading to a tightening of credit spreads. The possibility that the ECB could halt or reconsider the current set up of unconventional measures, as recent developments have shown, would impact negatively the value of sovereign debt instruments. This would have a materially negative impact on the Group's business, results and financial position.

The Group is exposed to government bonds and, in particular, Italian government bonds. As at 31 December 2022, the Group's total exposure to sovereign debt securities, relating to the banking segment, was equal to Euro 29,811.3 million, mainly concentrated at the Issuer level (Euro 29,508.4 million). Exposure to EU countries sovereign debt represented 87% of the total exposure to sovereign debt securities; exposure to

Italian government bonds was equal to Euro 10,927.3 million as at 31 December 2022 (37% of total exposure). Consequently, the Issuer is particularly exposed to any adverse changes and fluctuations in the market for Italian government securities, the political situation and the sovereign debt rating. A decrease in the market price for Italian government bonds could negatively affect the value of its assets and therefore have an adverse effect on the Group's business, results of operations, financial condition and cash flows. In addition, if the credit ratings of Italy and/or of other countries to which the Group has sovereign exposures deteriorate, the Issuer may be required to revise the risk weighting attributed to the relevant assets for the calculation of risk-weighted assets ("**RWA**"), which could have an adverse effect on the Issuer's capital ratios. The Issuer may also be required to revise the discount criteria applied by counterparties in refinancing transactions, such as in the ECB's TLTRO refinancing transactions, resulting in an increase in the collateral required or a reduction in the liquidity obtained in relation to such collateral.

In addition, the lingering uncertainties arising from geopolitical tensions, could have a material adverse effect on the economies of the EU Member States in general, and the Italian economy in particular, with a consequential upsurge of the sovereign debt crisis. See also "*Risks related to the impact of global macro-economic factors*".

Although in recent years the fiscal and macroeconomic imbalances that contributed to the Euro Area sovereign's debt crisis have been reduced in several countries, there are still concerns about the possible dissolution of the European Monetary Union, or the exit of individual countries from the monetary union (with a possible return to local currencies), fostered, among other factors, by the electoral surge of anti- EU parties across the euro area. Any scenario of this kind would generate unpredictable consequences.

All the factors described above, and particularly any re-emergence or further deterioration of the sovereign debt crisis, could result in potential losses to the Issuer and/or the Banco BPM Group, an increase in its borrowing costs, and/or a reduction in the value of its assets, with possible negative effects on the economic and financial situation of the Issuer and/or of the Banco BPM Group.

Market risks

The Banco BPM Group is exposed to market risk, being the risk that the value of a financial asset or liability could vary because of changes of market factors, such as share prices, interest rates, exchange rates and their volatilities, as well as changes in the credit spreads of the relevant issuer. To the extent that any of the instruments and strategies used by the Banco BPM Group to hedge or otherwise manage its exposure to counterparty or market risks are not effective, the Banco BPM Group may not be able to effectively mitigate its risk exposure in particular market conditions, or against particular types of risk. The Banco BPM Group's trading revenues and interest rate risk exposure depend on its ability to identify properly, and mark to market, changes in the value of financial instruments caused by movements in market prices or interest rates. The Banco BPM Group's financial results also depend on how effectively the Banco BPM Group determines and assesses the cost of credit and manages its own counterparty risk and market risk concentration.

(a) Risks related to interest rates

The Banco BPM Group's performance is influenced by interest rate trends and fluctuations, mainly in the European markets, which in turn are caused by different factors beyond the control of the Banco BPM Group, such as monetary policies, general trends in the national and international economy and the political conditions of Italy.

The performance of the Banco BPM Group's banking and financing operations depends upon the management and sensitivity of their interest rate exposure, *i.e.* the effect of changes in interest rates in the relevant markets on the interest margin and economic value of the Banco BPM Group. Any mismatch between the interest income accrued by the Banco BPM Group and the interest expense incurred (in the absence of protection taken out to cover this mismatch) could have material adverse effects on the Banco BPM Group's and/or the Issuer's business, financial condition or results of operations (such as an increase of the cost of funding that is more marked than any increase in the yield from assets or the reduction in the yield from assets that is not matched by a decrease in the cost of funding).

The Banco BPM Group has specific policies and procedures to identify, monitor and manage these types of risk. However, it is not possible to rule out that unexpected variations of market interest rates may have a negative impact on the business, financial condition and/or results of operations of the Issuer and/or of

the Banco BPM Group.

(b) Risks related to the performance of financial markets

The Banco BPM Group's results depend in part on the performance of financial markets. In particular, the unfavourable development of the financial markets in recent years has affected: (i) the placement of products relating to assets under management and assets under administration, with resulting adverse effects on the amounts of placement commissions received; (ii) management commissions due to the reduced value of assets (direct effect) and redemptions resulting from unsatisfactory performance (indirect effect); (iii) the operations of the *Investment Banking* line of business, in particular with respect to placement of financial products and customer dealing, with adverse effects on the amount of commissions received; and (iv) results from the management of the banking and trading portfolios.

The Banco BPM Group has specific policies and procedures in place to identify, monitor and manage these types of risk. However, the volatility and possible insufficient liquidity of the markets, as well as the change of investor preferences towards different kinds of products and/or services, may have an adverse effect on the business, financial condition and/or results of operations of the Issuer and/or of the Banco BPM Group.

Liquidity and Funding risks

Liquidity risk is the risk that the Issuer may not have the cash resources to be able to meet its payment obligations, scheduled or unscheduled, when due. "Funding Liquidity Risk" refers to the risk that the Issuer is not able to meet its scheduled or unscheduled payment obligations in an efficient manner due to its inability to access funding sources, without prejudicing its banking activities and/or financial condition. "Market Liquidity Risk" refers to the risk that the Issuer is only able to realise its assets at a loss as a result of the market conditions and/or timing requirements. Having access to adequate liquidity and long-term funding, in any form, to run its core activity is crucial for Banco BPM to achieve its strategic objectives. In addition, liquidity may be limited if the Issuer makes large allocations to a limited number of investors.

Starting in 2007, the international economic environment has been subject to long periods of high volatility, extraordinary uncertainty and instability in the financial markets. This was initially caused by the default of certain financial institutions and then by the sovereign debt crisis in certain countries, including Italy. During these periods, this state of uncertainty and volatility has led to considerable difficulties in finding liquidity on the wholesale market, a contraction in inter-bank loans and a significant increase in the cost of funding in the retail markets, worsened by the growing distrust towards European bank operators, substantially limiting access to credit by operators.

A deterioration of market conditions, further loss of investors' confidence in financial markets, an increase in speculation about the solvency or credit standing of the financial institutions present in the market (including that of the Issuer), or that of the country where they are based, can adversely impact the ability of banks to obtain funding in future. The inability of Banco BPM or any Banco BPM Group legal entity to access the debt market (Funding Liquidity Risk) or sell its assets (Market Liquidity Risk) would, in turn, adversely affect the Banco BPM Group's ability to achieve its objectives.

In addition, the Banco BPM Group is exposed to government debt securities, in particular Italian government debt securities. Any further reduction in the credit rating assigned to Italy (which has already been the subject of a number of downgrades by the principal rating agencies in recent years) may adversely affect the value of such debt securities and as a result could impact the extent to which the Issuer can use, *inter alia*, Italian government debt securities as collateral for the ECB refinancing transactions which could have an adverse effect on the Banco BPM Group's liquidity.

Further reductions of the credit rating assigned to Italy might also entail a worsening of credit ratings assigned to Italian financial institutions (including that of the Issuer) – in this respect, see also "*Risks connected to the deterioration of credit quality*".

The Banco BPM Group constantly monitors its own liquidity and funding risks. There can, however, be no assurance that any negative developments in the conditions of the markets, in the general economic environment and/or in the Issuer's credit standing, combined with the need to align the Issuer's liquidity and funding position to regulatory requirements, would not have a negative impact on the business, financial condition and/or results of operations of the Issuer and/or the Banco BPM Group.

Climate and environmental risks

As part of the Risk Identification process carried out in 2021, the Group identified the issues relating to "Climate change & Environment, Social and Governance ("**ESG**")" as a specific risk factor to which it could be exposed. Said issues are seen as the risk drivers underlying prudential risks, for example related to sustainable development in terms of credit and finance and the valuation of internal intangibles, and have shown an increase in terms of both the likelihood of their occurrence and their impact with respect to last year.

As part of the 2022 update of the Risk Identification process, the Group has broken down the specific ESG risk factors into those related to "climate change" and those related to "governance and social sustainability".

To this end, the Group's risk management proceeded with the assessment process with respect to the current ESG regulatory requirements and consultation procedure, first of all with regard to the "Guide on climate-related and environmental risks" the final version of which was published by the ECB in November 2020. The ECB Guide (as defined in "*Regulatory*" below) clarifies that climate and ESG risks are cross-cutting determinants of other risk factors, of which the most impacted are credit, operational, market, and liquidity risks. In this context, during 2022, the Group participated in the Climate Risk Stress Test 2022 conducted by the ECB for the entire European banking sector, the aggregate results of which were published on 8 July 2022.

Such risks could result in potential losses to the Issuer and/or the Banco BPM Group, an increase in its borrowing costs, and/or a reduction in the value of its assets, with possible negative effects on the economic and financial situation of the Issuer and/or of the Banco BPM Group.

In 2022, Banco BPM continued to develop and implement the various project initiatives aimed at analysing and managing climate and environmental risks, both with regard to the Bank's specific ESG programme and in response to the expectations of the aforementioned ECB guidance on the subject, in line with the detailed operational plans defined by the Group and updated as part of the overall thematic review of policies, governance and risk management frameworks related to climate and the environment (Thematic Review) launched by the ECB.

It cannot be excluded that the adoption of new policies on climate and environmental risks, future developments in ESG and sustainable growth guidelines, as well as changes in consumer preferences and market confidence, may have a negative impact on the business, the economic and financial situation of the Issuer and/or Banco BPM Group.

Operational risk

Operational risk is defined as the risk of suffering losses due to inadequacy or failure of processes, human resources and internal systems, or as a result of external events. Operational risk includes legal risk, which is the risk of losses deriving from breaches of laws or regulations, contractual, out-of-contract liabilities or other disputes, ICT (Information and Communication Technology) risk (including risks connected with cyber-attacks and risks connected with the malfunctioning of ICT equipment) and model risk. Strategic and reputational risks are not included. The Banco BPM Group has procedures in place to mitigate and monitor operational risks in order to limit the adverse consequences arising from such risks. These risks are managed and supervised by the Issuer and by other Banco BPM Group legal entities through a structured series of processes, functions and resources for the identification, measurement, valuation and control of risks that are characteristic of the Banco BPM Group's activities.

Nonetheless, the Banco BPM Group's risk management techniques and strategies may not be fully effective in mitigating its risk exposure in all economic market environments or against all types of risks (especially those due to potential exogenous factors such as external frauds and cyber-attacks), including risks that the Banco BPM Group fails to identify or anticipate.

Risks connected to the contributions to the Single Resolution Fund and the Interbank Deposit Guarantee Fund

Directive 2014/49/EU (the "**Deposit Guarantee Schemes Directive**") and the BRRD (as defined below), as well as the establishment of the Single Resolution Mechanism, introduced significant changes to the framework regulating the financial distress of banks, with the aim of strengthening the single market and

the stability of the European banking system.

Based on the legal framework introduced as a consequence of the transposition into Italian law of these directives, financial institutions are required to provide financial resources in order to fund the Italian Interbank Deposit Guarantee Fund (*Fondo Interbancario di Tutela dei Depositi*) and the National Resolution Fund (*Fondo di Risoluzione Unico Nazionale*, which was transferred to the Single Resolution Fund (*Fondo di Risoluzione Unico*).

With respect to the Italian Interbank Deposit Guarantee Fund, contributions are calculated with respect to the ratio of the guaranteed deposits held with banks of the Groups as compared to total protected deposits held with Italian banks participating to the Italian Interbank Deposit Guarantee Fund, as well as the level of risk of the Group's banks holding guaranteed deposits as compared to the aggregate level of risk of all the Italian banks participating to the Italian Interbank Deposit Guarantee Fund. The Deposit Guarantee Schemes Directive requires Italian banks to make annual ordinary contributions to the Italian Interbank Deposit Guarantee Fund in order for it to reach financial resources equalling 0.8% of the total guaranteed deposits held with Italian banks participating to the Italian Interbank Deposit Guarantee Fund. Such target must be reached by 3 July 2024. In 2022, the banks participating to the Italian Interbank Deposit Guarantee Fund contributed Euro 1.36 billion to its financial endowment, of which Euro 888 million as ordinary contributions and Euro 471 million as additional contributions in order to gradually reintegrate the Italian Interbank Deposit Guarantee Fund's financial endowment following the initiatives that were undertaken between 2015 and 2021. As of 31 December 2022, the financial resources amounted to Euro 3.3 billion, net of provisions for future commitments, corresponding to 0.44% of protected deposits.

With respect to the Single Resolution Fund, the contributions are calculated in proportion to the amount of liabilities of the relevant bank (excluding guaranteed deposits and own funds) to the total liabilities (excluding guaranteed deposits and own funds) of Italian banks and the degree of risk assumed by the relevant bank compared to the degree of risk assumed by all other Italian banks. The BRRD provides that Italian banks must pay annual ordinary contributions until the Single Resolution Fund has financial resources equal to at least 1% of the total guaranteed deposits of financial institutions authorised in all participating Member States. This level must be reached by 1 January 2024.

If the financial resources of the Interbank Deposit Guarantee Fund and/or the Single Resolution Fund are insufficient to cover any losses, or if as a result of costs or other expenses incurred by such funds in compliance with the regulations governing their operation the above percentages are not reached, financial institutions may be required to make extraordinary contributions.

For the year ended 31 December 2022, the Group's ordinary contribution to the Italian Interbank Deposit Guarantee Fund was Euro 114.6 million. The Group's ordinary annual contribution to the Single Resolution Fund in 2022 was equal to Euro 110.5 million. In addition, with reference to year ended 31 December 2021, the Group was required to pay additional contributions to the Single Resolution Fund equal to Euro 28.6 million in connection with the resolution actions taken before the activation of the Single Resolution Fund.

It should also be noted that the Covid-19 pandemic has led to a significant increase in the financial resources that customers have decided to keep in current accounts and savings deposits. This phenomenon has affected the entire banking system and has been reflected in an increase in the minimum financial endowment levels of both the Single Resolution Fund and the Interbank Deposit Guarantee Fund. This has led to an increase in the ex-ante contribution levels required of banks in order to reach the aforementioned minimum financial endowment levels.

Should the Group be required to make large contributions in future, or should the guarantee funds fail, this could have a material adverse effect on the Group's business, financial condition and results of operations.

Risks relating to European and Italian banking regulations

Risks related to regulatory changes in the banking and financial sectors and to the changes of the other laws applicable to the Banco BPM Group

The Banco BPM Group, as with all banking groups, is subject to extensive regulations and to the supervision (being for regulatory, information or inspection purposes, as the case may be) by the Bank of Italy, CONSOB and IVASS with respect to its bancassurance operations. As of and from 3 November 2014, the Banco BPM Group is also subject to the supervision of the ECB which, pursuant to rules establishing a

single supervisory mechanism (the "**Single Supervisory Mechanism**" or "**SSM**"), has the duty to, among other things, guarantee the uniform application of the rules of the Euro currency area.

In particular, the Banco BPM Group is subject to the laws and regulations applicable to companies with financial instruments listed on regulated markets, the rules governing banking services (aimed to maintain the stability and the solidity of the banks as well as to limit their risk exposure) and financial services (that govern, among other things, the sale and placement of financial instruments as well as marketing operations). Supervisory authorities have broad administrative powers over many aspects of the financial services business, including liquidity, capital adequacy and permitted investments, ethical issues, money laundering, privacy, transparency, record keeping, and marketing and selling practices.

In particular, the Banco BPM Group is subject to an extensive set of rules governing capital adequacy, liquidity levels and leverage, which derive from the requirements approved by the Basel Committee on Banking Supervision following the 2008 financial crisis, as implemented in EU and Italian legislation. In this respect, on 14 December 2022, the ECB notified Banco BPM of its final decision on the minimum capital ratios to be complied with by Banco BPM on an ongoing basis, based on the outcome of the annual Supervisory Review and Evaluation Process ("**SREP**"). Taking into account this additional capital requirement, the Banco BPM Group is required to meet, for 2023, the following capital ratios at consolidated level, in accordance with the transitional criteria in place: (i) CET1 ratio of 8.70%; (ii) Tier 1 ratio of 10.68%; (iii) Total Capital ratio of 13.32%; and (iv) Total SREP Capital requirement of 10.25%[1]. Following the update of the countercyclical reserve as at 31 December 2022, which amounts to 0.011%, the minimum ratios that Banco BPM Group will have to comply with in 2023 are now equal to: (i) CET1 ratio of 8.71%; (ii) Tier 1 ratio of 10.69%; and (iii) Total Capital ratio of 13.33%.The Banco BPM Group satisfied these prudential ratios as at 31 December 2022, with a CET1 ratio of 14.3%, a Tier 1 ratio of 16.6% and a Total Capital ratio of 19.6%, in each case at phase-in level[2]. However, there can be no assurance that the total capital requirements imposed on the Issuer or the Group from time to time may not be higher than the levels of capital available at such time. There can also be no assurance as to the result of any future SREP carried out by the ECB and whether this will impose any further own funds requirements on the Issuer or the Group. For additional information on the capital requirements applicable to the Group, see "*Selected Consolidated Financial Data – Capital Requirements of the Group*" and "*Regulatory*".

In addition to the capital requirements discussed above, the BRRD introduced requirements for banks to maintain at all times a sufficient aggregate amount of minimum requirement for own funds and eligible liabilities (the "**MREL**"). Under the BRRD, where an entity fails to meet its combined buffer requirement when considered in addition to its minimum requirement for own funds and eligible liabilities, resolution authorities have the power to prohibit certain distributions in accordance with the restrictions on distributions provisions by reference to the Maximum Distributable Amount. The Relevant Authority may furthermore exercise its supervisory powers under Article 104 of the CRD IV in case of breach of the minimum requirement for own funds and eligible liabilities. As a result, the powers set out in the BRRD and the application of the MREL requirement will impact the management of credit institutions and investment firms as well as, in certain circumstances, the rights of creditors, including holders of the Notes issued under the Programme.

The strengthening of capital adequacy requirements, the restrictions on liquidity and the increase in ratios applicable to the Banco BPM Group on the basis of the EU Banking Reform and other laws or regulations that may be adopted in the future could adversely affect the Banco BPM Group's business, results of operations, cash flow and financial position, as well as the possibility of distributing dividends to the shareholders and holders of AT1 instruments. In particular, problems could arise when subordinated bonds which are no longer eligible for regulatory capital purposes reach maturity, as they will have to be replaced by alternative funding sources that comply with the new rules. This could make it harder to comply with the new minimum capital requirements, at least with respect to the combined buffer requirement (and any other relevant buffer requirement applicable to the Issuer from time to time), potentially limiting the Banco BPM Group's ability to distribute dividends and to pay interests on AT1 instruments as a result of operation

[1] Subject to change for quarterly quantification of the Countercyclical Capital Buffer.

[2] Ratios calculated by including the net results for the year ended 31 December 2022 and deducting the total proposed dividends based on the applicable regulations. The transitional provisions provided for in Articles 473(a) and 468 of the Regulation EU 575/2013 have been applied.

of the restrictions on distributions provisions by reference to Maximum Distributable Amount contained in the Applicable Banking Regulations.

Moreover, supervisory authorities have the power to bring administrative or judicial proceedings against the Banco BPM Group, which could result, among other things, in suspension or revocation of the licences, cease and desist orders, fines, civil penalties, criminal penalties or other disciplinary action (in this respect, see also "*Risks related to legal proceedings and inspections by Supervisory Authorities*"). Such proceedings could have adverse effects on the Issuer's and the Banco BPM Group's business, financial condition and results of operations. For additional information on the main laws and regulations applicable to the banking sector, see "*Regulatory*".

Risks related to recent and forthcoming regulatory and accounting changes

In addition to the own funds and eligible liabilities and liquidity requirements introduced by Basel III, the CRD IV, the BRRD and the EU Banking Reform, there are several other initiatives, in various stages of finalisation, which represent additional regulatory pressure over the medium term and will impact the EU's future regulatory direction. These initiatives include, amongst others, a revised Markets in Financial Instruments EU Directive and Markets in Financial Instruments EU Regulation which entered into force on 2 July 2014 with implementation required at Member States level as from January 2018 subject to certain transitional arrangements. A new framework for European securitisation (implemented through Regulation (EU) 2017/2042 and Regulation (EU) 2017/2401) has introduced the long awaited rules for issuing simple, transparent and standardised transactions and replaced the provisions of the CRR relating to the regulatory capital treatment of securitisation exposures held by EU credit institutions and investment firms. Moreover, the Basel Committee has embarked on a very significant RWAs variability agenda. This includes the "Fundamental Review of the Trading Book", revised standardised approaches (*e.g.* credit, market, operational risk), constraint to the use of internal models, as well as the introduction of a capital floor. The regulator's primary aim is to eliminate unwarranted levels of RWA variance. The new setup will have a significant impact on risk modelling. From a credit risk perspective, an impact is expected both on capital held against the exposures assessed via standardised approach and on those evaluated via an internal ratings based approach ("**IRB**"), due to the introduction of capital floors that, according to the new framework, will be calculated based on the revised standardised approach. Implementation of these new rules on risk models are expected to take effect from 1 January 2025.

Other forthcoming regulatory changes include the EU Banking Reform that amend many of the existing provisions set forth in CRD IV, the BRRD and the SRM Regulation. For additional information, see also "*Regulatory*" and "*Risks related to regulatory changes in the banking and financial sectors and to the changes of the other laws applicable to the Banco BPM Group*". On 7 December 2017 the Basel Committee endorsed the outstanding Basel III post-crisis regulatory reforms. The reforms, which include revisions to the measurement of the leverage ratio and a leverage ratio buffer for global systemically important banks (G-SIBs), which takes the form of a Tier 1 capital buffer set at 50% of a G-SIB's risk weighted capital buffer, is effective from 1 January 2022 and will be phased in over five years. These are being introduced in the EU through the amendments to the CRR contained in the EU Banking Reform.

In addition, the EU Banking Reform changes the rules for calculating the capital requirements for market risks against the trading book positions set out in the CRR, to transpose the work done by the Basel Committee with the Fundamental Review of the Trading Book into EU law by establishing clearer and more easily enforceable rules on the scope of application to prevent regulatory arbitrage; improving risk capture, making requirements proportionate to reflect more accurately the actual risks to which banks are exposed; and strengthening the conditions to use internal models to enhance consistency and risk-weight comparability across banks. The new rules include a phase-in period.

There can be no assurance that the implementation of the new capital requirements, standards and recommendations described above will not require the Issuer to issue additional securities that qualify as regulatory capital, to liquidate assets, to curtail business or to take any other actions, any of which may have adverse effects on the Issuer's business, financial condition and results of operations. Furthermore, increased capital requirements may negatively affect Issuer's return on equity and other financial performance indicators.

The Issuer is exposed to the effects of changes in accounting principles or standards and regulations and/or changes to them (including those resulting from International Accounting Standards as endorsed and adopted in Europe). In this respect, as part of the project of rationalising and promoting the real estate assets

of the Group, the Issuer resolved to change the measurement criterion for property and valuable works of art, adopting the fair value for real estate investments and the revaluation value for property used in operations and valuable works of art. The income statement for the 2022 financial year shows a net negative impact of Euro 108.3 million resulting from the adjustment of the fair value of investment properties following the annual update of valuation reports. In the 2021 financial year, the net impact was a negative Euro 141.6 million.

The Banco BPM Group is exposed, like other parties operating in the banking sector, to the effects of the entry into force and subsequent application of new accounting principles or standards and regulations and/or changes to them (including those resulting from IFRS as endorsed and adopted into European law). Specifically, the Banco BPM Group, like other parties operating in the banking sector, may need to revise the accounting and regulatory treatment of some existing assets, liabilities and transactions (and the related income and expense), with possible negative effects, including significant ones, on the estimates in financial plans for future years and this could lead to the Issuer having to restate financial data published previously. Investors should be aware that implementation of new accounting principles or standards and regulations (or changes thereto) may have a material adverse effect on the business, financial condition and/or results of operations of the Issuer and/or of the Banco BPM Group.

RISK FACTORS RELATING TO THE NOTES

Risks related to the Notes generally

Changes in regulatory framework and accounting policies

Investors should be aware that the powers provided to "resolution authorities" under the Bank Recovery and Resolution Directive include write down/conversion powers to ensure that capital instruments (including Subordinated Notes) and eligible liabilities (including senior debt instruments) fully absorb losses at the point of non-viability of the issuing institution and before any other resolution action is taken (in addition to the General Bail-In Tool). Accordingly, the Bank Recovery and Resolution Directive contemplates that resolution authorities may require the write down of such capital instruments and eligible liabilities in full on a permanent basis, or convert them in full into shares or other instruments of ownership. The Bank Recovery and Resolution Directive provides, *inter alia*, that resolution authorities shall exercise the write down power in a way that results in (i) CET1 instruments being written down first in proportion to the relevant losses, (ii) thereafter, the principal amount of other capital instruments (including Subordinated Notes) being written down or converted into CET1 instruments on a permanent basis, and (iii) thereafter, eligible liabilities being written down or converted in accordance with a set order of priority.

The powers set out in the Bank Recovery and Resolution Directive may impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. The holders of Senior Notes and Subordinated Notes may be subjected to write-down or conversion into equity on any application of the General Bail-In Tool and non-viability loss absorption, which may result in such holders losing some or all of their investment. The exercise of any power under the Bank Recovery and Resolution Directive, or any exercise which is suggested could, therefore, materially adversely affect the rights of Noteholders, the price or value of their investment in any Notes and/or the ability of the Issuer to satisfy its obligations under any Notes.

In addition, on 18 April 2023, the European Commission published a proposal for the further amendment of the BRRD, including, among other things, the amendment of the ranking of claims in insolvency to provide for a general depositor preference, pursuant to which the insolvency laws of Members States would be required by the BRRD to extend the legal preference of claims in respect of deposits relative to ordinary unsecured claims to all deposits. The implementation of this proposal is subject to further legislative procedures but if it is implemented in its current form, this would confirm the outcome currently applicable under Italian law, whereby the Senior Notes (including Senior Preferred Notes) will rank junior to the claims of all depositors, including deposits of large corporates and other deposits.

For additional information on the Bank Recovery and Resolution Directive and the powers of resolution authorities, see "*Regulatory*".

Governmental and central banks' actions intended to support liquidity may be insufficient or

discontinued

In response to the financial markets crisis, the reduced liquidity available to market operators in the industry, the increase of risk premiums and the capital requirements demanded by investors, intervention with respect to the level of capitalisation of banking institutions has had to be further increased. In many countries, this has been achieved through support measures for the financial system and direct intervention by governments in the share capital of the banks in different forms. In order to technically permit such government support, financial institutions were required to pledge securities deemed appropriate by different central financial institutions as collateral. The unavailability of liquidity through such measures, or the decrease or discontinuation of such measures by governments and central authorities could result in increased difficulties in procuring liquidity in the market and/or result in higher costs for the procurement of such liquidity, thereby adversely affecting the Banco BPM Group's business, financial condition and results of operations.

Modification and waivers under the Notes

The Agency Agreement for the Notes in Physical Form (as defined in "*Terms and Conditions of the Notes in Physical Form*" below) and the Conditions of both the Notes in Physical Form and the Dematerialised Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes in Physical Form provide that the Issuer and the Issuing and Paying Agent may agree, without the consent of the Noteholders or Couponholders, to any modification of the Notes or the Agency Agreement for the Notes in Physical Form which is: (a) in the opinion of the Issuer, not prejudicial to the interests of the Noteholders; or (b) of a formal, minor or technical nature or to correct a manifest error. In addition, no consent of the Noteholders or Couponholders shall be required in connection with effecting any Benchmark Amendment as described in Condition 4.3(h)(III)(C). In addition, the Issuer may without the consent of the Noteholders, in accordance with the provisions of Condition 14.2 (*Modification of the Notes*) of the Terms and Conditions of the Notes in Physical Form, modify the terms of the Notes, in order, *inter alia*, to ensure the effectiveness and enforceability of the Bail-In Power. However, this could include changes that would be materially less favourable to holders, including but not limited to a change in governing law and/or to the jurisdiction and service of process provisions. See also "*Notes may be subject to modification without Noteholder consent*" below.

The Terms and Conditions for the Dematerialised Notes provide that the Issuer may, without the consent of the Noteholders or Couponholders, carry out any modification of the Dematerialised Notes which is: (a) in the opinion of the Issuer, not prejudicial to the interests of the Noteholders; or (b) of a formal, minor or technical nature or to correct a manifest error. In addition, no consent of the Noteholders or Couponholders shall be required in connection with effecting any Benchmark Amendment as described in Condition 4.3(h)(III)(C). Any such modification shall be binding on the Noteholders and any such modification shall be notified to the Noteholders in accordance with Condition 11 (*Notices*) as soon as reasonably practicable thereafter.

Investors should note that amendments to the Conditions might also be materially less favourable to holders, even if not prejudicial, or including, but not limited to, changes in governing law and/or to the jurisdiction provisions.

The value of the Notes could be adversely affected by a change in Italian laws or administrative practice

The Notes are based on Italian law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to Italian law or its administrative practice after the date of this Base Prospectus. See also "*Notes may be subject to modification without Noteholder consent*" below.

No physical document of title issued in respect of the Notes issued in dematerialised form

To the extent applicable, Dematerialised Notes will be in dematerialised form and evidenced at any time through book entries pursuant to the relevant provisions of the Italian Finance Act and in accordance with CONSOB and Bank of Italy Regulation. In no circumstance would physical documents of title be issued in

respect of the Notes issued in dematerialised form. While the Dematerialised Notes are represented by book entries, investors will be able to trade their beneficial interests only through Monte Titoli and the authorised financial intermediaries holding accounts on behalf of their customers with Monte Titoli. As the Dematerialised Notes are held in dematerialised form with Monte Titoli, investors will have to rely on the procedures of Monte Titoli and the financial intermediaries authorised to hold accounts therewith, for transfer, payment and communication with the Issuer.

Because the Global Notes in respect of Notes in Physical Form are held by or on behalf of Euroclear and/or Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer

Notes in Physical Form issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with a common depositary or common safekeeper for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes in Physical Form are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

While the Notes in Physical Form are represented by one or more Global Notes the Issuer will discharge its payment obligations under the Notes once the paying agent has paid Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes in Physical Form. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes will not have a direct right under the Global Notes to take enforcement action against the Issuer unless the Notes have become due and repayable and definitive notes are not being issued in exchange for Global Notes.

Waiver of set-off

As specified in Condition 3.1 (*Status of the Senior Preferred Notes*) in respect of Senior Preferred Notes, in Condition 3.2 (*Status of the Senior Non-Preferred Notes*) in respect of Senior Non-Preferred Notes and in Condition 3.3 (*Status of the Subordinated Notes*) in respect of Subordinated Notes, the holder of a Note will unconditionally and irrevocably waive any right of set-off, netting, counterclaim, abatement or other similar remedy which it might otherwise have under the laws of any jurisdiction in respect of such Note.

Notes have limited Events of Default and remedies

The Events of Default in respect of Notes, being events upon which the Notes will immediately become due and repayable, are limited to circumstances in which the Issuer becomes subject to winding-up or an analogous event as set out in Condition 9.1 (*Events of Default*). Accordingly, other than following the occurrence of an Event of Default, even if the Issuer fails to meet any of its obligations under the Notes, including the payment of any interest, or in case of the exercise of any bail-in by the Relevant Authority, the holders of the Notes will not have the right of acceleration of principal and the sole remedy available to Noteholders for recovery of amounts owing in respect of any of the Notes will be the institution of proceedings to enforce such payment. Notwithstanding the foregoing, the Issuer will not, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

In the case of Notes which are issued as Green Bonds, Social Bonds or Sustainability Bonds, please also see the risk factor entitled "*Green Bonds, Social Bonds and Sustainability Bonds*".

Risks related to the forthcoming tax reform of financial incomes

The Italian legislative proposal AC.1038 of 23 March 2023, which is subject to approval by the Italian Parliament, would delegate power to the Italian Government to enact, within twenty-four months from approval, one or more legislative decrees envisaging the reform of the Italian tax system. According to the

current version of this legislative proposal, the tax reform should change significantly the taxation of financial incomes and capital gains and introduce various amendments in the Italian tax system at different levels. The precise nature, extent, and impact of these amendments cannot be quantified or foreseen with certainty at this stage. The information provided in this Base Prospectus may not reflect the future tax landscape accurately.

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

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

Risks related to the structure of a particular issue of Notes

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

Potential conflicts of interest

Any Calculation Agent appointed under the Programme (whether a Paying Agent or otherwise) is the agent of the Issuer and not the agent of the Noteholders. Potential conflicts of interest may exist between the Calculation Agent (if any) and Noteholders (including where a Dealer acts as a Calculation Agent), including with respect to certain determinations and judgments that such Calculation Agent may make pursuant to the Conditions for example determining the Relevant Swap Rate (in the case of CSM Linked Interest Notes) or ISDA Rate (in the case of Floating Rate Notes), that may negatively influence and thereby reduce amounts receivable by the Noteholders during the term of the Notes and upon their redemption.

Notes subject to optional redemption by the Issuer

If in the case of any particular Tranche of Notes the relevant Final Terms specifies that the Notes are redeemable at the Issuer's option pursuant to Condition 6.5 (*Redemption at the option of the Issuer (Issuer Call)*) or Condition 6.7 (*Clean-up Redemption at the option of the Issuer*), the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low.

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes 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 Notes, the price of the Notes may also be adversely impacted. This also may be true prior to any redemption period.

The Issuer may elect to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. 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 Notes 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.

In the case of Senior Notes, any early redemption shall be subject to Condition 6.13 (*Regulatory conditions for call, redemption, repayment and repurchase of Senior Notes*). In the case of Subordinated Notes, any redemption shall be subject to Condition 6.12 (*Regulatory conditions for call, redemption, repayment or repurchase of Subordinated Notes*). See also "*Early redemption and purchase of the Senior Notes may be restricted*" and "*Early redemption of the Subordinated Notes may be restricted*".

Redemption for tax reasons

In the event that the Issuer were obliged to increase the amounts payable in respect of any Notes 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 Tax Jurisdiction (as defined in Condition 7 (*Taxation*)), as a result of any change in, or amendment to, the laws or regulations of any Tax Jurisdiction (including any treaty to which the Tax Jurisdiction is a party) or any change in the application or official or generally published interpretation of such laws or regulations (including a change or amendment resulting from a ruling by a

court or tribunal of competent jurisdiction), which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes and such obligation cannot be avoided by the Issuer taking reasonable measures available to it, the Issuer may redeem all outstanding Notes in accordance with Condition 6.2 (*Redemption for tax reasons*). In such circumstances, an investor may find that its investment terminates sooner than expected and 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 Notes.

CMS Linked Interest Notes, SONIA Linked Interest Notes and Floating Rate Notes linked to a Multiplier

The Issuer may issue Notes with interest determined by reference to the CMS Rate, SONIA or a Multiplier (the "**Relevant Factors**"). Potential investors should be aware that:

(i) the market price of such Notes may be volatile;

(ii) they may receive no interest;

(iii) the Relevant Factors may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;

(iv) if the Relevant Factors are applied to Notes in conjunction with a Multiplier greater than one, or it contains some other leverage factor, the effect of changes in the Relevant Factors on interest payable is likely to be magnified; and

(v) the timing of changes in the Relevant Factors may affect the actual yield provided to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factors, the greater the effect on the yield.

The historical experience of a Relevant Factor should not be viewed as an indication of the future performance of such Relevant Factor during the term of any CMS Linked Interest Notes or Floating Rate Notes linked to a Multiplier. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any CMS Linked Interest Notes or Floating Rate Notes linked to a Multiplier and the suitability of such Notes in light of its particular circumstances.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes 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 Notes as the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. In addition, the change of interest basis may result in a lower interest return for the Noteholders. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate may at any time be lower than the rates on other Notes. 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 Notes.

To the extent that a Multiplier or a Reference Rate Multiplier applies in respect of the determination of the Interest Rate for the Floating Rate Notes, investors should be aware that any fluctuation of the underlying floating rate will be amplified by the multiplier. Where the Multiplier is less than 1, this may adversely affect the return on the Floating Rate Notes.

Floating Rate Notes

Where the reference rate used to calculate the applicable interest rate turns negative, the interest rate will be below the margin, if any, or may be zero. Accordingly, where the rate of interest is equal to zero, the holders of such Floating Rate Notes may not be entitled to interest payments for certain or all interest periods. In addition, if Floating Rate Notes are structured to include caps or floors, or a combination of both or other similar related features, their market values may be even more volatile than those for securities that do not include those features. If the Issuer issues Floating Rate Notes, investors are not able to determine a definite yield of Floating Rate Notes at the time they purchase them, so that their return on investment cannot be compared with that of investments having longer fixed interest periods.

The interest rate on Reset Notes will reset on each Reset Date, which can be expected to affect the interest payment on an investment in Reset Notes and could affect the market value of the Reset Notes

Reset Notes will initially bear interest at the Initial Rate of Interest from and including the Interest Commencement Date up to but excluding the First Reset Date. On the First Reset Date, the Second Reset Date (if applicable) and each Subsequent Reset Date (if any) thereafter, the interest rate will be reset to the sum of the applicable Mid-Swap Rate and the First Margin or Subsequent Margin (as applicable) as determined by the Calculation Agent on the relevant Reset Determination Date (each such interest rate, a "**First Reset Rate of Interest**" or "**Subsequent Reset Rate of Interest**" as applicable). The First Reset Rate of Interest or Subsequent Reset Rate of Interest for any Reset Period could be more or less than the Initial Rate of Interest or the Subsequent Reset Rate of Interest for prior Reset Periods and could affect the market value of an investment in the Reset Notes.

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 Notes 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 Regulation (EU) No. 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 Benchmarks Regulation as it forms part of domestic law of the UK by virtue of the EUWA (the "**UK BMR**") applies to the provision of benchmarks and the use of a benchmark also in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorized by the UK Financial Conduct Authority ("**FCA**") or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognized or endorsed).

The Benchmarks Regulation and the UK BMR could have a material impact on any Notes linked to or referencing a rate or index deemed to be a "benchmark", in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the requirements of the Benchmarks Regulation and the UK BMR. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the "benchmark".

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.

As an example of such benchmark reforms, on 21 September 2017, the ECB announced that it would be part of a new working group tasked with the identification and adoption of a "risk free overnight rate" which can serve as a basis for an alternative to current benchmarks used in a variety of financial instruments and contracts in the euro area. On 13 September 2018, the working group on euro risk-free rates recommended Euro Short-term Rate ("**€STR**") as the new risk-free rate. €STR was published by the European Central Bank on 2 October 2019. In addition, on 21 January 2019, the euro risk-free rate working group published a set of guiding principles for fallback provisions in new euro denominated cash products (including bonds). The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts may increase the risk to the euro area financial system.

The elimination of the EURIBOR "benchmark" or the potential elimination of any other "benchmark", or changes in the manner of administration of any "benchmark", could require an adjustment to the terms and conditions, or result in other consequences, in respect of any Notes referencing such "benchmark". Such factors may have the effect of discouraging market participants from continuing to administer or participate in certain "benchmarks", trigger changes in the rules or methodologies used in certain "benchmarks" or

lead to the 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 Notes.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms in making any investment decision with respect to any Notes referencing a "benchmark".

The Conditions provide also for certain additional arrangements in the event that a published Original Reference Rate (including any page on which such Original Reference Rate may be published (or any successor service)) becomes unavailable, including the possibility that the rate of interest could be set by reference to a Successor Reference Rate determined by the Issuer or an Alternative Reference Rate determined by an Independent Adviser or failing that, by the Issuer, and that such Successor Reference Rate or Alternative Reference Rate may be adjusted (if required) by the application of an Adjustment Spread. The application of a Successor Reference Rate or an Alternative Reference Rate or an Adjustment Spread may result in the relevant Notes performing differently (which may include payment of a lower interest rate) than they would do if the relevant Original Reference Rate were to continue to apply in its current form. If no Adjustment Spread is determined, a Successor Reference Rate or Alternative Reference Rate may nonetheless be used to determine the rate of interest. In certain circumstances, the ultimate fallback of interest for a particular Interest Period (as applicable) may result in the rate of interest for the last preceding Interest Period (as applicable) being used. This may result in the effective application of a fixed rate for Floating Rate Notes and Reset Notes (as applicable) based on the rate which was last used for the relevant Notes or last observed on the Relevant Screen Page.

In addition, due to the uncertainty concerning the availability of Successor Reference 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. If the Independent Adviser or, as applicable, the Issuer determines that amendments to the "*Terms and Conditions for the Notes in Physical Form*" and the Agency Agreement for the Notes in Physical Form are necessary to ensure the proper operation of any Successor Reference Rate or Alternative Reference Rate and/or Adjustment Spread or to comply with any applicable regulation or guidelines on the use of benchmarks or other related document issued by the competent regulatory authority, then such amendments shall be made without any requirement for the consent or approval of Noteholders, as provided by Condition 4.3(h).

The market continues to develop in relation to risk free rates (including overnight rates) as a reference rate for Floating Rate Notes or Reset Notes

Investors should be aware that the market continues to develop in relation to risk free rates, such as the Sterling Overnight Index Average ("**SONIA**") as a reference rate in the capital markets and its adoption an alternative to Sterling LIBOR. In particular, market participants and relevant working groups are exploring alternative reference rates based on risk free rates, including term SONIA reference rates (which seek to measure the market's forward expectation of an average SONIA rate over a designated term). The market, or a significant part thereof, may adopt an application of risk free rates that differs (also significantly) from that set out in the Conditions and used in relation to Notes referenced to a reference rate under the Programme.

Interest on Notes which reference certain risk free rates is only capable of being determined immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Notes which reference such risk free rate to reliably estimate the amount of interest which will be payable on such Notes.

Furthermore, if the Notes become due and payable or are otherwise redeemed early on a date other than an Interest Payment Date, the Rate of Interest payable for the final Interest Period in respect of such Notes shall only be determined immediately prior to the date the Notes became due and payable and shall not be reset thereafter.

Furthermore, with respect to SONIA linked Notes, the Issuer may in the future issue Notes referencing SONIA that differ materially in terms of interest determination when compared with any previous SONIA linked Notes issued by it under the Programme. The nascent development of Compounded Daily SONIA as an interest reference rate for the Eurobond markets, as well as continued development of SONIA-based rates for such market and the market infrastructure for adopting such rates, could result in reduced liquidity

or increased volatility or could otherwise affect the market price of any SONIA-referenced Notes issued under the Programme from time to time.

Investors should consider these matters when making their investment decision with respect to any such Floating Rate Notes or Reset Notes.

The administrator of SONIA may make changes that could change the value of SONIA or discontinue SONIA.

The Bank of England (or a successor), as administrator of SONIA, may make methodological or other changes that could change the value of SONIA, including changes related to the method by which SONIA is calculated, eligibility criteria applicable to the transactions used to calculate SONIA, or timing related to the publication of SONIA. In addition, the administrator may alter, discontinue or suspend calculation or dissemination of SONIA (in which case a fallback method of determining the interest rate on the Notes will apply). The administrator has no obligation to consider the interests of Noteholders when calculating, adjusting, converting, revising or discontinuing SONIA.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Risk relating to the governing law of the Notes in Physical Form

The Terms and Conditions for the Notes in Physical Form are governed by Italian law and Condition 16.1 of the Terms and Conditions for the Notes in Physical Form provides that contractual and non-contractual obligations arising out or in connection with them are governed by, and shall be construed in accordance with, Italian Law. The Global Notes representing the Notes in Physical Form provide that all contractual and any non-contractual obligations arising out of or in connection with the Global Notes representing the Notes in Physical Form are governed by Italian law, save for the form and transferability of the Global Notes which are governed by English law. Furthermore, Temporary Global Notes or the Permanent Global Notes, whether issued in CGN or NGN form, as the case may be, representing the Notes in Physical Form are signed by the Issuer in the United Kingdom and, thereafter, delivered to Citibank N.A., London Branch as initial Issuing and Paying Agent, being the entity in charge for, inter alia, completing, authenticating and delivering the Temporary Global Notes and Permanent Global Notes and (if required) authenticating and delivering Definitive Notes, hence the Notes in Physical Form would be deemed to be issued in England according to Italian law. Article 59 of Law No. 218 of 31 May 1995 (regarding the Italian international private law rules) provides that "other debt securities (*titoli di credito*) are governed by the law of the State in which the security was issued".

In light of the above, the Issuer cannot foresee the effect of any potential misalignment between the laws applicable to the Terms and Conditions for the Notes in Physical Form and the Global Notes and the laws applicable to their transfer and circulation for any prospective investors in the Notes in Physical Form and any disputes which may arise in relation to, inter alia, the transfer of ownership in the Notes in Physical Form.

Notes where denominations involve integral multiples: definitive Notes

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples, of such minimum Specified Denomination. Where a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time, the holder may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Notes may be subject to modification without Noteholder consent

If a Modification of the Notes is specified as being applicable in the relevant Final Terms, (i) in cases where a Regulatory Event or a Tax Law Change has occurred and is continuing (with respect to Subordinated Notes), or a MREL Disqualification Event or a Tax Law Change has occurred and is continuing (with respect to Senior Notes), and/or (ii) with respect to all Notes, in order to ensure the effectiveness and enforceability of the Bail-In Power in accordance with Condition 19 (*Contractual Recognition of Bail-In Power*) or otherwise, the Issuer shall be entitled (without the need for consent of the Noteholders) to modify the terms of the Notes of such Series, provided that certain conditions set out in the Terms and Conditions are met. Any modification made in accordance with these conditions can also determine a change in the governing law and/or in the jurisdiction and service of process provisions, if the Issuer determines that such changes are necessary to ensure that the Notes remain or, as appropriate, become, eligible for the purposes of the MREL Requirements.

While it is difficult to foresee the exact impact of any such changes, a modification which is required to ensure the effectiveness and enforceability of the Bail-In Power may have a material adverse effect on Noteholders' investment in the Notes.

Green Bonds, Social Bonds and Sustainability Bonds

In respect of any Notes issued with a specific use of proceeds, such as a "Green Bond", "Social Bond" and "Sustainable Bond", there can be no assurance that such use of proceeds will be suitable for any present or future investment criteria or guidelines with which an investor is required, or intends, to comply, in particular with regard to any direct or indirect environmental or sustainability impact of any project or uses.

The applicable Final Terms relating to any specific Tranche may provide that it will be the Issuer's intention to apply an amount equal to the net proceeds from an offer of those Notes specifically to finance or re-finance projects and activities that promote climate-friendly and other environmental purposes ("**Green Bonds**") and / or that promote access to labour market and accomplishment of general interest initiatives ("**Social Bonds**") and/or a combination of both Green and Social Projects ("**Sustainability Bonds**"). Prospective investors should have regard to the information in the applicable Final Terms regarding such use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in such Notes together with any other investigation such investors deem necessary and must assess the suitability of that investment in light of their own criteria. In particular, no assurance is given by the Issuer or the Dealers that:

- the application of an amount equal to the net proceeds for any Eligible Green Loan and for any Eligible Social Loan will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates (in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of, or related to, the relevant Eligible Green Loans or the relevant Eligible Social Loans);

- any Eligible Green Loan or Eligible Social Loan will meet any or all investor expectations regarding such "green", "environmental" and/or "social", "sustainable" or other equivalently-labelled performance objectives, or as regards the direct or indirect environmental, sustainability and/or social impact of such Eligible Green Loans and Eligible Social Loans, or that any adverse environmental, social and/or other impacts will not occur during the implementation of such Eligible Green Loans and Eligible Social Loans. In addition, where adverse impacts are insufficiently mitigated, the Eligible Green Loans and Eligible Social Loans may become controversial, and/or may be criticised by activist groups or other stakeholders;

- as regards the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer) which may be made available in relation to any Eligible Green Loans and Eligible Social Loans to fulfil any environmental, sustainability, social and/or other criteria. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein, as well as the reliability of the provider of such opinion or certification who may not be subject to any specific regulatory or other regime or oversight. Any such opinion or certification would not constitute, and should

not be considered by investors as, a recommendation to buy, sell or hold the Green Bonds, the Social Bonds or the Sustainability Bonds, as the case may be, and would only be current as of the date it is released.

Furthermore, it should be noted that there is currently no clearly defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "green" or "social" or "sustainable" or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as "green" or "social" or "sustainable" or such other equivalent label nor can any assurance be given that such a clear definition or consensus will develop over time.

A basis for the determination of the definitions of "green" and "sustainable" has been established in the EU with the publication in the Official Journal of the EU on 22 June 2020 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 (the "**Sustainable Finance Taxonomy Regulation**") on the establishment of a framework to facilitate sustainable investment (the "**EU Sustainable Finance Taxonomy**") and the final social taxonomy report on transition activities for the EU Sustainable Finance Taxonomy, which was published by the Platform on Sustainable Finance on 28 February 2022. On 21 April 2021, the European Commission adopted the EU Taxonomy Climate Delegated Act, introducing a first set of technical screening criteria to be used to define which activities contribute to the following environmental objectives under the EU Sustainable Finance Taxonomy: climate change adaptation and climate change mitigation (the "**Taxonomy Climate Delegated Act**"). The Taxonomy Climate Delegated Act entered into force on 1 January 2022. On 10 March 2022, the EU Commission adopted the EU taxonomy Complementary Climate Delegated Act, covering certain nuclear and gas activities, which is expected to enter into force in the coming months. Furthermore, on 6 April 2022, the European Commission adopted the Regulatory Technical Standards (RTS) to Regulation (EU) 2019/2088 (the "**Sustainable Finance Disclosure Regulation**"), which is expected to apply from 1 January 2023. Any further delegated act adopted by the EU Commission to implement the Sustainable Finance Taxonomy Regulation or the Sustainable Finance Disclosure Regulation may result in a regular review of the relating screening criteria, with changes to the scope of activities and other amendments to reflect technological progress.

In addition, on 18 June 2019, the Commission Technical Expert Group on sustainable finance published its final report on a future European standard for green bonds (the "**EU Green Bond Standard**"). In the context of the public consultation on the renewed sustainable finance strategy, the European Commission launched a targeted consultation on the establishment of an EU Green Bond Standard, that builds and consults on the work of the Commission Technical Expert Group, and has run between 12 June and 2 October 2020. On 19 October 2020, the European Commission published the Commission Work Programme 2021, in which expressed the intention to deliver a legislative proposal by the end of the second quarter of 2021. On 6 July 2021, the European Commission officially adopted a legislative proposal for a EU Green Bond Standard setting out four main requirements: (i) allocation of the funds raised by the green bond should be made in compliance with the EU Sustainable Finance Taxonomy; (ii) full transparency on the allocation of the green bond proceeds; (iii) monitoring and compliance activities to be carried out by an external reviewer; and (iv) registration of external reviewers with the ESMA and subjection to its supervision. In February 2023, the European Parliament and the Council reached a political agreement on the European Commission's legislative proposal. The Notes issued, as Green Bonds, under the Programme may not at any time be eligible for the Issuer to be entitled to use the designation of "European Green Bond" nor is the Issuer under any obligation to take steps to have any such Green Bonds become eligible for such designation.

The Issuer's "Green, Social and Sustainability Bonds Framework" (for additional information, see "*Use of Proceeds*") has been published prior to the publication of, *inter alia*, certain laws, regulations and guidelines mentioned above. Accordingly, there can be no guarantee that the Eligible Green Loans and Eligible Social Loans financed and/or refinanced by the Issuer out of the proceeds of its Green Bonds, Social Bonds or Sustainability Bonds will fully align at all times with the EU Sustainable Finance Taxonomy or the Sustainable Finance Disclosure Regulation and the technical screening criteria established by the implementing delegated acts, as and when introduced and applicable from time to time. Any such changes could have an adverse effect on the liquidity and value of and return on any such Green Bonds, Social Bonds or Sustainability Bonds.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer) which may or may not be made available in connection with the issue of any Notes and in particular with any Eligible Green Loans

and/or Eligible Social Loans to fulfil any environmental, sustainability, social and/or other criteria. For the avoidance of doubt, any such opinion or certification is not, nor shall be deemed to be, incorporated in and/or form part of this Base Prospectus. Any such opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer, the Dealers or any other person to buy, sell or hold any such Notes. Any such opinion or certification is only current as of the date that opinion was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in such Notes. Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight.

In the event that any such Notes are listed or admitted to trading on any dedicated "green", "social", "sustainable" or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Issuer, the Dealers or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Eligible Green Loans and to any Eligible Social Loans.

Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Issuer, the Dealers or any other person that any such listing or admission to trading will be obtained in respect of any such Notes or, if obtained, that any such listing or admission to trading will be maintained during the life of the Notes.

While it is the intention of the Issuer to apply an amount equivalent to the net proceeds of any Green Bonds, Social Bonds and Sustainable Bonds for Eligible Green Loans and/or Eligible Social Loans in, or substantially in, the manner described in the applicable Final Terms, there can be no assurance that the relevant project(s) or use(s) the subject of, or related to, any Eligible Green Loans and any Eligible Social Loans will be capable of being implemented in or substantially in such manner and/or in accordance with any timing schedule and that accordingly such proceeds will be totally disbursed for the specified Eligible Green Loans and for the specified Eligible Social Loans. Nor can there be any assurance that such Eligible Green Loans or such Eligible Social Loans, will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the Issuer.

Any such event or failure by the Issuer (including any failure to comply with its reporting obligations or to obtain any assessment, opinion or certification) and any actual or potential maturity mismatch between the green, social or sustainable asset(s) towards which proceeds of the Notes may have been applied and the relevant Notes, will not: (i) give rise to any claim of a Noteholder against the Issuer; (ii) constitute an Event of Default under the relevant Notes; (iii) lead to an obligation of the Issuer to redeem such Notes or be a relevant factor for the Issuer in determining whether or not to exercise any optional redemption rights in respect of any Notes; (iv) affect the qualification of such Notes as *strumenti di debito chirografario di secondo livello*, Tier 2 Capital or as eligible liabilities instruments (as applicable) or impact any of the features of such Notes, including (without limitation, as applicable) features relating to ranking, permanence, loss absorption and/or flexibility of payments; (v) have any impact on the status of the Notes as indicated in the Conditions; or (vi) prevent the applicability of the Bail-In Power (or any other provision of the Applicable Banking Regulations).

For the avoidance of doubt, neither the proceeds of any Green Bonds, Social Bonds or Sustainability Bonds nor any amount equal to such proceeds will be segregated by the Issuer from its capital and other assets and payments of principal and interest and the operation of any other features (as the case may be) on the relevant Green Bonds, Social Bonds or Sustainability Bonds shall not depend on the performance of the relevant project nor have any preferred or any other right against the green, social or sustainable assets towards which proceeds of the Notes are to be applied.

Regardless of their "green", "social" or "sustainable" or such other equivalent label, Green Bonds, Social Bonds or Sustainability Bonds, as any other Notes, will be fully subject to the application of CRR eligibility criteria and BRRD requirements for own funds and eligible liabilities instruments (including the application of mandatory write-down or conversion to equity in the event a resolution procedure is initiated in respect

of the Group (including the Issuer) and even before the commencement of any such procedure if certain conditions are met), the Notes (or the proceeds thereof) will be available to absorb all losses (whether or not related to any "green", "social" or "sustainable" assets towards which proceeds of the relevant Notes may have been applied or, if relevant, reallocated) in accordance with their terms (if applicable) or the Applicable Banking Regulations and, as such, proceeds from Green Bonds, Social Bonds or Sustainability Bonds qualifying as own funds or eligible liabilities should cover all losses in the balance sheet of the Issuer. The fact that such Notes are designated as Green Bonds, Social Bonds or Sustainability Bonds does not provide their holders with any priority compared to other Notes and such Notes will be subject to the same risks relating to their level of subordination.

Any event described above or failure to apply an amount equal to the net proceeds of any issue of Notes for any Eligible Green Loans and for any Eligible Social Loans as aforesaid and/or withdrawal of any such opinion or certification or any such opinion or certification attesting that the Issuer is not complying, in whole or in part, with any matters for which such opinion or certification is opining or certifying on and/or any such Notes no longer being listed or admitted to trading on any stock exchange or securities market as aforesaid may have a material adverse effect on the value of such Notes and also potentially the value of any other Notes which are intended to finance or refinance Eligible Green Loans and to finance or refinance Eligible Social Loans and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

No Dealer makes any representation as to the suitability of the Eligible Green Loans, Eligible Social Loans or Sustainability Bonds to fulfil environmental and sustainability criteria. The Dealers have not undertaken, nor are responsible for, any assessment of the eligibility criteria, any verification of whether the Eligible Green Loans, Eligible Social Loans or Sustainability Bonds meet the eligibility criteria, or the monitoring of the use of proceeds. Investors should refer to the Issuer's framework available on its website for information and should determine for themselves the relevance of the information contained in this Base Prospectus regarding the use of proceeds and their investment should be based upon such investigation as they deem necessary.

Risks relating to Senior Preferred Notes and Senior Non-Preferred Notes

Regulatory classification of the Senior Preferred Notes and Senior Non-Preferred Notes

The Senior Preferred Notes and Senior Non-Preferred Notes (together, the "**Senior Notes**") are intended to be eligible liabilities for the purposes of the MREL Requirements (as defined in Condition 2 (*Definitions*)). Current regulatory practice by the Relevant Authorities does not require (or customarily provide) a confirmation prior to the issuance of Senior Notes that the Notes will be treated as such. In addition, as the EU Banking Reform has only recently came into force, there may be uncertainty regarding the interpretation of the MREL Requirements, and the Issuer cannot provide any assurance that the Senior Notes will be or remain MREL eligible liabilities.

If the Senior Notes are not MREL eligible liabilities (or if they initially are MREL eligible liabilities and subsequently become ineligible due to a change in MREL Requirements), then a MREL Disqualification Event (as defined in Condition 2 (*Definitions*)) will occur.

Redemption of the Senior Notes following a MREL Disqualification Event

If at any time a MREL Disqualification Event occurs and is continuing in relation to any Series of Senior Preferred Notes or Senior Non-Preferred Notes, the Issuer may redeem all, but not some only, of the Notes of such Series at the price set out in the applicable Final Terms, together with any outstanding interest. Senior Preferred Notes or Senior Non-Preferred Notes may only be redeemed by the Issuer provided that, except to the extent that the Relevant Authority does not so require at the time of the proposed redemption, the Issuer has given such notice to the Relevant Authority as the Relevant Authority may then require prior to such redemption and no objection thereto has been raised by the Relevant Authority or, if required, the Relevant Authority has provided its consent thereto and any other requirements of the Relevant Authority applicable, if any, to such redemption at the time have been complied with by the Issuer.

A MREL Disqualification Event shall be deemed to have occurred if all or part of the aggregate outstanding nominal amount of such Series of Senior Preferred Notes and/or of Senior Non-Preferred Notes (as the case may be) is or will be excluded fully or partially from the liabilities that are eligible to meet the MREL Requirements, subject to the provisions set forth in Condition 6 (*Redemption, Purchase and Cancellation*).

If the Senior Notes are to be so redeemed, the price of the Notes may be adversely affected and there can be no assurance that Noteholders will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investment in the Senior Notes.

Early redemption and purchase of the Senior Notes may be restricted

Any early redemption or purchase of Senior Notes is subject to compliance by the Issuer with any conditions or restrictions to such redemption or repurchase prescribed by the applicable laws and regulations at the relevant time, including any requirements applicable to such redemption or repurchase due to the qualification of such Senior Notes at such time as liabilities eligible to meet the MREL Requirements.

In addition, the early redemption or purchase of Senior Notes is subject to compliance with the then Applicable Banking Regulations, including the conditions that the Issuer has obtained the prior approval of the Relevant Authority.

The Applicable Banking Regulations state that the Relevant Authority would approve an early redemption of the Senior Notes in accordance with Article 78a of the CRR in the event that any of the following conditions is met:

(A) on or before such call, redemption, repayment or repurchase (as applicable), the Issuer replaces the Senior Notes with Own Funds Instruments or Eligible Liabilities Instruments of equal or higher quality at terms that are sustainable for its income capacity; or

(B) the Issuer has demonstrated to the satisfaction of the Relevant Authority that its Own Funds and Eligible Liabilities would, following such call, redemption, repayment or repurchase, exceed the requirements for Own Funds and Eligible Liabilities laid down in the Applicable Banking Regulations by a margin that the Relevant Authority considers necessary; or

(C) the Issuer has demonstrated to the satisfaction of the Relevant Authority that the partial or full replacement of the Eligible Liabilities with Own Funds Instruments is necessary to ensure compliance with the Own Funds requirements laid down in the Applicable Banking Regulations for continuing authorization,

subject in any event to any different conditions or requirements as may be provided from time to time under the Applicable Banking Regulations.

Risks relating to Senior Non-Preferred Notes only

Risk of classification of the Senior Non-Preferred Notes

The intention of the Issuer is for Senior Non-Preferred Notes to qualify on issue as *strumenti di debito chirografario di secondo livello* in accordance with, and for the purposes of, the rules set forth in Articles 12-*bis* and 91, paragraph 1-*bis*, letter c-*bis*) of the Italian Banking Act and any relevant implementing regulations which may be enacted for such purposes by any Relevant Authority, and also qualify as eligible liabilities available to meet the MREL Requirements. The rules mentioned above were introduced under Law No. 2015 of 27 December 2017 on the budget of the Italian Government for 2018 (the "**2018 Budget Law**"), which entered into force on 1 January 2018.

Current regulatory practice by the Relevant Authorities does not require (or customarily provide) a confirmation prior to the issuance of the Senior Non-Preferred Notes that the Senior Non-Preferred Notes will comply with such provisions.

Although it is the Issuer's expectation that the Senior Non-Preferred Notes will qualify as *strumenti di debito chirografario di secondo livello* pursuant to and for the purposes of Articles 12-*bis* and 91, paragraph 1-*bis*, letter c-*bis*) of the Italian Banking Act and any relevant implementing regulation which may be enacted for such purposes by any Relevant Authority and also qualify as eligible liabilities available to meet the MREL Requirements, there can be no representation that this is or will remain the case during the life of the Senior Non-Preferred Notes. Should an MREL Disqualification Event occur, the Issuer would have the ability to redeem the Notes, which could adversely affect the price of the Notes, and if redeemed there can be no assurance that Noteholders will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investment in the Senior Non-Preferred Notes.

Senior Non-Preferred Notes are complex instruments that may not be suitable for certain investors

Senior Non-Preferred Notes are novel and complex financial instruments and may not be a suitable investment for certain investors. Each potential investor in such Notes should determine the suitability of such investment in light of its own circumstances and have sufficient financial resources and liquidity to bear the risks of an investment in the Senior Non-Preferred Notes, including the possibility that the entire amount invested in the Senior Non-Preferred Notes could be lost. A potential investor should not invest in the Senior Non-Preferred Notes unless it has the knowledge and expertise (either alone or with a financial advisor) to evaluate how Senior Non-Preferred Notes will perform under changing conditions, the resulting effects on the market value of the Senior Non-Preferred Notes, and the impact of this investment on the potential investor's overall investment portfolio. It is possible that, over time, the value of the Senior Non-Preferred Notes will be lower than that expected by investors at the time of issuance of the Senior Non-Preferred Notes. If so, investors may incur losses in respect of their investments in the Senior Non-Preferred Notes.

Senior Non-Preferred Notes are new types of instruments for which there is no trading history

Prior to the adoption of the 2018 Budget Law and its entry into force, Italian issuers were not able to issue senior non-preferred securities, so there is no trading history for securities of Italian banks with this ranking. Market participants, including credit rating agencies, are in the initial stages of evaluating the risks associated with senior non-preferred obligations. The credit ratings assigned to senior non-preferred securities such as the Senior Non-Preferred Notes may change as the rating agencies refine their approaches, and the value of such securities may be particularly volatile as the market becomes more familiar with them. It is possible that, over time, the credit ratings and value of senior non-preferred securities such as the Senior Non-Preferred Notes will be lower than those expected by investors at the time of issuance of the Senior Non-Preferred Notes. If so, investors may incur losses in respect of their investments in the Senior Non-Preferred Notes.

The Issuer's obligations under Senior Non-Preferred Notes rank junior to unsecured and unsubordinated preferred obligations of the Issuer

The Issuer's obligations under Senior Non-Preferred Notes will be unsecured, unsubordinated and non-preferred obligations and will rank junior to Senior Preferred Notes and any other unsecured and unsubordinated obligations of the Issuer which rank, or are expressed to rank by their terms, senior to the Senior Non-Preferred Notes. Although Senior Non-Preferred Notes may pay a higher rate of interest than comparable Notes which rank senior to the Senior Non-Preferred Notes, there is a real risk that an investor in Senior Non-Preferred Notes will lose all or some of its investment should the Issuer be judged by the Relevant Authority to be failing or likely to fail, or insolvent; moreover, the timing of any payment in such instances may not be forecasted at the date of this Base Prospectus. In addition, except where the Issuer is subject to compulsory winding-up (*liquidazione coatta amministrativa*) pursuant to Articles 80 and following of the Italian Banking Act or voluntary winding-up (*liquidazione volontaria*) pursuant to Article 96-quinquies of the Italian Banking Act, holders of Senior Non-Preferred Notes are not entitled to accelerate the maturity of their Senior Non-Preferred Notes.

Credit rating which may be assigned to the Senior Non-Preferred Notes

The Senior Non-Preferred Notes, upon issue, may be rated by one or more credit rating agencies. Such credit rating may be lower than the Issuer's credit rating, to reflect the increased risk of loss in the event of the Issuer's insolvency. As a result, Senior Non-Preferred Notes are likely to be rated by one or more credit rating agencies close to the level of subordinated debt and as such may be subject to a higher risk of price volatility than the Senior Preferred Notes. In addition, the rating may change in the future depending on the assessment, by one or more credit rating agencies, of the impact on the different instrument classes resulting from the modified liability structure following the issuance of the Senior Non-Preferred Notes. Moreover, rating organisations may seek to rate any Senior Non-Preferred Notes on an "unsolicited" basis and, if such "unsolicited ratings" are lower than the comparable ratings assigned to such Senior Non-Preferred Notes on a "solicited" basis, such shadow or unsolicited ratings could have an adverse effect on the value of any Senior Non-Preferred Notes.

Risks relating to Subordinated Notes

The Issuer's obligations under Subordinated Notes are subordinated

If the Issuer is declared insolvent and a winding up is initiated, or in the event that the Issuer becomes subject to an order for "*liquidazione coatta amministrativa*" as defined in the Italian Banking Act, the Issuer will be required to pay the holders of senior debt and meet its obligations to all its other unsubordinated creditors (including unsecured creditors) in full before it can make any payments on the Subordinated Notes. If this occurs, the Issuer may not have enough assets remaining after these payments to pay the amounts due under the Subordinated Notes; in addition, the timing of any such payment may not be forecasted at the date of this Base Prospectus.

The Issuer's obligations under Subordinated Notes will be unsecured and subordinated and will rank junior in priority to the claims of unsubordinated, unsecured creditors (including depositors) of the Issuer.

Italian Legislative Decree No. 193 of 8 November 2021 implementing Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 ("**BRRD II**") in Italy and published on 30 November 2021 in the *Gazzetta Ufficiale* has transposed into the Italian legislation Article 48(7) of BRRD II under Article 91, paragraph 1-*bis*), letter c-*ter*) of the Italian Banking Act. Such provision states that (i) if an instrument is only partly recognised as an own funds item, the whole instrument shall be treated in insolvency as a claim resulting from an own funds item and shall rank lower than any claim that does not result from an own funds item and (ii) if an instrument is fully disqualified as own funds item, it would cease to be treated as a claim resulting from an own funds item in insolvency. Consequently, the ranking of an instrument – previously recognised as own funds item – that is fully disqualified as own funds would improve with respect to any claim that results from an own funds item.

In light of this new provision, if a series of Subordinated Notes were to be disqualified in full as own funds items in the future: (a) their ranking would improve *vis-à-vis* the rest of the Subordinated Notes; and (b) in the event of a liquidation or bankruptcy of the Issuer, the Issuer would, *inter alia*, be required to pay the holders of the relevant series of Subordinated Notes and any other subordinated creditors of the Issuer, whose claims arise from liabilities that are no longer fully recognised as an own funds instrument, in full before it can make any payments on any other Subordinated Notes which are still recognised (at least in part) as own funds instruments. See further Condition 3.3 (*Status of the Subordinated Notes*).

Although Subordinated Notes may pay a higher rate of interest than comparable notes which are not subordinated, there is a real risk that an investor in Subordinated Notes will lose all or some of its investment should the Issuer become failing or likely to fail, or insolvent.

Regulatory classification of the Subordinated Notes – The Subordinated Notes may be redeemed after a Regulatory Event

The intention of the Issuer is for Subordinated Notes to qualify on issue as "Tier 2 capital" for so long as this is permitted under the laws and regulations on capital adequacy applicable from time to time. Current regulatory practice by the Relevant Authorities does not require (or customarily provide) a confirmation prior to the issuance of Subordinated Notes that the Notes will be treated as such.

Although it is the Issuer's expectation that any such Subordinated Notes qualify as "Tier 2 capital", there can be no representation that this is or will remain the case during the life of the Subordinated Notes or that the Subordinated Notes will be grandfathered under the implementation of future EU capital requirement regulations. If there is any change (or pending change which the Relevant Authority considers to be sufficently certain) in the regulatory classification of the Subordinated Notes from their classification on the Issue Date that results, or would be likely to result, in their exclusion in full (or, to the extent permitted under the Applicable Banking Regulations, in part) as "Tier 2 capital", or a reclassification as a lower qualify form of Own Funds, the Issuer will (if so specified in the relevant Final Terms) have the right to redeem the Subordinated Notes in accordance with Condition 6.3 (*Redemption of Subordinated Notes for regulatory reasons*), subject to satisfaction of the conditions set out in Condition 6.12 (*Regulatory conditions for call, redemption, repayment or repurchase of Subordinated Notes*), including the prior approval of the Relevant Authority. During any period in which there is an actual or perceived increase in the likelihood that the Issuer may exercise such rights to redeem the Notes, the price of the Notes may be adversely impacted and may not rise above the redemption price. There can be no assurance that holders of

such Subordinated Notes will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investments in the relevant Subordinated Notes.

Early redemption of the Subordinated Notes may be restricted

The rules under the CRR prescribe certain conditions for the granting of permission by the Relevant Authority to a request by the Issuer to redeem or repurchase the Subordinated Notes. In this respect, the CRR provides that the Relevant Authority shall grant permission to a redemption or repurchase of the Subordinated Notes in accordance with Articles 77 and 78 of the CRR provided that either of the following conditions is met, as applicable to the Notes:

(i) on or before such call, redemption, repayment or repurchase (as applicable), the Issuer replaces the Notes with Own Funds instruments of equal or higher quality at terms that are sustainable for its income capacity; or

(ii) the Issuer has demonstrated to the satisfaction of the Relevant Authority that its Own Funds and Eligible Liabilities would, following such call, redemption, repayment or repurchase, exceed the capital requirements laid down in the Applicable Banking Regulations by a margin that the Relevant Authority considers necessary.

In addition, the rules under the CRR provide that the Relevant Authority may only permit the Issuer to redeem the Subordinated Notes before five years after the Issue Date of the Notes if and to the extent required under Article 78(4) of the CRR or the related implementing regulations, policies and guidelines:

(i) either of the conditions listed in paragraphs (i) or (ii) above are met; and

(ii) in the case of redemption pursuant to Condition 6.2 (*Redemption for tax reasons*), the Issuer has demonstrated to the satisfaction of the Relevant Authority that the change in the applicable tax treatment of the Notes is material and was not reasonably foreseeable as at the Issue Date; or

(iii) in case of redemption pursuant to Condition 6.3 (Red*emption of Subordinated Notes for regulatory reasons*), the Issuer has demonstrated to the satisfaction of the Relevant Authority that the change in the regulatory classification of the Notes was not reasonably foreseeable as at the Issue Date; or

(iv) on or before the relevant call, redemption, repayment or repurchase, the Issuer replaces the Notes with Own Funds instruments of equal or higher quality at terms that are sustainable for its income capacity and the Relevant Authority has permitted that action on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances; or

(v) the Subordinated Notes are repurchased for market making purposes,

subject in any event to any different conditions or requirements as may be provided from time to time under the Applicable Banking Regulations

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes 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 Notes 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 Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a materially adverse effect on the market value of Notes. In addition, Notes issued under the Programme might not be listed on a stock exchange or regulated market and, in these circumstances, pricing information may be more difficult to obtain and the liquidity and market prices of such Notes may be

adversely affected. In an illiquid market, an investor might not be able to sell its Notes at any time at fair market prices. The possibility to sell the Notes might additionally be restricted by country specific reasons. In addition, liquidity may be limited if the Issuer makes large allocations to a limited number of investors.

Exchange rate risks and exchange controls

For each issue of Notes, the Issuer will pay principal and interest on the Notes in the Specified Currency which is likely to be either euro, U.S. dollar or sterling. 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 Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes, and (3) the Investor's Currency-equivalent market value of the Notes.

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.

Interest rate risks

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. Where an issue of Notes is rated, investors should be aware that:

(i) such rating will reflect only the views of the rating agency and 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 Notes;

(ii) a rating is not a recommendation to buy, sell or hold securities and may be subject to review, revision, suspension, reduction or withdrawal at any time by the assigning rating agency;

(iii) notwithstanding the above, an adverse change in a credit rating could adversely affect the trading price for the Notes; and

(iv) tranches of Notes issued under the Programme may be rated or unrated and, where an issue of Notes is rated, its rating will not necessarily be the same as the rating applicable to the Programme.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Base Prospectus and have been filed with the CSSF shall be incorporated by reference in, and form part of, this Base Prospectus:

(a) the English translation of audited consolidated annual financial statements of Banco BPM as at and for the year ended 31 December 2021 (the "**2021 Annual Financial Statements**"), which were audited by PricewaterhouseCoopers S.p.A., together with the audit report prepared in connection therewith. The 2021 Annual Financial Statements is available at https://gruppo.bancobpm.it/media/dlm_uploads/Consolidated-2021-Annual-Report-post-assemblea.pdf ;

(b) the English translation of audited consolidated annual financial statements of Banco BPM as at and for the year ended 31 December 2022 (the "**2022 Annual Financial Statements**"), which were audited by PricewaterhouseCoopers S.p.A., together with the audit report prepared in connection therewith. The 2022 Annual Financial Statements is available at https://gruppo.bancobpm.it/media/dlm_uploads/Annual-Report_BPM_2022.pdf ;

(c) the English translation of press release issued on 7 February 2023 on the consolidated results of Banco BPM as at and for the year ended 31 December 2022 (the "**7 February 2023 Press Release**"), which is available at https://gruppo.bancobpm.it/media/dlm_uploads/2023_02_07-Banco-BPM-Group-Results-as-at-31-December-2022.pdf;

(d) the English translation of press release issued on 8 May 2023 on the consolidated results of Banco BPM as at and for the three months ended 31 March 2023 (the "**8 May 2023 Press Release**"), which is available at https://gruppo.bancobpm.it/media/dlm_uploads/2023_05_08-Banco-BPM-Group-results-Q1-2023.pdf;

(e) the sections entitled "*Terms and Conditions of the Italian Law Notes*" on pages 88-128 of the base prospectus relating to the programme dated 31 May 2022 (the "**2022 Base Prospectus**"), which is available at https://gruppo.bancobpm.it/media/dlm_uploads/BBPM-EMTN-Base-Prospectus-31-05-2022.pdf ; and

(f) the English translation of articles of association (*statuto*) of the Issuer (incorporated for information purposes) (the "**Articles of Association**"), which is available at https://gruppo.bancobpm.it/media/dlm_uploads/Statuto-BBPM-ENG_07.04.2022.pdf,

Any statement contained in this Base Prospectus or in a document which is incorporated by reference herein (including without limitation the documents listed under (a) to (d) above) shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained in any document which is subsequently incorporated by reference herein by way of a supplement prepared in accordance with Article 23 of the Prospectus Regulation modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuer and from the principal office in Luxembourg of BNP Paribas, Luxembourg Branch (the "**Luxembourg Listing Agent**") for the time being in Luxembourg and will also be published on the Luxembourg Stock Exchange's website (*www.luxse.com*) and the Issuer's website (*https://gruppo.bancobpm.it/en/*).

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes.

Cross Reference List

The following table shows where the information incorporated by reference into this Base Prospectus can be found in the above mentioned documents incorporated by reference into this Base Prospectus. Any other

information contained in any of the documents specified below that is not included in the cross-reference list below is either not relevant to investors or is covered elsewhere in this Base Prospectus.

Document	Information incorporated	Page numbers
Banco BPM S.p.A. audited consolidated annual financial statements as at and for the financial year ended 31 December 2021	Significant Events During the Year	28-38
	Consolidated financial statements:	
	Consolidated Balance sheet	142-143
	Consolidated Income statement	144
	Statement of consolidated comprehensive income	145
	Statement of changes in consolidated shareholders' equity	146-147
	Consolidated cashflow statement	148-149
	Notes to the consolidated financial statements	151-497
	Independent Auditors' Report on the consolidated financial statements	503-516*
Banco BPM S.p.A. audited consolidated annual financial statements as at and for the financial year ended 31 December 2022	Significant Events During the Year	30-39
	Consolidated financial statements:	
	Consolidated Balance sheet	146-147
	Consolidated Income statement	149
	Statement of consolidated comprehensive income	150
	Statement of changes in consolidated shareholders' equity	150-151
	Consolidated cashflow statement	152-153
	Notes to the consolidated financial statements	156-547
	Independent Auditors' Report on the consolidated financial statements	555-567*
7 February 2023 Press Release	Entire document, with the exclusion of the first paragraph on page 2 of the 7 February 2023 Press Release	1 – 29
8 May 2023 Press Release	Entire document, with the exclusion of (i) the second and third paragraphs on page 1 and (ii) the last paragraph of the section entitled "*Business Outlook*"	1 - 24
2022 Base Prospectus	Terms and conditions of the Italian Law Notes	88 – 128
Articles of Association	Entire document	1 – 58

* The page numbers identified are those of the complete Consolidated Annual Report of Banco BPM relating to the year ended December 2021 and 2022, respectively including, *inter alia*, the 2021 Annual Financial Statements and the 2022 Annual Financial Statements, respectively.

TERMS AND CONDITIONS OF THE NOTES IN PHYSICAL FORM

*The following are the Terms and Conditions for the Notes in physical form (the "**Notes in Physical Form**") which, as completed by the relevant Final Terms, will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The relevant Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Form of Final Terms" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.*

In these "Terms and Conditions", references to the "Notes" shall be to the Notes in Physical Form and references to "Noteholders" (as defined below) shall be to the holders of the Notes in Physical Form only.

This Note is one of a Series (as defined below) of the Notes in Physical Form issued by BANCO BPM S.p.A. (the "**Issuer**") pursuant to an agency agreement (such agency agreement as modified and/or supplemented and/or restated from time to time, the "**Agency Agreement for the Notes in Physical Form**") dated 6 June 2023 made between the Issuer, Citibank, N.A., London Branch as issuing and paying agent (the "**Issuing and Paying Agent**" or the "**Agent**", which expression shall include any successor issuing and paying agent (as applicable)) and the other paying agents named therein (together with the Issuing and Paying Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents).

References herein to the "**Notes**" shall be references to the Notes of this Series and shall mean:

(a) in relation to any Notes represented by a global Note (a "**Global Note**"), units of the lowest Specified Denomination in the Specified Currency;

(b) any Global Note; and

(c) any definitive Notes issued in exchange for a Global Note.

Interest bearing definitive Notes have interest coupons ("**Coupons**") and, if indicated in the relevant Final Terms, talons for further Coupons ("**Talons**") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Global Notes do not have Coupons or Talons attached on issue.

The Final Terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which completes these Terms and Conditions of the Notes in Physical Form (the "**Conditions**"). References to the "**relevant Final Terms**" are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

The holders for the time being of the Notes shall hereafter be referred to as the "**Noteholders**", which expression shall, in relation to any Notes represented by a Global Note, be construed as provided below and the holders of the Coupons shall hereinafter be referred to as the "**Couponholders**", which expression shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, "**Tranche**" means Notes which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates (as set out in the relevant Final Terms), Interest Commencement Dates and/or Issue Prices.

Copies of the Agency Agreement for the Notes in Physical Form are available for inspection or collection during normal business hours by a Noteholder upon reasonable request at the registered office for the time being of the Issuing and Paying Agent being at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB and at the specified office of each of the Paying Agents or may be provided by email to a Noteholder following their prior written request to any Paying Agent and provision of proof of holding and identity (in a form satisfactory to the relevant Paying Agent). Copies of the relevant Final Terms are available for viewing at, and copies can be obtained from, the registered office of the Issuer at Piazza Filippo Meda, 4, 20121 Milan, Italy and from BNP Paribas, Luxembourg Branch, 60 Avenue J.F. Kennedy, L-1855,

Luxembourg and will be published on the website of the Luxembourg Stock Exchange (*www.luxse.com*) save that, if this Note is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Regulation, the relevant Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the Issuing and Paying Agent or, as the case may be, the relevant Paying Agent as to its holding of such Notes and identity. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement for the Notes in Physical Form and the relevant Final Terms which are applicable to them. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement for the Notes in Physical Form.

Words and expressions defined in the Agency Agreement for the Notes in Physical Form or used in the relevant Final Terms shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and **provided that** in the event of inconsistency between the Agency Agreement for the Notes in Physical Form and the relevant Final Terms, the relevant Final Terms will prevail.

1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form and, in the case of definitive Notes, serially numbered.

The Notes may be Fixed Rate Notes, Reset Notes, Floating Rate Notes, CMS Linked Interest Notes, Fixed-Floating Rate Notes, Floating-Fixed Rate Notes or Zero Coupon Notes or a combination of any of the foregoing, depending upon the Interest Basis shown in the relevant Final Terms.

The Notes may also be senior preferred notes ("**Senior Preferred Notes**"), senior non-preferred notes ("**Senior Non-Preferred Notes**" and, together with the Senior Preferred Notes, the "**Senior Notes**") or subordinated notes ("**Subordinated Notes**"), depending on the status of the Notes specified in the relevant Final Terms.

The Notes are denominated in such currency as may be specified in the relevant Final Terms (the "**Specified Currency**") and in the denomination or denominations specified in the relevant Final Terms (a "**Specified Denomination**"), provided that:

(a) Senior Non-Preferred Notes will have a denomination of at least Euro 150,000; and

(b) Subordinated Notes will have a denomination of at least Euro 200,000,

or, in each case, where the Senior Non-Preferred Notes or the Subordinated Notes, as applicable, are denominated in a Specified Currency other than Euro, the equivalent amount in such other Specified Currency. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Conditions are not applicable.

Subject as set out below, title to the Notes and Coupons will pass by delivery. The Issuer and the Paying Agents will (except as otherwise required by law) deem and treat the bearer of any Note or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking, S.A. ("**Clearstream, Luxembourg**"), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Paying Agents as the holder of such nominal amount of such Notes

for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer and any Paying Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly. In determining whether a particular person is entitled to a particular nominal amount of notes as aforesaid, the Issuing and Paying Agent may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the relevant Final Terms or as may otherwise be approved by the Issuer and the Issuing and Paying Agent.

2. DEFINITIONS

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Applicable Banking Regulations**" means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy then in effect in the Republic of Italy and applicable to the Issuer or the Group (as the case may be), including, without limitation, the BRRD, the BRRD Implementing Decrees, the CRD IV Package, the Capital Instruments Regulations, Circular No. 285, the Banking Reform Package, the SRM Regulation and any other regulations, requirements, guidelines and policies relating to capital adequacy then in effect of the Relevant Authority or of the institutions of the European Union (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer or the Group, as the case may be); and standards and guidelines issued by the European Banking Authority;

"**Banking Reform Package**" means (i) Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No. 575/2013 as regards the leverage ratio, the net stable funding ration, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposure to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No. 648/2012, (ii) Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No. 806/2014 as regards the loss-absorbing and recapitalization capacity of credit institutions and investment firms, (iii) Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures, and (iv) Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU as regards the loss-absorbing and recapitalization capacity of credit institutions and investment firms and Directive 98/26/EC;

"**Bail-In Power**" means any statutory write-down, conversion, transfer, modification and/or suspension power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of credit institutions, investment firms and/or group entities in effect and applicable in the relevant Member State to the Issuer or other entities of the Group (as the case may be), including but not limited to any laws, regulations, rules or requirements set forth in or implementing the BRRD, the BRRD Implementing Decrees and/or the SRM Regulation or any successor laws, regulations, rules or requirements establishing a framework for the recovery and resolution of the Issuer (and/or other entities of the Group, where applicable) within the context of a relevant Member State resolution regime or otherwise, pursuant to which liabilities of the Issuer (and/or other entities of the Group, where applicable) can be reduced, cancelled, transferred,

modified, suspended for a temporary period and/or converted into shares or obligations of the obligor or any other person, whether in combination with a resolution action or otherwise;

"**Bank Creditor Hierarchy Directive**" means Directive (EU) 2017/2399 of the European Parliament and of the Council of 12 December 2017 amending the BRRD as regards the ranking of unsecured debt instruments in insolvency hierarchy, as amended, supplemented or replaced from time to time;

"**Benchmarks Regulation**" means Regulation (EU) No. 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;

"**Broken Amount**" has the meaning given in the relevant Final Terms;

"**BRRD**" means Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms, as amended, supplemented or replaced from time to time (including, without limitation, as a consequence of the entry into force of the Banking Reform Package);

"**BRRD Implementing Decrees**" means the Legislative Decrees No. 180 and 181 of November 16, 2015, implementing the BRRD in the Republic of Italy, as amended or replaced from time to time (including, without limitation, as a consequence of the transposition of the Banking Reform Package into Italian law);

"**Business Day**" means a day which is both:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each additional business centre specified in the relevant Final Terms (each an "**Additional Business Centre**"); and

(b) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Melbourne and Wellington, respectively) or (ii) in relation to any sum payable in euro, a day on which the real-time gross settlement system operated by the Eurosystem, or any successor system (the "**T2**") is open;

"**Calculation Agent**" means the Issuing and Paying Agent or such other person specified in the relevant Final Terms;

"**Capital Instruments Regulations**" means the Delegated Regulation and any other rules or regulations of the Relevant Authority or of the institutions of the European Union or which are otherwise applicable to the Issuer or the Group (as the case may be), whether introduced before or after the Issue Date, which prescribe (alone or in conjunction with any other rules or regulations) the requirements to be fulfilled by financial instruments for their inclusion in the Own Funds of the Issuer or the Group (as the case may be) to the extent required under the CRD IV Package (including, without limitation, any rules or regulations implementing the Banking Reform Package);

"**CET1 Instruments**" means at any time common equity tier 1 instruments as interpreted and applied in accordance with the Applicable Banking Regulations;

"**Circular No. 285**" means the Bank of Italy Circular No. 285 of 17 December 2013, setting forth the supervisory provisions for banks (*Disposizioni di Vigilanza per le Banche*), as amended, supplemented or replaced from time to time (including, without limitation, as a consequence of the transposition of the Banking Reform Package into Italian law);

"**CMS Rate**" shall mean the applicable swap rate for swap transactions in the Reference Currency with a maturity of the Designated Maturity, expressed as a percentage, which appears on the Relevant Screen Page on the Interest Determination Date in question, all as determined by the Calculation Agent;

"**CMS Reference Banks**" means (i) where the Reference Currency is Euro, the principal office of five major banks in the Euro-zone inter-bank market, (ii) where the Reference Currency is Sterling, the principal London office of five major banks in the London inter-bank market, (iii) where the Reference Currency is U.S. dollars, the principal New York City office of five major banks in the New York City inter-bank market, or (iv) in the case of any other Reference Currency, the office of five major banks in the principal relevant financial centre specified in the relevant Final Terms (the "**Relevant Financial Centre**"), in each case selected by the Issuer;

"**CRD IV**" means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, as amended, supplemented or replaced from time to time (including, without limitation, as a consequence of the entry into force of the Banking Reform Package);

"**CRD IV Package**" means (i) the CRR and (ii) the CRD IV;

"**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, supplemented or replaced from time to time (including, without limitation, as a consequence of the entry into force of the Banking Reform Package);

"**Day Count Fraction**" means:

(a) in respect of the calculation of an amount of interest in accordance with Condition 4.1 (*Interest on Fixed Rate Notes*):

(i) if "**Actual/Actual (ICMA)**" is specified in the relevant Final Terms:

(A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "**Accrual Period**") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Interest Determination Dates (as specified in the relevant Final Terms) that would occur in one calendar year; or

(B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Interest Determination Dates that would occur in one calendar year; and

(2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Interest Determination Dates that would occur in one calendar year; and

(ii) if "**30/360**" is **specified** in the relevant Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date

(such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

(b) in respect of the calculation of an amount of interest in accordance with Condition 4.2 (*Interest on Reset Notes*) or 4.3 (*Interest on Floating Rate Notes and CMS Linked Interest Notes*):

(i) if "**Actual/Actual (ISDA)**" or "**Actual/Actual**" is specified in the relevant Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(ii) if "**Actual/365 (Fixed)**" is specified in the relevant Final Terms, the actual number of days in the Interest Period divided by 365;

(iii) if "**Actual/365 (Sterling)**" is specified in the relevant Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if "**Actual/360**" is specified in the relevant Final Terms, the actual number of days in the Interest Period divided by 360;

(v) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the relevant Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

Day Count Fraction =

$$\frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1) + (D_2 - D_1)]}{360}$$

Where:

Y_1 is the year, expressed as a number, in which the first day of the Interest Period falls;

Y_2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M_1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M_2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D_1 is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest 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 specified in the relevant Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

Day Count Fraction =

$$\frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1) + (D_2 - D_1)]}{360}$$

Where:

Y_1 is the year, expressed as a number, in which the first day of the Interest Period falls;

Y_2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M_1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M_2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D_1 is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 in which case D2 will be 30;

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

Day Count Fraction =

$$\frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1) + (D_2 - D_1)]}{360}$$

Where:

Y_1 is the year, expressed as a number, in which the first day of the Interest Period falls;

Y_2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M_1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M_2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D_1 is the first calendar day, expressed as a number, of the Interest 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

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest 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 and D2 will be 30,

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

"**Delegated Regulation**" means Commission Delegated Regulation (EU) No. 241/2014 of 7 January 2014 supplementing the CRR with regard to the regulatory technical standards for Own Funds requirements for institutions, as amended, supplemented or replaced from time to time (including, without limitation, as a consequence of any rules or regulations implementing the Banking Reform Package);

"**Designated Maturity**" has the meaning given in the relevant Final Terms;

"**Determination Period**" means each period from (and including) an Interest Determination Date to (but excluding) the next Interest Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not an Interest Determination Date, the period commencing on the first Interest Determination Date prior to, and ending on the first Interest Determination Date falling after, such date);

"**Eligible Liabilities**" means at any time eligible liabilities as interpreted and applied in accordance with the Applicable Banking Regulations;

"**Eligible Liabilities Instruments**" means at any time eligible liabilities instruments as interpreted and applied in accordance with the Applicable Banking Regulations;

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

"**First Margin**" means the margin specified as such in the applicable Final Terms;

"**First Reset Date**" means the date specified in the applicable Final Terms;

"**First Reset Period**" means the period from (and including) the First Reset Date until (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the applicable Final Terms, the Maturity Date;

"**First Reset Rate of Interest**" means, in respect of the First Reset Period, the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Mid-Swap Rate and the First Margin with such sum converted (if necessary), in accordance with and subject to Condition 4.2(b);

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

"**Fixed Interest Period**" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date;

"**Group**" means the Issuer and its consolidated Subsidiaries (or any other entities that are consolidated in the Issuer's calculation of its Own Funds on a consolidated basis in accordance with Applicable Banking Regulations);

"**Initial Rate of Interest**" has the meaning specified in the applicable Final Terms;

"**Interest Commencement Date**" means the date of issue of the Notes (as specified in the relevant Final Terms) or such other date as may be specified as such in the relevant Final Terms;

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

"**Interest Payment Date**" means the first Interest Payment Date and any date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms;

"**Italian Banking Act**" means Legislative Decree No. 385 of 1 September 1993, as amended, supplemented or replaced from time to time;

"**Loss Absorption Requirement**" means the power of the Relevant Authority to impose that Own Funds instruments or other liabilities of the Issuer or entities of the Group (as the case may be) are subject to full or partial write-down of the principal or conversion into CET1 Instruments or other instruments of ownership in accordance with Article 59 of the BRRD and the related national implementing provisions applicable to the Issuer or entities of the Group (as the case may be);

"**Mid-Market Swap Rate**" means for any Reset Period the mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the Original Reset Reference Rate Payment Basis (calculated on the day count basis customary for fixed rate payments in the Specified Currency as determined by the Calculation Agent) of a fixed-for-floating interest rate swap transaction in the Specified Currency which transaction (i) has a term equal to the relevant Reset Period and commencing on the relevant Reset Date, (ii) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good

credit in the swap market and (iii) has a floating leg based on the Mid-Swap Floating Leg Benchmark Rate for the Mid-Swap Maturity (as specified in the applicable Final Terms) (calculated on the day count basis customary for floating rate payments in the Specified Currency as determined by the Calculation Agent);

"**Mid-Market Swap Rate Quotation**" means a quotation (expressed as a percentage rate per annum) for the relevant Mid-Market Swap Rate;

"**Mid-Swap Floating Leg Benchmark Rate**" means either (a) the Reference Rate specified in the applicable Final Terms or (b) if no such Reference Rate is specified, EURIBOR if the Specified Currency is euro;

"**Mid-Swap Rate**" means, in relation to a Reset Determination Date and subject to Condition 4.2(c), either:

(a) if Single Mid-Swap Rate is specified in the applicable Final Terms, the rate for swaps in the Specified Currency:

(i) with a term equal to the relevant Reset Period; and

(ii) commencing on the relevant Reset Date, which appears on the Relevant Screen Page; or

(b) if Mean Mid-Swap Rate is specified in the applicable Final Terms, the arithmetic mean (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered swap rate quotations for swaps in the Specified Currency:

(i) with a term equal to the relevant Reset Period; and

(ii) commencing on the relevant Reset Date, which appear on the Relevant Screen Page,

in either case, as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on such Reset Determination Date, all as determined by the Calculation Agent;

"**MREL Disqualification Event**" means that all or part of the aggregate outstanding nominal amount of a Series of Senior Preferred Notes and/or of Senior Non-Preferred Notes (as the case may be) are or will be excluded fully or partially from the liabilities that are eligible to meet the MREL Requirements. For the avoidance of doubt: (a) the exclusion of a Series of Notes from the liabilities that are eligible to meet the MREL Requirements due to the remaining maturity of such Notes being less than any period prescribed thereunder does not constitute a MREL Disqualification Event; (b) the exclusion of all or some of a Series of Notes from the MREL Requirements due to there being insufficient headroom for such Notes within any prescribed exception to the otherwise applicable general requirements for liabilities that are eligible to meet the MREL Requirements does not constitute a MREL Disqualification Event; and (c) the exclusion of all or some of a Series of Notes from the liabilities that are eligible to meet the MREL Requirements as a result of such Notes being purchased by or on behalf of the Issuer or as a result of a purchase which is funded directly or indirectly by the Issuer does not constitute a MREL Disqualification Event;

"**MREL Requirements**" means the laws, regulations, requirements, guidelines, rules, standards, measures and policies relating to minimum requirements for own funds and eligible liabilities and/or loss absorbing capacity instruments applicable to the Issuer or the Group (as the case may be) from time to time (including any applicable transitional provisions), including, without limitation to the generality of the foregoing, any delegated or implementing acts (such as implementing technical standards or regulatory technical standards) adopted by the European Commission and any regulations, requirements, guidelines, rules, standards, measures and policies relating to minimum requirements for own funds and eligible liabilities and/or loss absorbing capacity instruments adopted by the Republic of Italy or a Relevant Authority from time to time (whether or not such regulations, requirements, guidelines, rules, standards, measures or policies are applied generally or specifically to the Issuer or the Group (as the case may be)), as any of the

preceding laws, regulations, requirements, guidelines, rules, standards, measures, policies or interpretations may be amended, supplemented, superseded or replaced from time to time;

"**Original Reset Reference Rate Payment Basis**" has the meaning specified in the applicable Final Terms and shall be annual, semi-annual, quarterly or monthly;

"**Own Funds**" shall have the meaning given to such term in the CRR, as interpreted and applied in accordance with the Applicable Banking Regulations;

"**Own Funds Instruments**" means at any time own funds instruments as interpreted and applied in accordance with the Applicable Banking Regulations;

"**Rate of Interest**" means the Initial Rate of Interest, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest, as applicable;

"**Reference Bank(s)**" means, in the case of a determination of EURIBOR, the principal Euro zone office of four major banks in the Euro zone interbank market, in each case selected by the Issuer or as specified in the relevant Final Terms;

"**Reference Currency**" has the meaning given in the relevant Final Terms;

"**Reference Rate**" has the meaning given in the relevant Final Terms;

"**Regulatory Event**" means any change (or pending change which the Relevant Authority considers to be sufficiently certain) in the regulatory classification of the Subordinated Notes from their classification on the Issue Date that results, or would be likely to result, in their exclusion in full or, to the extent permitted under the Applicable Banking Regulations, in part, from the Tier 2 Capital of the Issuer or, where applicable in accordance with the Applicable Banking Regulations, a reclassification as a lower quality form of Own Funds;

"**Relevant Authority**" means, as the context may require, (i) the European Central Bank or the Bank of Italy, acting within the framework of the Single Supervisory Mechanism, or any successor or replacement authority having responsibility for the prudential oversight and supervision of the Issuer or the Group (as the case may be), and/or (ii) the Single Resolution Board, the European Council, the European Commission or the Bank of Italy, acting within the framework of the Single Resolution Mechanism, or any successor or replacement authority having responsibility for the resolution of the Issuer or other entities of the Group (as the case may be);

"**Relevant Screen Page**" means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

"**Relevant Swap Rate**" means:

(a) where the Reference Currency is Euro, the mid-market annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the annual fixed leg, calculated on a 30/360 day count basis, of a fixed for floating euro interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/360 day count basis, is equivalent to EUR EURIBOR Reuters (as defined in the ISDA Definitions) with a designated maturity determined by the Calculation Agent by reference to standard market practice and/or the ISDA Definitions; and

(b) where the Reference Currency is any other currency or if the relevant Final Terms specify otherwise, the mid-market swap rate as determined in accordance with the relevant Final Terms;

"**Representative Amount**" means an amount that is representative for a single transaction in the relevant market at the relevant time;

"**Reset Date**" means the First Reset Date, the Second Reset Date and each Subsequent Reset Date (as applicable);

"**Reset Determination Date**" means, in respect of the First Reset Period, the second Business Day prior to the First Reset Date, in respect of the first Subsequent Reset Period, the second Business Day prior to the Second Reset Date and, in respect of each Subsequent Reset Period thereafter, the second Business Day prior to the first day of each such Subsequent Reset Period;

"**Reset Period**" means the First Reset Period or a Subsequent Reset Period, as the case may be;

"**Second Reset Date**" means the date specified in the applicable Final Terms;

"**Single Resolution Mechanism**" means the single resolution mechanism established pursuant to the SRM Regulation;

"**Single Supervisory Mechanism**" means the single supervisory mechanism established pursuant to the SSM Regulation;

"**SRM Regulation**" means Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund, as amended, supplemented or replaced from time to time (including as a consequence of the entry into force of the Banking Reform Package);

"**SSM Regulation**" means Council Regulation (EU) No. 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions, as amended, supplemented or replaced from time to time;

"**sub-unit**" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent;

"**Subsequent Margin**" means the margin specified as such in the applicable Final Terms;

"**Subsequent Reset Date**" means the date or dates specified in the applicable Final Terms;

"**Subsequent Reset Period**" means the period from (and including) the Second Reset Date to (but excluding) the next Subsequent Reset Date, and each successive period from (and including) a Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date;

"**Subsequent Reset Rate of Interest**" means, in respect of any Subsequent Reset Period and subject to Condition 4.2(c), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Mid-Swap Rate and the relevant Subsequent Margin with such sum converted (if necessary), in accordance with and subject to Condition 4.2(b).

"**Subsidiary**" means any company or person that is controlled by the Issuer pursuant to Article 23 of the Italian Banking Act;

"**Tax Law Change**" means any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 7 (*Taxation*)) (including any treaty to which the Tax Jurisdiction is a party) or any change in the application or official or generally published interpretation of such laws or regulations (including a change or amendment resulting from a ruling by a court or tribunal of competent jurisdiction), which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes.

"**Tier 1 Capital**" means at any time tier 1 capital as interpreted and applied in accordance with the Applicable Banking Regulations;

"**Tier 2 Capital**" means at any time tier 2 capital as interpreted and applied in accordance with the Applicable Banking Regulations; and

"**Tier 2 Instruments**" means at any time tier 2 instruments as interpreted and applied in accordance with the Applicable Banking Regulations.

3. STATUS OF THE NOTES

3.1 Status of the Senior Preferred Notes

This Condition 3.1 applies only to Notes specified in the relevant Final Terms as being Senior Preferred Notes.

The Senior Preferred Notes and any related Coupons are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* among themselves.

The payment obligations of the Issuer under the Senior Preferred Notes and the Coupons related to them shall at all times rank (save for certain obligations required to be preferred by law, including any obligations permitted by law to rank senior to the Senior Preferred Notes following the Issue Date, if any) equally with all other unsecured and unsubordinated obligations of the Issuer from time to time outstanding (other than obligations ranking junior to the Senior Preferred Notes from time to time, including any obligations under Senior Non-Preferred Notes and any further obligations permitted by law or by their terms to rank junior to the Senior Preferred Notes following the Issue Date, if any).

In relation to each Series of Senior Preferred Notes, all Notes of such Series will be treated equally and all amounts paid by the Issuer in respect of principal and/or interest thereon will be paid *pro rata* on all Notes of such Series.

Each holder of a Senior Preferred Note unconditionally and irrevocably waives any right of set-off, netting, counterclaim, abatement or other similar remedy which it might otherwise have under the laws of any jurisdiction in respect of such Senior Preferred Note.

3.2 Status of the Senior Non-Preferred Notes

This Condition 3.2 applies only to Notes specified in the relevant Final Terms as being Senior Non-Preferred Notes.

The Senior Non-Preferred Notes and any related Coupons are direct, unconditional, unsubordinated, unsecured and non-preferred obligations of the Issuer that are intended to qualify as *strumenti di debito chirografario di secondo livello* of the Issuer in accordance with, and for the purposes of, Article 12-*bis* of the Italian Banking Act.

The payment obligations of the Issuer under the Senior Non-Preferred Notes and the Coupons related to them shall at all times rank:

(a) junior to Senior Preferred Notes and all present or future unsecured and unsubordinated obligations of the Issuer which rank, or are expressed to rank by their terms and/or by provision of law, senior to the Senior Non-Preferred Notes (including, without limitation, any obligations under the Senior Preferred Notes and any obligation required to be preferred by law and claims arising from the excluded liabilities within the meaning of Article 72a(2) of the CRR);

(b) *pari passu* among themselves and with any other present or future obligations of the Issuer which do not rank, or are not expressed by their terms to rank, junior or senior to the Senior Non-Preferred Notes; and

(c) senior to any present or future obligations of the Issuer which rank, or are expressed by their terms to rank, junior to the Senior Non-Preferred Notes (including, without limitation, the claims of the shareholders of the Issuer and any obligations under the Subordinated Notes or any other obligations under instruments or items included in the Tier 1 Capital or Tier 2 Capital of the Issuer),

in all such cases in accordance with the provisions set forth in Article 91, paragraph 1-*bis*, letter c-*bis*) of the Italian Banking Act and any relevant regulation which may be enacted from time to time for the purposes of implementing such provisions and/or any laws, regulations or guidelines implementing the rules set forth in the Bank Creditor Hierarchy Directive.

In relation to each Series of Senior Non-Preferred Notes, all Notes of such Series will be treated equally and all amounts paid by the Issuer in respect of principal and/or interest thereon will be paid *pro rata* on all Notes of such Series.

Each holder of a Senior Non-Preferred Note unconditionally and irrevocably waives any right of set-off, netting, counterclaim, abatement or other similar remedy which it might otherwise have under the laws of any jurisdiction in respect of such Senior Non-Preferred Note.

3.3 **Status of the Subordinated Notes**

This Condition 3.3 applies only to Notes specified in the relevant Final Terms as being Subordinated Notes.

The Subordinated Notes and any related Coupons are direct, unsecured and subordinated obligations of the Issuer that are intended to qualify for regulatory purposes as Tier 2 Instruments to be included in the Tier 2 Capital of the Issuer in accordance with Article 63 of the CRR and Part II, Chapter 1 of Circular No. 285 (or any successor rules under the Applicable Banking Regulations).

The payment obligations of the Issuer under the Subordinated Notes and the Coupons related to them shall at all times rank:

(a) whilst the Subordinated Notes constitute, fully or partially, Tier 2 Capital:

(i) junior to all present or future unsecured and unsubordinated obligations of the Issuer (including, without limitation, any obligations under the Senior Notes) or any other present or future subordinated obligations of the Issuer which rank, or are expressed by their terms to rank, senior to the Subordinated Notes, including any obligation required to be preferred by law (including any subordinated instruments that have ceased to qualify in their entirety as Own Funds);

(ii) *pari passu* among themselves and with any other present or future obligations of the Issuer which do not rank, or are not expressed by their terms to rank, junior or senior to the Subordinated Notes (including the Issuer's obligations in respect of any instruments qualifying as Tier 2 Capital); and

(iii) senior to any present or future obligations of the Issuer which rank, or are expressed by their terms to rank, junior to the Subordinated Notes (including, without limitation, the claims of the shareholders of the Issuer and any other obligations under instruments or items included in the Tier 1 Capital of the Issuer); or

(b) if and when the Subordinated Notes are fully excluded from the Issuer's Own Funds:

(i) junior to all present or future unsecured and unsubordinated obligations of the Issuer and any other present or future unconditional, unsecured and subordinated obligations of the Issuer which rank, or are expressed by their terms to rank, senior to the Notes (including, without limitation, any obligations under the Senior Notes);

(ii) *pari passu* with all other present or future subordinated obligations of the Issuer that have ceased to qualify, in their entirety, as Tier 2 Capital or Own Funds and with all other subordinated obligations of the Issuer that have such ranking; and

(iii) senior to (i) all present or future unsecured and unsubordinated obligations of the Issuer, (ii) any other present or future subordinated obligations of the Issuer which rank, or are expressed by their terms to rank, junior to the Notes (including Own

Funds Instruments), and (iii) all present or future obligations of the Issuer which do not rank, or are not expressed by their terms to rank, senior or *pari passu* to the Notes.

In relation to each Series of Subordinated Notes, all Notes of such Series will be treated equally and all amounts paid by the Issuer in respect of principal and/or interest thereon will be paid *pro rata* on all Notes of such Series.

Each holder of a Subordinated Note unconditionally and irrevocably waives any right of set-off, netting, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of such Subordinated Note.

The Subordinated Notes (including, for the avoidance of doubt, payments of principal and/or interest) shall be subject to the Loss Absorption Requirement, if so required under the BRRD and/or the SRM Regulation, in accordance with the powers of the Relevant Authority and where the Relevant Authority determines that the application of the Loss Absorption Requirement to the Subordinated Notes is necessary pursuant to applicable law and/or regulation in force from time to time.

3.4 **No Negative Pledge**

There is no negative pledge in respect of the Notes.

4. **INTEREST**

4.1 **Interest on Fixed Rate Notes**

This Condition 4.1 applies to the Notes: (a) if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable; and (b) if the Fixed-Floating Rate Note Provisions or the Floating-Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable, in respect of those Fixed Interest Periods for which the Fixed Rate Note Provisions are stated to apply.

Each Fixed Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date. The Rate of Interest may be specified in the relevant Final Terms either (i) as the same Rate of Interest for all Fixed Interest Periods or (ii) as a different Rate of Interest in respect of one or more Fixed Interest Periods.

If the Notes are in definitive form, except as provided in the relevant Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the relevant Final Terms, amount to the Broken Amount so specified.

Except in the case of Notes in definitive form where a Fixed Coupon Amount or Broken Amount is specified in the relevant Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to the Calculation Amount, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form comprises more than one Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

4.2 **Interest on Reset Notes**

This Condition 4.2 applies to the Notes if the Reset Notes Provisions are specified in the relevant Final Terms as being applicable.

(a) *Rate of Interest and Interest Payment Dates*

Each Reset Note bears interest on its outstanding nominal amount:

(i) from (and including) the Interest Commencement Date until (but excluding) the First Reset Date at the rate *per annum* equal to the Initial Rate of Interest;

(ii) from (and including) the First Reset Date until (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the applicable Final Terms, the Maturity Date at the rate *per annum* equal to the First Reset Rate of Interest; and

(iii) for each Subsequent Reset Period thereafter (if any), at the rate(s) *per annum* equal to the relevant Subsequent Reset Rate of Interest,

payable, in each case, in arrear on each Interest Payment Date in each year up to (but excluding) the Maturity Date. The Rate of Interest and the Interest Amount payable shall be determined by the Calculation Agent, (A) in the case of the Rate of Interest, at or as soon as practicable after each time at which the Rate of Interest is to be determined, subject to Condition 4.3(h) (*Benchmark Replacement*) and (B) in the case of the Interest Amount in accordance with the provisions for calculating amounts of interest in Condition 4.1. Unless otherwise stated in the applicable Final Terms the Rate of Interest (inclusive of the First or Subsequent Margin) shall not be deemed to be less than zero.

(b) *Reset Reference Rate Conversion*

This Condition 4.2(b) applies to the Notes if the Reset Reference Rate Conversion is specified in the relevant Final Terms as being applicable.

The First Reset Rate of Interest and, if applicable, each Subsequent Reset Rate of Interest will be converted from the Original Reset Reference Rate Payment Basis specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement to a basis which matches the frequency of Interest Payment Dates in respect of the relevant Notes.

(c) *Fallbacks*

If on any Reset Determination Date the Relevant Screen Page is not available or the Mid-Swap Rate does not appear on the Relevant Screen Page, the Issuer (or an agent appointed by the Issuer) shall, subject as provided in Condition 4.3(h) (*Benchmark Replacement*), request each of the Reference Banks (as defined below) to provide the Issuer (or an agent appointed by the Issuer) with its Mid-Market Swap Rate Quotation as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on the Reset Determination Date in question.

If two or more of the Reference Banks provide the Issuer (or an agent appointed by the Issuer) with Mid-Market Swap Rate Quotations, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period shall be the sum of the arithmetic mean (rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the relevant Mid-Market Swap Rate Quotations and the First Margin or Subsequent Margin (as applicable), all as determined by the Calculation Agent.

If on any Reset Determination Date only one or none of the Reference Banks provides the Issuer (or an agent appointed by the Issuer) with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this paragraph, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) shall be determined by the Calculation Agent to be the sum of (as applicable) the First Margin (in the case of the First Reset Rate of Interest) or the Subsequent Margin (in the case of the Subsequent Reset Rate of Interest) and the relevant Mid-Swap Rate as at the last preceding Reset Date or, in the case of the first Reset Determination Date, the First Reset Rate of Interest shall be the Initial Rate of Interest.

For the purposes of this Condition 4.2, "**Reference Banks**" means the principal office in the principal financial centre of the Specified Currency of four major banks in the swap, money, securities or other market most closely connected with the relevant Mid-Swap Rate as selected by the Issuer.

4.3 **Interest on Floating Rate Notes and CMS Linked Interest Notes**

This Condition 4.3 applies to the Notes (a) if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable; and (b) if the Fixed-Floating Rate Note Provisions or the Floating-Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable, in respect of those Interest Periods for which the Floating Rate Note Provisions are stated to apply. Condition 4.3(h) will also apply to the Notes if Reset Notes Provisions are specified in the relevant Final Terms as being applicable.

(a) **Interest Payment Dates**

Each Floating Rate Note and CMS Linked Interest Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

(i) the date or dates specified as a specified interest payment date in each year specified in the relevant Final Terms (a "**Specified Interest Payment Date**"); or

(ii) if no Specified Interest Payment Date(s) is/are specified in the relevant Final Terms, each date (each such date, together with each Specified Interest Payment Date, an "**Interest Payment Date**") which falls the number of months or other period specified as the specified period in the relevant Final Terms (the "**Specified Period**") after the preceding Interest Payment Date or, in the case of the First Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date) (the "**Interest Period**").

If a Business Day Convention is specified in the relevant Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(i) in any case where Specified Periods are specified in accordance with Condition 4.3(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

(ii) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(iii) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(iv) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

(b) **Rate of Interest**

The Rate of Interest payable from time to time in respect of Floating Rate Notes and CMS Linked Interest Notes will be determined in the manner specified in the relevant Final Terms.

(i) ***ISDA Determination for Floating Rate Notes***

Where ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be:

(A) if "Multiplier" is specified in the relevant Final Terms as not being applicable, the relevant ISDA Rate plus or minus (as indicated in the relevant Final Terms) the Margin (if any);

(B) if "Multiplier" is specified in the relevant Final Terms as being applicable (i) the sum of the Margin and the relevant ISDA Rate multiplied by (ii) the Multiplier;

(C) if "Reference Rate Multiplier" is specified in the relevant Final Terms as being applicable, the sum of (i) the Margin, and (ii) the relevant ISDA Rate multiplied by the Reference Rate Multiplier,

where "**Multiplier**" and "**Reference Rate Multiplier**" each has the meaning given in the relevant Final Terms and where "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating (I) unless "ISDA 2021 Definitions" are specified as being applicable in the relevant Final Terms, the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. ("**ISDA**") and as amended and updated as at the Issue Date of the first Tranche of the Notes, as published by ISDA (or any successor) on its website (http://www.isda.org); or (II) if "ISDA 2021 Definitions" are specified as being applicable in the relevant Final Terms, the latest version of the ISDA 2021 Interest Rate Derivatives Definitions, including each Matrix (as defined therein) (and any successor thereto), each as published by ISDA (or any successor) on its website (http://www.isda.org), on the date of issue of the first Tranche of the Notes of such Series (collectively, the "**ISDA Definitions**") and under which:

(A) the Floating Rate Option is as specified in the relevant Final Terms;

(B) the Designated Maturity is a period specified in the relevant Final Terms; and

(C) the relevant Reset Date is either (a) if the applicable Floating Rate Option is based on the Euro zone interbank offered rate ("**EURIBOR**"), the first day of that Interest Period or (b) in any other case, as specified in the relevant Final Terms.

For the purposes of this subparagraph (i), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" have the meanings given to those terms in the ISDA Definitions.

Notwithstanding the foregoing, in any circumstances where the ISDA Definitions state that the Calculation Agent will be required to exercise any discretion, including the selection of any reference banks and seeking quotations from reference banks, when calculating the relevant ISDA Rate, the relevant determination(s) which require the Calculation Agent to exercise its discretion shall instead be made by the Issuer or its designee.

(ii) ***Screen Rate Determination for Floating Rate Notes (other than for Floating Rate Notes linked to SONIA or the CMS Rate)***

(w) Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined,

the Rate of Interest for each Interest Period will, subject to Condition 4.3(h) below, be either:

(A) the offered quotation; or

(B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at the time specified in the relevant Final Terms (the "**Specified Time**") on the Interest Determination Date in question plus or minus (as indicated in the relevant Final Terms) the Margin (if any), all as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

(x) If the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the Specified Time, the Issuer (or an agent appointed by the Issuer) shall request each of the Reference Banks to provide the Issuer (or an agent appointed by the Issuer) with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Issuer (or an agent appointed by the Issuer) with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Issuer (or an agent appointed by the Issuer); and

(y) If on any Interest Determination Date one only or none of the Reference Banks provides the Issuer (or an agent appointed by the Issuer) with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be:

(A) if "Multiplier" is specified in the relevant Final Terms as not being applicable, the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Issuer (or an agent appointed by the Issuer) by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the Euro zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Issuer (or an agent appointed by the Issuer) with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would

have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Issuer (or an agent appointed by the Issuer) it is quoting to leading banks in the Euro zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) (the "**Determined Rate**"), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period). Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero;

(B) if "Multiplier" is specified in the relevant Final Terms as being applicable (i) the sum of the Margin and (ii) the relevant Determined Rate multiplied by the Multiplier;

(C) if "Reference Rate Multiplier" is specified in the relevant Final Terms as being applicable, the sum of (i) the Margin, and (ii) the relevant Determined Rate multiplied by the Reference Rate Multiplier,

where "**Multiplier**" and "**Reference Rate Multiplier**" each has the meaning given in the relevant Final Terms,

provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be: (A) determined as at the last preceding Interest Determination Date (though substituting, where a different Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to the relevant Interest Period in place of the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to that last preceding Interest Period); or (B) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Notes for the first (floating rate) Interest Period had the Notes been in issue for a period equal in duration to the scheduled first (floating rate) Interest Period but ending on (and excluding) the Interest Commencement Date (or, as the case may be, the first Interest Payment Date commencing from which the floating Rate of Interest applies) (including applying the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) applicable to such first (floating rate) Interest Period).

(iii) ***Screen Rate Determination for Floating Rate Notes which are linked to the CMS Rate***

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 and "CMS Rate" is specified as the Reference Rate in the relevant Final Terms, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent by reference to the following formula, subject to Condition 4.3(h):

CMS Rate plus Margin

If the Relevant Screen Page is not available, the Issuer (or an agent appointed by the Issuer) shall request each of the CMS Reference Banks to provide the Issuer (or an agent appointed by the Issuer) with its quotation for the Relevant Swap Rate at approximately 11:00 a.m. (local time in the principal financial centre of the Specified Currency) on the Interest Determination Date in question. If at least three of the CMS Reference Banks provide the Issuer (or an agent appointed by the Issuer) with such quotation, the CMS Rate for such Interest Period shall be the arithmetic mean of such quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest).

If on any Interest Determination Date fewer than three or none of the CMS Reference Banks provides the Issuer (or an agent appointed by the Issuer) with such quotations as provided in the preceding paragraph, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be: (A) determined as at the last preceding Interest Determination Date (though substituting, where a different Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to the relevant Interest Period in place of the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to that last preceding Interest Period); or (B) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Notes for the first (floating rate) Interest Period had the Notes been in issue for a period equal in duration to the scheduled first (floating rate) Interest Period but ending on (and excluding) the Interest Commencement Date (or, as the case may be, the first Interest Payment Date commencing from which the floating Rate of Interest applies) (including applying the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) applicable to such first (floating rate) Interest Period).

(iv) ***Screen Rate Determination for Floating Rate Notes which are linked to SONIA***

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 and "SONIA" is specified as the Reference Rate in the relevant Final Terms, the Rate of Interest applicable to the Notes for each Interest Period shall be Compounded Daily SONIA plus or minus the Margin (if any) as specified in the applicable Final Terms, subject to Condition 4.3(h).

If in respect of any Business Day in the relevant Observation Period, the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) determines that the applicable SONIA Reference Rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, the SONIA Reference Rate in respect of such Business Day shall be: (A) (i) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of business on such Business Day; plus (ii) the mean of the spread of the SONIA Reference Rate to the Bank Rate over the previous five days on which a SONIA Reference Rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate, or (B) if such Bank Rate is not available, the SONIA Reference Rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding Business Day on which the SONIA Reference Rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors).

Where the SONIA Reference Rate is being determined in accordance with the paragraph above, in the event the Bank of England publishes guidance as to (i) how the SONIA Reference Rate is to be determined; or (ii) any rate that is to replace the SONIA Reference Rate, the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) shall, to the extent that it is reasonably practicable, follow such guidance in order to determine the SONIA Reference Rate for any Business Day "i" for the purpose of the relevant Series of Notes for so long as the SONIA Reference Rate is not available or has not been published by the authorised distributors.

In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms), subject to Condition 4.3(h), the Rate of Interest shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period in place of the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to that last preceding Interest Period); or (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Notes for the first (floating rate) Interest Period had the Notes been in issue for a period equal in duration to the scheduled first (floating rate) Interest Period but ending on (and excluding) the Interest Commencement Date (or, as the case may be, the first Interest Payment Date commencing from which the floating Rate of Interest applies) (including applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first (floating rate) Interest Period).

If the relevant Series of Notes become due and payable in accordance with Condition 9 (*Events of Default and Enforcement*), the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Final Terms, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on such Notes shall, for so long as any such Notes remain outstanding, be that determined on such date.

For the purposes of this sub-paragraph 4.3(b)(iv):

"**Compounded Daily SONIA**" means, with respect to an Interest Period, the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) on the Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the third decimal place, with 0.0005 being rounded upwards:

$$\left[\prod_{i=1}^{d_0}\left(1+\frac{SONIA_{i-pLBD}\ x\ n_i}{365}\right)-1\right] x\ \frac{365}{d}$$

Where:

"**d**" is the number of calendar days in the relevant Interest Period;

"**d_o**" is the number of Business Days in the relevant Interest Period;

"**i**" is a series of whole numbers from one to d_o, each representing the relevant Business Day in chronological order from, and including, the first Business Day in the relevant Interest Period;

"**LBD**" means a Business Day;

"$\mathbf{n_i}$", for any Business Day "i", means the number of calendar days from and including such Business Day "i" up to but excluding the following Business Day;

"**p**" means for any Interest Period, 5 (five) Business Days or such other number of Business Days as specified in the applicable Final Terms provided that such number shall not be less than 5 (five) Business Days unless otherwise agreed between the Issuer and the Calculation Agent; and

"$\mathbf{SONIA_{i\text{-}pLBD}}$" means in respect of any Business Day falling in the relevant Interest Period, the SONIA Reference Rate for the Business Day falling "p" Business Days prior to that Business Day "i".

"**Observation Period**" means the period from and including the date falling five Business Days prior to the first day of the relevant Interest Period and ending on, but excluding, the date falling five Business Days prior to the Interest Payment Date for such Interest Period (or, if applicable, the date falling five Business Days prior to any other date on which a payment of interest is to be made in respect of the Notes).

"**SONIA Reference Rate**" means in respect of any Business Day, a reference rate equal to the daily Sterling Overnight Index Average ("**SONIA**") rate for such Business Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors (on the Business Day immediately following such Business Day).

(c) **Minimum Rate of Interest and/or Maximum Rate of Interest**

If the relevant Final Terms specifies a Minimum Rate of Interest for any Interest Period, then in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the relevant Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

Unless otherwise stated in the relevant Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(d) **Linear Interpolation**

Where "Linear Interpolation" is specified as being applicable in respect of an Interest Period in the relevant Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight line interpolation by reference to two rates:

(i) (where "Screen Rate Determination" is specified as being applicable in the relevant Final Terms) which appear on the Relevant Screen Page as of the Specified Time on the relevant Interest Determination Date, where:

(A) one rate shall be determined as if the relevant Interest Period or (where "CMS Rate" is specified as the Reference Rate in the relevant Final Terms) the Designated Maturity were the period of time for which rates

are available next shorter than the length of the relevant Interest Period; and

(B) the other rate shall be determined as if the relevant Interest Period or (where "CMS Rate" is specified as the Reference Rate in the relevant Final Terms) the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period,

provided, however, that if there is no rate available for a period of time next shorter or, as the case may be, next longer the length of the relevant Interest Period, then the Calculation Agent shall determine such rate at such time and by reference to such sources as the Issuer determines appropriate and notifies to the Calculation Agent; or

(ii) (where "ISDA Determination" is specified as being applicable in the relevant Final Terms) based on the relevant Floating Rate Option, where:

(A) one rate shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and

(B) the other rate shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period,

provided, however, that if there is no rate available for a period of time next shorter or, as the case may be, next longer the length of the relevant Interest Period, then the Calculation Agent shall determine such rate at such time and by reference to such sources as the Issuer determines appropriate and notifies to the Calculation Agent.

The Rate of Interest for such Interest Period shall be the sum of the Margin (if any) and the rate so determined.

(e) **Determination of Rate of Interest and calculation of Interest Amounts**

The Calculation Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. Where the Calculation Agent is not the Issuing and Paying Agent, the Calculation Agent shall notify the Issuing and Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Calculation Agent will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Notes or CMS Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to the Calculation Amount, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note or a CMS Linked Interest Note in definitive form comprises more than one Calculation Amount, the Interest Amount payable in respect of such Note shall be the aggregate of all the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

(f) **Notification of Rate of Interest and Interest Amounts**

Subject to Condition 4.3(h), the Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Issuing and Paying Agent (if the Calculation Agent is not itself the Issuing and Paying Agent) and any stock exchange or listing agent (if any) on which the relevant Floating Rate Notes or CMS Linked Interest Notes are for the time being

listed and notice thereof to be published in accordance with Condition 13 (*Notices*) as soon as possible after their determination but in no event later than the fourth London Business Day thereafter (or in the case of such Notes admitted to the official list and traded on the Luxembourg Stock Exchange, notification shall be given to the Luxembourg Stock Exchange or the Luxembourg Listing Agent on the first day of each Interest Period). Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange or listing agent (if any) on which the relevant Floating Rate Notes or CMS Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 13 (*Notices*). For the purposes of this paragraph, the expression "**London Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(g) **Certificates to be final**

All certificates, communications, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4.3 by the Calculation Agent, shall (in the absence of manifest error) be binding on the Issuer, the Issuing and Paying Agent, the Calculation Agent, the other Paying Agents and all Noteholders and Couponholders and (in the absence of aforesaid) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Issuing and Paying Agent or, if applicable, the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(h) **Benchmark Discontinuation**

Notwithstanding the provisions in this Condition 4, if the Issuer determines that a Benchmark Event has occurred in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the following provisions shall apply to the relevant Series of Notes:

(i) the Issuer shall use reasonable endeavours to select and appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Reference Rate, failing which an Alternative Reference Rate, and in each case an Adjustment Spread (if any) (in any such case, acting in good faith and in a commercially reasonable manner) no later than five Business Days prior to the Interest Determination Date relating to the next Interest Period (the "**IA Determination Cut-off Date**"), for the purposes of determining the Rate of Interest applicable to the Notes for such next Interest Period and for all other future Interest Periods (subject to the subsequent operation of this Condition 4.3(h) during any other future Interest Period(s)).

(ii) if the Independent Adviser is unable to determine an Alternative Reference Rate (as applicable) prior to the relevant IA Determination Cut-off Date, the Issuer (acting in good faith and in a commercially reasonable manner) may determine an Alternative Reference Rate and an Adjustment Spread (if any) no later than three Business Days prior to the Interest Determination Date relating to the next Interest Period (the "**Issuer Determination Cut-off Date**"), for the purposes of determining the Rate of Interest applicable to the Notes for such next Interest Period and for all other future Interest Periods (subject to the subsequent operation of this Condition 4.3(h) during any other future Interest Period(s)). Without prejudice to the definitions thereof, for the purposes of determining any Alternative Reference Rate and/or any Adjustment Spread, the Issuer will take into account any relevant and applicable market precedents as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets;

(iii) if a Successor Reference Rate or, failing which, an Alternative Reference Rate (as applicable) is determined by the relevant Independent Adviser or the Issuer (as applicable) in accordance with this Condition 4.3(h):

(A) such Successor Reference Rate or Alternative Reference Rate (as applicable) shall replace the Original Reference Rate for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 4.3(h));

(B) if the relevant Independent Adviser or the Issuer (as applicable):

(I) determines that an Adjustment Spread is required to be applied to such Successor Reference Rate or 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 such Successor Reference Rate or Alternative Reference Rate (as applicable) for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 4.3(h)); or

(II) is unable to determine the quantum of, or a formula or methodology for determining, an Adjustment Spread, then such Successor Reference Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 4.3(h)); and

(C) the relevant Independent Adviser or the Issuer (as applicable) (acting in good faith and in a commercially reasonable manner) may in its discretion specify:

(I) changes to these Conditions in order to follow market practice in relation to such Successor Reference Rate or Alternative Reference Rate (as applicable), including, but not limited to (1) any Reference Banks, Additional Business Centre(s), Business Day, Business Day Convention, Day Count Fraction, Interest Determination Date, Relevant Financial Centre and/or Relevant Screen Page (all as defined in the Final Terms) applicable to the Notes and (2) the method for determining the fallback to the Rate of Interest in relation to the Notes if such Successor Reference Rate or Alternative Reference Rate (as applicable) is not available; and

(II) any other changes which the relevant Independent Adviser or the Issuer (as applicable) determines are reasonably necessary to ensure the proper operation and comparability to the Original Reference Rate of such Successor Reference Rate or Alternative Reference Rate (as applicable), which changes shall apply to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 4.3(h) (each such change, together with any such change required pursuant to Condition 4.3(h)(iii)(C)(I) above, a "**Benchmark Amendment**" and, together, the "**Benchmark Amendments**"); and

(iv) promptly following the determination of (i) any Successor Reference Rate or Alternative Reference Rate (as applicable) and (ii) if applicable, any Adjustment Spread, the Issuer shall give notice thereof and of any changes (and the effective date thereof) pursuant to Condition 4.3(h)(iii)(C) to the Issuing and Paying Agent and, if applicable, the Calculation Agent and the Noteholders in accordance with Condition 13 (*Notices*). Any Benchmark Amendments effected pursuant to

Condition 4.3(h)(iii)(C) shall similarly be notified to the Noteholders in accordance with Condition 13 (*Notices*).

No consent of the Noteholders shall be required in connection with the determination by the Issuer or, as the case may be, the Independent Adviser of the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) or in connection with any Benchmark Amendment as described in this Condition 4.3(h), including any changes to these Conditions and the Agency Agreement for the Notes in Physical Form.

For the avoidance of doubt, if a Successor Reference Rate or an Alternative Reference Rate is not determined pursuant to the operation of this Condition 4.3(h) prior to the relevant Issuer Determination Cut-off Date, then the Rate of Interest for the next Interest Period shall be determined by reference to the fallback provisions of Condition 4.3(b).

Notwithstanding any other provision of this Condition 4.3(h): (i) no Successor Reference Rate or Alternative Reference Rate (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made pursuant to this Condition 4.3(h), if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as: (A) in the case of Senior Notes, satisfying the MREL Requirements; (B) in the case of Subordinated Notes, Tier 2 capital for regulatory capital purposes of the Issuer and/or the Group; and/or (ii) in the case of Senior Notes only, no Successor Reference Rate or Alternative Reference Rate (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made pursuant to this Condition 4.3(h), if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to result in the Relevant Authority treating an Interest Payment Date as the effective maturity of the Notes, rather than the relevant Maturity Date.

In no event shall the Calculation Agent be responsible for determining any Successor Reference Rate, Alternative Reference Rate, Adjustment Spread, Benchmark Event, or any Benchmark Amendment. The Calculation Agent will be entitled to conclusively rely on any determinations made by the Issuer or the Independent Adviser and will have no liability for such actions taken at the direction of the Issuer or the Independent Adviser.

For the purposes of this Condition 4.3(h):

"**Adjustment Spread**" means a spread (which may be positive or negative) or formula or methodology for calculating a spread, in each case, which the Independent Adviser determines is required to be applied to the Successor Reference Rate or an Alternative Reference Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of the Original Reference Rate with such Successor Reference Rate or Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

(i) in the case of a Successor Reference Rate, is formally recommended in relation to the replacement of the Reference Rate with such Successor Reference Rate by any Relevant Nominating Body; or

(ii) (if no such recommendation has been made or in the case of an Alternative Reference Rate) the Independent Adviser or the Issuer, as applicable, determines is customarily applied to the relevant Successor Reference Rate or the Alternative Reference Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or

(iii) if it is determined that no such spread is customarily applied, the Independent Adviser or the Issuer, as applicable, determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference

Rate, where such rate has been replaced by the Successor Reference Rate or the Alternative Reference Rate (as the case may be); or

(iv) (if the Independent Adviser or the Issuer, as applicable, determines that no such industry standard is recognised or acknowledged), the Independent Adviser determines (acting in good faith and in a commercially reasonable manner) to be appropriate.

"**Alternative Reference Rate**" means the rate that the relevant Independent Adviser or the Issuer (as applicable) determines has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining floating rates of interest in respect of notes denominated in the Specified Currency and of a comparable duration to the relevant Interest Periods, or, if such Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other rate as such Independent Adviser or the Issuer (as applicable) determines in its discretion is most comparable to the Original Reference Rate.

"**Benchmark Event**" means, in respect of a Reference Rate:

(a) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or

(b) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

(c) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will, by a specified date, be permanently or indefinitely discontinued; or

(d) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is no longer representative of its relevant underlying market; or

(e) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes, in each case by a specific date; or

(f) it has become unlawful (including, without limitation, under the EU Benchmark Regulation (Regulation (EU) 2016/1011), as amended from time to time, if applicable) for any Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate,

provided that in the case of sub-paragraphs (b), (c) and (e), the Benchmark Event shall occur on the later of (i) the date which is six months prior to the date of the cessation of publication of the Original Reference Rate, the discontinuation of the Original Reference Rate, or the prohibition of use of the Original Reference Rate, as the case may be and (ii) the date of the relevant public statement.

"**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.

"**Original Reference Rate**" means:

(a) the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes; or

(b) any Successor Reference Rate or Alternative Reference Rate which has been determined in relation to such benchmark or screen rate (as applicable) pursuant to the operation of this Condition 4.3(h).

"**Relevant Nominating Body**" means, in respect of a reference rate:

(i) the central bank for the currency to which such reference rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of such 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 such reference rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of such reference rate, (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Financial Stability Board or any part thereof.

"**Successor Reference Rate**" means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

4.4 **Accrual of interest**

Each Note will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue as provided in the Agency Agreement for the Notes in Physical Form.

5. **PAYMENTS**

5.1 **Method of Payment**

Subject as provided below:

(a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Melbourne and Wellington, respectively); and

(b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*).

5.2 **Presentation of definitive Notes and Coupons**

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in Condition 5.1 (*Method of Payment*) against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used in these Conditions, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Fixed Rate Notes in definitive form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as

the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the related missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7 (*Taxation*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8 (*Prescription*) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, CMS Linked Interest Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A "**Long Maturity Note**" is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon **provided that** such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

5.3 **Payments in respect of Global Notes**

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note (if such Global Note is not intended to be issued in NGN form) at the specified office of any Paying Agent outside the United States. On the occasion of each payment, (i) in the case of any Global Note which is not issued in new global note ("**NGN**") form, a record of such payment made on such Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent, and such record shall be *prima facie* evidence that the payment in question has been made and (ii) in the case of any Global Note which is a NGN, the Paying Agent shall instruct Euroclear and Clearstream, Luxembourg to make appropriate entries in their records to reflect such payment.

5.4 **General provisions applicable to payments**

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

(a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;

(b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other

similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

(c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

All payments in respect of the Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*); and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

5.5 **Payment Day**

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means any day which (subject to Condition 8 (*Prescription*) is:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

(i) the relevant place of presentation (if applicable);

(ii) each Additional Financial Centre specified in the relevant Final Terms; and

(b) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation and any Additional Financial Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Melbourne and Wellington, respectively) or (B) in relation to any sum payable in euro, a day on which T2 is open.

5.6 **Interpretation of principal and interest**

Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(a) any additional amounts which may be payable with respect to principal under Condition 7 (*Taxation*);

(b) the Final Redemption Amount of the Notes;

(c) the Early Redemption Amount of the Notes;

(d) the Optional Redemption Amount(s) (if any) of the Notes;

(e) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 6.8 (*Early Redemption Amounts*)); and

(f) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7 (*Taxation*).

6. REDEMPTION, PURCHASE AND CANCELLATION

6.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note (including each CMS Linked Interest Note) will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the relevant Final Terms in the relevant Specified Currency on the date specified as the maturity date in the relevant Final Terms (the "**Maturity Date**").

The Issuer shall have the right to call, redeem, repay or repurchase the Senior Notes only in accordance with and subject to the conditions set out in Articles 77(2) and 78a of the CRR being met (see Condition 6.2 (*Redemption for tax reasons*), Condition 6.4 (*Redemption of Senior Notes due to a MREL Disqualification Event*), Condition 6.5 (*Redemption at the option of the Issuer*), Condition 6.7 (*Clean-up Redemption at the Option of the Issuer*),Condition 6.9 (*Purchases*) and Condition 6.13 (*Regulatory conditions for call, redemption, repayment or repurchase of Senior Notes*)).

The Issuer shall have the right to call, redeem, repay or repurchase the Subordinated Notes only in accordance with and subject to the conditions set out in Articles 77 and 78 of the CRR being met (see Condition 6.2 (*Redemption for tax reasons*), Condition 6.3 (*6.3 Redemption of Subordinated Notes for regulatory reasons*), Condition 6.5 (*Redemption at the option of the Issuer*), Condition 6.7 (*Clean-up Redemption at the Option of the Issuer*), Condition 6.9 (*Purchases*) and Condition 6.12 (*Regulatory conditions for call, redemption, repayment or repurchase of Subordinated Notes*)).

Pursuant to Article 12-*bis*, paragraph 1, letter a), of the Italian Banking Act, the Maturity Date of the Senior Non-Preferred Notes shall not fall earlier than twelve months after their Issue Date.

The Maturity Date of Subordinated Notes shall not fall earlier than five years after their Issue Date, as provided under the Applicable Banking Regulations.

6.2 Redemption for tax reasons

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

(a) at any time (if this Note is neither a Floating Rate Note, a CMS Linked Interest Note, a Floating-Fixed Rate Note (in respect of the Interest Period calculated in accordance with the Floating Rate Note Provisions) nor a Fixed-Floating Rate Note (in respect of the Interest Period calculated in accordance with the Floating Rate Note Provisions)); or

(b) on any Interest Payment Date (if this Note is either a Floating Rate Note, a CMS Linked Interest Note, a Fixed-Floating Rate Note (in respect of the Interest Period calculated in accordance with the Floating Rate Note Provisions) or a Floating-Fixed Rate Note (in respect of the Interest Period calculated in accordance with the Floating Rate Note Provisions)),

on giving not less than 30 nor more than 60 days' notice to the Issuing and Paying Agent and, in accordance with Condition 13 (*Notices*), the Noteholders (which notice shall be irrevocable), if:

(a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any Tax Law Change; and

(b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it.

Prior to the publication of any notice of redemption pursuant to this Condition 6.2, the Issuer shall deliver to the Issuing and Paying Agent a certificate signed by two duly authorised signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred (and such evidence shall be sufficient to the Issuing and Paying Agent and conclusive and binding

on the Noteholders and the Couponholders). The Issuing and Paying Agent is not responsible, nor shall it incur any liability, for monitoring or ascertaining as to whether any certifications required by this Condition 6.2 are provided, nor shall it be required to review, check or analyse any certification produced nor shall it be responsible for the contents of any such certifications or incur any liability in the event the content of such certification is inaccurate or incorrect.

Notes redeemed pursuant to this Condition 6.2 will be redeemed at the Early Redemption Amount (as defined in Condition 6.8 (*Early Redemption Amounts*)) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

In the case of Senior Notes, any redemption pursuant to this Condition 6.2 shall be subject to Condition 6.13 (*Regulatory conditions for call, redemption, repayment and repurchase of Senior Notes*).

In the case of Subordinated Notes, any redemption pursuant to this Condition 6.2 shall be subject to Condition 6.12 (*Regulatory conditions for call, redemption, repayment or repurchase of Subordinated Notes*).

6.3 **Redemption of Subordinated Notes for regulatory reasons**

This Condition 6.3 applies only to Notes specified in the relevant Final Terms as being Subordinated Notes.

If a Regulatory Call is specified in the relevant Final Terms as being applicable, upon the occurrence of a Regulatory Event any Series of Subordinated Notes may be redeemed at the option of the Issuer in whole, but not in part:

(a) at any time (if neither the Floating Rate Note Provisions, the CMS Linked Interest Note Provisions, the Fixed-Floating Rate Note Provisions (in respect of the Interest Period calculated in accordance with the Floating Rate Note Provisions) nor the Floating-Fixed Rate Note Provisions (in respect of the Interest Period calculated in accordance with the Floating Rate Note Provisions) are specified in the relevant Final Terms as being applicable); or

(b) on any Interest Payment Date (if either the Floating Rate Note Provisions, the CMS Linked Interest Note Provisions, the Fixed-Floating Rate Note Provisions (in respect of the Interest Period calculated in accordance with the Floating Rate Note Provisions) or the Floating-Fixed Rate Note Provisions (in respect of the Interest Period calculated in accordance with the Floating Rate Note Provisions) are specified in the relevant Final Terms as being applicable),

on giving not less than 15 nor more than 60 days' notice to the Issuing and Paying Agent and, in accordance with Condition 13 (*Notices*), the Noteholders (which notice shall be irrevocable).

Upon the expiry of any such notice as referred to in this Condition 6.3, the Issuer shall be bound to redeem the Notes in accordance with this Condition 6.3, at their Early Redemption Amount (as defined in Condition 6.8 (*Early Redemption Amounts*)), together with accrued interest (if any) thereon.

Prior to the publication of any notice of redemption pursuant to this Condition 6.3, the Issuer shall deliver to the Issuing and Paying Agent a certificate signed by two duly authorised signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred (and such evidence shall be sufficient to the Issuing and Paying Agent and conclusive and binding on the Noteholders and the Couponholders). The Issuing and Paying Agent is not responsible, nor shall it incur any liability, for monitoring or ascertaining as to whether any certifications required by this Condition 6.3 are provided, nor shall it be required to review, check or analyse any certification produced nor shall it be responsible for the contents of any such certifications or incur any liability in the event the content of such certification is inaccurate or incorrect.

Any redemption pursuant to this Condition 6.3 shall be subject to Condition 6.12 (*Regulatory conditions for call, redemption, repayment or repurchase of Subordinated Notes*).

6.4 **Redemption of Senior Notes due to a MREL Disqualification Event**

This Condition 6.4 applies only to Notes specified in the relevant Final Terms as being Senior Preferred Notes or Senior Non-Preferred Notes.

If an Issuer Call due to a MREL Disqualification Event is specified in the relevant Final Terms as being applicable, then in cases where the Issuer determines that a MREL Disqualification Event has occurred and is continuing with respect to a Series of Senior Preferred Notes or Senior Non-Preferred Notes, any such Series may be redeemed at the option of the Issuer in whole, but not in part:

(a) at any time (if neither the Floating Rate Note Provisions, the CMS Linked Interest Note Provisions, the Fixed-Floating Rate Note Provisions (in respect of the Interest Period calculated in accordance with the Floating Rate Note Provisions) nor the Floating-Fixed Rate Note Provisions (in respect of the Interest Period calculated in accordance with the Floating Rate Note Provisions) are specified in the relevant Final Terms as being applicable); or

(b) on any Interest Payment Date (if either the Floating Rate Note Provisions, the CMS Linked Interest Note Provisions, the Fixed-Floating Rate Note Provisions (in respect of the Interest Period calculated in accordance with the Floating Rate Note Provisions) or the Floating-Fixed Rate Note Provisions (in respect of the Interest Period calculated in accordance with the Floating Rate Note Provisions) are specified in the relevant Final Terms as being applicable),

on giving not less than 15 nor more than 60 days' notice to the Issuing and Paying Agent and, in accordance with Condition 13 (*Notices*), the Noteholders (which notice shall be irrevocable).

Upon the expiry of any such notice as is referred to in this Condition 6.4, the Issuer shall be bound to redeem the Notes in accordance with this Condition 6.4, at their Early Redemption Amount (as defined in Condition 6.8 (*Early Redemption Amounts*)) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

Prior to the publication of any notice of redemption pursuant to this Condition 6.4, the Issuer shall deliver to the Issuing and Paying Agent a certificate signed by two duly authorised signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred (and such evidence shall be sufficient to the Issuing and Paying Agent and conclusive and binding on the Noteholders and the Couponholders). The Issuing and Paying Agent is not responsible, nor shall it incur any liability, for monitoring or ascertaining as to whether any certifications required by this Condition 6.4 are provided, nor shall it be required to review, check or analyse any certification produced nor shall it be responsible for the contents of any such certifications or incur any liability in the event the content of such certification is inaccurate or incorrect.

Any redemption pursuant to this Condition 6.4 shall be subject to Condition 6.13 (*Regulatory conditions for call, redemption, repayment or repurchase of Senior Notes*).

6.5 **Redemption at the option of the Issuer (Issuer Call)**

If an Issuer Call is specified in the relevant Final Terms as being applicable, the Issuer may, having given:

(a) not less than 15 nor more than 60 days' notice (or such other notice period stated in the relevant Final Terms) to the Noteholders in accordance with Condition 13 (*Notices*); and

(b) not less than 5 days before the giving of the notice referred to in (a) above, notice to the Issuing and Paying Agent,

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or, if partial redemption is stated to be applicable in the relevant Final Terms, some only, of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the relevant Final Terms together, if

appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the relevant Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will be selected individually by lot on a *pro rata* basis, in the case of Redeemed Notes represented by definitive Notes, and on a *pro rata* basis and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount at their discretion), in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 (*Notices*) not less than 15 days prior to the date fixed for redemption (or such other notice period stated in the relevant Final Terms). The aggregate nominal amount of Redeemed Notes represented by definitive Notes shall bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, **provided that** such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Notes represented by a Global Note shall be equal to the balance of the Redeemed Notes. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 6.5 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 13 (*Notices*) at least five days prior to the Selection Date.

In the case of Senior Notes, the call option pursuant to this Condition 6.5 shall be subject to Condition 6.13 (*Regulatory conditions for call, redemption, repayment and repurchase of Senior Notes*).

In the case of Subordinated Notes, no call option in accordance with this Condition 6.5 may be exercised by the Issuer to redeem, in whole or in part, such Notes prior to the fifth anniversary of their Issue Date. Starting from the fifth anniversary of their Issue Date, the redemption pursuant to this Condition 6.5 shall be subject to Condition 6.12 (*Regulatory conditions for call, redemption, repayment or repurchase of Subordinated Notes*).

6.6 **Redemption at the option of the Noteholders (Investor Put)**

This Condition 6.6 applies only to Notes specified in the relevant Final Terms as being Senior Preferred Notes or Senior Non-Preferred Notes.

If an Investor Put is specified in the relevant Final Terms as being applicable, upon the holder of any Note giving to the Issuer in accordance with Condition 13 (*Notices*) not less than 15 nor more than 30 days' notice (or such other notice period stated in the relevant Final Terms), the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the relevant Final Terms, such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a "**Put Notice**") and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Issuing and Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being

given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary or, as the case may be, common safekeeper for them to the Issuing and Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if this Note is represented by a Global Note which has not been issued in NGN form, at the same time present or procure the presentation of the relevant Global Note to the Issuing and Paying Agent for notation accordingly.

Any Put Notice given by a holder of any Note pursuant to this Condition 6.6 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and the Issuing and Paying Agent has declared the Notes to be due and payable pursuant to Condition 9 (*Events of Default and enforcement*), in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 6.6.

6.7 **Clean-up Redemption at the Option of the Issuer**

If a Clean-Up Call is specified in the relevant Final Terms as being applicable, and if at least 75 per cent. or any different percentage specified in the relevant Final Terms (the "**Clean-Up Call Percentage**") of the initial aggregate nominal amount of the Notes of the same Series (which for the avoidance of doubt includes, any additional Notes issued subsequently and forming a single series with the first Tranche of a particular Series of Notes) have been redeemed or purchased by, or on behalf of, the Issuer and cancelled, the Issuer may, having given not less than 15 nor more than 60 days' notice to the Issuing and Paying Agent and, in accordance with Condition 13 (*Notices*), the Noteholders (which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all of the Notes then outstanding on such date fixed for redemption and at par together, if appropriate, with interest accrued to (but excluding) the relevant date of redemption.

In the case of Senior Notes, the call option pursuant to this Condition 6.7 shall be subject to Condition 6.13 (*Regulatory conditions for call, redemption, repayment or repurchase of Senior Notes*).

In the case of Subordinated Notes, the call option pursuant to this Condition 6.7 shall be subject to Condition 6.12 (*Regulatory conditions for call, redemption, repayment or repurchase of Subordinated Notes*).

6.8 **Early Redemption Amounts**

For the purpose of Condition 6.2 (*Redemption for tax reasons*), Condition 6.3 (*Redemption of Subordinated Notes for regulatory reasons*), Condition 6.4 (*Redemption of Senior Notes due to a MREL Disqualification Event*) and Condition 9 (*Events of Default and enforcement*), each Note will be redeemed at its "**Early Redemption Amount**" calculated by (or on behalf of) the Issuer as follows:

(a) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;

(b) in the case of a Note (other than a Zero Coupon Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner specified in, the relevant Final Terms or, if no such amount or manner is so specified in the relevant Final Terms, at its nominal amount; or

(c) in the case of a Zero Coupon Note, at an amount (the "**Amortised Face Amount**") calculated in accordance with the following formula:

Early Redemption Amount = $RP \times (1 + AY)^{y}$

where:

RP means the reference price as defined in the relevant Final Terms (the "**Reference Price**");

AY means the accrual yield, as specified in the relevant Final Terms (the "**Accrual Yield**"), expressed as a decimal; and

y is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360,

or on such other calculation basis as may be specified in the relevant Final Terms.

6.9 **Purchases**

The Issuer or any of its Subsidiaries may purchase the Notes (**provided that**, in the case of definitive Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

In the case of Senior Notes, any purchase pursuant to this Condition 6.9 shall be subject to Condition 6.13 (*Regulatory conditions for call, redemption, repayment or repurchase of Senior Notes*).

In the case of Subordinated Notes, any purchase pursuant to this Condition 6.9 shall be subject to Condition 6.12 (*Regulatory conditions for call, redemption, repayment or repurchase of Subordinated Notes*).

6.10 **Cancellation**

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 6.9 (*Purchases*) (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Issuing and Paying Agent and cannot be reissued or resold.

6.11 **Late payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 6.1 (*Redemption at maturity*), Condition 6.2 (*Redemption for tax reasons*), Condition 6.3 (*Redemption of Subordinated Notes for regulatory reasons*), Condition 6.4 (*Redemption of Senior Notes due to a MREL Disqualification Event*), Condition 6.5 (*Redemption at the option of the Issuer (Issuer Call)*), Condition 6.6 (*Redemption at the option of the Noteholders (Investor Put)*) or Condition 6.7 (*Clean-up Redemption at the option of the Issuer*) or upon its becoming due and repayable as provided in Condition 9 (*Events of Default and enforcement*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 6.8(c) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

(a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Issuing and Paying Agent and notice to that effect has been given to the Noteholders in accordance with Condition 13 (*Notices*).

6.12 **Regulatory conditions for call, redemption, repayment or repurchase of Subordinated Notes**

This Condition 6.12 applies only to Notes specified in the relevant Final Terms as being Subordinated Notes.

In the case of Subordinated Notes, any call, redemption, repayment or repurchase pursuant to Condition 6.2 (*Redemption for tax reasons*), Condition 6.3 (*Redemption of Subordinated Notes for*

regulatory reasons), Condition 6.5 (*Redemption at the option of the Issuer (Issuer Call)*), Condition 6.7 (*Clean-up Redemption at the option of the Issuer*) Condition 6.9 (*Purchases*) or Condition 14 (*Meetings of Noteholders, Modification and Waiver*) (including, for the avoidance of doubt, any modification in accordance with Condition 14) is subject to compliance with the then Applicable Banking Regulations, including: the Issuer having obtained the prior permission of the Relevant Authority in accordance with Articles 77 and 78 of the CRR, where either:

(i) on or before such call, redemption, repayment or repurchase (as applicable), the Issuer replaces the Notes with Own Funds instruments of equal or higher quality at terms that are sustainable for its income capacity; or

(ii) the Issuer has demonstrated to the satisfaction of the Relevant Authority that its Own Funds would, following such call, redemption, repayment or repurchase, exceed the requirements laid down in the Applicable Banking Regulations by a margin that the Relevant Authority considers necessary; and

(b) in respect of a call, redemption repayment or repurchase prior to the fifth anniversary of the Issue Date of the relevant Notes, if and to the extent required under Article 78(4) of the CRR or the Capital Instruments Regulation:

(i) in the case of redemption pursuant to Condition 6.2 (*Redemption for tax reasons*), the Issuer having demonstrated to the satisfaction of the Relevant Authority that the change in the applicable tax treatment of the Notes is material and was not reasonably foreseeable as at the Issue Date; or

(ii) in case of redemption pursuant to Condition 6.3 (*Redemption of Subordinated Notes for regulatory reasons*), the Issuer has demonstrated to the satisfaction of the Relevant Authority that the change in the regulatory classification of the Notes was not reasonably foreseeable as at the Issue Date; or

(iii) on or before the relevant call, redemption, repayment or repurchase, the Issuer replaces the Notes with Own Funds instruments of equal or higher quality at terms that are sustainable for its income capacity and the Relevant Authority has permitted that action on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances; or

(iv) the Subordinated Notes are repurchased for market making purposes,

subject in any event to any different conditions or requirements as may be provided from time to time under the Applicable Banking Regulations.

The Relevant Authority may grant a general prior permission, for a specified period which shall not exceed one year, to redeem or purchase (including for market making purposes) the Subordinated Notes, in the limit of a predetermined amount, which shall not exceed the lower of (i) 10 per cent. (or any other threshold as may be requested or required by the Relevant Authority from time to time) of the aggregate nominal amount of the relevant Subordinated Notes and (ii) 3 per cent. (or any other threshold as may be requested or required by the Relevant Authority from time to time) of the outstanding aggregate nominal amount of the Tier 2 Instruments of the Issuer at the relevant time, subject to criteria that ensure that any such redemption or purchase will be in accordance with the conditions set out at letters (i) and (ii) of sub-paragraph (a) of the preceding paragraph.

For the avoidance of doubt, any refusal of the Relevant Authority to grant its permission in accordance with Article 78 of the CRR shall not constitute a default of the Issuer for any purposes.

6.13 **Regulatory conditions for call, redemption, repayment or repurchase of Senior Notes**

This Condition 6.13 applies only to Notes specified in the relevant Final Terms as being Senior Preferred Notes or Senior Non-Preferred Notes.

In the case of Senior Notes, any call, redemption, repayment or repurchase pursuant to Condition 6.2 (*Redemption for tax reasons*), Condition 6.4 (*Redemption of Senior Notes due to a MREL*

Disqualification Event), Condition 6.5 (*Redemption at the option of the Issuer (Issuer Call)*), Condition 6.6 (*Redemption at the option of the Noteholders (Investors Put)*), Condition 6.7 (*Clean-up Redemption at the option of the Issuer*), Condition 6.9 (*Purchases*) or Condition 14 (*Meetings of Noteholders, Modification and Waiver*) (including, for the avoidance of doubt, any modification in accordance with Condition 14) is subject, to the extent such Senior Notes qualify at such time as Eligible Liabilities Instruments or, in case of a redemption pursuant to Condition 6.4 (*Redemption of Senior Notes due to a MREL Disqualification Event*), qualified as Eligible Liabilities Instruments before the occurrence of the MREL Disqualification Event, to compliance with the then Applicable Banking Regulations, including the condition that the Issuer has obtained the prior permission of the Relevant Authority in accordance with Article 78a of the CRR, where one of the following conditions is met:

(A) on or before such call, redemption, repayment or repurchase (as applicable), the Issuer replaces the Senior Notes with Own Funds Instruments or Eligible Liabilities Instruments of equal or higher quality at terms that are sustainable for its income capacity; or

(B) the Issuer has demonstrated to the satisfaction of the Relevant Authority that its Own Funds and Eligible Liabilities would, following such call, redemption, repayment or repurchase, exceed the requirements for Own Funds and Eligible Liabilities laid down in the Applicable Banking Regulations by a margin that the Relevant Authority considers necessary; or

(C) the Issuer has demonstrated to the satisfaction of the Relevant Authority that the partial or full replacement of the Eligible Liabilities with Own Funds Instruments is necessary to ensure compliance with the Own Funds requirements laid down in the Applicable Banking Regulations for continuing authorization,

subject in any event to any different conditions or requirements as may be provided from time to time under the Applicable Banking Regulations.

The Relevant Authority may grant a general prior permission, for a specified period which shall not exceed one year, to redeem or purchase (including for market making purposes) Senior Notes, in the limit of a predetermined amount, instruments, subject to criteria that ensure that any such redemption or purchase will be in accordance with the conditions set out in sub-paragraphs (A) and (B) of the preceding paragraph. For the avoidance of doubt, any refusal of the Relevant Authority to grant its permission in accordance with Article 78a of the CRR shall not constitute a default of the Issuer for any purposes.

7. TAXATION

All payments of principal and interest in respect of the Notes and Coupons by the Issuer will be made without 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 Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest (in case of Senior Notes not qualifying at such time as liabilities that are eligible to meet the MREL Requirements only) or the respective amounts of interest only (in case of Senior Notes qualifying at such time as liabilities that are eligible to meet the MREL Requirements and Subordinated Notes) which would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note or Coupon:

(a) presented for payment in the Republic of Italy; or

(b) presented for payment by, or on behalf of, a holder or a beneficial owner of a Note or Coupon being a resident in the Republic of Italy or who is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with the Republic of Italy; or

(c) to the extent that interest or any other amount payable is paid to a non-Italian resident entity or a non-Italian resident individual which is resident for tax purposes in a country which does not allow the Italian tax authorities to obtain an adequate exchange of information in respect of the beneficiary of the payments made from Italy; or

(d) in all circumstances in which the requirements and procedures set forth in Legislative Decree No. 239 (as amended or supplemented from time to time) have not been met or complied with except where such requirements and procedures have not been met or complied with due to the actions or omissions of the Issuer or its agents; or

(e) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 5.5 (*Payment Day*); or

(f) presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by making, or procuring, a declaration of non.-residence or other similar claim for exemption but has failed to do so;

(g) in respect of Notes classified as atypical securities where such withholding or deduction is required under Law Decree No. 512 of 30 September 1983, as amended or supplemented from time to time; or

(h) where it will be required to withhold or deduct any taxes imposed pursuant to or in connection with Sections 1471 through 1474 of the Internal Revenue Code of 1986, as amended, the U.S. Treasury Regulations thereunder any official interpretations thereof or any agreements, law, regulation or other official guidance implementing an intergovernmental approach thereto in connection with any payments.

As used in these Conditions:

(i) "**Tax Jurisdiction**" means the Republic of Italy or in either case, any political subdivision or any authority thereof or therein having power to tax; and

(j) the "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Issuing and Paying Agent or the Paying Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13 (*Notices*).

8. PRESCRIPTION

The Notes and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 7 (*Taxation*)) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 5.2 (*Presentation of definitive Notes and Coupons*) or any Talon which would be void pursuant to Condition 5.2 (*Presentation of definitive Notes and Coupons*).

9. EVENTS OF DEFAULT AND ENFORCEMENT

9.1 Events of Default

The Notes are, and they shall immediately become, due and repayable at their Early Redemption Amount together with, if appropriate, accrued interest thereon if the Issuer is subject to compulsory winding-up (*liquidazione coatta amministrativa*) pursuant to Articles 80 and following of the Italian Banking Act or voluntary winding-up (*liquidazione volontaria*) pursuant to Article 96-*quinquies* of the Italian Banking Act (the "**Event of Default**"), provided that repayment of the Notes will only be effected after the Issuer has obtained the prior approval of the Relevant Authority (if so required), and provided further that no payments will be made to the Noteholders

or Couponholders before all amounts due, but unpaid, to all other creditors of the Issuer ranking ahead of the Noteholders and the Couponholders as described in Condition 3 (*Status of the Notes*) have been paid by the Issuer, as ascertained by the liquidator.

No remedy (including any remedy under the Italian Civil Code) against the Issuer other than as specifically provided by this Condition 9.1 shall be available to the holders of the Notes and the related Coupons, whether for the recovery of amounts owing in respect of the Notes and the related Coupons or in respect of any breach by the Issuer of any of its obligations under the Notes and the related Coupons or otherwise.

For the avoidance of doubt, the non-payment by the Issuer of any amount due and payable under these Notes, or the taking of any crisis prevention measure or crisis management measure in relation to the Issuer in accordance with the BRRD, is not an event of default.

10. REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Issuing and Paying Agent or the Paying Agent in Luxembourg upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

11. PAYING AGENTS

The names of the initial Paying Agents and their initial specified offices are set out below.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, **provided that**:

(a) there will at all times be an Issuing and Paying Agent and a Paying Agent with its specified office in a country outside the relevant Tax Jurisdiction; and

(b) so long as the Notes are listed on any Stock Exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent with a specified office in the place required by the rules and regulations of the relevant Stock Exchange or any other relevant authority.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5.4 (*General provisions applicable to payments*). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 13 (*Notices*).

Notification of any change in the Paying Agents or the Calculation Agent or their specified offices will be made in accordance with Condition 13 (*Notices*).

In acting under the Agency Agreement for the Notes in Physical Form, the Paying Agents are under no fiduciary duty and act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholders or Couponholders. The Agency Agreement for the Notes in Physical Form contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

12. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final

date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8 (*Prescription*).

13. NOTICES

All notices regarding the Notes will be deemed to be validly given if published (a) in a leading English language daily newspaper of general circulation in London, and (b) if and for so long as the Notes are admitted to trading on, and listed on the Official List of the Luxembourg Stock Exchange and the rules of that exchange so require, a daily newspaper of general circulation in Luxembourg and/or the Luxembourg Stock Exchange's website (*www.luxse.com*). It is expected that any such publication in a newspaper will be made in the *Financial Times* in London and the *Luxemburger Wort* in Luxembourg. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules or on the website of such stock exchange. Any such notice shall be deemed to have been given to the holders of the Notes on the date of delivery to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the related Note or Notes, with the Issuing and Paying Agent or the Paying Agent in Luxembourg. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Issuing and Paying Agent by delivery to Euroclear and/or Clearstream, Luxembourg as aforesaid.

14. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER

14.1 Meeting of the Noteholders, Modification and Waiver

The Agency Agreement for the Notes in Physical Form contains provisions for convening meetings, including by way of conference call or by use of a videoconference platform, of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons or any of the provisions of the Agency Agreement for the Notes in Physical Form. Such a meeting may be convened by the Issuer and shall be convened by the Issuer if required in writing by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or the Coupons or the Agency Agreement for the Notes in Physical Form (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or the Coupons), the quorum shall be two or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting two or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Couponholders.

The Issuer and the Issuing and Paying Agent may agree, without the consent of the Noteholders or Couponholders, to any modification of the Notes or the Agency Agreement for the Notes in Physical Form which is: (a) in the opinion of the Issuer, not prejudicial to the interests of the Noteholders; or (b) of a formal, minor or technical nature or to correct a manifest error. In addition, no consent of the Noteholders or Couponholders shall be required in connection with effecting any Benchmark Amendment as described in Condition 4.3(h)(iii)(C). Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 13 (*Notices*) as soon as reasonably practicable thereafter.

14.2 **Modification of the Notes**

If a Modification of the Notes is specified as being applicable in the relevant Final Terms, (i) in cases where a Regulatory Event or a Tax Law Change has occurred and is continuing (with respect to Subordinated Notes), or a MREL Disqualification Event or a Tax Law Change has occurred and is continuing (with respect to Senior Notes), and/or (ii) with respect to all Notes, in order to ensure the effectiveness and enforceability of the Bail-In Power in accordance with Condition 17 (Contractual Recognition of Bail-In Power) or in accordance with applicable law, the Issuer shall be entitled, having given not less than 30 nor more than 60 days' notice to the Issuing and Paying Agent and, in accordance with Condition 13 (Notices), the Noteholders (which notice shall be irrevocable), at any time (without the need for consent of the Noteholders or Couponholders) to modify either the provisions of the Agency Agreement for the Notes in Physical Form and/or the terms and conditions of the Notes of such Series, which modification, for the avoidance of doubt, in each case shall be treated as being outside the scope of the Reserved Matters, provided that:

(a) such modification is reasonably necessary in the sole opinion of the Issuer to ensure, as applicable, that no Regulatory Event, Tax Law Change or MREL Disqualification Event would exist thereafter, or that the effectiveness and enforceability of the Bail-In Power in accordance with Condition 17 (*Contractual Recognition of Bail-In Power*) or in accordance with applicable law is ensured; and

(b) following such modification of the existing Notes (the "**Existing Notes**"):

(A) the terms and conditions of the Notes, as so modified (the "**Modified Notes**"), are not materially less favourable to a holder of the Existing Notes (as reasonably determined by the Issuer and other than in respect of the effectiveness and enforceability of the Bail-In Power in accordance with Condition 17 (*Contractual Recognition of Bail-In Power*) or in accordance with applicable law and any provisions referred to under (e) below) than the terms and conditions applicable to the Existing Notes prior to such modification;

(B) the Modified Notes shall have a ranking at least equal to that of the Existing Notes and shall feature the same tenor, principal amount, interest rates (including applicable margins), Interest Payment Dates and redemption rights as the Existing Notes;

(C) the Modified Notes are assigned (or maintain) the same solicited credit ratings (if any) as were assigned to the Existing Notes immediately prior to such modification, provided that such change in rating, if any, shall only be relevant for the purposes of this Condition 14.2(b)(C), if related specifically to the modification;

(D) the Modified Notes continue to be listed on a recognised stock exchange, if the Existing Notes were listed immediately prior to such modification;

(c) the modification does not itself give rise to any right of the Issuer to redeem the Existing Notes prior to their Maturity Date, without prejudice to the provisions under Condition 6.5 (*Redemption at the option of the Issuer (Issuer Call)*) and Condition 6.7 (*Clean-up Redemption at the Option of the Issuer*);

(d) the Relevant Authority has approved such modification (if such approval is required under the Applicable Banking Regulations or the MREL Requirements applicable at that time), or has received prior written notice thereof (if such notice is required under the Applicable Banking Regulations or the MREL Requirements applicable at that time) and, following the expiry of all relevant statutory time limits, the Relevant Authority is no longer entitled to object or impose changes to the proposed modification; and

(e) any modification made under this Condition 14.2 can also determine a change in the governing law provided under Condition 16.1 (*Governing* law) from Italian law and/or in the jurisdiction and service of process provisions set out in Condition 16.2 (*Submission to jurisdiction*), if the Issuer determines that such changes are necessary to ensure that the Notes remain or, as appropriate, become, eligible for the purposes of the MREL Requirements.

In connection with any modification made in this Condition 14.2, the Issuer shall comply with the rules of any stock exchange on which the Notes are then listed or admitted to trading and of any authority that is responsible for the supervision or regulation of such exchange.

Any such modification shall be binding on all Noteholders and Couponholders and shall be notified by the Issuer as soon as reasonably practicable to the Noteholders in accordance with Condition 13 (*Notices*).

15. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

16. GOVERNING LAW AND SUBMISSION TO JURISDICTION

16.1 Governing law

The Agency Agreement for the Notes in Physical Form, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement for the Notes in Physical Form, the Notes and the Coupons are governed by, and shall be construed in accordance with Italian law.

16.2 Submission to jurisdiction

The Issuer irrevocably agrees, for the benefit of the Noteholders and the Couponholders, that the courts of Milan are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes and/or the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with the Notes and/or the Coupons) and accordingly submits to the non-exclusive jurisdiction of such courts.

Each party hereby irrevocably waives any objection which it may have now or hereafter to laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in the an inconvenient forum, and hereby further irrevocably agrees that a judgment in any such Proceedings brought in the courts of Milan with regard to the Notes, the Receipts and the Coupons shall be conclusive and binding upon each party and may be enforced in the courts of any other jurisdiction.

Nothing contained in this Condition shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

17. CONTRACTUAL RECOGNITION OF BAIL-IN POWER

Notwithstanding any provision of these Conditions or any other agreements, arrangements, or understandings between the Issuer and any holder of the Notes and without prejudice to Article

55(1) of the BRRD, each Noteholder, by virtue of its acquisition of the Notes (whether on issuance or in the secondary market), acknowledges and accepts the existence of, agrees to be bound by and consents to:

(a) the effects of the exercise of the Bail-In Power by the Relevant Authority, which exercise may include and result in any of the following, or some combination thereof:

(A) the reduction of all, or a portion, of the principal amount in respect of the Notes together with any accrued but unpaid interest due thereon and any additional amounts (if any) due in relation thereto;

(B) the conversion of all, or a portion, of the principal amount in respect of the Notes together with any accrued but unpaid interest due thereon and any additional amounts (if any) due in relation thereto, into ordinary shares, other securities or other obligations of the Issuer or another person (and the issue to or conferral on the holder of such shares, securities or obligations), including by means of an amendment, modification or variation of these Conditions;

(C) the cancellation of the Notes or the principal amount in respect of the Notes together with any accrued but unpaid interest due thereon and any additional amounts (if any) due in relation thereto; and

(D) the amendment or alteration of the maturity of the Notes or amendment of the amount of interest payable on the Notes, or the date on which the interest become payable, including by suspending payment for a temporary period; and

(b) the variation of these Conditions, as deemed necessary by the Relevant Authority, to give effect to the exercise of the Bail-In Power by the Relevant Authority.

Each Noteholder further agrees that the rights of the Noteholders are subject to, and will be varied if necessary so as to give effect to, the exercise of any Bail-In Power by the Relevant Authority.

Upon the Issuer becoming aware of the exercise of the Bail-In Power by the Relevant Authority with respect to the Notes, the Issuer shall provide a notice to the holders of the Notes in accordance with Condition 13 (*Notices*) as soon as reasonably practicable. The Issuer shall also deliver a copy of such notice to the Issuing and Paying Agent for information purposes. Any delay or failure by the Issuer to give notice shall not affect the validity and enforceability of the Bail-In Power nor the effects on the Notes described in this Condition 17.

The exercise of the Bail-In Power by the Relevant Authority with respect to the Notes shall not constitute an Event of Default and the terms and conditions of the Notes shall continue to apply to the outstanding principal amount of the Notes subject to any modification of the amount of interest payments to reflect the reduction of the outstanding principal amount, and any further modification of the terms that the Relevant Authority may decide in accordance with applicable laws and regulations, including in particular the BRRD and the SRM Regulation, and any other relevant provisions under the Applicable Banking Regulations.

Each Noteholder also acknowledges and agrees that this provision is exhaustive on the matters described herein to the exclusion of any other agreements, arrangements or understandings relating to the application of the Bail-In Power.

TERMS AND CONDITIONS OF THE DEMATERIALISED NOTES

*The following are the Terms and Conditions for Notes issued in dematerialised form (the "**Dematerialised Notes**" or "**Notes**"). The applicable Final Terms in relation to any Tranche of Dematerialised Notes shall specify terms which complete the following Terms and Conditions for the purpose of such Dematerialised Notes. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon each Dematerialised Note. Reference should be made to "Form of Final Terms" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.*

*References in these Terms and Conditions to the "**holder**" of a Note or to "**Noteholders**" (as defined below) are to the beneficial owners of Notes issued in dematerialised form and evidenced in book entry form with Monte Titoli pursuant to the relevant provisions of the Italian Finance Act (as defined below) and in accordance with CONSOB and Bank of Italy Joint Regulation (as defined below). No physical document of title will be issued in respect of Dematerialised Notes. Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") are intermediaries authorised to operate through Monte Titoli.*

This Note is one of a Series (as defined below) of the Notes issued by BANCO BPM S.p.A. (the "**Issuer**") in dematerialised form. The Issuer will also act as paying agent for the Notes (the "**Paying Agent**") save that the issuer is entitled to appoint a different Paying Agent for the Dematerialised Notes in accordance with Condition 10 (*Paying Agent*). References in these Conditions to "**Paying Agent**" shall mean, for so long as the Issuer acts as paying agent for the Notes, the Issuer in its capacity as such, or such other party from time to time appointed by the Issuer to act as paying agent for the Notes.

The Final Terms for this Dematerialised Note (or the relevant provisions thereof) are set out in Part A of the Final Terms expressed to apply to this Dematerialised Note, which completes these Terms and Conditions of the Dematerialised Notes (the "**Conditions**"). References to the "**relevant Final Terms**" are to Part A of the Final Terms (or the relevant provisions thereof) applicable to this Dematerialised Note.

The holders for the time being of the Dematerialised Notes shall hereafter be referred to as the "**Noteholders**", which expression shall, in relation to any Dematerialised Notes, be construed as provided below and are to the beneficial owners of Notes issued in dematerialised form and evidenced in book entry form with Monte Titoli S.p.A. pursuant to the relevant provisions of Legislative Decree No. 58 and in accordance with CONSOB and Bank of Italy Regulation. No physical document of title will be issued in respect of Notes.

As used herein, "**Tranche**" means Dematerialised Notes which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of Dematerialised Notes together with any further Tranche or Tranches of Dematerialised Notes which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates (as set out in the relevant Final Terms), Interest Commencement Dates and/or Issue Prices.

Payment of principal and interest in respect of the Dematerialised Notes will be credited, according to the instructions of Monte Titoli, by the Paying Agent to the accounts of the Monte Titoli Account Holders (as defeined below) whose accounts with Monte Titoli are credited with those Dematerialised Notes and thereafter credited by such Monte Titoli Account Holders to the accounts of the beneficial owners of those Dematerialised Notes or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Dematerialised Notes, in accordance with the rules and procedures of Monte Titoli, Euroclear or Clearstream, Luxembourg, as the case may be.

In these Terms and Conditions, the expression "**Monte Titoli Account Holder**" means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Monte Titoli and includes any depositary banks appointed by Euroclear and Clearstream, Luxembourg.

1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form and will be held in dematerialised form on behalf of the beneficial owners by Monte Titoli for the account of the relevant Monte Titoli Account Holders as of their respective date of issue. Monte Titoli shall act as depository for Euroclear and Clearstream, Luxembourg.

The Notes will at all times be evidenced by book-entries pursuant to the relevant provisions of the Italian Finance Act and in accordance with CONSOB and Bank of Italy Joint Regulation. No physical document of title will be issued in respect of the Notes.

The Dematerialised Notes may be Fixed Rate Notes, Reset Notes, Floating Rate Notes, CMS Linked Interest Notes, Fixed-Floating Rate Notes, Floating-Fixed Rate Notes or Zero Coupon Notes or a combination of any of the foregoing, depending upon the Interest Basis shown in the relevant Final Terms.

The Dematerialised Notes may also be senior preferred notes ("**Senior Preferred Notes**"), senior non-preferred notes ("**Senior Non-Preferred Notes**" and, together with the Senior Preferred Notes, the "**Senior Notes**") or subordinated notes ("**Subordinated Notes**"), depending on the status of the Dematerialised Notes specified in the relevant Final Terms.

The Dematerialised Notes are denominated in such currency as may be specified in the relevant Final Terms (the "**Specified Currency**") and in the denomination or denominations specified in the relevant Final Terms (a "**Specified Denomination**"), provided that:

(a) Senior Non-Preferred Notes will have a denomination of at least Euro 150,000; and

(b) Subordinated Notes will have a denomination of at least Euro 200,000,

or, in each case, where the Senior Non-Preferred Notes or the Subordinated Notes, as applicable, are denominated in a Specified Currency other than Euro, the equivalent amount in such other Specified Currency. Dematerialised Notes of one Specified Denomination may not be exchanged for Dematerialised Notes of another Specified Denomination.

Subject as set out below, title to the Notes will be evidenced by book entries pursuant to the relevant provisions of the Italian Finance Act and in accordance with CONSOB and Bank of Italy Joint Regulation. No physical document of title will be issued in respect of Notes.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be to the records for which Monte Titoli acts as depository. Any reference in these Conditions to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the relevant Final Terms or as may otherwise be approved by the Issuer.

2. DEFINITIONS

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Applicable Banking Regulations**" means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy then in effect in the Republic of Italy and applicable to the Issuer or the Group (as the case may be), including, without limitation, the BRRD, the BRRD Implementing Decrees, the CRD IV Package, the Capital Instruments Regulations, Circular No. 285, the Banking Reform Package, the SRM Regulation and any other regulations, requirements, guidelines and policies relating to capital adequacy then in effect of the Relevant Authority or of the institutions of the European Union (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer or the Group, as the case may be); and standards and guidelines issued by the European Banking Authority;

"**Banking Reform Package**" means (i) Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No. 575/2013 as regards the leverage ratio, the net stable funding ration, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposure to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No. 648/2012, (ii) Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No. 806/2014 as regards the loss-absorbing and recapitalization capacity of credit institutions and investment firms, (iii) Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU as regards

exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures, and (iv) Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU as regards the loss-absorbing and recapitalization capacity of credit institutions and investment firms and Directive 98/26/EC;

"**Bail-In Power**" means any statutory write-down, conversion, transfer, modification and/or suspension power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of credit institutions, investment firms and/or group entities in effect and applicable in the relevant Member State to the Issuer or other entities of the Group (as the case may be), including but not limited to any laws, regulations, rules or requirements set forth in or implementing the BRRD, the BRRD Implementing Decrees and/or the SRM Regulation or any successor laws, regulations, rules or requirements establishing a framework for the recovery and resolution of the Issuer (and/or other entities of the Group, where applicable) within the context of a relevant Member State resolution regime or otherwise, pursuant to which liabilities of the Issuer (and/or other entities of the Group, where applicable) can be reduced, cancelled, transferred, modified, suspended for a temporary period and/or converted into shares or obligations of the obligor or any other person, whether in combination with a resolution action or otherwise;

"**Bank Creditor Hierarchy Directive**" means Directive (EU) 2017/2399 of the European Parliament and of the Council of 12 December 2017 amending the BRRD as regards the ranking of unsecured debt instruments in insolvency hierarchy, as amended, supplemented or replaced from time to time;

"**Benchmarks Regulation**" means Regulation (EU) No. 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;

"**Broken Amount**" has the meaning given in the relevant Final Terms;

"**BRRD**" means Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms, as amended, supplemented or replaced from time to time (including, without limitation, as a consequence of the entry into force of the Banking Reform Package);

"**BRRD Implementing Decrees**" means the Legislative Decrees No. 180 and 181 of November 16, 2015, implementing the BRRD in the Republic of Italy, as amended or replaced from time to time (including, without limitation, as a consequence of the transposition of the Banking Reform Package into Italian law);

"**Business Day**" means a day which is both:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Milan and each additional business centre specified in the relevant Final Terms (each an "**Additional Business Centre**"); and

(b) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than Milan and any Additional Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Melbourne and Wellington, respectively) or (ii) in relation to any sum payable in euro, a day on which the real-time gross settlement system operated by the Eurosystem, or any successor system (the "**T2**") is open;

"**Calculation Agent**" means the Paying Agent or such other person specified in the relevant Final Terms;

"**Capital Instruments Regulations**" means the Delegated Regulation and any other rules or regulations of the Relevant Authority or of the institutions of the European Union or which are otherwise applicable to the Issuer or the Group (as the case may be), whether introduced before or after the Issue Date, which prescribe (alone or in conjunction with any other rules or regulations) the requirements to be fulfilled by financial instruments for their inclusion in the Own Funds of the Issuer or the Group (as the case may be) to the extent required under the CRD IV Package (including, without limitation, any rules or regulations implementing the Banking Reform Package);

"**CET1 Instruments**" means at any time common equity tier 1 instruments as interpreted and applied in accordance with the Applicable Banking Regulations;

"**Circular No. 285**" means the Bank of Italy Circular No. 285 of 17 December 2013, setting forth the supervisory provisions for banks (*Disposizioni di Vigilanza per le Banche*), as amended, supplemented or replaced from time to time (including, without limitation, as a consequence of the transposition of the Banking Reform Package into Italian law);

"**CMS Rate**" shall mean the applicable swap rate for swap transactions in the Reference Currency with a maturity of the Designated Maturity, expressed as a percentage, which appears on the Relevant Screen Page on the Interest Determination Date in question, all as determined by the Calculation Agent;

"**CMS Reference Banks**" means (i) where the Reference Currency is Euro, the principal office of five major banks in the Euro-zone inter-bank market, (ii) where the Reference Currency is Sterling, the principal London office of five major banks in the London inter-bank market, (iii) where the Reference Currency is U.S. dollars, the principal New York City office of five major banks in the New York City inter-bank market, or (iv) in the case of any other Reference Currency, the office of five major banks in the principal relevant financial centre specified in the relevant Final Terms (the "**Relevant Financial Centre**"), in each case selected by the Issuer;

"**CONSOB and Bank of Italy Joint Regulation**" means the joint regulation issued by Consob and the Bank of Italy dated 13 August 2018, as amended, supplemented or replaced from time to time;

"**CRD IV**" means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, as amended, supplemented or replaced from time to time (including, without limitation, as a consequence of the entry into force of the Banking Reform Package);

"**CRD IV Package**" means (i) the CRR and (ii) the CRD IV;

"**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, supplemented or replaced from time to time (including, without limitation, as a consequence of the entry into force of the Banking Reform Package);

"**Day Count Fraction**" means:

(a) in respect of the calculation of an amount of interest in accordance with Condition 4.1 (*Interest on Fixed Rate Notes*):

(i) if "**Actual/Actual (ICMA)**" is specified in the relevant Final Terms:

(A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "**Accrual Period**") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Interest Determination

Dates (as specified in the relevant Final Terms) that would occur in one calendar year; or

(B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Interest Determination Dates that would occur in one calendar year; and

(2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Interest Determination Dates that would occur in one calendar year; and

(ii) if "**30/360**" is **specified** in the relevant Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

(b) in respect of the calculation of an amount of interest in accordance with Condition 4.2 (*Interest on Reset Notes*) or 4.3 (*Interest on Floating Rate Notes and CMS Linked Interest Notes*):

(i) if "**Actual/Actual (ISDA)**" or "**Actual/Actual**" is specified in the relevant Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(ii) if "**Actual/365 (Fixed)**" is specified in the relevant Final Terms, the actual number of days in the Interest Period divided by 365;

(iii) if "**Actual/365 (Sterling)**" is specified in the relevant Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if "**Actual/360**" is specified in the relevant Final Terms, the actual number of days in the Interest Period divided by 360;

(v) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the relevant Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

Day Count Fraction =

$$\frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1) + (D_2 - D_1)]}{360}$$

Where:

Y_1 is the year, expressed as a number, in which the first day of the Interest Period falls;

Y_2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M_1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M_2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D_1 is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest 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 specified in the relevant Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

Day Count Fraction =

$$\frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1) + (D_2 - D_1)]}{360}$$

Where:

Y_1 is the year, expressed as a number, in which the first day of the Interest Period falls;

Y_2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M_1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M_2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D_1 is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 in which case D2 will be 30;

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

Day Count Fraction =

$$\frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1) + (D_2 - D_1)]}{360}$$

Where:

Y_1 is the year, expressed as a number, in which the first day of the Interest Period falls;

Y_2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M_1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M_2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D_1 is the first calendar day, expressed as a number, of the Interest 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

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest 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 and D2 will be 30,

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

"**Delegated Regulation**" means Commission Delegated Regulation (EU) No. 241/2014 of 7 January 2014 supplementing the CRR with regard to the regulatory technical standards for Own Funds requirements for institutions, as amended, supplemented or replaced from time to time (including, without limitation, as a consequence of any rules or regulations implementing the Banking Reform Package);

"**Designated Maturity**" has the meaning given in the relevant Final Terms;

"**Determination Period**" means each period from (and including) an Interest Determination Date to (but excluding) the next Interest Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not an Interest Determination Date, the period commencing on the first Interest Determination Date prior to, and ending on the first Interest Determination Date falling after, such date);

"**Eligible Liabilities**" means at any time eligible liabilities as interpreted and applied in accordance with the Applicable Banking Regulations;

"**Eligible Liabilities Instruments**" means at any time eligible liabilities instruments as interpreted and applied in accordance with the Applicable Banking Regulations;

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

"**First Margin**" means the margin specified as such in the applicable Final Terms;

"**First Reset Date**" means the date specified in the applicable Final Terms;

"**First Reset Period**" means the period from (and including) the First Reset Date until (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the applicable Final Terms, the Maturity Date;

"**First Reset Rate of Interest**" means, in respect of the First Reset Period, the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Mid-Swap Rate and the First Margin with such sum converted (if necessary), in accordance with and subject to Condition 4.2(b);

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

"**Fixed Interest Period**" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date;

"**Group**" means the Issuer and its consolidated Subsidiaries (or any other entities that are consolidated in the Issuer's calculation of its Own Funds on a consolidated basis in accordance with Applicable Banking Regulations);

"**Initial Rate of Interest**" has the meaning specified in the applicable Final Terms;

"**Interest Commencement Date**" means the date of issue of the Notes (as specified in the relevant Final Terms) or such other date as may be specified as such in the relevant Final Terms;

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

"**Interest Payment Date**" means the first Interest Payment Date and any date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms;

"**Italian Banking Act**" means Legislative Decree No. 385 of 1 September 1993, as amended, supplemented or replaced from time to time;

"**Italian Finance Act**" means Legislative Decree No. 58 of 24 February 1998, as amended, supplemented or replaced from time to time;

"**Loss Absorption Requirement**" means the power of the Relevant Authority to impose that Own Funds instruments or other liabilities of the Issuer or entities of the Group (as the case may be) are subject to full or partial write-down of the principal or conversion into CET1 Instruments or other instruments of ownership in accordance with Article 59 of the BRRD and the related national implementing provisions applicable to the Issuer or entities of the Group (as the case may be);

"**Mid-Market Swap Rate**" means for any Reset Period the mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the Original Reset Reference Rate Payment Basis (calculated on the day count basis customary for fixed rate payments in the Specified Currency as determined by the Calculation Agent) of a fixed-for-floating interest rate swap transaction in the Specified Currency which transaction (i) has a term equal to the relevant Reset Period and commencing on the relevant Reset Date, (ii) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market and (iii) has a floating leg based on the Mid-Swap Floating Leg Benchmark Rate for the Mid-Swap Maturity (as specified in the applicable Final Terms) (calculated on the day count basis customary for floating rate payments in the Specified Currency as determined by the Calculation Agent);

"**Mid-Market Swap Rate Quotation**" means a quotation (expressed as a percentage rate per annum) for the relevant Mid-Market Swap Rate;

"**Mid-Swap Floating Leg Benchmark Rate**" means either (a) the Reference Rate specified in the applicable Final Terms or (b) if no such Reference Rate is specified, EURIBOR if the Specified Currency is euro;

"**Mid-Swap Rate**" means, in relation to a Reset Determination Date and subject to Condition 4.2(c), either:

(a) if Single Mid-Swap Rate is specified in the applicable Final Terms, the rate for swaps in the Specified Currency:

(i) with a term equal to the relevant Reset Period; and

(ii) commencing on the relevant Reset Date, which appears on the Relevant Screen Page; or

(b) if Mean Mid-Swap Rate is specified in the applicable Final Terms, the arithmetic mean (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered swap rate quotations for swaps in the Specified Currency:

(i) with a term equal to the relevant Reset Period; and

(ii) commencing on the relevant Reset Date, which appear on the Relevant Screen Page,

in either case, as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on such Reset Determination Date, all as determined by the Calculation Agent;

"**MREL Disqualification Event**" means that all or part of the aggregate outstanding nominal amount of a Series of Senior Preferred Notes and/or of Senior Non-Preferred Notes (as the case may be) are or will be excluded fully or partially from the liabilities that are eligible to meet the MREL Requirements. For the avoidance of doubt: (a) the exclusion of a Series of Notes from the liabilities that are eligible to meet the MREL Requirements due to the remaining maturity of such Notes being less than any period prescribed thereunder does not constitute a MREL Disqualification Event; (b) the exclusion of all or some of a Series of Notes from the MREL Requirements due to there being insufficient headroom for such Notes within any prescribed exception to the otherwise applicable general requirements for liabilities that are eligible to meet the MREL Requirements does not constitute a MREL Disqualification Event; and (c) the exclusion of all or some of a Series of Notes from the liabilities that are eligible to meet the MREL Requirements as a result of such Notes being purchased by or on behalf of the Issuer or as a result of a purchase which is funded directly or indirectly by the Issuer does not constitute a MREL Disqualification Event;

"**MREL Requirements**" means the laws, regulations, requirements, guidelines, rules, standards, measures and policies relating to minimum requirements for own funds and eligible liabilities and/or loss absorbing capacity instruments applicable to the Issuer or the Group (as the case may be) from time to time (including any applicable transitional provisions), including, without limitation to the generality of the foregoing, any delegated or implementing acts (such as implementing technical standards or regulatory technical standards) adopted by the European Commission and any regulations, requirements, guidelines, rules, standards, measures and policies relating to minimum requirements for own funds and eligible liabilities and/or loss absorbing capacity instruments adopted by the Republic of Italy or a Relevant Authority from time to time (whether or not such regulations, requirements, guidelines, rules, standards, measures or policies are applied generally or specifically to the Issuer or the Group (as the case may be)), as any of the preceding laws, regulations, requirements, guidelines, rules, standards, measures, policies or interpretations may be amended, supplemented, superseded or replaced from time to time;

"**Original Reset Reference Rate Payment Basis**" has the meaning specified in the applicable Final Terms and shall be annual, semi-annual, quarterly or monthly;

"**Own Funds**" shall have the meaning given to such term in the CRR, as interpreted and applied in accordance with the Applicable Banking Regulations;

"**Own Funds Instruments**" means at any time own funds instruments as interpreted and applied in accordance with the Applicable Banking Regulations;

"**Rate of Interest**" means the Initial Rate of Interest, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest, as applicable;

"**Reference Bank(s)**" means, in the case of a determination of EURIBOR, the principal Euro zone office of four major banks in the Euro zone interbank market, in each case selected by the Issuer or as specified in the relevant Final Terms;

"**Reference Currency**" has the meaning given in the relevant Final Terms;

"**Reference Rate**" has the meaning given in the relevant Final Terms;

"**Regulatory Event**" means any change (or pending change which the Relevant Authority considers to be sufficiently certain) in the regulatory classification of the Subordinated Notes from their classification on the Issue Date that results, or would be likely to result, in their exclusion in full or, to the extent permitted under the Applicable Banking Regulations, in part, from the Tier 2 Capital of the Issuer or, where applicable in accordance with the Applicable Banking Regulations, a reclassification as a lower quality form of Own Funds;

"**Relevant Authority**" means, as the context may require, (i) the European Central Bank or the Bank of Italy, acting within the framework of the Single Supervisory Mechanism, or any successor or replacement authority having responsibility for the prudential oversight and supervision of the Issuer or the Group (as the case may be), and/or (ii) the Single Resolution Board, the European Council, the European Commission or the Bank of Italy, acting within the framework of the Single

Resolution Mechanism, or any successor or replacement authority having responsibility for the resolution of the Issuer or other entities of the Group (as the case may be);

"**Relevant Screen Page**" means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

"**Relevant Swap Rate**" means:

(a) where the Reference Currency is Euro, the mid-market annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the annual fixed leg, calculated on a 30/360 day count basis, of a fixed for floating euro interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/360 day count basis, is equivalent to EUR EURIBOR Reuters (as defined in the ISDA Definitions) with a designated maturity determined by the Calculation Agent by reference to standard market practice and/or the ISDA Definitions; and

(b) where the Reference Currency is any other currency or if the relevant Final Terms specify otherwise, the mid-market swap rate as determined in accordance with the relevant Final Terms;

"**Representative Amount**" means an amount that is representative for a single transaction in the relevant market at the relevant time;

"**Reset Date**" means the First Reset Date, the Second Reset Date and each Subsequent Reset Date (as applicable);

"**Reset Determination Date**" means, in respect of the First Reset Period, the second Business Day prior to the First Reset Date, in respect of the first Subsequent Reset Period, the second Business Day prior to the Second Reset Date and, in respect of each Subsequent Reset Period thereafter, the second Business Day prior to the first day of each such Subsequent Reset Period;

"**Reset Period**" means the First Reset Period or a Subsequent Reset Period, as the case may be;

"**Second Reset Date**" means the date specified in the applicable Final Terms;

"**Single Resolution Mechanism**" means the single resolution mechanism established pursuant to the SRM Regulation;

"**Single Supervisory Mechanism**" means the single supervisory mechanism established pursuant to the SSM Regulation;

"**SRM Regulation**" means Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund, as amended, supplemented or replaced from time to time (including as a consequence of the entry into force of the Banking Reform Package);

"**SSM Regulation**" means Council Regulation (EU) No. 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions, as amended, supplemented or replaced from time to time;

"**sub-unit**" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent;

"**Subsequent Margin**" means the margin specified as such in the applicable Final Terms;

"**Subsequent Reset Date**" means the date or dates specified in the applicable Final Terms;

"**Subsequent Reset Period**" means the period from (and including) the Second Reset Date to (but excluding) the next Subsequent Reset Date, and each successive period from (and including) a Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date;

"**Subsequent Reset Rate of Interest**" means, in respect of any Subsequent Reset Period and subject to Condition 4.2(c), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Mid-Swap Rate and the relevant Subsequent Margin with such sum converted (if necessary), in accordance with and subject to Condition 4.2(b).

"**Subsidiary**" means any company or person that is controlled by the Issuer pursuant to Article 23 of the Italian Banking Act;

"**Tax Law Change**" means any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 7 (*Taxation*)) (including any treaty to which the Tax Jurisdiction is a party) or any change in the application or official or generally published interpretation of such laws or regulations (including a change or amendment resulting from a ruling by a court or tribunal of competent jurisdiction), which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes.

"**Tier 1 Capital**" means at any time tier 1 capital as interpreted and applied in accordance with the Applicable Banking Regulations;

"**Tier 2 Capital**" means at any time tier 2 capital as interpreted and applied in accordance with the Applicable Banking Regulations; and

"**Tier 2 Instruments**" means at any time tier 2 instruments as interpreted and applied in accordance with the Applicable Banking Regulations.

3. STATUS OF THE DEMATERIALISED NOTES

3.1 Status of the Senior Preferred Notes

This Condition 3.1 applies only to Notes specified in the relevant Final Terms as being Senior Preferred Notes.

The Senior Preferred Notes and any interest accruing in respect thereof are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* among themselves.

The payment obligations of the Issuer under the Senior Preferred Notes shall at all times rank (save for certain obligations required to be preferred by law, including any obligations permitted by law to rank senior to the Senior Preferred Notes following the Issue Date, if any) equally with all other unsecured and unsubordinated obligations of the Issuer from time to time outstanding (other than obligations ranking junior to the Senior Preferred Notes from time to time, including any obligations under Senior Non-Preferred Notes and any further obligations permitted by law or by their terms to rank junior to the Senior Preferred Notes following the Issue Date, if any).

In relation to each Series of Senior Preferred Notes, all Notes of such Series will be treated equally and all amounts paid by the Issuer in respect of principal and/or interest thereon will be paid *pro rata* on all Notes of such Series.

Each holder of a Senior Preferred Note unconditionally and irrevocably waives any right of set-off, netting, counterclaim, abatement or other similar remedy which it might otherwise have under the laws of any jurisdiction in respect of such Senior Preferred Note.

3.2 **Status of the Senior Non-Preferred Notes**

This Condition 3.2 applies only to Notes specified in the relevant Final Terms as being Senior Non-Preferred Notes.

The Senior Non-Preferred Notes and any interest accruing in respect thereof are direct, unconditional, unsubordinated, unsecured and non-preferred obligations of the Issuer that are intended to qualify as *strumenti di debito chirografario di secondo livello* of the Issuer in accordance with, and for the purposes of, Article 12-*bis* of the Italian Banking Act.

The payment obligations of the Issuer under the Senior Non-Preferred Notes shall at all times rank:

(a) junior to Senior Preferred Notes and all present or future unsecured and unsubordinated obligations of the Issuer which rank, or are expressed to rank by their terms and/or by provision of law, senior to the Senior Non-Preferred Notes (including, without limitation, any obligations under the Senior Preferred Notes and any obligation required to be preferred by law and claims arising from the excluded liabilities within the meaning of Article 72a(2) of the CRR);

(b) *pari passu* among themselves and with any other present or future obligations of the Issuer which do not rank, or are not expressed by their terms to rank, junior or senior to the Senior Non-Preferred Notes; and

(c) senior to any present or future obligations of the Issuer which rank, or are expressed by their terms to rank, junior to the Senior Non-Preferred Notes (including, without limitation, the claims of the shareholders of the Issuer and any obligations under the Subordinated Notes or any other obligations under instruments or items included in the Tier 1 Capital or Tier 2 Capital of the Issuer),

in all such cases in accordance with the provisions set forth in Article 91, paragraph 1-*bis*, letter c-*bis*) of the Italian Banking Act and any relevant regulation which may be enacted from time to time for the purposes of implementing such provisions and/or any laws, regulations or guidelines implementing the rules set forth in the Bank Creditor Hierarchy Directive.

In relation to each Series of Senior Non-Preferred Notes, all Notes of such Series will be treated equally and all amounts paid by the Issuer in respect of principal and/or interest thereon will be paid *pro rata* on all Notes of such Series.

Each holder of a Senior Non-Preferred Note unconditionally and irrevocably waives any right of set-off, netting, counterclaim, abatement or other similar remedy which it might otherwise have under the laws of any jurisdiction in respect of such Senior Non-Preferred Note.

3.3 **Status of the Subordinated Notes**

This Condition 3.3 applies only to Notes specified in the relevant Final Terms as being Subordinated Notes.

The Subordinated Notes and any interest accruing in respect thereof are direct, unsecured and subordinated obligations of the Issuer that are intended to qualify for regulatory purposes as Tier 2 Instruments to be included in the Tier 2 Capital of the Issuer in accordance with Article 63 of the CRR and Part II, Chapter 1 of Circular No. 285 (or any successor rules under the Applicable Banking Regulations).

The payment obligations of the Issuer under the Subordinated Notes shall at all times rank:

(a) whilst the Subordinated Notes constitute, fully or partially, Tier 2 Capital:

(i) junior to all present or future unsecured and unsubordinated obligations of the Issuer (including, without limitation, any obligations under the Senior Notes) or any other present or future subordinated obligations of the Issuer which rank, or are expressed by their terms to rank, senior to the Subordinated Notes, including

any obligation required to be preferred by law (including any subordinated instruments that have ceased to qualify in their entirety as Own Funds);

(ii) *pari passu* among themselves and with any other present or future obligations of the Issuer which do not rank, or are not expressed by their terms to rank, junior or senior to the Subordinated Notes (including the Issuer's obligations in respect of any instruments qualifying as Tier 2 Capital); and

(iii) senior to any present or future obligations of the Issuer which rank, or are expressed by their terms to rank, junior to the Subordinated Notes (including, without limitation, the claims of the shareholders of the Issuer and any other obligations under instruments or items included in the Tier 1 Capital of the Issuer); or

(b) if and when the Subordinated Notes are fully excluded from the Issuer's Own Funds:

(i) junior to all present or future unsecured and unsubordinated obligations of the Issuer and any other present or future unconditional, unsecured and subordinated obligations of the Issuer which rank, or are expressed by their terms to rank, senior to the Notes (including, without limitation, any obligations under the Senior Notes);

(ii) *pari passu* with all other present or future subordinated obligations of the Issuer that have ceased to qualify, in their entirety, as Tier 2 Capital or Own Funds and with all other subordinated obligations of the Issuer that have such ranking; and

(iii) senior to (i) all present or future unsecured and unsubordinated obligations of the Issuer, (ii) any other present or future subordinated obligations of the Issuer which rank, or are expressed by their terms to rank, junior to the Notes (including Own Funds Instruments), and (iii) all present or future obligations of the Issuer which do not rank, or are not expressed by their terms to rank, senior or *pari passu* to the Notes.

In relation to each Series of Subordinated Notes, all Notes of such Series will be treated equally and all amounts paid by the Issuer in respect of principal and/or interest thereon will be paid *pro rata* on all Notes of such Series.

Each holder of a Subordinated Note unconditionally and irrevocably waives any right of set-off, netting, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of such Subordinated Note.

The Subordinated Notes (including, for the avoidance of doubt, payments of principal and/or interest) shall be subject to the Loss Absorption Requirement, if so required under the BRRD and/or the SRM Regulation, in accordance with the powers of the Relevant Authority and where the Relevant Authority determines that the application of the Loss Absorption Requirement to the Subordinated Notes is necessary pursuant to applicable law and/or regulation in force from time to time.

3.4 **No Negative Pledge**

There is no negative pledge in respect of the Dematerialised Notes.

4. **INTEREST**

4.1 **Interest on Fixed Rate Notes**

This Condition 4.1 applies to the Notes: (a) if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable; and (b) if the Fixed-Floating Rate Note Provisions or the Floating-Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable, in respect of those Fixed Interest Periods for which the Fixed Rate Note Provisions are stated to apply.

Each Fixed Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date. The Rate of Interest may be specified in the relevant Final Terms either (i) as the same Rate of Interest for all Fixed Interest Periods or (ii) as a different Rate of Interest in respect of one or more Fixed Interest Periods.

If the Notes are in definitive form, except as provided in the relevant Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the relevant Final Terms, amount to the Broken Amount so specified.

Except in the case of Notes in definitive form where a Fixed Coupon Amount or Broken Amount is specified in the relevant Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to the Calculation Amount, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form comprises more than one Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

4.2 **Interest on Reset Notes**

This Condition 4.2 applies to the Notes if the Reset Notes Provisions are specified in the relevant Final Terms as being applicable.

(a) *Rate of Interest and Interest Payment Dates*

Each Reset Note bears interest on its outstanding nominal amount:

(i) from (and including) the Interest Commencement Date until (but excluding) the First Reset Date at the rate *per annum* equal to the Initial Rate of Interest;

(ii) from (and including) the First Reset Date until (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the applicable Final Terms, the Maturity Date at the rate *per annum* equal to the First Reset Rate of Interest; and

(iii) for each Subsequent Reset Period thereafter (if any), at the rate(s) *per annum* equal to the relevant Subsequent Reset Rate of Interest,

payable, in each case, in arrear on each Interest Payment Date in each year up to (but excluding) the Maturity Date. The Rate of Interest and the Interest Amount payable shall be determined by the Calculation Agent, (A) in the case of the Rate of Interest, at or as soon as practicable after each time at which the Rate of Interest is to be determined, subject to Condition 4.3(h) (*Benchmark Replacement*) and (B) in the case of the Interest Amount in accordance with the provisions for calculating amounts of interest in Condition 4.1. Unless otherwise stated in the applicable Final Terms the Rate of Interest (inclusive of the First or Subsequent Margin) shall not be deemed to be less than zero.

(b) *Reset Reference Rate Conversion*

This Condition 4.2(b) applies to the Notes if the Reset Reference Rate Conversion is specified in the relevant Final Terms as being applicable.

The First Reset Rate of Interest and, if applicable, each Subsequent Reset Rate of Interest will be converted from the Original Reset Reference Rate Payment Basis specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement to a basis which matches the frequency of Interest Payment Dates in respect of the relevant Notes.

(c) *Fallbacks*

If on any Reset Determination Date the Relevant Screen Page is not available or the Mid-Swap Rate does not appear on the Relevant Screen Page, the Issuer (or an agent appointed by the Issuer) shall, subject as provided in Condition 4.3(h) (*Benchmark Replacement*), request each of the Reference Banks (as defined below) to provide the Issuer (or an agent appointed by the Issuer) with its Mid-Market Swap Rate Quotation as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on the Reset Determination Date in question.

If two or more of the Reference Banks provide the Issuer (or an agent appointed by the Issuer) with Mid-Market Swap Rate Quotations, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period shall be the sum of the arithmetic mean (rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the relevant Mid-Market Swap Rate Quotations and the First Margin or Subsequent Margin (as applicable), all as determined by the Calculation Agent.

If on any Reset Determination Date only one or none of the Reference Banks provides the Issuer (or an agent appointed by the Issuer) with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this paragraph, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) shall be determined by the Calculation Agent to be the sum of (as applicable) the First Margin (in the case of the First Reset Rate of Interest) or the Subsequent Margin (in the case of the Subsequent Reset Rate of Interest) and the relevant Mid-Swap Rate as at the last preceding Reset Date or, in the case of the first Reset Determination Date, the First Reset Rate of Interest shall be the Initial Rate of Interest.

For the purposes of this Condition 4.2, "**Reference Banks**" means the principal office in the principal financial centre of the Specified Currency of four major banks in the swap, money, securities or other market most closely connected with the relevant Mid-Swap Rate as selected by the Issuer.

4.3 Interest on Floating Rate Notes and CMS Linked Interest Notes

This Condition 4.3 applies to the Notes (a) if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable; and (b) if the Fixed-Floating Rate Note Provisions or the Floating-Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable, in respect of those Interest Periods for which the Floating Rate Note Provisions are stated to apply. Condition 4.3(h) will also apply to the Notes if Reset Notes Provisions are specified in the relevant Final Terms as being applicable.

(a) **Interest Payment Dates**

Each Floating Rate Note and CMS Linked Interest Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

(i) the date or dates specified as a specified interest payment date in each year specified in the relevant Final Terms (a "**Specified Interest Payment Date**"); or

(ii) if no Specified Interest Payment Date(s) is/are specified in the relevant Final Terms, each date (each such date, together with each Specified Interest Payment Date, an "**Interest Payment Date**") which falls the number of months or other period specified as the specified period in the relevant Final Terms (the "**Specified Period**") after the preceding Interest Payment Date or, in the case of the First Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date) (the "**Interest Period**").

If a Business Day Convention is specified in the relevant Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment

Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(i) in any case where Specified Periods are specified in accordance with Condition 4.3(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

(ii) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(iii) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(iv) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

(b) **Rate of Interest**

The Rate of Interest payable from time to time in respect of Floating Rate Notes and CMS Linked Interest Notes will be determined in the manner specified in the relevant Final Terms.

(i) ***ISDA Determination for Floating Rate Notes***

Where ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be:

(A) if "Multiplier" is specified in the relevant Final Terms as not being applicable, the relevant ISDA Rate plus or minus (as indicated in the relevant Final Terms) the Margin (if any);

(B) if "Multiplier" is specified in the relevant Final Terms as being applicable (i) the sum of the Margin and the relevant ISDA Rate multiplied by (ii) the Multiplier;

(C) if "Reference Rate Multiplier" is specified in the relevant Final Terms as being applicable, the sum of (i) the Margin, and (ii) the relevant ISDA Rate multiplied by the Reference Rate Multiplier,

where "**Multiplier**" and "**Reference Rate Multiplier**" each has the meaning given in the relevant Final Terms and where "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating (I) unless "ISDA 2021 Definitions" are specified as being applicable in the relevant Final Terms, the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. ("**ISDA**") and as amended and updated as at the Issue Date of the first Tranche of the Notes, as published by ISDA (or any successor) on its website (http://www.isda.org); or (II) if "ISDA 2021 Definitions" are specified as being applicable in the relevant Final Terms, the latest version of the ISDA 2021 Interest Rate Derivatives Definitions, including each Matrix (as defined therein) (and any successor

thereto), each as published by ISDA (or any successor) on its website (http://www.isda.org), on the date of issue of the first Tranche of the Notes of such Series (collectively, the "**ISDA Definitions**") and under which:

(A) the Floating Rate Option is as specified in the relevant Final Terms;

(B) the Designated Maturity is a period specified in the relevant Final Terms; and

(C) the relevant Reset Date is either (a) if the applicable Floating Rate Option is based on the Euro zone interbank offered rate ("**EURIBOR**"), the first day of that Interest Period or (b) in any other case, as specified in the relevant Final Terms.

For the purposes of this subparagraph (i), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" have the meanings given to those terms in the ISDA Definitions.

Notwithstanding the foregoing, in any circumstances where the ISDA Definitions state that the Calculation Agent will be required to exercise any discretion, including the selection of any reference banks and seeking quotations from reference banks, when calculating the relevant ISDA Rate, the relevant determination(s) which require the Calculation Agent to exercise its discretion shall instead be made by the Issuer or its designee.

(ii) ***Screen Rate Determination for Floating Rate Notes (other than for Floating Rate Notes linked to SONIA or the CMS Rate)***

(w) Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject to Condition 4.3(h) below, be either:

(A) the offered quotation; or

(B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at the time specified in the relevant Final Terms (the "**Specified Time**") on the Interest Determination Date in question plus or minus (as indicated in the relevant Final Terms) the Margin (if any), all as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

(x) If the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the Specified Time, the Issuer (or an agent appointed by the Issuer) shall request each of the Reference Banks to provide the Issuer (or an agent appointed by the Issuer) with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Issuer (or an agent appointed by the Issuer) with offered quotations, the Rate of Interest for the Interest Period shall

be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Issuer (or an agent appointed by the Issuer); and

(y) If on any Interest Determination Date one only or none of the Reference Banks provides the Issuer (or an agent appointed by the Issuer) with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be:

(A) if "Multiplier" is specified in the relevant Final Terms as not being applicable, the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Issuer (or an agent appointed by the Issuer) by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the Euro zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Issuer (or an agent appointed by the Issuer) with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Issuer (or an agent appointed by the Issuer) it is quoting to leading banks in the Euro zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) (the "**Determined Rate**"), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period). Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero;

(B) if "Multiplier" is specified in the relevant Final Terms as being applicable (i) the sum of the Margin and (ii) the relevant Determined Rate multiplied by the Multiplier;

(C) if "Reference Rate Multiplier" is specified in the relevant Final Terms as being applicable, the sum of (i) the Margin, and (ii) the relevant Determined Rate multiplied by the Reference Rate Multiplier,

where "**Multiplier**" and "**Reference Rate Multiplier**" each has the meaning given in the relevant Final Terms,

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provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be: (A) determined as at the last preceding Interest Determination Date (though substituting, where a different Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to the relevant Interest Period in place of the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to that last preceding Interest Period); or (B) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Notes for the first (floating rate) Interest Period had the Notes been in issue for a period equal in duration to the scheduled first (floating rate) Interest Period but ending on (and excluding) the Interest Commencement Date (or, as the case may be, the first Interest Payment Date commencing from which the floating Rate of Interest applies) (including applying the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) applicable to such first (floating rate) Interest Period).

(iii) ***Screen Rate Determination for Floating Rate Notes which are linked to the CMS Rate***

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 and "CMS Rate" is specified as the Reference Rate in the relevant Final Terms, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent by reference to the following formula, subject to Condition 4.3(h):

CMS Rate plus Margin

If the Relevant Screen Page is not available, the Issuer (or an agent appointed by the Issuer) shall request each of the CMS Reference Banks to provide the Issuer (or an agent appointed by the Issuer) with its quotation for the Relevant Swap Rate at approximately 11:00 a.m. (local time in the principal financial centre of the Specified Currency) on the Interest Determination Date in question. If at least three of the CMS Reference Banks provide the Issuer (or an agent appointed by the Issuer) with such quotation, the CMS Rate for such Interest Period shall be the arithmetic mean of such quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest).

If on any Interest Determination Date fewer than three or none of the CMS Reference Banks provides the Issuer (or an agent appointed by the Issuer) with such quotations as provided in the preceding paragraph, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be: (A) determined as at the last preceding Interest Determination Date (though substituting, where a different Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to the relevant Interest Period in place of the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to that last preceding Interest Period); or (B) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Notes for the first (floating rate) Interest Period had the Notes been in issue for a period equal in duration to the scheduled first (floating rate) Interest Period but ending on (and excluding) the Interest Commencement Date (or, as the case may be, the first

Interest Payment Date commencing from which the floating Rate of Interest applies) (including applying the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) applicable to such first (floating rate) Interest Period).

(iv) ***Screen Rate Determination for Floating Rate Notes which are linked to SONIA***

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 and "SONIA" is specified as the Reference Rate in the relevant Final Terms, the Rate of Interest applicable to the Notes for each Interest Period shall be Compounded Daily SONIA plus or minus the Margin (if any) as specified in the applicable Final Terms, subject to Condition 4.3(h).

If in respect of any Business Day in the relevant Observation Period, the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) determines that the applicable SONIA Reference Rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, the SONIA Reference Rate in respect of such Business Day shall be: (A) (i) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of business on such Business Day; plus (ii) the mean of the spread of the SONIA Reference Rate to the Bank Rate over the previous five days on which a SONIA Reference Rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate, or (B) if such Bank Rate is not available, the SONIA Reference Rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding Business Day on which the SONIA Reference Rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors).

Where the SONIA Reference Rate is being determined in accordance with the paragraph above, in the event the Bank of England publishes guidance as to (i) how the SONIA Reference Rate is to be determined; or (ii) any rate that is to replace the SONIA Reference Rate, the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) shall, to the extent that it is reasonably practicable, follow such guidance in order to determine the SONIA Reference Rate for any Business Day "i" for the purpose of the relevant Series of Notes for so long as the SONIA Reference Rate is not available or has not been published by the authorised distributors.

In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms), subject to Condition 4.3(h), the Rate of Interest shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period in place of the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to that last preceding Interest Period); or (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Notes for the first (floating rate) Interest Period had the Notes been in issue for a period equal in duration to the scheduled first (floating rate) Interest Period but ending on (and excluding) the Interest Commencement Date (or, as the case may be, the first Interest Payment Date commencing from which the floating Rate of Interest applies) (including applying the Margin and any Maximum Rate of

Interest or Minimum Rate of Interest applicable to the first (floating rate) Interest Period).

If the relevant Series of Notes become due and payable in accordance with Condition 9 (*Events of Default and Enforcement*), the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Final Terms, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on such Notes shall, for so long as any such Notes remain outstanding, be that determined on such date.

For the purposes of this sub-paragraph 4.3(b)(iv):

"**Compounded Daily SONIA**" means, with respect to an Interest Period, the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) on the Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the third decimal place, with 0.0005 being rounded upwards:

$$\left[\prod_{i=1}^{d_0}\left(1+\frac{SONIA_{i-pLBD}\ x\ n_i}{365}\right)-1\right]\ x\ \frac{365}{d}$$

Where:

"**d**" is the number of calendar days in the relevant Interest Period;

"**d_o**" is the number of Business Days in the relevant Interest Period;

"**i**" is a series of whole numbers from one to d_o, each representing the relevant Business Day in chronological order from, and including, the first Business Day in the relevant Interest Period;

"**LBD**" means a Business Day;

"**n_i**", for any Business Day "i", means the number of calendar days from and including such Business Day "i" up to but excluding the following Business Day;

"**p**" means for any Interest Period, 5 (five) Business Days or such other number of Business Days as specified in the applicable Final Terms provided that such number shall not be less than 5 (five) Business Days unless otherwise agreed between the Issuer and the Calculation Agent; and

"**$SONIA_{i\text{-}pLBD}$**" means in respect of any Business Day falling in the relevant Interest Period, the SONIA Reference Rate for the Business Day falling "p" Business Days prior to that Business Day "i".

"**Observation Period**" means the period from and including the date falling five Business Days prior to the first day of the relevant Interest Period and ending on, but excluding, the date falling five Business Days prior to the Interest Payment Date for such Interest Period (or, if applicable, the date falling five Business Days prior to any other date on which a payment of interest is to be made in respect of the Notes).

"**SONIA Reference Rate**" means in respect of any Business Day, a reference rate equal to the daily Sterling Overnight Index Average ("**SONIA**") rate for such Business Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors (on the Business Day immediately following such Business Day).

(c) **Minimum Rate of Interest and/or Maximum Rate of Interest**

If the relevant Final Terms specifies a Minimum Rate of Interest for any Interest Period, then in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the relevant Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

Unless otherwise stated in the relevant Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(d) **Linear Interpolation**

Where "Linear Interpolation" is specified as being applicable in respect of an Interest Period in the relevant Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight line interpolation by reference to two rates:

(i) (where "Screen Rate Determination" is specified as being applicable in the relevant Final Terms) which appear on the Relevant Screen Page as of the Specified Time on the relevant Interest Determination Date, where:

(A) one rate shall be determined as if the relevant Interest Period or (where "CMS Rate" is specified as the Reference Rate in the relevant Final Terms) the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and

(B) the other rate shall be determined as if the relevant Interest Period or (where "CMS Rate" is specified as the Reference Rate in the relevant Final Terms) the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period,

provided, however, that if there is no rate available for a period of time next shorter or, as the case may be, next longer the length of the relevant Interest Period, then the Calculation Agent shall determine such rate at such time and by reference to such sources as the Issuer determines appropriate and notifies to the Calculation Agent; or

(ii) (where "ISDA Determination" is specified as being applicable in the relevant Final Terms) based on the relevant Floating Rate Option, where:

(A) one rate shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and

(B) the other rate shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period,

provided, however, that if there is no rate available for a period of time next shorter or, as the case may be, next longer the length of the relevant Interest Period, then the Calculation Agent shall determine such rate at such time and by reference to such sources as the Issuer determines appropriate and notifies to the Calculation Agent.

The Rate of Interest for such Interest Period shall be the sum of the Margin (if any) and the rate so determined.

(e) **Determination of Rate of Interest and calculation of Interest Amounts**

The Calculation Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Calculation Agent will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Notes or CMS Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to the Calculation Amount, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note or a CMS Linked Interest Note in definitive form comprises more than one Calculation Amount, the Interest Amount payable in respect of such Note shall be the aggregate of all the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

(f) **Notification of Rate of Interest and Interest Amounts**

Subject to Condition 4.3(h), the Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, Monte Titoli and any stock exchange or listing agent (if any) on which the relevant Floating Rate Notes or CMS Linked Interest Notes are for the time being listed and notice thereof to be published in accordance with Condition 11 (*Notices*) as soon as possible after their determination but in no event later than the fourth Business Day thereafter (or in the case of such Notes admitted to the official list and traded on the Luxembourg Stock Exchange, notification shall be given to the Luxembourg Stock Exchange or the Luxembourg Listing Agent on the first day of each Interest Period). Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange or listing agent (if any) on which the relevant Floating Rate Notes or CMS Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 11 (*Notices*).

(g) **Certificates to be final**

All certificates, communications, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4.3 by the Calculation Agent, shall (in the absence of manifest error) be binding on the Issuer, the Paying Agent, the Calculation Agent and all Noteholders and (in the absence of aforesaid) no liability to the Issuer or the Noteholders shall attach to the Paying Agent or, if applicable, the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(h) **Benchmark Discontinuation**

Notwithstanding the provisions in this Condition 4, if the Issuer determines that a Benchmark Event has occurred in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the following provisions shall apply to the relevant Series of Notes:

(i) the Issuer shall use reasonable endeavours to select and appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Reference Rate, failing which an Alternative Reference Rate, and in each case an Adjustment Spread (if any) (in any such case, acting in good faith and in a

commercially reasonable manner) no later than five Business Days prior to the Interest Determination Date relating to the next Interest Period (the "**IA Determination Cut-off Date**"), for the purposes of determining the Rate of Interest applicable to the Notes for such next Interest Period and for all other future Interest Periods (subject to the subsequent operation of this Condition 4.3(h) during any other future Interest Period(s)).

(ii) if the Independent Adviser is unable to determine an Alternative Reference Rate (as applicable) prior to the relevant IA Determination Cut-off Date, the Issuer (acting in good faith and in a commercially reasonable manner) may determine an Alternative Reference Rate and an Adjustment Spread (if any) no later than three Business Days prior to the Interest Determination Date relating to the next Interest Period (the "**Issuer Determination Cut-off Date**"), for the purposes of determining the Rate of Interest applicable to the Notes for such next Interest Period and for all other future Interest Periods (subject to the subsequent operation of this Condition 4.3(h) during any other future Interest Period(s)). Without prejudice to the definitions thereof, for the purposes of determining any Alternative Reference Rate and/or any Adjustment Spread, the Issuer will take into account any relevant and applicable market precedents as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets;

(iii) if a Successor Reference Rate or, failing which, an Alternative Reference Rate (as applicable) is determined by the relevant Independent Adviser or the Issuer (as applicable) in accordance with this Condition 4.3(h):

(A) such Successor Reference Rate or Alternative Reference Rate (as applicable) shall replace the Original Reference Rate for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 4.3(h));

(B) if the relevant Independent Adviser or the Issuer (as applicable):

(I) determines that an Adjustment Spread is required to be applied to such Successor Reference Rate or 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 such Successor Reference Rate or Alternative Reference Rate (as applicable) for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 4.3(h)); or

(II) is unable to determine the quantum of, or a formula or methodology for determining, an Adjustment Spread, then such Successor Reference Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 4.3(h)); and

(C) the relevant Independent Adviser or the Issuer (as applicable) (acting in good faith and in a commercially reasonable manner) may in its discretion specify:

(I) changes to these Conditions in order to follow market practice in relation to such Successor Reference Rate or Alternative Reference Rate (as applicable), including, but not limited to (1) any Reference Banks, Additional Business Centre(s), Business Day, Business Day Convention, Day Count Fraction, Interest Determination Date, Relevant Financial Centre and/or Relevant Screen Page (all as defined in the Final Terms) applicable to the Notes and (2) the method for determining the fallback to the Rate

of Interest in relation to the Notes if such Successor Reference Rate or Alternative Reference Rate (as applicable) is not available; and

(II) any other changes which the relevant Independent Adviser or the Issuer (as applicable) determines are reasonably necessary to ensure the proper operation and comparability to the Original Reference Rate of such Successor Reference Rate or Alternative Reference Rate (as applicable), which changes shall apply to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 4.3(h) (each such change, together with any such change required pursuant to Condition 4.3(h)(iii)(C)(I) above, a "**Benchmark Amendment**" and, together, the "**Benchmark Amendments**"); and

(iv) promptly following the determination of (i) any Successor Reference Rate or Alternative Reference Rate (as applicable) and (ii) if applicable, any Adjustment Spread, the Issuer shall give notice thereof and of any changes (and the effective date thereof) pursuant to Condition 4.3(h)(iii)(C) to the Paying Agent and, if applicable, the Calculation Agent and the Noteholders in accordance with Condition 11 (*Notices*). Any Benchmark Amendments effected pursuant to Condition 4.3(h)(iii)(C) shall similarly be notified to the Noteholders in accordance with Condition 11 (*Notices*).

No consent of the Noteholders shall be required in connection with the determination by the Issuer or, as the case may be, the Independent Adviser of the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) or in connection with any Benchmark Amendment as described in this Condition 4.3(h), including any changes to these Conditions.

For the avoidance of doubt, if a Successor Reference Rate or an Alternative Reference Rate is not determined pursuant to the operation of this Condition 4.3(h) prior to the relevant Issuer Determination Cut-off Date, then the Rate of Interest for the next Interest Period shall be determined by reference to the fallback provisions of Condition 4.3(b).

Notwithstanding any other provision of this Condition 4.3(h): (i) no Successor Reference Rate or Alternative Reference Rate (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made pursuant to this Condition 4.3(h), if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as: (A) in the case of Senior Notes, satisfying the MREL Requirements; (B) in the case of Subordinated Notes, Tier 2 capital for regulatory capital purposes of the Issuer and/or the Group; and/or (ii) in the case of Senior Notes only, no Successor Reference Rate or Alternative Reference Rate (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made pursuant to this Condition 4.3(h), if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to result in the Relevant Authority treating an Interest Payment Date as the effective maturity of the Notes, rather than the relevant Maturity Date.

In no event shall the Calculation Agent be responsible for determining any Successor Reference Rate, Alternative Reference Rate, Adjustment Spread, Benchmark Event, or any Benchmark Amendment. The Calculation Agent will be entitled to conclusively rely on any determinations made by the Issuer or the Independent Adviser and will have no liability for such actions taken at the direction of the Issuer or the Independent Adviser.

For the purposes of this Condition 4.3(h):

"**Adjustment Spread**" means a spread (which may be positive or negative) or formula or methodology for calculating a spread, in each case, which the Independent Adviser determines is required to be applied to the Successor Reference Rate or an Alternative Reference Rate (as the case may be) to reduce

or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of the Original Reference Rate with such Successor Reference Rate or Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

(i) in the case of a Successor Reference Rate, is formally recommended in relation to the replacement of the Reference Rate with such Successor Reference Rate by any Relevant Nominating Body; or

(ii) (if no such recommendation has been made or in the case of an Alternative Reference Rate) the Independent Adviser or the Issuer, as applicable, determines is customarily applied to the relevant Successor Reference Rate or the Alternative Reference Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or

(iii) if it is determined that no such spread is customarily applied, the Independent Adviser or the Issuer, as applicable, determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Reference Rate or the Alternative Reference Rate (as the case may be); or

(iv) (if the Independent Adviser or the Issuer, as applicable, determines that no such industry standard is recognised or acknowledged), the Independent Adviser determines (acting in good faith and in a commercially reasonable manner) to be appropriate.

"**Alternative Reference Rate**" means the rate that the relevant Independent Adviser or the Issuer (as applicable) determines has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining floating rates of interest in respect of notes denominated in the Specified Currency and of a comparable duration to the relevant Interest Periods, or, if such Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other rate as such Independent Adviser or the Issuer (as applicable) determines in its discretion is most comparable to the Original Reference Rate.

"**Benchmark Event**" means, in respect of a Reference Rate:

(a) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or

(b) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

(c) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will, by a specified date, be permanently or indefinitely discontinued; or

(d) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is no longer representative of its relevant underlying market; or

(e) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes, in each case by a specific date; or

(f) it has become unlawful (including, without limitation, under the EU Benchmark Regulation (Regulation (EU) 2016/1011), as amended from time to time, if applicable) for any Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate,

provided that in the case of sub-paragraphs (b), (c) and (e), the Benchmark Event shall occur on the later of (i) the date which is six months prior to the date of the cessation of publication of the Original Reference Rate, the discontinuation of the Original Reference Rate, or the prohibition of use of the Original Reference Rate, as the case may be and (ii) the date of the relevant public statement.

"**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.

"**Original Reference Rate**" means:

(a) the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes; or

(b) any Successor Reference Rate or Alternative Reference Rate which has been determined in relation to such benchmark or screen rate (as applicable) pursuant to the operation of this Condition 4.3(h).

"**Relevant Nominating Body**" means, in respect of a reference rate:

(i) the central bank for the currency to which such reference rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of such 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 such reference rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of such reference rate, (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Financial Stability Board or any part thereof.

"**Successor Reference Rate**" means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

4.4 **Accrual of interest**

Each Note will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue as provided in these Conditions.

5. **PAYMENTS**

5.1 **Method of Payment**

Subject as provided below:

(a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Melbourne and Wellington, respectively); and

(b) payments in Euro will be made by Monte Titoli crediting the Euro accounts of the relevant intermediaries, on behalf of the Noteholders, as evidenced in Monte Titoli's records.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*).

5.2 **Payment to Noteholders**

Payment of principal and interest in respect of the Dematerialised Notes will be credited, according to the instructions of Monte Titoli, by the Paying Agent to the accounts of the Monte Titoli Account Holders (as defined below) whose accounts with Monte Titoli are credited with those Dematerialised Notes and thereafter credited by such Monte Titoli Account Holders to the accounts of the beneficial owners of those Notes or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Notes, in accordance with the rules and procedures of Monte Titoli, Euroclear or Clearstream, Luxembourg, as the case may be.

For the avoidance of doubt, payments to Monte Titoli or to its order shall to the extent of amounts so paid constitute the discharge of the Issuer of its liabilities under the Notes.

5.3 **Payments subject to fiscal laws**

All payments in respect of the Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*); and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

5.4 **Payment Day**

If the date for payment of any amount in respect of any Note is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means a day (other than a Saturday or a Sunday) (A) on which (subject to Condition 8 (*Prescription*) Monte Titoli is open for business; and (B) (i) (in the case of a payment in a currency other than Euro), where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or (ii) (in the case of a payment in Euro), on which the T2 is open.

5.5 **Interpretation of principal and interest**

Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(a) any additional amounts which may be payable with respect to principal under Condition 7 (*Taxation*);

(b) the Final Redemption Amount of the Dematerialised Notes;

(c) the Early Redemption Amount of the Dematerialised Notes;

(d) the Optional Redemption Amount(s) (if any) of the Dematerialised Notes;

(e) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 6.8 (*Early Redemption Amounts*)); and

(f) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7 (*Taxation*).

6. REDEMPTION, PURCHASE AND CANCELLATION

6.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note (including each CMS Linked Interest Note) will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the relevant Final Terms in the relevant Specified Currency on the date specified as the maturity date in the relevant Final Terms (the "**Maturity Date**").

The Issuer shall have the right to call, redeem, repay or repurchase the Senior Notes only in accordance with and subject to the conditions set out in Articles 77(2) and 78a of the CRR being met (see Condition 6.2 (*Redemption for tax reasons*), Condition 6.4 (*Redemption of Senior Notes due to a MREL Disqualification Event*), Condition 6.5 (*Redemption at the option of the Issuer*), Condition 6.7 (*Clean-up Redemption at the Option of the Issuer*), Condition 6.9 (*Purchases*) and Condition 6.13 (*Regulatory conditions for call, redemption, repayment or repurchase of Senior Notes*)).

The Issuer shall have the right to call, redeem, repay or repurchase the Subordinated Notes only in accordance with and subject to the conditions set out in Articles 77 and 78 of the CRR being met (see Condition 6.2 (*Redemption for tax reasons*), Condition 6.3 (*6.3 Redemption of Subordinated Notes for regulatory reasons*), Condition 6.5 (*Redemption at the option of the Issuer*), Condition 6.7 (*Clean-up Redemption at the Option of the Issuer*), Condition 6.9 (*Purchases*) and Condition 6.12 (*Regulatory conditions for call, redemption, repayment or repurchase of Subordinated Notes*)).

Pursuant to Article 12-*bis*, paragraph 1, letter a), of the Italian Banking Act, the Maturity Date of the Senior Non-Preferred Notes shall not fall earlier than twelve months after their Issue Date.

The Maturity Date of Subordinated Notes shall not fall earlier than five years after their Issue Date, as provided under the Applicable Banking Regulations.

6.2 Redemption for tax reasons

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

(a) at any time (if this Note is neither a Floating Rate Note, a CMS Linked Interest Note, a Floating-Fixed Rate Note (in respect of the Interest Period calculated in accordance with the Floating Rate Note Provisions) nor a Fixed-Floating Rate Note (in respect of the Interest Period calculated in accordance with the Floating Rate Note Provisions)); or

(b) on any Interest Payment Date (if this Note is either a Floating Rate Note, a CMS Linked Interest Note, a Fixed-Floating Rate Note (in respect of the Interest Period calculated in accordance with the Floating Rate Note Provisions) or a Floating-Fixed Rate Note (in respect of the Interest Period calculated in accordance with the Floating Rate Note Provisions)),

on giving not less than 30 nor more than 60 days' notice, in accordance with Condition 11 (*Notices*), to the Noteholders (which notice shall be irrevocable), if:

(a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any Tax Law Change; and

(b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it (a "**Tax Event**").

The Issuer shall evidence the occurrence of a Tax Event prior to the publication of any notice of redemption pursuant to this Condition 6.2, by means of a certificate signed by two duly authorised signatories 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, to be made available, upon request, to the Noteholders (and such evidence shall be conclusive and binding on the Noteholders).

Notes redeemed pursuant to this Condition 6.2 will be redeemed at the Early Redemption Amount (as defined in Condition 6.8 (*Early Redemption Amounts*)) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

In the case of Senior Notes, any redemption pursuant to this Condition 6.2 shall be subject to Condition 6.13 (*Regulatory conditions for call, redemption, repayment and repurchase of Senior Notes*).

In the case of Subordinated Notes, any redemption pursuant to this Condition 6.2 shall be subject to Condition 6.12 (*Regulatory conditions for call, redemption, repayment or repurchase of Subordinated Notes*).

6.3 **Redemption of Subordinated Notes for regulatory reasons**

This Condition 6.3 applies only to Notes specified in the relevant Final Terms as being Subordinated Notes.

If a Regulatory Call is specified in the relevant Final Terms as being applicable, upon the occurrence of a Regulatory Event any Series of Subordinated Notes may be redeemed at the option of the Issuer in whole, but not in part:

(a) at any time (if neither the Floating Rate Note Provisions, the CMS Linked Interest Note Provisions, the Fixed-Floating Rate Note Provisions (in respect of the Interest Period calculated in accordance with the Floating Rate Note Provisions) nor the Floating-Fixed Rate Note Provisions (in respect of the Interest Period calculated in accordance with the Floating Rate Note Provisions) are specified in the relevant Final Terms as being applicable); or

(b) on any Interest Payment Date (if either the Floating Rate Note Provisions, the CMS Linked Interest Note Provisions, the Fixed-Floating Rate Note Provisions (in respect of the Interest Period calculated in accordance with the Floating Rate Note Provisions) or the Floating-Fixed Rate Note Provisions (in respect of the Interest Period calculated in accordance with the Floating Rate Note Provisions) are specified in the relevant Final Terms as being applicable),

on giving not less than 15 nor more than 60 days' notice, in accordance with Condition 11 (*Notices*), to the Noteholders (which notice shall be irrevocable).

Upon the expiry of any such notice as referred to in this Condition 6.3, the Issuer shall be bound to redeem the Notes in accordance with this Condition 6.3, at their Early Redemption Amount (as defined in Condition 6.8 (*Early Redemption Amounts*)), together with accrued interest (if any) thereon.

The Issuer shall evidence the occurrence of a Regulatory Event prior to the publication of any notice of redemption pursuant to this Condition 6.3, by means of a certificate signed by two duly authorised signatories 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, to be made available, upon request, to the Noteholders (and such evidence shall be conclusive and binding on the Noteholders).

Any redemption pursuant to this Condition 6.3 shall be subject to Condition 6.12 (*Regulatory conditions for call, redemption, repayment or repurchase of Subordinated Notes*).

6.4 **Redemption of Senior Notes due to a MREL Disqualification Event**

This Condition 6.4 applies only to Notes specified in the relevant Final Terms as being Senior Preferred Notes or Senior Non-Preferred Notes.

If an Issuer Call due to a MREL Disqualification Event is specified in the relevant Final Terms as being applicable, then in cases where the Issuer determines that a MREL Disqualification Event has occurred and is continuing with respect to a Series of Senior Preferred Notes or Senior Non-Preferred Notes, any such Series may be redeemed at the option of the Issuer in whole, but not in part:

(a) at any time (if neither the Floating Rate Note Provisions, the CMS Linked Interest Note Provisions, the Fixed-Floating Rate Note Provisions (in respect of the Interest Period calculated in accordance with the Floating Rate Note Provisions) nor the Floating-Fixed Rate Note Provisions (in respect of the Interest Period calculated in accordance with the Floating Rate Note Provisions) are specified in the relevant Final Terms as being applicable); or

(b) on any Interest Payment Date (if either the Floating Rate Note Provisions, the CMS Linked Interest Note Provisions, the Fixed-Floating Rate Note Provisions (in respect of the Interest Period calculated in accordance with the Floating Rate Note Provisions) or the Floating-Fixed Rate Note Provisions (in respect of the Interest Period calculated in accordance with the Floating Rate Note Provisions) are specified in the relevant Final Terms as being applicable),

on giving not less than 15 nor more than 60 days' notice, in accordance with Condition 11 (*Notices*), to the Noteholders (which notice shall be irrevocable).

Upon the expiry of any such notice as is referred to in this Condition 6.4, the Issuer shall be bound to redeem the Notes in accordance with this Condition 6.4, at their Early Redemption Amount (as defined in Condition 6.8 (*Early Redemption Amounts*)) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

The Issuer shall evidence the occurrence of a Regulatory Event prior to the publication of any notice of redemption pursuant to this Condition 6.4, by means of a certificate signed by two duly authorised signatories 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, to be made available, upon request, to the Noteholders (and such evidence shall be conclusive and binding on the Noteholders).

Any redemption pursuant to this Condition 6.4 shall be subject to Condition 6.13 (*Regulatory conditions for call, redemption, repayment or repurchase of Senior Notes*).

6.5 **Redemption at the option of the Issuer (Issuer Call)**

If an Issuer Call is specified in the relevant Final Terms as being applicable, the Issuer may, having given:

(a) not less than 15 nor more than 60 days' notice (or such other notice period stated in the relevant Final Terms) to the Noteholders in accordance with Condition 11 (*Notices*); and

(b) not less than 5 days before the giving of the notice referred to in (a) above, notice to the Paying Agent,

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or, if partial redemption is stated to be applicable in the relevant Final Terms, some only, of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the relevant Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the relevant Final Terms. In the case of a partial redemption of Dematerialised Notes, the Dematerialised Notes to be redeemed ("**Redeemed Notes**") will be selected either individually by lot or in accordance with the rules of Monte Titoli, in each case not more than 30 days prior to the date fixed for redemption (the "**Redemption Date**"). Noteholders that hold a Redeemed Note will be informed by the Issuer in accordance with Condition 11 (*Notices*) not less than 15 days prior to the Redemption Date. In the case of Senior Notes, the call option pursuant to this Condition 6.5

shall be subject to Condition 6.13 (*Regulatory conditions for call, redemption, repayment and repurchase of Senior Notes*).

In the case of Subordinated Notes, no call option in accordance with this Condition 6.5 may be exercised by the Issuer to redeem, in whole or in part, such Notes prior to the fifth anniversary of their Issue Date. Starting from the fifth anniversary of their Issue Date, the redemption pursuant to this Condition 6.5 shall be subject to Condition 6.12 (*Regulatory conditions for call, redemption, repayment or repurchase of Subordinated Notes*).

6.6 **Redemption at the option of the Noteholders (Investor Put)**

This Condition 6.6 applies only to Notes specified in the relevant Final Terms as being Senior Preferred Notes or Senior Non-Preferred Notes.

If an Investor Put is specified in the relevant Final Terms as being applicable, upon the holder of any Dematerialised Note giving to the Issuer a signed notice of exercise (a "**Put Notice**") and in which the holder has specified a bank account to which payment is to be made, in accordance with Condition 11 (*Notices*) not less than 15 nor more than 30 days' notice (or such other notice period stated in the relevant Final Terms), the Issuer will, upon the expiry of such Put Notice, redeem, subject to, and in accordance with, the terms specified in the relevant Final Terms, such Dematerialised Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

Any Put Notice given by a holder of any Dematerialised Note pursuant to this Condition 6.6 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and the Dematerialised Notes have become due and payable pursuant to Condition 9 (*Events of Default and enforcement*), in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 6.6.

6.7 **Clean-up Redemption at the Option of the Issuer**

If a Clean-Up Call is specified in the relevant Final Terms as being applicable, and if at least 75 per cent. or any different percentage specified in the relevant Final Terms (the "**Clean-Up Call Percentage**") of the initial aggregate nominal amount of the Notes of the same Series (which for the avoidance of doubt includes, any additional Notes issued subsequently and forming a single series with the first Tranche of a particular Series of Notes) have been redeemed or purchased by, or on behalf of, the Issuer and cancelled, the Issuer may, having given not less than 15 nor more than 60 days' notice to the Noteholders in accordance with Condition 11 (*Notices*) (which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all of the Notes then outstanding on such date fixed for redemption and at par together, if appropriate, with interest accrued to (but excluding) the relevant date of redemption.

In the case of Senior Notes, the call option pursuant to this Condition 6.7 shall be subject to Condition 6.13 (*Regulatory conditions for call, redemption, repayment or repurchase of Senior Notes*).

In the case of Subordinated Notes, the call option pursuant to this Condition 6.7 shall be subject to Condition 6.12 (*Regulatory conditions for call, redemption, repayment or repurchase of Subordinated Notes*).

6.8 **Early Redemption Amounts**

For the purpose of Condition 6.2 (*Redemption for tax reasons*), Condition 6.3 (*Redemption of Subordinated Notes for regulatory reasons*), Condition 6.4 (*Redemption of Senior Notes due to a MREL Disqualification Event*) and Condition 9 (*Events of Default and enforcement*), each Note will be redeemed at its "**Early Redemption Amount**" calculated by (or on behalf of) the Issuer as follows:

(a) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;

(b) in the case of a Note (other than a Zero Coupon Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner specified in, the relevant Final Terms or, if no such amount or manner is so specified in the relevant Final Terms, at its nominal amount; or

(c) in the case of a Zero Coupon Note, at an amount (the "**Amortised Face Amount**") calculated in accordance with the following formula:

Early Redemption Amount = RP x $(1 + AY)^y$

where:

RP means the reference price as defined in the relevant Final Terms (the "**Reference Price**");

AY means the accrual yield, as specified in the relevant Final Terms (the "**Accrual Yield**"), expressed as a decimal; and

y is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360,

or on such other calculation basis as may be specified in the relevant Final Terms.

6.9 **Purchases**

The Issuer or any of its Subsidiaries may purchase the Dematerialised Notes at any price in the open market or otherwise. Such Dematerialised Notes may be held, reissued, resold or, at the option of the Issuer, cancelled.

In the case of Senior Notes, any purchase pursuant to this Condition 6.9 shall be subject to Condition 6.13 (*Regulatory conditions for call, redemption, repayment or repurchase of Senior Notes*).

In the case of Subordinated Notes, any purchase pursuant to this Condition 6.9 shall be subject to Condition 6.12 (*Regulatory conditions for call, redemption, repayment or repurchase of Subordinated Notes*).

6.10 **Cancellation**

All Dematerialised Notes which are redeemed will forthwith be cancelled. All Dematerialised Notes so cancelled and any Dematerialised Notes purchased and cancelled pursuant to Condition 6.9 (*Purchases*) cannot be reissued or resold.

6.11 **Late payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 6.1 (*Redemption at maturity*), Condition 6.2 (*Redemption for tax reasons*), Condition 6.3 (*Redemption of Subordinated Notes for regulatory reasons*), Condition 6.4 (*Redemption of Senior Notes due to a MREL Disqualification Event*), Condition 6.5 (*Redemption at the option of the Issuer (Issuer Call)*), Condition 6.6 (*Redemption at the option of the Noteholders (Investor Put)*) or Condition 6.7 (*Clean-up Redemption at the option of the Issuer*) or upon its becoming due and repayable as provided in Condition 9 (*Events of Default and enforcement*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 6.8(c) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date on which all amounts due in respect of such Zero Coupon Note have been paid.

6.12 **Regulatory conditions for call, redemption, repayment or repurchase of Subordinated Notes**

This Condition 6.12 applies only to Notes specified in the relevant Final Terms as being Subordinated Notes.

In the case of Subordinated Notes, any call, redemption, repayment or repurchase pursuant to Condition 6.2 (*Redemption for tax reasons*), Condition 6.3 (*Redemption of Subordinated Notes for regulatory reasons*), Condition 6.5 (*Redemption at the option of the Issuer (Issuer Call)*), Condition 6.7 (*Clean-up Redemption at the option of the Issuer*) Condition 6.9 (*Purchases*) or Condition 12 (*Meeting of the Noteholders, Modification and Waiver*) (including, for the avoidance of doubt, any modification in accordance with Condition 12) is subject to compliance with the then Applicable Banking Regulations, including the Issuer having obtained the prior permission of the Relevant Authority in accordance with Articles 77 and 78 of the CRR, where either:

(i) on or before such call, redemption, repayment or repurchase (as applicable), the Issuer replaces the Notes with Own Funds instruments of equal or higher quality at terms that are sustainable for its income capacity; or

(ii) the Issuer has demonstrated to the satisfaction of the Relevant Authority that its Own Funds would, following such call, redemption, repayment or repurchase, exceed the requirements laid down in the Applicable Banking Regulations by a margin that the Relevant Authority considers necessary; and

(b) in respect of a call, redemption repayment or repurchase prior to the fifth anniversary of the Issue Date of the relevant Notes, if and to the extent required under Article 78(4) of the CRR or the Capital Instruments Regulation:

(i) in the case of redemption pursuant to Condition 6.2 (*Redemption for tax reasons*), the Issuer having demonstrated to the satisfaction of the Relevant Authority that the change in the applicable tax treatment of the Notes is material and was not reasonably foreseeable as at the Issue Date; or

(ii) in case of redemption pursuant to Condition 6.3 (*Redemption of Subordinated Notes for regulatory reasons*), the Issuer has demonstrated to the satisfaction of the Relevant Authority that the change in the regulatory classification of the Notes was not reasonably foreseeable as at the Issue Date; or

(iii) on or before the relevant call, redemption, repayment or repurchase, the Issuer replaces the Notes with Own Funds instruments of equal or higher quality at terms that are sustainable for its income capacity and the Relevant Authority has permitted that action on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances; or

(iv) the Subordinated Notes are repurchased for market making purposes,

subject in any event to any different conditions or requirements as may be provided from time to time under the Applicable Banking Regulations.

The Relevant Authority may grant a general prior permission, for a specified period which shall not exceed one year, to redeem or purchase (including for market making purposes) the Subordinated Notes, in the limit of a predetermined amount, which shall not exceed the lower of (i) 10 per cent. (or any other threshold as may be requested or required by the Relevant Authority from time to time) of the aggregate nominal amount of the relevant Subordinated Notes and (ii) 3 per cent. (or any other threshold as may be requested or required by the Relevant Authority from time to time) of the outstanding aggregate nominal amount of the Tier 2 Instruments of the Issuer at the relevant time, subject to criteria that ensure that any such redemption or purchase will be in accordance with the conditions set out at letters (i) and (ii) of sub-paragraph (a) of the preceding paragraph.

For the avoidance of doubt, any refusal of the Relevant Authority to grant its permission in accordance with Article 78 of the CRR shall not constitute a default of the Issuer for any purposes.

6.13 **Regulatory conditions for call, redemption, repayment or repurchase of Senior Notes**

This Condition 6.13 applies only to Notes specified in the relevant Final Terms as being Senior Preferred Notes or Senior Non-Preferred Notes.

In the case of Senior Notes, any call, redemption, repayment or repurchase pursuant to Condition 6.2 (*Redemption for tax reasons*), Condition 6.4 (*Redemption of Senior Notes due to a MREL Disqualification Event*), Condition 6.5 (*Redemption at the option of the Issuer (Issuer Call)*), Condition 6.6 (*Redemption at the option of the Noteholders (Investors Put)*), Condition 6.7 (*Clean-up Redemption at the option of the Issuer*), Condition 6.9 (*Purchases*) or Condition 12 (*Meeting of the Noteholders, Modification and Waiver*) (including, for the avoidance of doubt, any modification in accordance with Condition 12) is subject, to the extent such Senior Notes qualify at such time as Eligible Liabilities Instruments or, in case of a redemption pursuant to Condition 6.4 (*Redemption of Senior Notes due to a MREL Disqualification Event*), qualified as Eligible Liabilities Instruments before the occurrence of the MREL Disqualification Event, to compliance with the then Applicable Banking Regulations, including the condition that the Issuer has obtained the prior permission of the Relevant Authority in accordance with Article 78a of the CRR, where one of the following conditions is met:

(A) on or before such call, redemption, repayment or repurchase (as applicable), the Issuer replaces the Senior Notes with Own Funds Instruments or Eligible Liabilities Instruments of equal or higher quality at terms that are sustainable for its income capacity; or

(B) the Issuer has demonstrated to the satisfaction of the Relevant Authority that its Own Funds and Eligible Liabilities would, following such call, redemption, repayment or repurchase, exceed the requirements for Own Funds and Eligible Liabilities laid down in the Applicable Banking Regulations by a margin that the Relevant Authority considers necessary; or

(C) the Issuer has demonstrated to the satisfaction of the Relevant Authority that the partial or full replacement of the Eligible Liabilities with Own Funds Instruments is necessary to ensure compliance with the Own Funds requirements laid down in the Applicable Banking Regulations for continuing authorization,

subject in any event to any different conditions or requirements as may be provided from time to time under the Applicable Banking Regulations.

The Relevant Authority may grant a general prior permission, for a specified period which shall not exceed one year, to redeem or purchase (including for market making purposes) Senior Notes, in the limit of a predetermined amount, instruments, subject to criteria that ensure that any such redemption or purchase will be in accordance with the conditions set out in sub-paragraphs (A) and (B) of the preceding paragraph. For the avoidance of doubt, any refusal of the Relevant Authority to grant its permission in accordance with Article 78a of the CRR shall not constitute a default of the Issuer for any purposes.

7. **TAXATION**

All payments of principal and interest in respect of the Notes by the Issuer will be made without 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 Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes after such withholding or deduction shall equal the respective amounts of principal and interest (in case of Senior Notes not qualifying at such time as liabilities that are eligible to meet the MREL Requirements only) or the respective amounts of interest only (in case of Senior Notes qualifying at such time as liabilities that are eligible to meet the MREL Requirements and Subordinated Notes) which would otherwise have been receivable in respect of the Notes, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note:

(a) requested for payment in the Republic of Italy; or

(b) requested for payment by, or on behalf of, a holder or a beneficial owner of a Note being a resident in the Republic of Italy or who is liable for such taxes or duties in respect of such Note by reason of his having some connection with the Republic of Italy; or

(c) to the extent that interest or any other amount payable is paid to a non-Italian resident entity or a non-Italian resident individual which is resident for tax purposes in a country which does not allow the Italian tax authorities to obtain an adequate exchange of information in respect of the beneficiary of the payments made from Italy; or

(d) in all circumstances in which the requirements and procedures set forth in Legislative Decree No. 239 (as amended or supplemented from time to time) have not been met or complied with except where such requirements and procedures have not been met or complied with due to the actions or omissions of the Issuer or its agents; or

(e) requested for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on requesting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 5.5 (*Payment Day*); or

(f) requested for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by making, or procuring, a declaration of non-residence or other similar claim for exemption but has failed to do so;

(g) in respect of Notes classified as atypical securities where such withholding or deduction is required under Law Decree No. 512 of 30 September 1983, as amended or supplemented from time to time; or

(h) where it will be required to withhold or deduct any taxes imposed pursuant to or in connection with Sections 1471 through 1474 of the Internal Revenue Code of 1986, as amended, the U.S. Treasury Regulations thereunder any official interpretations thereof or any agreements, law, regulation or other official guidance implementing an intergovernmental approach thereto in connection with any payments.

As used in these Conditions:

(i) "**Tax Jurisdiction**" means the Republic of Italy or in either case, any political subdivision or any authority thereof or therein having power to tax; and

(j) the "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Paying Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 11 (*Notices*).

8. PRESCRIPTION

Claims for principal of the Dematerialised Notes will be prescribed and will become void within a period of 10 (ten) years after the Relevant Date (as defined in Condition 7 (*Taxation*)) therefor. Claims for interest of the Dematerialised Notes will be prescribed and will become void within a period of 5 (five) years after the Relevant Date (as defined in Condition 7 (*Taxation*)) therefor.

9. EVENTS OF DEFAULT AND ENFORCEMENT

9.1 Events of Default

The Notes are, and they shall immediately become, due and repayable at their Early Redemption Amount together with, if appropriate, accrued interest thereon if the Issuer is subject to compulsory winding-up (*liquidazione coatta amministrativa*) pursuant to Articles 80 and following of the Italian Banking Act or voluntary winding-up (*liquidazione volontaria*) pursuant to Article 96-*quinquies* of the Italian Banking Act (the "**Event of Default**"), provided that repayment of the Notes will only be effected after the Issuer has obtained the prior approval of the Relevant Authority (if so required), and provided further that no payments will be made to the Noteholders

before all amounts due, but unpaid, to all other creditors of the Issuer ranking ahead of the Noteholders as described in Condition 3 (*Status of the Notes*) have been paid by the Issuer, as ascertained by the liquidator.

No remedy (including any remedy under the Italian Civil Code) against the Issuer other than as specifically provided by this Condition 9.1 shall be available to the holders of the Notes, whether for the recovery of amounts owing in respect of the Notes or in respect of any breach by the Issuer of any of its obligations under the Notes or otherwise.

For the avoidance of doubt, the non-payment by the Issuer of any amount due and payable under these Notes, or the taking of any crisis prevention measure or crisis management measure in relation to the Issuer in accordance with the BRRD, is not an event of default.

10. PAYING AGENTS

The initial Paying Agent is the Issuer.

The Issuer is entitled to appoint another person to act as Paying Agent, or vary or terminate the appointment of any paying agent appointed under the terms of an agency agreement and/or appoint additional or other paying agents and/or approve any change in the specified office through which any paying agent acts, provided that there will at all times be a Paying Agent for the Notes.

11. NOTICES

Any notice regarding the Dematerialised Notes, as long as the Dematerialised Notes are held through Monte Titoli, shall be deemed to have been duly given through the systems of Monte Titoli, and, as long as the Notes are admitted to trading on, and listed on the Official List of the Luxembourg Stock Exchange and the rules of that exchange so require, a daily newspaper of general circulation in Luxembourg and/or the Luxembourg Stock Exchange's website (*www.luxse.com*). It is expected that any such publication in a newspaper will be made in the *Luxemburger Wort* in Luxembourg. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Dematerialised Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the related Note or Notes, with the Issuer.

12. MEETING OF THE NOTEHOLDERS, MODIFICATION AND WAIVER

12.1 Meeting of the Noteholders

The provisions for meetings of noteholders attached to these Conditions as Annex 1 (the **Provisions for Meetings of Noteholders**) contains provisions for convening meetings, including by way of conference call or by use of a videoconference platform, of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes.

The rights and powers of the Noteholders may only be exercised in accordance with the Provisions for Meetings of Noteholders. The Noteholders are deemed to have notice of and are bound by, and shall have the benefit of, inter alia, the terms of the Provisions for Meetings of Noteholders.

12.2 Modification and waiver

The Issuer may, without the consent of the Noteholders, carry out any modification of the Dematerialised Notes which is: (a) in the opinion of the Issuer, not prejudicial to the interests of the Noteholders; or (b) of a formal, minor or technical nature or to correct a manifest error. In addition, no consent of the Noteholders shall be required in connection with effecting any Benchmark Amendment as described in Condition 4.3(h)(III)(C). Any such modification shall be

binding on the Noteholders and any such modification shall be notified to the Noteholders in accordance with Condition 11 (*Notices*) as soon as reasonably practicable thereafter.

12.3 **Modification of the Notes**

If a Modification of the Notes is specified as being applicable in the relevant Final Terms, (i) in cases where a Regulatory Event or a Tax Law Change has occurred and is continuing (with respect to Subordinated Notes), or a MREL Disqualification Event or a Tax Law Change has occurred and is continuing (with respect to Senior Notes), and/or (ii) with respect to all Notes, in order to ensure the effectiveness and enforceability of the Bail-In Power in accordance with applicable law, the Issuer shall be entitled, having given not less than 30 nor more than 60 days' notice, in accordance with Condition 11 (*Notices*), to the Noteholders (which notice shall be irrevocable), at any time (without the need for consent of the Noteholders or Couponholders) to modify the provisions of the terms and conditions of the Notes of such Series, provided that:

(a) such modification is reasonably necessary in the sole opinion of the Issuer to ensure, as applicable, that no Regulatory Event, Tax Law Change or MREL Disqualification Event would exist thereafter, or that the effectiveness and enforceability of the Bail-In Power in accordance with applicable law is ensured;

(b) following such modification of the existing Notes (the "**Existing Notes**"):

(A) the terms and conditions of the Notes, as so modified (the "**Modified Notes**"), are not materially less favourable to a holder of the Existing Notes (as reasonably determined by the Issuer and other than in respect of the effectiveness and enforceability of the Bail-In Power) or in accordance with applicable law and any provisions referred to under (e) below) than the terms and conditions applicable to the Existing Notes prior to such modification;

(B) the Modified Notes shall have a ranking at least equal to that of the Existing Notes and shall feature the same tenor, principal amount, interest rates (including applicable margins), Interest Payment Dates and redemption rights as the Existing Notes;

(C) the Modified Notes are assigned (or maintain) the same solicited credit ratings (if any) as were assigned to the Existing Notes immediately prior to such modification, provided that such change in rating, if any, shall only be relevant for the purposes of this Condition 12.3(b)(C), if related specifically to the modification;

(D) the Modified Notes continue to be listed on a recognised stock exchange, if the Existing Notes were listed immediately prior to such modification;

(c) the modification does not itself give rise to any right of the Issuer to redeem the Existing Notes prior to their Maturity Date, without prejudice to the provisions under Condition 6.5 (*Redemption at the option of the Issuer (Issuer Call)* and Condition 6.7 (*Clean-up Redemption at the Option of the Issuer*);

(d) the Relevant Authority has approved such modification (if such approval is required under the Applicable Banking Regulations or the MREL Requirements applicable at that time), or has received prior written notice thereof (if such notice is required under the Applicable Banking Regulations or the MREL Requirements applicable at that time) and, following the expiry of all relevant statutory time limits, the Relevant Authority is no longer entitled to object or impose changes to the proposed modification; and

(e) any modification made under this Condition 12.3 can also determine a change in the governing law provided under Condition 14.1 (*Governing* law) from Italian law and/or in the jurisdiction and service of process provisions set out in Condition 14.2 (*Submission to jurisdiction*), if the Issuer determines that such changes are necessary to ensure that the Notes remain or, as appropriate, become, eligible for the purposes of the MREL Requirements.

In connection with any modification made in this Condition 12.3, the Issuer shall comply with the rules of any stock exchange on which the Notes are then listed or admitted to trading and of any authority that is responsible for the supervision or regulation of such exchange.

Any such modification shall be binding on all Noteholders and shall be notified by the Issuer as soon as reasonably practicable to the Noteholders in accordance with Condition 11 (*Notices*).

13. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

14. GOVERNING LAW AND SUBMISSION TO JURISDICTION

14.1 Governing law

The Terms and Conditions of the Dematerialised Notes 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.

14.2 Submission to jurisdiction

The Issuer irrevocably agrees, for the benefit of the Noteholders, that the courts of Milan are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes (including a dispute relating to any non-contractual obligations arising out of or in connection with the Notes) and accordingly submits to the non-exclusive jurisdiction of such courts.

Each party hereby irrevocably waives any objection which it may have now or hereafter to laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in the an inconvenient forum, and hereby further irrevocably agrees that a judgment in any such Proceedings brought in the courts of Milan with regard to the Notes shall be conclusive and binding upon each party and may be enforced in the courts of any other jurisdiction.

Nothing contained in this Condition shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

15. CONTRACTUAL RECOGNITION OF BAIL-IN POWER

Notwithstanding any provision of these Conditions or any other agreements, arrangements, or understandings between the Issuer and any holder of the Notes and without prejudice to Article 55(1) of the BRRD, each Noteholder, by virtue of its acquisition of the Notes (whether on issuance or in the secondary market), acknowledges and accepts the existence of, agrees to be bound by and consents to:

(a) the effects of the exercise of the Bail-In Power by the Relevant Authority, which exercise may include and result in any of the following, or some combination thereof:

(A) the reduction of all, or a portion, of the principal amount in respect of the Notes together with any accrued but unpaid interest due thereon and any additional amounts (if any) due in relation thereto;

(B) the conversion of all, or a portion, of the principal amount in respect of the Notes together with any accrued but unpaid interest due thereon and any additional amounts (if any) due in relation thereto, into ordinary shares, other securities or other obligations of the Issuer or another person (and the issue to or conferral on the holder of such shares, securities or obligations), including by means of an amendment, modification or variation of these Conditions;

(C) the cancellation of the Notes or the principal amount in respect of the Notes together with any accrued but unpaid interest due thereon and any additional amounts (if any) due in relation thereto; and

(D) the amendment or alteration of the maturity of the Notes or amendment of the amount of interest payable on the Notes, or the date on which the interest become payable, including by suspending payment for a temporary period; and

(b) the variation of these Conditions, as deemed necessary by the Relevant Authority, to give effect to the exercise of the Bail-In Power by the Relevant Authority.

Each Noteholder further agrees that the rights of the Noteholders are subject to, and will be varied if necessary so as to give effect to, the exercise of any Bail-In Power by the Relevant Authority.

Upon the Issuer becoming aware of the exercise of the Bail-In Power by the Relevant Authority with respect to the Notes, the Issuer shall provide a notice to the holders of the Notes in accordance with Condition 11 (*Notices*) as soon as reasonably practicable. The Issuer shall also deliver a copy of such notice to the Issuing and Paying Agent for information purposes. Any delay or failure by the Issuer to give notice shall not affect the validity and enforceability of the Bail-In Power nor the effects on the Notes described in this Condition 15.

The exercise of the Bail-In Power by the Relevant Authority with respect to the Notes shall not constitute an Event of Default and the terms and conditions of the Notes shall continue to apply to the outstanding principal amount of the Notes subject to any modification of the amount of interest payments to reflect the reduction of the outstanding principal amount, and any further modification of the terms that the Relevant Authority may decide in accordance with applicable laws and regulations, including in particular the BRRD and the SRM Regulation, and any other relevant provisions under the Applicable Banking Regulations.

Each Noteholder also acknowledges and agrees that this provision is exhaustive on the matters described herein to the exclusion of any other agreements, arrangements or understandings relating to the application of the Bail-In Power.

ANNEX 1 TO THE TERMS AND CONDITIONS FOR THE DEMATERIALISED NOTES

PROVISIONS FOR MEETINGS OF NOTEHOLDERS

The following provisions (the "**Provisions**") will apply to the meetings of the holders of the Dematerialised Notes and will remain in full force and effect until full repayment or cancellation of the Dematerialised Notes to which the Provisions apply.

The Provisions are subject to any mandatory provisions of Italian law.

(a) As used in this schedule the following expressions shall have the following meanings unless the context otherwise requires:

(i) "**voting certificate**" shall mean a certificate issued by the relevant Monte Titoli Account Holder in accordance with applicable laws and regulations, in which it is stated:

(A) that on the date thereof, Notes will be blocked in an account with the relevant Monte Titoli Account Holder and will not be released until the first to occur of:

(1) the conclusion of the meeting specified in such certificate or, if later, of any adjourned such meeting; and

(2) the surrender of the certificate to the relevant Monte Titoli Account Holder and the notification of the release thereof to the Issuer; and

(B) that the bearer thereof is entitled to attend and vote at such meeting and any adjourned such meeting in respect of the Notes represented by such certificate;

(ii) "**block voting instruction**" shall mean a document issued by a Noteholder through the relevant Monte Titoli Account Holder) and delivered to the Issuer in which:

(A) it is certified that Notes are blocked in an account with the relevant Monte Titoli Account Holder and that no such Notes will cease to be so blocked until the first to occur of:

(1) the conclusion of the meeting specified in such document or, if later, of any adjourned such meeting; and

(2) the surrender to the Issuer not less than 48 hours before the time for which such meeting or any adjourned such meeting is convened of the voting certificate;

(B) it is certified that each holder of such Notes or a duly authorised agent on his behalf has instructed that the vote(s) attributable to the Note or Notes so blocked should be cast in a particular way in relation to the resolution or resolutions to be put to such meeting or any adjourned such meeting and that all such instructions are during the period commencing 48 hours prior to the time for which such meeting or any adjourned such meeting is convened and ending at the conclusion or adjournment thereof neither revocable nor capable of amendment;

(C) the aggregate principal amount of the Notes so blocked are listed distinguishing with regard to each such resolution between those in respect of which instructions have been given as aforesaid that the votes attributable thereto should be cast in favour of the resolution and

those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution; and

(D) one or more persons named in such document (each hereinafter called a "proxy") is or are authorised and instructed by the Noteholder to cast the votes attributable to the Notes so listed in accordance with the instructions referred to in (c) above as set out in such document;

(iii) "**24 hours**" shall mean a period of 24 hours including all or part of a day upon which banks are open for business in the place where the relevant meeting is to be held and such period shall be extended by one period or, to the extent necessary, more periods of 24 hours until there is included as aforesaid all or part of a day upon which banks are open for business as aforesaid; and

(iv) "**48 hours**" shall mean a period of 48 hours including all or part of two days upon which banks are open for business in the place where the relevant meeting is to be held and such period shall be extended by one period or, to the extent necessary, more periods of 24 hours until there is included as aforesaid all or part of two days upon which banks are open for business as aforesaid.

(b) a holder of a Note may obtain a voting certificate in respect of such Note from a relevant Monte Titoli Account Holder or issue a block voting instruction (through the relevant Monte Titoli Account Holder) in respect of such Note, in each case not less than 48 hours before the time fixed for the relevant meeting and on the terms set out above. The holder of any voting certificate or the proxies named in any block voting instruction shall for all purposes in connection with the relevant meeting or adjourned meeting of Noteholders be deemed to be the holder of the Notes to which such voting certificate or block voting instruction relates.

2. The Issuer may at any time - and shall upon a requisition in writing by the holders of not less than 10 per cent. in nominal amount of the Notes for the time being outstanding - convene a meeting of the Noteholders and if the Issuer makes default for a period of seven days in convening such a meeting the same may be convened by the relevant Noteholders. Each meeting may be held also by linking various venues in different locations by audio/video conferencing facilities, subject to the following conditions:

- the Chairman is able to be certain as to the identity of those taking part, control how the meeting proceeds, and determine and announce the results of voting; and

- those taking part are able to participate in discussions and voting on the items on the agenda simultaneously, as well as to view, receive, and transmit documents.

The meeting held by audio/video conferencing will be deemed to have taken place at the venue at which the Chairman is present.

3. At least 21 days' notice (exclusive of the day on which the notice is given and the day on which the meeting is to be held) specifying the place, day and hour of meeting (as well as, if necessary, venues connected by audio or video conferencing that may be used by those involved) shall be given to the holders of the relevant Notes prior to any meeting of such holders in the manner provided by Condition 11 (*Notices*). Such notice shall state generally the nature of the business to be transacted at the meeting thereby convened but (except for an extraordinary resolution) it shall not be necessary to specify in such notice the terms of any resolution to be proposed. Such notice shall include statements, if applicable, to the effect that Notes will, not less than 48 hours before the time fixed for the meeting, be blocked in an account with the relevant Monte Titoli Account Holder for the purpose of obtaining voting certificates or appointing proxies. A copy of the notice shall be sent by post to the Issuer (unless the meeting is convened by the Issuer).

4. A person (who may but need not be a Noteholder) nominated by the Issuer shall be entitled to take the chair at the relevant meeting or adjourned meeting but if no such nomination is made or if at any meeting or adjourned meeting the person nominated shall not be present within 15 minutes

after the time appointed for holding the meeting or adjourned meeting, the Noteholders present shall choose one of their number to be chairman, failing which the Issuer may appoint a chairman. The chairman of an adjourned meeting need not be the same person as was chairman of the meeting from which the adjournment took place.

5. At any such meeting two or more persons present holding Notes or voting certificates or being proxies and holding or representing in the aggregate not less than one-tenth of the nominal amount of the Notes for the time being outstanding shall (except for the purpose of passing an extraordinary resolution) form a quorum for the transaction of business and no business (other than the choosing of a chairman) shall be transacted at any meeting unless the requisite quorum be present at the commencement of the relevant business.

6. The quorum at any such meeting for passing an extraordinary resolution shall (subject as provided below) be two or more persons present holding Notes or voting certificates or being proxies and holding or representing in the aggregate a clear majority in nominal amount of the Notes for the time being outstanding provided that at any meeting the business of which includes any of the following matters (each, a "**reserved matter**") (each of which shall, subject only to Condition 12 (*Meeting of Noteholders, modification and waiver*), 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 (except where such modification is in the opinion of the Issuer bound to result in an increase in the amount of principal or interest in respect of the Notes) of the method of calculating the amount payable or modification of the date of payment or, where applicable, of the method of calculating the date of payment in respect of any principal or interest in respect of the Notes, provided however, for the avoidance of doubt, that a benchmark amendment (as defined in the conditions) shall not constitute a reserved matter;

   (b) alteration of the currency in which payments under the Notes are to be made;

   (c) alteration of the majority required to pass an extraordinary resolution;

   (d) the sanctioning of any such scheme or proposal as is described below; and

   (e) alteration of this proviso or the proviso to paragraph 7 below;

   the quorum shall be two or more persons present holding Notes or voting certificates or being proxies and holding or representing in the aggregate not less than two-thirds of the nominal amount of the Notes for the time being outstanding.

   If within 15 minutes (or such longer period not exceeding 30 minutes as the chairman may decide) after the time appointed for any such meeting a quorum is not present for the transaction of any particular business, then, subject and without prejudice to the transaction of the business (if any) for which a quorum is present, the meeting shall, if convened upon the requisition of Noteholders, be dissolved. In any other case it shall stand adjourned to such day and such time and place as indicated in the original notice to Noteholders of the initial meeting, or if not so indicated, it shall stand adjourned for such period, being not less than 13 clear days nor more than 42 clear days from the date of the initial meeting, and to such place as may be appointed by the chairman either at or subsequent to such meeting and approved by the Issuer and indicated in the notice convening the adjourned meeting.

   If within 15 minutes (or such longer period not exceeding 30 minutes as the chairman may decide) after the time appointed for any adjourned meeting a quorum is not present for the transaction of any particular business, then, subject and without prejudice to the transaction of the business (if any) for which a quorum is present, the chairman may either (with the approval of the Issuer) dissolve such meeting or shall adjourn the same to such day and such time and place as indicated in the original notice to Noteholders of the initial meeting, or if not so indicated, it shall stand adjourned for such period, being not less than 13 clear days (but without any maximum number of clear days), and to such place as may be appointed by the chairman either at or subsequent to such

adjourned meeting and approved by the Issuer and indicated in the notice convening the adjourned meeting, and the provisions of this sentence shall apply to all further adjourned such meetings.

7. At any adjourned meeting, two or more persons present holding Notes or voting certificates or being proxies (whatever the nominal amount of the Notes so held or represented by them) shall (subject as provided below) form a quorum and shall have power to pass any extraordinary resolution other than one on a reserved matter or other resolution and to decide upon all matters which could properly have been dealt with at the meeting from which the adjournment took place had the requisite quorum been present provided that at any adjourned meeting the quorum for the transaction of business comprising any reserved matter shall be two or more persons present holding Notes or voting certificates or being proxies and holding or representing in the aggregate not less than one-third of the nominal amount of the Notes for the time being outstanding.

8. Notice of any adjourned meeting at which an extraordinary resolution is to be submitted shall be given in the same manner as notice of an original meeting but with at least 10 days' notice and pursuant to paragraph 3 above for the rest, and such notice shall state the relevant quorum. Subject as aforesaid it shall not be necessary to give any notice of an adjourned meeting.

9. Every question submitted to a meeting shall be decided in the first instance by a show of hands and in case of equality of votes the chairman shall both on a show of hands and on a poll have a casting vote in addition to the vote or votes (if any) to which he may be entitled as a Noteholder or as a holder of a voting certificate or as a proxy or as a representative.

10. At any meeting unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman, the issuer or any person present holding a Note of the relevant series or a voting certificate or being a proxy (whatever the nominal amount of the Notes so held or represented by him) a declaration by the chairman that a resolution has been carried or carried by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

11. Subject to paragraph 13 below, if at any such meeting a poll is so demanded it shall be taken in such manner and subject as hereinafter provided either at once or after an adjournment as the chairman directs and the result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded as at the date of the taking of the poll. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the motion on which the poll has been demanded.

12. The chairman may with the consent of (and shall if directed by) any such meeting adjourn the same from time to time and from place to place but no business shall be transacted at any adjourned meeting except business which might lawfully (but for lack of required quorum) have been transacted at the meeting from which the adjournment took place.

13. Any poll demanded at any such meeting on the election of a chairman or on any question of adjournment shall be taken at the meeting without adjournment.

14. Any director, officer or employee of the Issuer and its lawyers and any other person authorised so to do by the Issuer may attend and speak at any meeting. Save as aforesaid, no person shall be entitled to attend and speak nor shall any person be entitled to vote at any meeting of Noteholders or join with others in requesting the convening of such a meeting or to exercise the rights conferred on Noteholders by Condition 9 (*Events of default*) and Condition 12 (*Meetings of Noteholders, Modification and Waiver*) unless he either produces the Note of which he is the holder or a voting certificate or is a proxy. No person shall be entitled to vote at any meeting in respect of Notes held by, for the benefit of, or on behalf of, the Issuer, any subsidiary or holding company of the Issuer or any subsidiary of any such holding company. Nothing herein shall prevent any of the proxies named in any block voting instruction or form of proxy from being a director, officer or representative of or otherwise connected with the Issuer.

15. Subject as provided in paragraph 14 hereof at any meeting:

(a) on a show of hands every person who is present in person and produces a Note or voting certificate or is a proxy shall have one vote; and

(b) on a poll every person who is so present shall have one vote in respect of each euro 1 or such other amount as the issuer may in its absolute discretion stipulate (or, in the case of meetings of holders of Notes denominated in another currency, such amount in such other currency as the Issuer in its absolute discretion may stipulate) in nominal amount of the Notes so produced or represented by the voting certificate so produced or in respect of which he is a proxy.

Without prejudice to the obligations of the proxies named in any block voting instruction or form of proxy any person entitled to more than one vote need not use all his votes or cast all the votes to which he is entitled in the same way.

16. The proxies named in any block voting instruction or form of proxy need not be Noteholders.

17. Each block voting instruction shall be deposited by the relevant Noteholder at such place as the Issuer shall approve not less than 24 hours before the time appointed for holding the meeting or adjourned meeting at which the proxies named in the block voting instruction propose to vote and in default the block voting instruction shall not be treated as valid unless the chairman of the meeting decides otherwise before such meeting or adjourned meeting proceeds to business. A notarially certified copy of each block voting instruction shall (if so requested by, and at the expense of, the Issuer) be deposited with the Issuer before the commencement of the meeting or adjourned meeting and satisfactory proof of the identity of each proxy named in the block voting instruction shall be produced at the meeting or adjourned meeting, but the Issuer shall not thereby be obliged to investigate or be concerned with the validity of or the authority of the proxies named in any such block voting instruction.

18. Any vote given in accordance with the terms of a block voting instruction shall be valid notwithstanding the previous revocation or amendment of the block voting instruction of any of the relevant noteholders' instructions pursuant to which it was executed provided that no intimation in writing of such revocation or amendment shall have been received by the Issuer at its registered office (or such other place as may have been required or approved by the Issuer for the purpose) by the time being 24 hours before the time appointed for holding the meeting or adjourned meeting at which the block voting instruction is to be used.

19. A meeting of the Noteholders shall in addition to the powers hereinbefore given have the following powers exercisable only by extraordinary resolution (subject to the provisions relating to quorum contained in paragraphs 6 and 7 above) namely:

(a) power to sanction any compromise or arrangement proposed to be made between the Issuer, any appointee and the Noteholders or any of them.

(b) power to sanction any abrogation, modification, compromise or arrangement in respect of the rights of any appointee and the Noteholders, against the Issuer or against any other or others of them or against any of their property whether such rights shall arise under these presents or otherwise.

(c) power to assent to any modification of these Provisions which shall be proposed by the Issuer or any Noteholder.

(d) power to give any authority or sanction which under these Provisions is required to be given by extraordinary resolution.

(e) power to appoint any persons (whether Noteholders or not) as a committee or committees to represent the interests of the Noteholders and to confer upon such committee or committees any powers or discretions which the Noteholders could themselves exercise by extraordinary resolution.

(f) power to approve of a person to be appointed an agent and power to remove any agent or agents for the time being.

(g) power to sanction any scheme or proposal for the exchange or sale of the Notes for or the conversion of the Notes into or the cancellation of the Notes in consideration of shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any other company formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration of cash.

20. Any resolution passed at a meeting of the Noteholders duly convened and held in accordance with these Provisions shall be binding upon all the Noteholders whether present or not present at such meeting and whether or not voting and each of them shall be bound to give effect thereto accordingly and the passing of any such resolution shall be conclusive evidence that the circumstances justify the passing thereof. Notice of the result of the voting on any resolution duly considered by the Noteholders shall be published in accordance with Condition 11 (*Notices*) by the issuer within 14 days of such result being known provided that the non-publication of such notice shall not invalidate such result.

21. the expression "extraordinary resolution" when used in these Provisions means (a) a resolution passed at a meeting of the Noteholders duly convened and held in accordance with these presents by a majority consisting of not less than three-fourths of the persons voting thereat upon a show of hands or if a poll is duly demanded by a majority consisting of not less than three-fourths of the votes cast on such poll; or (b) a resolution in writing signed by or on behalf of all the Noteholders, which resolution in writing may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Noteholders.

22. Minutes of all resolutions and proceedings at every meeting of the Noteholders shall be made and entered in books to be from time to time provided for that purpose by the Issuer and any such minutes as aforesaid if purporting to be signed by the chairman of the meeting at which such resolutions were passed or proceedings transacted shall be conclusive evidence of the matters therein contained and until the contrary is proved every such meeting in respect of the proceedings of which minutes have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings transacted thereat to have been duly passed or transacted.

23. The issuer may, without the consent of the Noteholders, modify the Notes, provided that such modification is: (a) in the opinion of the Issuer, not prejudicial to the interests of the Noteholders; or (b) of a formal, minor or technical nature or to correct a manifest error.

24. If the Issuer shall have issued and have outstanding Notes which are not denominated in Euro in the case of any meeting of holders of Notes of more than one currency, the principal amount of such notes shall (i) for the purposes of paragraph 2 above be the equivalent in Euro at the spot rate of a bank nominated by the Issuer for the conversion of the relevant currency or currencies into Euro on the seventh dealing day prior to the day on which the requisition in writing is received by the Issuer and (ii) for the purposes of paragraphs 6, 7 and 15 above (whether in respect of the meeting or any adjourned such meeting or any poll resulting therefrom) be the equivalent at such spot rate on the seventh dealing day prior to the day of such meeting. In such circumstances, on any poll each person present shall have one vote for each euro 1 in nominal amount of the Notes (converted as above) which he holds or represents.

FORM OF THE NOTES

Notes in Physical Form

Each Tranche of Notes will be in bearer form and will be initially issued in the form of a Temporary Global Note (a "**Temporary Global Note**") or, if so specified in the relevant Final Terms, a Permanent Global Note (a "**Permanent Global Note**") which, in either case, will:

(i) if the Global Notes are intended to be issued in new global note ("**NGN**") form, as stated in the relevant Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the "**Common Safekeeper**") for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream, Luxembourg**"); and

(ii) if the Global Notes are not intended to be issued in NGN form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the "**Common Depositary**") for, Euroclear and Clearstream, Luxembourg.

Whilst any Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Note if the Temporary Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Issuing and Paying Agent.

On and after the date (the "**Exchange Date**") which is 40 days after a Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (a) interests in a Permanent Global Note of the same Series or (b) for definitive Notes of the same Series with, where applicable, receipts, interest coupons ("**Coupons**") and talons ("**Talons**") attached (as indicated in the relevant Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the relevant Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification.

The relevant Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, receipts, interest coupons and talons attached upon either (a) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) to the Issuing and Paying Agent as described therein or (b) only upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that (i) an Event of Default (as defined in Condition 9) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 13 of the Terms and Conditions of the Notes in Physical Form if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) may give notice to the Issuing and Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Issuing and Paying Agent requesting exchange. Any such exchange shall occur not later than 60 days after the date of receipt of the first relevant notice by the Issuing and Paying Agent.

The following legend will appear on all Notes which have an original maturity of more than 365 days and on all receipts and interest coupons relating to such Notes:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, receipts or interest coupons.

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Pursuant to the Agency Agreement of the Notes in Physical Form (as defined in the "*Terms and Conditions of the Notes in Physical Form*"), the Issuer procures that the Issuing and Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

Notwithstanding the provisions of Condition 5.5 of the Terms and Conditions of the Notes in Physical Form, where any note is represented by a Global Note, "**Payment Day**" means:

(a) if the currency of payment is euro, any day on which the T2 System is open and a day on which dealings in foreign currencies may be carried on in each (if any) additional financial centre; or

(b) if the currency of payment is not euro, any day which is 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.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the relevant Final Terms or as may otherwise be approved by the Issuer and the Issuing and Paying Agent.

Dematerialised Notes

Dematerialised Notes will be held in dematerialised form on behalf of the beneficial owners, until redemption or cancellation thereof, by Monte Titoli, for the account of the relevant Monte Titoli Account Holders. The expression "Monte Titoli Account Holders" means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Monte Titoli and includes any depository banks appointed by Euroclear Bank SA/NV as operator of the Euroclear and Clearstream, Luxembourg.

The Notes will at all times be held in book entry form and title to the Notes will be evidenced by book entries pursuant to the relevant provisions of the Consolidated Finance Act and in accordance with the CONSOB and Bank of Italy Regulation. The Noteholders may not require physical delivery of the Notes. However, the Noteholders may ask the relevant intermediaries for certification pursuant to Article 83-*quinquies* and 83-*sexies* of the Consolidated Finance Act.

FORM OF FINAL TERMS

Set out below is the form of Final Terms which the Issuer expects will be completed for each Tranche of Notes issued under the Programme.

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

[**PROHIBITION OF SALES TO UK RETAIL INVESTORS –** The Notes 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 UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes 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 Notes has led to the conclusion that: (i) the target market for the Notes 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 Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.]

[**UK MIFIR product governance / Professional investors and ECPs only target market –** Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes 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 Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (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 [Notes] (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[**Singapore Securities and Futures Act Product Classification** – Solely for the purposes of its obligations pursuant to Sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore)(as modified or amended from time to time, the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Notes are ["prescribed capital

markets products"]/["capital markets products other than prescribed capital markets products"] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).]

Final Terms dated [●]

BANCO BPM S.p.A.
(incorporated as a joint stock company (società per azioni) in the Republic of Italy with its registered office in Milan; number 09722490969 in the Register of Companies)

Legal Entity Identifier (LEI): 815600E4E6DCD2D25E30

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

under the €25,000,000,000
Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the [Terms and Conditions of the Notes in Physical Form] [Terms and Conditions of the Dematerialised Notes] set forth in the Base Prospectus dated 6 June 2023 [and the Supplement to the Base Prospectus dated [*date*]] which [together] constitute[s] a base prospectus for the purposes of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented].

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Italian Law Notes (the "**Conditions**") set forth in the Base Prospectus dated 31 May 2022 which are incorporated by reference in the Base Prospectus dated 6 June 2023. This document constitutes the Final Terms of the Notes described herein for the purposes of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") and must be read in conjunction with the Base Prospectus dated 6 June 2023 [and the supplement[s] to it dated [date] [and [date]]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation (the "**Base Prospectus**"), including the Conditions incorporated by reference in the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus.

The Base Prospectus [and the supplement to the Base Prospectus dated [*date*]] is available for viewing at, and copies of it may be obtained from, the registered office of the Issuer, Piazza Filippo Meda, 4, 20121 Milan and from BNP Paribas, Luxembourg Branch, 60 Avenue J.F. Kennedy L-1855 Luxembourg and will be published on the website of the Luxembourg Stock Exchange (*www.luxse.com*) and the website of the Issuer (*https://gruppo.bancobpm.it/en/*).

(Include whichever of the following apply or specify as "Not Applicable". 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 the final terms 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 Base Prospectus under Article 23 of the Prospectus Regulation.*)

(*If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency. Senior Non-Preferred Notes must have a denomination of at least €150,000 and Subordinated Notes must have a denomination of at least €200,000 – or, where the Senior Non-Preferred Notes or the Subordinated Notes, as applicable, are denominated in a Specified Currency other than Euro, the equivalent amount in such other Specified Currency.*)

1.	(a)	Series Number:	[●]

	(b)	Tranche Number:	[●]
	[(c)	Date on which Notes become fungible:]	[Not Applicable]/[The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [●] on [[●]/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 24 below [which is expected to be on or about [●]].]
	[(d)	Trade Date:]	[●]
2.	Specified Currency or Currencies:		[Euro ("**EUR**")] [●]
	(Condition 1)		
3.	Aggregate Nominal Amount:		
	(a)	[Series:	[●]]
	(b)	[Tranche:	[●]]
4.	Issue Price:		[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●]] (*insert date if applicable*)]
5.	(a)	Specified Denominations:	[●]
	(Condition 1)		(*Senior Non-Preferred Notes must have a denomination of at least €150,000 and Subordinated Notes must have a denomination of at least €200,000 (or, where the Senior Non-Preferred Notes or the Subordinated Notes, as applicable, are denominated in a Specified Currency other than Euro, the equivalent amount in such other Specified Currency)*) (*N.B. If an issue of Notes is (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Regulation the €100,000 minimum denomination is not required*.) *(Note — where multiple denominations above €100,000 or equivalent are being used the following sample wording should be followed:* "*€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. No Notes in definitive form will be issued with a denomination above €199,000 or below €100,000.*")
	(b)	Calculation Amount:	[●] (*If only one Specified Denomination, insert the Specified Denomination. If more than one specified Denomination, insert the highest*

			common factor. Note: there must be a common factor in the case of two or more Specified Denominations.)
6.	(a)	Issue Date:	[●]
	(b)	Interest Commencement Date:	[*specify*/Issue Date/Not Applicable]
	(Condition 2)		(*N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.*)
7.	Maturity Date:		[*Fixed rate – specify date/Floating rate –* Interest Payment Date falling in or nearest to [*specify month and year*]]
	(Condition 6.1)		(*Unless otherwise permitted by current laws, regulations, directives and/or the Relevant Authority's requirements applicable to the Issuer or the Group (as the case may be) (i) Senior Non-Preferred Notes must have a minimum maturity of twelve months and (ii) Subordinated Notes must have a minimum maturity of five years*).
8.	Interest Basis:		[[●] per cent. Fixed Rate [from [●] to [●], then [●] per cent. Fixed Rate from [●] to [●]]] [[EURIBOR] +/- [●] per cent. Floating Rate]
	(Condition 4)		[Floating Rate: CMS Linked Interest] [Floating Rate: SONIA Linked Interest] [Fixed-Floating Rate] [Floating-Fixed Rate] [Zero Coupon] (further particulars specified in paragraph [12/13/14/15/16/17] below)
9.	Change of Interest Basis or Change of Redemption/Payment Basis:		[Applicable/Not Applicable]
			(*If applicable, specify details of the relevant basis change (and in the case of a change of Interest Basis the relevant Interest Periods to which the change(s) in Interest Basis applies)*)
10.	Put/Call Options:		[Regulatory Call] [Issuer Call due to a MREL Disqualification Event] [Issuer Call] [Clean-Up Call] [Investor Put]
	(Condition 6.3, 6.4, 6.5, 6.6 or 6.7)		[(further particulars specified in paragraphs [18/19/20/21/22] below)]

11.	(i)	Status of the Notes: (Condition 3.2 and 3.3)	[Senior Preferred Notes/Senior Non-Preferred Notes/Subordinated Notes]
	(ii)	Date [Board] approval for issuance of Notes obtained:	[●] / Not Applicable (*Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes*)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

12.	Fixed Rate Note Provisions:		[Applicable/Not Applicable/Applicable for the period starting from [●] [and including] [●] ending on [but excluding] [●]] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Rate(s) of Interest: (Condition 4.1)	[●] per cent. per annum [payable [annually/semi-annually/quarterly/*specify* other] in arrear] [*specify other in case of different Rates of Interest in respect of different Fixed Interest Periods*]
	(b)	Interest Payment Date(s): (Condition 4.1)	[●] in each year up to and including [the Maturity Date/[●]] (*N.B. This will need to be amended in the case of long or short coupons*)
	(c)	Fixed Coupon Amount(s):	[●] per Calculation Amount (*Applicable to Notes in definitive form*) *(Specify different Fixed Coupon Amounts if different Rates of Interest are specified as being applicable in respect of different Fixed Interest Periods)*
	(d)	Broken Amount(s):	[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●] (*Applicable to Notes in definitive form*)
	(e)	Day Count Fraction: (Condition 2)	[Actual/Actual (ISDA) Actual/Actual (ICMA) Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 360/360 Bond Basis 30E/360 Eurobond Basis 30E/360 (ISDA)]
	(f)	Interest Determination Date(s):	[●] in each year

	(Condition 2)		(*Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon*) (*N.B. This will need to be amended in the case of regular interest payment dates which are not of equal duration*) (*N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA)*)
13.	Reset Note Provisions:		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Initial Rate of Interest: (Condition 4.2)	[●] per cent. *per annum* payable in arrear [on each Interest Payment Date]
	(b)	First Margin: (Condition 2)	[+/-] [●] per cent. per annum
	(c)	Subsequent Margin: (Condition 2)	[[+/-] [●] per cent. per annum] [Not Applicable]
	(d)	Interest Payment Date(s): (Condition 4.2)	[●] in each year up to and including [the Maturity Date/[●]]
	(e)	Fixed Coupon Amount up to (but excluding) the First Reset Date:	[●] per Calculation Amount (*Applicable to Notes in definitive form*) *(Specify different Fixed Coupon Amounts if different Rates of Interest are specified as being applicable in respect of different Fixed Interest Periods)*
	(f)	Broken Amount(s):	[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●] (*Applicable to Notes in definitive form*)
	(g)	First Reset Date:	[●]
	(h)	Second Reset Date:	[●] / Not Applicable
	(i)	Subsequent Reset Date(s):	[●] / Not Applicable
	(j)	Mid-Swap Floating Leg Benchmark Rate:	[●]
	(k)	Relevant Screen Page:	[ISDAFIX1]/[ISDAFIX2]/[ISDAFIX3]/ [ISDAFIX4]/[ISDAFIX5]/[ISDAFIX6]/[●]/ [Not Applicable]
	(l)	Mid-Swap Rate:	[Single Mid-Swap Rate/Mean Mid-Swap Rate]

	(m)	Mid-Swap Maturity:	[●]
	(n)	Reset Reference Rate Conversion:	[Applicable/Not Applicable]
	(o)	Original Reset Reference Rate Payment Basis:	[Annual/Semi-annual/Quarterly/Monthly/Not Applicable]
	(p)	Day Count Fraction:	[Actual/Actual (ISDA) Actual/Actual (ICMA) Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 360/360 Bond Basis 30E/360 Eurobond Basis 30E/360 (ISDA)]
	(q)	Interest Determination Date(s):	[●] in each year
	(r)	Additional Business Centre(s):	[●]
	(s)	Calculation Agent:	[Principal Paying Agent]/[Issuer]/[●]
14.	Floating Rate Note Provisions:		[Applicable/Not Applicable/Applicable for the period starting from [●] [and including] [●] ending on [but excluding] [●]] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Specified Period(s)/Specified Interest Payment Dates: (Condition 4.3)	[●]
	(b)	First Interest Payment Date: (Condition 2)	[●]
	(c)	Business Day Convention: (Condition 2)	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
	(d)	Relevant Financial Centre(s): (Condition 2)	[●]
	(e)	Additional Business Centre(s): (Condition 2)	[●]
	(f)	Manner in which the Rate of Interest and Interest Amount is to be determined: (Condition 4)	[Screen Rate Determination/ISDA Determination]
	(g)	Calculation Agent responsible for calculating the Rate of Interest and	[●]

Interest Amount (if not the Issuing and Paying Agent):

(h) Screen Rate Determination:

(Condition 4)

(i) Reference Rate: [[EURIBOR]/[CMS Rate]/[SONIA]]

In the case of CMS Rate:

- Reference Currency: [●]

- Reference Swap Rate: [●]

- Designated Maturity: [●]

- Calculation Agent / Issuing and Paying Agent: [●]

(ii) Interest Determination Date(s): [●]

(*in the case of a CMS Rate where the Reference Currency is Euro*):[Second day on which the T2 is open prior to the start of each Interest Period]

(in the case of a CMS Rate where the Reference Currency is other than Euro):[Second [specify type of day] prior to the start of each Interest Period]

(*Second day on which the T2 is open prior to the start of each Interest Period if EURIBOR, first day of Interest Period if the Specified Currency is Sterling and second business day in the Relevant Financial Centre prior to the first day of such Interest Period if the Specified Currency is neither Sterling nor euro)*

(iii) Specified Time: [●]

(iv) Multiplier: [●] / [Not Applicable]

(v) Reference Rate Multiplier: [●] / [Not Applicable]

(vi) Relevant Screen Page: (*In the case of a CMS Rate*): [ICESWAP2]/[●]

(Condition 4) (*In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately*)

(In the case of CMS Linked Interest Note, specify relevant screen page and any applicable headings and captions)

(vii) p: [●] [Not Applicable]

(*Only applicable to SONIA Linked Interest Notes*)

(i) ISDA Determination:

(Condition 4)

(i)	Floating Rate Option:	[●]
(ii)	Designated Maturity:	[●]
(iii)	Reset Date:	[●] (*In the case of a EURIBOR or CMS Rate based option, the first day of the Interest Period*)
(iv)	ISDA Definitions:	[2006/2021]
(v)	2021 ISDA Definitions:	[Applicable / Not Applicable]
(vi)	Applicable Benchmark:	[●] / [Not Applicable]
(vii)	Fixing Day:	[●]
(viii)	Fixing Time:	[●]
(ix)	Additional terms relating to the 2021 ISDA Definitions:	[●] / [Not Applicable]

(j) Margin(s): [+/-] [●] per cent. per annum

(k) Minimum Rate of Interest: [●] per cent. per annum

(l) Maximum Rate of Interest: [●] per cent. per annum

(m) Multiplier: [●] / [Not Applicable]

(n) Reference Rate Multiplier: [●] / [Not Applicable]

(o) Day Count Fraction: [Actual/Actual (ISDA)
Actual/Actual (ICMA)
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
30/360
360/360
Bond Basis
30E/360
Eurobond Basis
30E/360 (ISDA)]

(Condition 2)

(p) Linear Interpolation: [Not Applicable / Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each long or short interest period*)]

(Condition 4)

15. Fixed-Floating Rate Note Provisions: [Applicable/Not Applicable]

[[●] per cent. Fixed Rate in respect of the Fixed Interest Period(s) ending on (but excluding) [●], then calculated in accordance with paragraph 13 above.]

16.	Floating-Fixed Rate Note Provisions:	[Applicable/Not Applicable] [[*Floating Rate*] in respect of the Interest Period(s) ending on (but excluding) [●], then calculated in accordance with paragraph 12 above.]
17.	Zero Coupon Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a) Accrual Yield: (Condition 6.8)	[●] per cent. per annum
	(b) Reference Price: (Condition 6.8)	[●]
	(c) Day Count Fraction in relation to Early Redemption Amounts and late payment:	[Condition 6.8 applies] (C*onsider applicable day count fraction if not U.S. dollar denominated*)

PROVISIONS RELATING TO REDEMPTION

18.	Issuer Call: (Condition 6.5)	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a) Optional Redemption Date(s):	(*If the Notes are Subordinated Notes, unless otherwise permitted by current laws, regulations, directives and/or the Relevant Authority's requirements applicable to the issue of Subordinated Notes by the Issuer, the Optional Redemption Date shall not be earlier than five years after the Issue Date*)
	(b) Optional Redemption Amount:	[[●] per Calculation Amount]
	(c) Partial redemption:	[Applicable/Not Applicable] (*If not applicable, delete the remaining items of this subparagraph*)
	If redeemable in part:	
	(i) Minimum Redemption Amount:	[●]
	(ii) Maximum Redemption Amount:	[●]
	(d) Notice period (if other than as set out in the Conditions):	[●] (*N.B. If setting notice periods which are different from those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing*

			systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Issuing and Paying Agent)
19.	Regulatory Call:		[Condition 6.3 is applicable/Not Applicable]
	(Condition 6.3)		(*Only applicable for Subordinated Notes*)
20.	Issuer Call due to a MREL Disqualification Event		[Condition 6.4 is applicable/Not Applicable]
	(Condition 6.4)		(*Only applicable for Senior Notes*)
21.	Clean-Up Call		[Applicable/Not Applicable]
	(Condition 6.7)		
	(a)	Clean-Up Call Percentage:	[75 per cent. / [●] per cent.]
22.	Investor Put:		[Applicable/Not Applicable]
	(Condition 6.6)		(*Not applicable for Subordinated Notes. If not applicable for Senior Notes, delete the remaining subparagraphs of this paragraph*)
	(a)	Optional Redemption Date(s):	[●]
	(b)	Optional Redemption Amount:	[[●] per Calculation Amount]
	(c)	Notice period (if other than as set out in the Conditions):	[●] (*N.B. If setting notice periods which are different from those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Issuing and Paying Agent*)
23.	Final Redemption Amount:		[[●] per Calculation Amount] (*N.B. The Final Redemption Amount will always be equal to at least 100 per cent. of the aggregate principal amount of the Notes. In relation to any issue of Notes which are expressed at paragraph 5 above to have a minimum denomination and tradeable amounts above such minimum denomination which are smaller than it the following wording should be added: "For the avoidance of doubt, in the case of a holding of Notes in an integral multiple of [●] in excess of [●] as envisaged in paragraph 5 above, such holding will be redeemed at its nominal amount."*)

24.	Early Redemption Amount payable on redemption for taxation, regulatory reasons, MREL Disqualification Event or on event of default: (Condition 6.8)	[Not Applicable (*if Early Redemption Amount is the principal amount of the Notes*)*/ specify [●] per Calculation Amount*]
25.	Modification of the Notes: [(Condition 14.2 of the Notes in Physical Form) / (Condition 12.2 of the Dematerialised Notes)]	[Condition [14.2/12.2] applies/Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

26.	Form of Notes:	[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]* [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]* [Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]* (**The exchange upon notice options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 5 includes language substantially to the following effect: "€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.*) [Dematerialised Note held by Monte Titoli on behalf of the beneficial owners, until redemption or cancellation thereof, for the account of the relevant Monte Titoli Account Holders]
27.	New Global Note:	[Yes] [No]
28.	Additional Financial Centre(s) or other special provisions relating to Payment Dates: (Condition 5)	[Not Applicable/*give details*] (*Note that this item relates to the place of payment and not Interest Period end dates to which item 13(d) relates*)
29.	Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No. *If yes, insert as follows:* One Talon in the event that more than 27 Coupons need to be attached to each Definitive Note. On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon comprised in

the Coupon sheet may be surrendered at the specified office of the Paying Agent in exchange for a further Coupon sheet. Each Talon shall be deemed to mature in the Interest Payment Date on which the final Coupon comprised in the relevant Coupon sheet matures.]

THIRD PARTY INFORMATION

[[(*Relevant third party information*)] has been extracted from [(*specify source*)]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [(*specify source*)], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of BANCO BPM S.p.A.:

By: .....
Duly authorised

PART B – OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING**

(i)	Listing and Admission to Trading:	[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [*specify relevant regulated market (for example the Bourse de Luxembourg) and, if relevant, admission to an official list*] with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [*specify relevant regulated market (for example the Bourse de Luxembourg) and, if relevant, admission to an official list*] with effect from [●].] [Not Applicable.]
(ii)	Estimate of total expenses related to admission to trading:	[●]

2. **RATINGS**

Ratings: The Notes to be issued [have been/are expected to be] rated:

[Moody's: [●]]
[Fitch: [●]]
[DBRS: [●]]
[[Other]: [●]]

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

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

(*Insert the following where the relevant credit rating agency is established in the EEA:*)

[[*Insert legal name of particular credit rating agency entity providing rating*] is established in the EEA and [is included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority at http://www.esma.europa.eu/supervision/credit-rating-agencies/risk as being registered]/[has applied for registration although notification of the corresponding registration decision has not yet been provided by the relevant competent authority]/[is neither registered nor has it applied for registration] under Regulation (EU) No. 1060/2009, as amended (the "**CRA Regulation**").]

(*Insert the following where the relevant credit rating agency is not established in the EEA*:)

[[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EEA [but the rating it has given to the Notes is endorsed by [insert legal name of credit rating agency], which is established in the EEA and is included in the list of registered credit rating agencies

published on the website of the European Securities and Markets Authority at http:// www.esma.europa.eu/supervision/credit-rating-agencies/risk as being registered] / [but is certified] / [and is not certified under nor is the rating it has given to the Notes endorsed by a credit rating agency established in the EEA or the United Kingdom and registered] under Regulation (EU) No. 1060/2009, as amended (the "**CRA Regulation**").]

(*Insert the following with respect to UK CRA*:)

[[*Insert legal name of particular credit rating agency entity providing rating*] has been certified under Regulation (EU) No. 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**").]/ [[*Insert legal name of particular credit rating agency entity providing rating*] 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 Notes is not endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation.] / [*Insert legal name of particular credit rating agency entity providing rating*] is established in the UK and registered under Regulation (EU) No. 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**"). [[*Insert legal name of particular credit rating agency entity providing rating*] appears on the latest update of the list of registered credit rating agencies (as of [*insert date of most recent list*]) on [*FCA*].

In general, European regulated investors are restricted from using a rating for regulatory purposes unless such rating is (1) issued by a credit rating agency established in the EEA and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA registered under the CRA Regulation or (3) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation.

Investors regulated in the UK are subject to similar restrictions under Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the EUWA (the "**UK CRA Regulation**"). As such, UK regulated investors are restricted from using a rating for regulatory purposes unless (1) such rating is issued 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 but is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or (3) the rating is provided by a credit rating agency not established in the UK which is certified under the UK CRA Regulation.

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

3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

[Save for any fees payable to the [Dealers/Managers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates may 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*

(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation.)

4. **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS**

(i)	Use of the proceeds:	[The net proceeds from the issue of the Notes will be used for its general funding purposes and to improve the regulatory capital structure of Banco BPM] / [An amount equal to the net proceeds from the issue of the Notes will be used to finance or refinance Eligible Green Loans and/or Eligible Social Loans (as defined in the section entitled "*Use of Proceeds*" of the Base Prospectus)] / [●] [Further details on Eligible Green Loans and Eligible Social Loans are included in the [Issuer [Green/Social] Bond Framework], made available on the Issuer's website in the investor relations sections at [●]]
(ii)	Estimated net proceeds:	[●]

5. **YIELD** (Fixed Rate Notes only)

Indication of yield: [●] / [Not Applicable]

6. **[Floating Rate Notes, SONIA Linked Interest Notes and CMS Linked Interest Notes Only – HISTORIC INTEREST RATES**

[Details of historic [EURIBOR/CMS/SONIA] rates can be obtained from [Reuters]/[●].]

[Benchmarks: Amounts payable under the Notes will be calculated by reference to [EURIBOR/ CMS/SONIA/[●]] which is provided by [●]. As at [●], [●] [appears/does not appear] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of the Benchmarks Regulation (Regulation (EU) No. 2016/1011) (the "**Benchmarks Regulation**").

[As far as the Issuer is aware, [●] does/do not fall within the scope of the Benchmarks Regulation by virtue of Article 2 of that regulation] / [the transitional provisions in Article 51 of the Benchmarks Regulation apply [*Note: this wording applies only in respect of benchmark administrators located outside the EU since 31 December 2021*]], such that [●] is not currently required to obtain authorisation or registration (or,

		if located outside the European Union, recognition, endorsement or equivalence).]

7. **OPERATIONAL INFORMATION**

(i)	ISIN Code:	[●]
(ii)	Common Code:	[●]
(iii)	[CFI Code:	[[*include code*], as updated, as set out 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 / Not Available]
(iv)	[FISN:	[[*include code*], as updated, as set out 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 / Not Available]
(v)	Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, S.A. or Monte Titoli and the relevant identification number(s):	[Not Applicable/*give names(s), address(es) and number(s)*]
(vi)	Delivery:	Delivery [against/free of] payment
(vii)	Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday 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.] / [No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

8. **DISTRIBUTION**

(i)	Method of distribution:	[Syndicated]/[Non-syndicated]

(ii)	If syndicated:		
	(A)	Names of Managers:	[Not Applicable/*give names and addresses*]
	(B)	Date of Subscription Agreement:	[●]
	(C)	Stabilising Manager(s) (if any):	[Not Applicable/*give name and addresses*]
(iii)	If non-syndicated, name and address of Dealer:		[●]
(iv)	U.S. Selling Restrictions:		[Reg. S Compliance Category 2; [TEFRA C]/[TEFRA D]/[TEFRA Not applicable]]
(v)	Prohibition of Sales to EEA Retail Investors		[Applicable/Not Applicable]
(vi)	Prohibition of Sales to UK Retail Investors		[Applicable/Not Applicable]

USE OF PROCEEDS

The net proceeds of the sale of each Tranche will be used by the Issuer, as indicated in the applicable Final Terms relating to the relevant Tranche of Notes, either:

a) for general funding purposes and to improve the regulatory capital structure of Banco BPM; or

b) to finance or refinance, in whole or in part, Eligible Green Loans and Eligible Social Loans (as defined below).

According to the definition criteria set out by the International Capital Market Association ("**ICMA**") Green Bond Principles ("**GBP**"), only Tranches financing or refinancing Eligible Green Loans will be denominated "Green Bonds".

According to the definition criteria set out by ICMA Social Bond Principles ("**SBP**"), only Tranches financing or refinancing Eligible Social Loans will be denominated "Social Bonds".

According to the definition criteria set out by ICMA Sustainability Bond Guidelines, only Tranches of Notes financing or refinancing a combination of Eligible Green Loans and Eligible Social Loans will be denominated "Sustainability Bonds".

"**Eligible Green Loans**" means loans identified as such in the Issuer's "Green, Social and Sustainability Bonds Framework", published by the Issuer on its website (https://gruppo.bancobpm.it/en/sustainability/green-social-sustainability-bonds-framework/), as may be amended, supplemented or replaced before the Issue Date of the relevant Tranche.

"**Eligible Social Loans**" means loans identified as such in the Issuer's "Green, Social and Sustainability Bonds Framework", published by the Issuer on its website (https://gruppo.bancobpm.it/en/sustainability/green-social-sustainability-bonds-framework/), as may be amended, supplemented or replaced before the Issue Date of the relevant Tranche.

For avoidance of doubt, the Issuer's "Green, Social and Sustainability Bonds Framework", as well as any amendment, supplement or replacement thereto, as well as the information on the websites does not form part of this Base Prospectus and has not been scrutinized or approved by the CSSF.

SELECTED CONSOLIDATED FINANCIAL DATA

The information set out in this Base Prospectus in relation to the Group has been derived from, and should be read in conjunction with, and is qualified by reference to:

(a) the audited consolidated annual financial statements of Banco BPM as at and for the year ended 31 December 2021 (the "**2021 Annual Financial Statements**"), which were audited by PricewaterhouseCoopers S.p.A.;

(b) the audited consolidated annual financial statements of Banco BPM as at and for the year ended 31 December 2022 (the "**2022 Annual Financial Statements**"), which were audited by PricewaterhouseCoopers S.p.A.;

(c) the press release issued on 7 February 2023 on the consolidated results of Banco BPM as at and for the year ended 31 December 2022 (the "**7 February 2023 Press Release**"); and

(d) the press release issued on 8 May 2023 on the consolidated results of Banco BPM as at and for the three months ended 31 March 2023 (the "**8 May 2023 Press Release**"),

that are incorporated by reference into this Base Prospectus.

So long as any of the Notes remain outstanding, copies of the above-mentioned consolidated financial statements and press releases will be made available during normal business hours at the registered office of the Issuer, in each case free of charge.

The statistical information presented in the following tables have been extracted from the Group report on operations included in the Issuer's consolidated 2022 annual report. Such information has not been audited.

Group financial highlights

(in millions of Euro)	31 December 2022	31 December 2021
Reclassified income statement figures		
Financial margin	2,471.9	2,273.6
Net fee and commission income	1,887.3	1,911.2
Operating income	4,705.5	4,510.7
Operating expenses	(2,539.4)	(2,515.8)
Profit (loss) from operations	2,166.1	1,995.0
Profit (loss) before tax from continuing operations	1,311.5	921.0
Parent Company's net profit (loss) for the year	702.6	569.1

(in millions of Euro)	31 December 2022	31 December 2021
Balance sheet figures		
Total assets	189,685.9	200,489.2
Loans to customers (net)	109,455.0	109,383.4
Financial assets and hedging derivatives	43,093.5	36,326.4
Group shareholders' equity	12,769.6	13,095.0
Customers' financial assets		
Direct funding	120,639.1	120,213.0
Indirect funding	95,029.1	102,187.9
- Asset management	59,408.7	65,347.9
- Mutual funds and SICAVs	39,916.6	45,762.8
- Securities and fund management	3,969.4	4,135.1
- Insurance policies	15,522.7	15,449.9
- Administered assets	35,620.4	36,840.1
- Administered assets without protected capital certificates	31,919.1	33,719.4
Information on the organisation		
Average number of employees and other staff (*)	19,278	19,949

(in millions of Euro)	31 December 2022	31 December 2021
Number of bank branches	1,504	1,508

(*) *Weighted average of full-time equivalent personnel calculated on a monthly basis. This does not include the Directors and Statutory Auditors of Group Companies.*

Financial and economic ratios and other Group figures

	31 December 2022	31 December 2021
Alternative performance measures		
Profitability ratios (expressed in percentages)		
Return on equity (ROE) ([1])	6.58%	4.98%
Return on tangible equity (ROTE) ([2])	7.39%	5.50%
Return on assets (ROA) ([3])	0.37%	0.28%
Financial margin / Operating income	52.53%	50.40%
Net fee and commission income / Operating income	40.11%	42.37%
Operating expenses / Operating income	53.97%	55.77%
Operational productivity figures (expressed in thousands of euro)		
Loans to customers (net) per employee ([4])	5,677.6	5,483.1
Operating income per employee ([4])	244.1	226.1
Operating expenses per employee ([4])	131.7	126.1
Credit risk ratios (expressed in percentages)		
Net bad loans/Loans to customers (net)	0.66%	0.83%
Unlikely to pay/Loans to customers (net)	1.44%	2.11%
Net bad loans/Shareholders' equity	5.64%	6.92%
Texas Ratio ([5])	20.30%	27.16%
Other ratios		
Financial assets and hedging derivatives / Total assets	22.72%	18.12%
Total derivatives/Total assets	2.34%	1.06%
- trading derivatives/total assets	1.44%	1.00%
- hedging derivatives/total assets	0.91%	0.06%
Net trading derivatives ([6])/Total assets	0.03%	0.02%
Net loans/Direct funding	90.73%	90.99%
Regulatory capitalisation and liquidity ratios		
Common equity Tier 1 ratio (CET1 capital ratio) ([7])	14.32%	14.68%
Tier 1 capital ratio ([7])	16.62%	16.52%
Total capital ratio ([7])	19.58%	19.59%
Liquidity Coverage Ratio (LCR)	191%	209%
Leverage ratio	5.21%	5.92%
Banco BPM stock		
Number of outstanding shares	1,515,182,126	1,515,182,126
Official closing prices of the stock		
- Final	3.334	2.640
- Maximum	3.630	3.040
- Minimum	2.268	1.781
- Average	2.877	2.542
Basic EPS	0.464	0.375
Diluted EPS	0.464	0.375

([1]) *Calculated as the ratio of net profit (loss) for the year to shareholders' equity excluding the profit (loss) for the year and AT1 equity instruments. The figure for the previous year has been restated to ensure a like-for-like comparison.*

([2]) *Calculated as the ratio of net profit (loss) for the year to shareholders' equity, determined by excluding the profit for the year, AT1 equity instruments and intangible assets, net of the related tax effects, from shareholders' equity.*

([3]) *Calculated as the ratio of profit (loss) for the year to total assets.*

([4]) *Arithmetic average calculated on a monthly basis in terms of full-time equivalent resources, as shown in the previous table. Does not include the Directors and Statutory Auditors of Group Companies.*

([5]) *Calculated as the ratio between the net value of non-performing loans and the tangible shareholders' equity of the Group, determined by excluding intangible assets from the book value of shareholders' equity, net of the related tax effects.*

([6]) *The aggregate of net trading derivatives corresponds to the mismatch, in absolute terms, between the derivatives included under the Balance Sheet item 20 a) of assets, "Financial assets at fair value through profit and loss - held for trading", and item 20 of liabilities, "Financial liabilities held for trading".*

([7]) *Ratios calculated including the profit (loss) for the year and deducting the amount of the dividend and other allocations.*

Alternative Performance Measures

In order to better evaluate the Issuer's financial management performance based on the consolidated financial statements of Banco BPM for the years ended 31 December 2022 and 2021, the 7 February 2023 Press Release and the 8 May 2023 Press Release, the management has identified several Alternative Performance Measures ("**APMs**"). Management believes that these APMs provide useful information for investors as regards the financial position, cash flows and financial performance of the Issuer, because they facilitate the identification of significant operating trends and financial parameters. This Base Prospectus contains the following alternative performance measures as defined by the European Securities and Markets Authority (ESMA) of 5 October 2015 (ESMA/2015/1415), applicable as of 3 July 2016, which are used by the management of the Issuer to monitor the Issuer's financial and operating performance:

- "Cost/income ratio" is calculated as the ratio between reclassified operating expenses and reclassified operating income;
- "Payout ratio" is calculated as the ratio between the amount of the proposed dividends to be distributed and the amount of net profit;
- "Dividend yield" is calculated as the ratio between the amount of the proposed dividend per share and the average price of Banco BPM share;
- "Core Total Income" or "Revenues from Core Banking Business" or "Core revenues" are calculated as the sum of "net interest income", "net fees and commissions" "income/loss from investments in associates carried at equity" and "income from insurance business"[3];
- "Direct funding from customers" includes deposits and current accounts and demand and term deposits, bonds issued, certificates of deposit and other securities, loans and other debts, and capital-protected certificates. Repurchase agreements are not included;
- "Core direct funding" is calculated as the sum of current accounts and deposits;
- "Indirect funding net of protected capital certificates" is calculated as the aggregate of indirect funding (managed assets and administered assets) net of deposits underlying protected capital certificates;
- "Core net performing loans" is calculated as the sum of mortgages, loans, current accounts and personal loans;
- "Net interest income excluding write-down of interest on a number tax credits" is calculated as the difference between net interest income of the period excluding the impact of the write-down of interest on some tax credits accounted for in previous years;
- "Net financial result excluding the effect of the change in own credit risk" is calculated as the difference between net financial result and the impact (positive or negative) of the change in own credit risk on the valuation of the certificates issued by the Group;
- "Operating expenses excluding insurance company charges and non recurring items" is calculated as the difference between the amount of the operating expenses, excluding insurance company charges, compared to the previous period (both items net of non recurring components);
- "Personnel expenses excluding insurance company charges and non recurring items" is calculated as the difference between the amount of the personnel expenses, excluding insurance company charges, compared to the previous period (both items net of non recurring components);

[3] As a result of the line-by-line consolidation of insurance companies, as of 30 September 2022, the aggregate also includes the item Net income from insurance business.

- “Change in personnel expenses net of non recurring components” is calculated as the difference between the amount of the personnel expenses, excluding non recurring components, compared to the previous period;

- “Change in personnel expenses excluding insurance company charges net of non recurring items” is calculated as the percentage variation of the amount of the personnel expenses, excluding insurance company charges, compared to the previous period (both items net of non recurring components);

- “Change in other administrative expenses excluding insurance company charges” is calculated as the percentage variation of the amount of the other administrative expenses, excluding insurance company charges, compared to the previous period;

- “Net NPE Ratio” is calculated as the ratio between net non-performing exposures and total exposures related to the balance sheet items of "Loans to customers" measured at amortised cost";

- “Net NPE Ratio (EBA methodology)” is calculated in accordance to the methodology used by EBA for the presentation of data in the context of the EU Transparency Exercise;

- “Gross NPE Ratio” is calculated as the ratio between gross non-performing exposures and total exposures related to the balance sheet items of “Loans to customers” measured at amortised cost;

- “Gross NPE Ratio Adjusted” is calculated as the ratio between gross non-performing exposures and total exposures related to the balance sheet items of Loans to customers measured at amortised cost (both excluding the amount relating to disposals of portfolio finalised/approved);

- “Gross NPE Ratio (EBA methodology)” is calculated in accordance to the methodology used by EBA for the presentation of data in the context of the EU Transparency Exercise;

- “Cost of risk” or “Cost of credit” is calculated as the ratio between net adjustments on loans to customers and net receivables from customers;

- “Cost of risk or cost of credit (normalised or adjusted or excluding non-core components)” is calculated as the ratio of net adjustments on loans excluding the impact resulting from the non-recurring economic components or the estimate of all the adjustments to loans not considered structural) to net loans to customers;

- “Normalised (or Adjusted) loan loss provisions” is calculated as loan loss provisions net of the non-recurring economic components relating to changes in the non-performing loan management strategy/sales of portfolios finalised during the year/estimate of all the other adjustments not considered structural;

- “Coverage of bad loans” is calculated as the ratio between the amount of cumulated net adjustments on bad loans and the gross amount of bad loans;

- “Coverage of unlikely to pay loans” is calculated as the ratio between the amount of cumulated net adjustments on unlikely to pay loans and the gross amount of unlikely to pay loans;

- “Coverage of past due exposures” is calculated as the ratio between the amount of cumulated net adjustments on past due exposures and the gross amount of past due exposures;

- “Coverage of total non-performing exposures” is calculated as the ratio between the amount of cumulated net adjustments on total non-performing exposures and the gross amount of total non-performing exposures;

- “Coverage of total performing exposures” is calculated as the ratio between the amount of cumulated net adjustments on total performing exposures and the gross amount of total performing exposures;

- “Texas ratio” is calculated as the ratio of the net value of non-performing loans to the tangible shareholders’ equity of the Group, determined by excluding intangible assets from the book value of shareholders’ equity, net of the related tax effects;

- "Adjusted Profit/(loss) before tax from continuing operations" is calculated as income (loss) before tax from continuing operations net of the non-recurring economic components;
- "Normalised (or Adjusted) net income (or profit)" is calculated as net income (or net profit) net of the non-recurring economic components;
- "ROE (Return on Equity)" is calculated by dividing the amount of the net income for the year by Shareholders' equity (excluding the profit (loss) for the year and AT1 equity instruments);
- "ROA (Return on Assets)" is calculated by dividing the amount of the net income for the year excluding total assets;
- "ROTE (Return on tangible equity)" is calculated as the ratio between the amount of the net profit (loss) for the year to shareholders' equity, determined by excluding the profit for the year, AT1 equity instruments and intangible assets, net of the related tax effects, from shareholders' equity;
- "Financial margin/Operating income" is calculated as the ratio of Financial margin to Operating income;
- "Net fee and commission income/Operating income" is calculated as the ratio of Net fee and commission income to Operating income;
- "Loans to customers (net) per employee" is calculated as the ratio between the net amount of Loans to customers and the Arithmetic average number of employees and other staff;
- "Operating income per employee" is calculated as the ratio between the Operating Income and the Arithmetic average number of employees and other staff;
- "Operating Expenses per employee" is calculated as the ratio between the Operating Expenses and the Arithmetic average number of employees and other staff;
- "Net bad loans/Loans to customers (net)" is calculated by dividing the net amount of bad loans by the net amount of loans to customers;
- "Unlikely to pay/Loans to customers (net)" is calculated by dividing the net amount of unlikely to pay by the net amount of loans to customers;
- "Net bad loans/Shareholders' equity" is calculated by dividing the net amount of bad loans by the amount of Shareholders' equity;
- "Financial assets and hedging derivatives/Total assets" is calculated by dividing the amount of financial assets and hedging derivatives by total assets;
- "Total derivatives/Total assets" is calculated as the ratio between Derivative assets (sum of hedging and trading derivatives) and total assets;
- "Trading derivatives/total assets" is calculated as the ratio between the amount of the derivatives included under Balance Sheet item 20 a) of assets, "Financial assets designated at fair value through profit and loss - held for trading" by total assets;
- "Hedging derivatives/total assets" is calculated as the ratio between the amount of Balance Sheet item 50. of assets "Hedging derivatives" by total assets;
- "Net trading derivatives/Total assets" is calculated as the ratio between Net trading derivatives (mismatch, in absolute terms, between the derivatives included under Balance Sheet item1 20 a) of assets, "Financial assets designated at fair value through profit and loss - held for trading", and item 20. of liabilities, "Financial liabilities held for trading") and total assets;
- "Net loans/Direct funding" is calculated by dividing the amount of net loans to customers by direct funding.

It should be noted that:

(a) the APMs are based exclusively on historical data of the Issuer and are not indicative of future performance;

(b) the APMs are not derived from IFRS and, while they are derived from the consolidated financial statements of Banco BPM prepared in conformity with these principles, they are not subject to audit;

(c) the APMs are non-IFRS financial measures and are not recognised as measure of performance or liquidity under IFRS and should not be recognised as alternative to performance measures derived in accordance with IFRS or any other generally accepted accounting principles;

(d) the above-mentioned APMs are calculated on the basis of the reclassified financial statements, unless otherwise specified, and should be read together with the financial information of Banco BPM for the periods ended on 31 December 2022, 31 December 2021 and 31 March 2023 taken from the 2022 Annual Financial Statements, the 2021 Annual Financial Statements and the results as at 31 March 2023, respectively;

(e) since not all companies calculate APMs in an identical manner, the presentation of Banco BPM may not be consistent with similar measures used by other companies. Therefore, undue reliance should not be placed on these data;

(f) the APMs and definitions used herein are consistent and standardised for the period for which financial information in this Prospectus is included.

The economic components of a non-recurring nature are illustrated, in accordance with the indications of Consob Communication no. DEM/6064293 of 28 July 2006, in the Group's Report on Operations in the 2022 Annual Financial Statements (pages 45-46), in the Group's Report on Operations in the 2021 Annual Financial Statements (pages 41-43) and in Note no. 5 "Non-recurring items in the income statement of Gruppo Banco BPM" of the results as at 31 March 2023, all incorporated by reference in this Base Prospectus.

Credit quality

(in millions of Euro) (*)	**31 December 2022**		**31 December 2021**	
	Net exposure	**% impact**	**Net exposure**	**% impact**
Bad loans	720.6	0.7%	906.5	0.8%
Unlikely to pay	1,574.8	1.4%	2,309.4	2.1%
Non-performing past-due exposures	60.1	0.1%	44.6	0.0%
Non-performing loans	**2,355.5**	**2.2%**	**3,260.5**	**3.0%**
Performing exposures	**107,099.5**	**97.8%**	**106,122.9**	**97.0%**
Total loans to customers	**109,455.0**	**100.0%**	**109,383.4**	**100%**

(*) The chart sets forth credit quality information in respect of the assets of the Group accounted at amortised cost only.

In December 2022, the Issuer completed a significant and complex restructuring transaction of impaired credit exposures attributable to a leading real estate group, with the aim of pursuing an active management of the properties underlying the aforementioned exposures through the support of a specialised partner and the provision of new financing aimed at the development of the properties by third parties. The transaction, known as the "Project Wolf", is described in the notes to the 2022 Annual Financial Statements on pages 203-204, which is incorporated by reference in this Base Prospectus. As a result of the transaction, at 31 December 2022 the new restructured loans were classified in the accounting portfolio "Financial assets mandatorily measured at fair value" and recognised in the balance sheet with a total value of Euro 219 million. The aforementioned loans were classified for prudential purposes as "non-impaired exposures" as it was considered that the restructuring operation did not represent an ordinary lending operation given the exceptional nature of the transaction, which resulted in a change in the ownership and control structure of the initiative and a significant improvement in the overall situation of the client. On page 373 of the 2022 Annual Financial Statements, it was also noted that, at the time of preparation of the 2022 Annual Financial Statements, the interpretation underlying the classification as "non-impaired exposures" was subject to ongoing discussions with the ECB. The subject of the ECB's review was exclusively the classification of the exposures for regulatory purposes, without prejudice to

the classification for accounting purposes and measurement of the exposures in the 2022 Annual Financial Statements, as the different regulatory classification has no impact on the determination of their fair value.

Following the publication of the 2022 Annual Financial Statements, the ECB completed its assessment and notified the Issuer that, from a prudential point of view, the completed restructuring transaction constitutes a forbearance measure against. Therefore, the Issuer could not change the classification of the exposure, which should remain as a "non-performing loan". In line with such assessment, the Bank has reinstated the prudential classification of the loans concerned as "non-performing loans" with effect from 31 March 2023.

Capital Requirements for the Group

On 14 December 2022, the European Central Bank (ECB) notified Banco BPM of its final decision on the minimum capital ratios to be complied with by Banco BPM on an ongoing basis for 2023. The decision is based on the supervisory review and evaluation process (SREP) conducted in compliance with Article 4(1)(f) of Regulation (EU) No. 1024/2013.

Therefore, in compliance with Article 16(2)(a) of the same Regulation (EU) No. 1024/2013, which confers on the ECB the power to require supervised banks to hold own funds in excess of the minimum capital requirements laid down by current regulations, a requirement of 2.57% was added to the minimum capital requirements. Such SREP requirement must be maintained by Banco BPM with 56.25% as Common Equity Tier 1 (CET1) and 75% as Tier 1 Capital (Tier 1).

Taking the above into account, the requirements set out for other systemically important institutions (equal to 0.25% for 2023), the capital conservation buffer (equal to 2.50%) and the countercyclical capital buffer established by the competent national authorities for exposures to countries in which the Group operates (equal to 0.011%), the Banco BPM Group was required to comply with the following capital ratios at consolidated level for 2023, in accordance with the transitional criteria in force:

- CET1 ratio: 8.71%;
- Tier 1 ratio: 10.69%;
- Total Capital ratio: 13.33%.

The Banco BPM Group satisfied these prudential requirements, with a CET1 ratio as at 31 December 2022 of 14.3% at phase-in level, a Tier 1 ratio of 16.6% at phase-in level and a Total Capital ratio equal to 19.6% at phase-in level[4].

Rating

The international agencies Moody's Investors Service ("**Moody's**") through Moody's France SAS, Fitch Ratings ("**Fitch**") through Fitch Ratings Ireland Limited, and DBRS Morningstar ("**DBRS**") through DBRS Ratings GmbH have assigned ratings to the Issuer. Moody's, Fitch and DBRS are regulated under the Regulation No. 1060/2009/EC of the European Parliament and the Council dated 16 September 2009 on credit rating agencies.

As at the date of this Base Prospectus, the following ratings have been assigned by Moody's to the Issuer: (i) Long and Short Term Deposit Ratings of Baa2/P-2, where the Long Term Deposit Ratings has a Stable Outlook; (ii) Long-Term Issuer Rating and Long-Term Senior Unsecured Debt Rating of Ba1, with Stable Outlook; (iii) Baseline Credit Assessment (BCA) and adjusted BCA of ba2; and (iv) Long and Short Term Counterparty Risk Assessments (CR Assessment) of Baa2 (cr) / P-2 (cr).

As at the date of this Base Prospectus, the following ratings have been assigned by Fitch to the Issuer: (i) Long and Short Term Issuer Default Rating of BBB-/F3; and (ii) Viability Rating of bbb-.

As at the date of this Base Prospectus, the following ratings were assigned to the Issuer by DBRS Morningstar: (i) Long-Term Deposit Rating of BBB (high); (ii) Short-Term Deposit Rating of R-1 (low);

[4] Ratios calculated by including the net results for the year ended 31 December 2022 and deducting the total proposed dividends based on the applicable regulations. The transitional provisions provided for in Articles 473(a) and 468 of the Regulation EU 575/2013 have been applied.

(iii) Long-Term Issuer Rating and Long-Term Senior Debt Rating of BBB; (iv) Short-Term Issuer Rating and Short-Term Debt Rating of R-2 (high); and (v) Long and Short-Term Critical Obligations Ratings of A (low) / R-1 (low). All ratings have a Stable Trend. The Intrinsic Assessment of the Group is BBB.

DESCRIPTION OF THE ISSUER AND THE GROUP

Introduction

Banco BPM S.p.A. (the "**Issuer**" or the "**Bank**" and together with its subsidiaries, the "**Group**" or the "**Banco BPM Group**") was incorporated on 13 December 2016 and is one of the largest banking groups in Italy as at 31 December 2022, based on revenues, assets and net income, with 20,157 employees, 1,504 branches and approximately 4 million customers concentrated in the Lombardy, Veneto and Piedmont regions. Banco BPM's duration has been set to 23 December 2114, however it may be extended.

The Group is the product of the combination between Banco Popolare Società Cooperativa ("**Banco Popolare**") and Banca Popolare di Milano S.c.a.r.l. ("**BPM**").

The Group's core activities are divided into the following business segments: (i) Retail, (ii) Corporate, (iii) Institutional, (iv) Private, (v) Investment Banking, (vi) Insurance, (vii) Strategic Partnerships and the (viii) Corporate Centre.

The majority of the Group's activities are based in Italy. Outside of Italy, the Group has foreign operations in Switzerland, China and India.

History of the Group

BPM

BPM was incorporated as a limited liability co-operative company in 1865 to facilitate access to credit for merchants, small businessmen and industrialists. In 1876, BPM became part of the "*Associazione nazionale delle Banche Popolari*" and in the early 1900s it increased its business through the establishment of new branches in northern Italy. From the 1950s onwards, BPM grew considerably through the acquisition of interests in other lending institutions and the incorporation of several banks such as Banca Popolare di Roma, Banca Briantea, Banca Agricola Milanese, Banca Popolare Cooperativa Vogherese, Banca Popolare di Bologna e Ferrara, Banca Popolare di Apricena, INA Banca, Cassa di Risparmio di Alessandria, Banca di Legnano and Banca Popolare di Mantova. The late 1980s saw the establishment of the Bipiemme – Banca Popolare di Milano group (the "**BPM Group**"), of which BPM was the parent company, performing, in addition to banking activities, strategic guidance, governance and supervision of its financial and instrumental subsidiaries. The BPM Group operated mainly in Lombardy (where 63% of its branches were situated), but also in Piedmont, Lazio, Puglia and Emilia Romagna, predominantly providing commercial banking services to retail and small-medium sized enterprises (SMEs) as well as to corporates, through a dedicated internal structure. In addition, BPM offered its customers capital market services, brokerage services, debt and equity underwriting, asset management, insurance underwriting and sales, factoring services and consumer credit. From 1999 onwards, BPM operated an online banking service called WeBank.

Banco Popolare

Banco Popolare was incorporated on 1 July 2007 following the merger between Banco Popolare di Verona e Novara Società Cooperativa a Responsabilità Limitata ("**BPVN**") and Banca Popolare Italiana – Banca Popolare di Lodi Società Cooperativa ("**BPI**"). Banco Popolare, together with its subsidiaries, formed the Banco Popolare group (the "**Banco Popolare Group**").

In turn, BPVN was incorporated in 2002 as a result of the merger between Banca Popolare di Verona – Banco S. Geminiano and S. Prospero Società cooperativa di credito a responsabilità limitata.

BPI was incorporated in 1864 and was the first cooperative bank established in Italy. It was formed to promote savings by local customers and to provide banking services to support their business activities. BPI was listed on the *Mercato Ristretto* of the Italian Stock Exchange in 1981 and was listed on the MTA from 1998 onwards. In June 2005, BPI changed its name from Banca Popolare di Lodi S.c.a r.l. to Banca Popolare Italiana – Banca Popolare di Lodi Società Cooperativa.

Banco Popolare operated abroad through an international network made up of banks, representative offices and international desks. It also had relationships with around 3,000 correspondent banks. The Group's foreign operations included a subsidiary company, Banca Aletti Suisse, and representative offices in China (Hong Kong and Shanghai), India (Mumbai) and Russia (Moscow). In 2014, following a merger by

incorporation of Credito Bergamasco, Banco Popolare further simplified its organisational model by rationalising Credito Bergamasco's local management. On 16 March 2015, Banca Italease S.p.A. was merged into Banco Popolare with effect for accounting and tax purposes as of 1 January 2015.

Banco BPM

Banco BPM carries out the functions of a bank and holding company, which involve operating functions as well as coordination and unified management functions in respect of all the companies included within the Banco BPM Group.

Structure of the Group

During 2022, the Group completed the below detailed initiatives with the aim of streamlining its corporate and organisational structure, simplifying its structure, optimizing and enhancing resources and reducing costs.

Equity interest management transactions

The process of rationalising the portfolio of interests in associates and joint ventures undertaken by the Group in recent years includes the sale to Banca Popolare di Sondrio S.p.A., on 15 March 2022, of the interest held in Factorit S.p.A., previously measured with the equity method, corresponding to 39.5% of share capital. The transaction, completed for a consideration of Euro 75 million, an amount corresponding to the book value of the equity interest in the financial statements as at 31 December 2021, did not entail the recognition of any impact on the income statement for 2022.

Moreover, during 2022 the mergers by incorporation into the Banco BPM of Bipielle Real Estate S.p.A. and Release S.p.A. (already wholly owned by Banco BPM) were finalised. In particular, from 1 January 2022, the incorporation of Bipielle Real Estate into the Parent Company took effect, while the merger by incorporation of Release into Banco BPM S.p.A. became effective from 21 February 2022. Both transactions took effect for accounting and tax purposes on 1 January 2022. These transactions, which were carried out according to the simplified forms established for wholly-owned companies, pursued the objective of concentrating the management of leasing activity as well as real estate assets directly in the Parent Company, which also includes the complex of organisational units responsible for asset management.

It should also be noted that, in February 2022, the liquidation procedure of the subsidiary BP Trading Immobiliare S.r.l. was completed after it was struck off the competent Companies' Register.

In addition, on 18 May 2022, the shareholders' meeting of Consorzio AT01 (95% interest held by Banco BPM) resolved the early dissolution and the launch of voluntary liquidation with legal effect from 1 June 2022. On 19 October 2022, the shareholders' meeting of the consortium members approved the final liquidation financial statements as at 30 September 2022; prior to that, in July 2022, the associated company Bussentina S.c.r.l. also approved the final liquidation financial statements as at 30 June 2022. As highlighted in Section 4 of the Notes to the consolidated financial statements (which is dedicated to the events after the reporting date), in January 2023 both companies were struck off the competent Companies' Registers.

Lastly, on 16 December 2022, the deed of partial demerger of Tecmarket Sevizi to Banco BPM was signed regarding the assignment of a business unit relating to the activities carried out by the subsidiary on the technology platform for the You Business Web service, intended for entities and companies that are customers of Banco BPM, as well as technological services, functional to specific businesses of Banco BPM for its customers, with the exclusion of activities related to the management of terminals and technical assistance to customers for POS and Mobile POS services, which will be the focus of Tecmarket's future operations. The partial demerger, carried out with a simplified procedure pursuant to Articles 2505 and 2506-ter of the Italian Civil Code, is effective, also for accounting and tax purposes, from 1 January 2023.

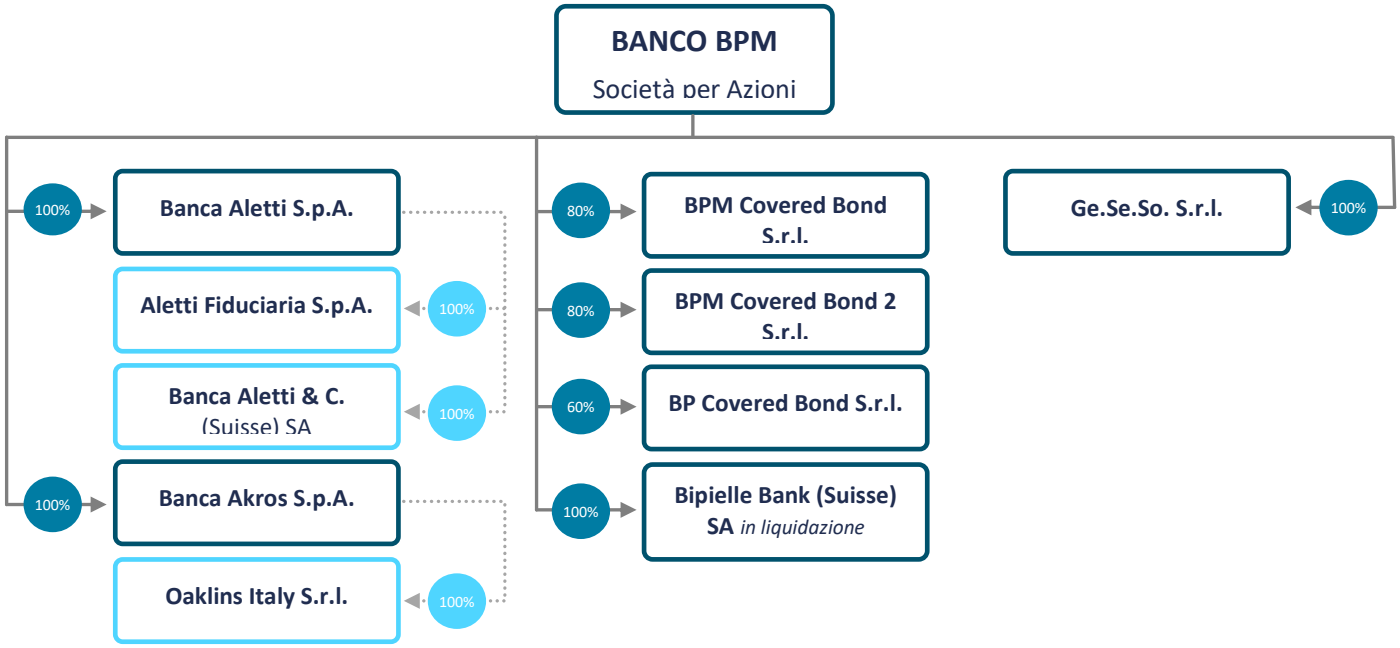
The transactions described above, which pursue the objective of simplifying and rationalising the corporate and operating structure of the Group, did not have any impact on the consolidated financial statements or on the capital ratios.

Integration of the insurance business

In April 2022, the Board of Directors of Banco BPM resolved to exercise the option for the purchase from the partner Covéa Coopération SA of 81% of the share capital of Bipiemme Vita S.p.A., an insurance company operating in the life sector, in which Banco BPM already held a 19% interest. On 22 July 2022, after obtaining the legal authorisations from the competent authorities, the Group fnalised the acquisition of 81% of Bipiemme Vita S.p.A.'s share capital, for a sum of Euro 309.4 million. In turn, Bipiemme Vita holds the entire share capital of Bipiemme Assicurazioni S.p.A., operating in the non-life sector. The two

insurance companies, which concurrently changed their company names to Banco BPM Vita S.p.A. and Banco BPM Assicurazioni S.p.A., were consolidated on a line-by-line basis from 1 July 2022.

As a result of the above initiatives, the structure of the BPM banking group, as at the date of this Base Prospectus, is as follows:



Strategy

On 4 November 2021 the Board of Directors of Banco BPM approved the 2021-2024 Strategic Plan setting out updated targets for the Group through 2024.

As detailed below, the 2021-2024 Strategic Plan rests on three main pillars and envisages three enabling factors which will allow the Group to achieve its targets.

Pillar 1 – New digital-driven service model

The efforts and investments made since the incorporation of Banco BPM, aimed at pursuing its digital transformation, have laid solid foundations for further evolution of the service model from a digitalisation and omni-channel perspective, over the timeframe of the 2021-2024 Strategic Plan.

In order to seize the main commercial growth opportunities and further optimise operations, a new digital service model will be rolled out within the timeline of the 2021-2024 Strategic Plan. Such digital service model will leverage on:

1. the continuous evolution towards a daily use of mobile devices in connection with banking services. This will enable an increase in the number of customers "enrolled" in digital services, an improvement in customer experience and the adoption of a digital identity, switching to a paperless operating environment
2. a deeper focus and specialisation of the distribution network on the commercial offering through:
    - the reduction of cash terminals; and
    - the evolution of the customer centre into a "digital branch", aimed at the remote sale of products and services;
3. the development of the significant potential of the omni-channel approach by increasing the use of advanced analytics with the goal of innovating the sales approach by developing new customer journeys that guarantee a more extensive and personalised response to the needs of retail customers; and the offering a diversified and "remote-enabled" range of retail products and services, with a view to enabling purchases without assistance.

Pillar 2 – The new digital-driven service model enables sustainable growth in the core business

Family Banking

The objective is to seize the real growth opportunities in mortgages for families and young people, plus constant growth in the consumer credit sector and strengthening of activities in the non-life bancassurance sector.

The consolidation of the Group's strategies in the non-life bancassurance segments and of the strategic partnership in consumer credit, together with the innovation of the commercial offering based on analytics and digitalisation, will enable the Bank to achieve ambitious goals through the development of an omni-channel approach and enhancement of marketing automation, the contribution of the "digital branch", both for direct sales and as support for omni-channel sales in branch and the widening of specific customer segments with a refocusing of the Webank offering on the millennials target.

Wealth Management

The 2021-2024 Strategic Plan aims to achieve continuous growth in the wealth management segment, focusing on management of customer investments, turning new direct funding acquired in the last few years into asset management, and leveraging both the Bank's omni-channel strategy and the implementation of asset management and life bancassurance solutions.

In support of these objectives, wealth management operations will be able to benefit, over the timeline of the 2021-2024 Strategic Plan, from:

- increasingly more advanced "remote advisory" solutions, based on web cooperation and digital signature;
- further improvement to the customer journey and analytical models; and

- a development of both bancassurance and asset management offerings, with a special focus on ESG matters.

Within the wealth management segment, Banca Aletti, specialised in private banking, will play an increasingly important role, continuing on its growth path with a strategy based on a new service model specialised by customer type and the expansion of the range of products and services geared towards ESG, insurance solutions consistent with the financial and tax context, digital financial advisory services, investments linked to the real economy and family office services;

In addition, the Bank aims to achieve an organic and sustainable growth through an improvement in the "share of wallet" due to enhancement of the customer relationship management and the adoption of actions coordinated with the Group and dedicated to developing synergies with business, corporate and institutional customers.

SME Segment

The small and medium-sized enterprises ("**SME**") segment, also thanks to the growth achieved over the last year, plays an important strategic role for the Group.

Specialisation of the service model and adoption of new distribution formats are the main drivers of Banco BPM's strategic ambitions; the growth targets will be pursued through an improvement in cross-selling in commercial and investment banking, with particular focus on the territorial areas in which the presence is lower and where the market share is below the national average.

The strategic initiatives targeted at SME customers will focus on two areas: (i) evolution of the commercial offering, also based on an omni-channel approach, and (ii) adoption of a new service model for businesses.

The new service model will involve differentiation depending on the size and needs of the SME customer, with "transactional" activities included in the omni-channel offering, while financing and advisory activities will be covered by a team of specialists.

Further, a greater and stronger focus on the synergies with Banca Akros structures and Banca Aletti's private bankers is also planned.

A strengthening and growth is envisaged in some specific sectors, such as agrifood, through dedicated specialists and relationship managers, a qualified credit chain and a well-defined product catalogue.

In addition, various forms of credit, which allow the use of incentives provided by the Italian Government and by supranational organisations, will be made available to SME customers; the Group will also place significant attention also to funding, fiscal bonuses and services related to the National Recovery and Resilience Plan ("**NRRP**").

Corporate/Institutional Segments and Investment Banking Activities

The Group's ambition is to further develop support for corporate customers. This commitment will be accompanied by a further increase in customer loans and a significant rise in core revenues. These objectives will be achieved by focusing on the specific strategic areas summarised below.

First and foremost, growth will be pursued in high value-added business areas by further bolstering the Bank's leading position in structured finance and its solid expertise in support of foreign customer activities, aided by the renewed commitment to Trade & Structured Export Financing.

The second key element will be represented by the ability to take advantage of the opportunities stemming from implementation of the NRRP, by operating in support of the liquidity of the system (Supply Chain Finance & Tax Credits), financing customer projects and further improving the specialist coverage of the most involved economic sectors synergising with the various private, institutional and public administration stakeholders, and will be coordinated by a specific steering committee at Group level.

An additional segment of development is the already active presence in the "ecobonus and superbonus" business.

Full development of the Group's synergies will represent an additional area of strategic action, aimed at achieving an integrated approach, tailor-made to customers' needs with specific regard to the management of company liquidity and Private Banking services (*i.e.*, Banca Aletti) and to investment banking activities (*i.e.*, Banca Akros).

In light of the important role that Banca Akros plays in the Group's growth, its "core" revenues are expected to grow throughout the period of the 2021-2024 Strategic Plan. Banca Akros' development focuses in particular on:

- promoting customer access to the financial markets, with special attention to SMEs;
- enhancing leadership in brokerage, placement and equity research activities;
- promoting the innovation of products and services with particular attention to digitalisation and ESG issues; and
- strengthening trading/financial engineering activities and market making on financial cash/derivative markets, equities/fixed income securities and hedging of interest rates, currencies and selected commodities, thanks also to the recognized and consolidated brand in favour of the Group's customers (corporate and SME) and institutional counterparties.

Pillar 3 – Sustainable growth of the core business by leveraging the potential of bank product providers

Banco BPM redefined the bancassurance partnership agreements with Cattolica Assicurazioni and Covéa, respectively, through which the Group secured a purchase option on the shares in companies held by the respective partners, which will enable it to reach a stake of 100% of their share capital. More specifically, on 29 May 2023 Banco BPM announced the exercise of the call option on 65% of the capital of Vera Vita and Vera Assicurazioni. In addition, Banco BPM has the right to excercise an unconditional call option on 81% of the share capital of Bipiemme Vita, which in turn holds 100% of Bipiemme Assicurazioni, which can be exercised from 8 September 2021 to 31 December 2023.

Therefore Banco BPM secured the strategic option, entirely at its discretion, to fully insource the bancassurance business or, alternatively, to enter into new partnerships that guarantee its stakeholders with the same creation of value.

Enabling Factors

Confirmation of a strong "risk control culture" applied to the management of loans, funding and the securities portfolio

After an impressive track record in de-risking actions in the last few years, characterised by an excellent performance in both assignments of non-performing loans and recovery activities, the 2021-2024 Strategic Plan makes provision for further improvement in asset quality. Adequate levels of coverage of nonperforming loans will be maintained over the 2021-2024 Strategic Plan timeline and the cost of risk is expected to fall.

The improvement in asset quality in the 2021-2024 period, which will occur also by taking advantage of the geographic positioning of the portfolio, 94% of which is concentrated on the regions in Central and Northern Italy (more than 75% in Northern Italy), will be supported by a set of 4 organic initiatives, which will also enable the bank to reduce the default rate, increase the NPE recovery rate and reduce the stock of NPEs, more than offsetting the forecast impacts linked to the COVID-19 pandemic:

- advanced credit risk data warehouse:
  - creation of a unique credit risk data warehouse.
- reinforcing of credit policies, also from an ESG perspective:
  - greater sector-based specialisation and developments dedicated to financial sustainability;
  - full inclusion of ESG prospects and business projections in light of the "transition" processes (focus on climate risk and energy efficiency initiatives); and
  - closer interaction between the alignment with policies, budget and management by objectives (MBO).
- evolution of Monitoring & Early Warning Systems:
  - new early warning developments, exploiting innovative "machine learning" techniques on current account transactions;
  - improvement in the risk control capacity by using strategies based on analytical "workflows"; and

- prevention of "performance driven" default risk, supported by increasingly more extensive monitoring key performance indicators (KPIs).

- new approach to managing NPEs:
  - full development of the JV with Gardant S.p.A. to enhance the workout of bad loans;
  - introduction of a standardised management approach for UTPs that will leverage quicker and more effective workout strategies; and
  - dynamic activation of large-scale transfers supported by accelerated workout based on single-name transfers and full and final settlements.

Development of the talent and diversity of human and digital resources, organizational and process transformation, confirming the close control of costs

Human Resources

The 2021-2024 Strategic Plan will be focused on a people-oriented approach and aimed at attracting and nurturing talented people, among others, through a people strategy aimed at promoting an attractive value proposition, the inclusion and a special focus on the individual, the empowerment of talented women and awareness-raising actions and education and training programmes on ESG matters.

IT investments and initiatives

Technological evolution will be one of the main enabling factors of the 2021-2024 Strategic Plan. Banco BPM Group has already allocated a total of Euro 650m for investments over the 2021-2024 Strategic Plan horizon, with the goal of promoting the digital transformation, through the implementation of "data & analytics tools", the promotion of innovative technologies and partnerships with fintech and innovative companies.

Strengthening of IT security

A key aspect of the 2021-2024 Strategic Plan is IT security designed to counteract any unexpected cybersecurity threats. To this end, the Bank has allocated more than Euro 45 million to investments over the 2021-2024 Strategic Plan horizon.

Full integration of the ESG strategy in Banco BPM Group's business model

The Banco BPM Group plans to further boost its strategic ambition in all areas of Sustainability through growing integration and dissemination of ESG elements in its governance and business models. The activities which will be developed over the 2021-2024 Strategic Plan horizon are based on already established and consolidated foundations: first and foremost, at governance level, thanks to the creation of controls at board level, with the direct responsibility of the Board of Directors and the central role of the "Control, Risk and Sustainability Committee", which can rely on a reference advisor for ESG issues; at managerial level with the "ESG Operational Committee" chaired by the CEO and the "Sustainability Structure". The integration of ESG requests in the business model is achieved, in particular, by the activities arranged into 7 project areas: "Governance", "People", "Risk & Credit", "Customers-Business", "Customers-Wealth Management", "Environment" and "Stakeholder engagement & measurement". In these areas, a total of 32 projects have been defined which are in the process of being implemented, involving 15 units. In addition, specific targets are defined in the long-term and short-term incentive plans, for the CEO and senior managers. For further information see "*Environmental, Social and Governance Matters*".

These targets constitute the foundations of the five ESG macro-objectives of the 2021-2024 Strategic Plan, which are broken down into the following areas:

Business

The objectives set in this macro-area will be achieved through the proposal of solutions, products and advisory services that support customers in the transition towards a sustainable economy.

Risk & Credit

ESG requests will be integrated in the risk, credit and investment policies and processes in three areas: (i) the application of credit exclusion criteria to sectors bearing a very high risk from an environmental impact perspective and simultaneous run-off of currently existing exposures; (ii) selective approach to the granting of credit aimed at transition projects in sectors exposed to high environmental risk, such as the fossil fuels sector; (iii) active initiatives to promote change programmes and projects for customers exposed to climate risk.

In March 2023, the Bank signed up to the Net Zero Banking Alliance, the initiative promoted by the United Nations with the aim of accelerating the sustainable transition of the international banking sector, during the 2021-2024 Strategic Plan horizon.

Lastly, the Risk Management operating framework has been fully integrated with ESG factors.

People Strategy

This macro-objective will be pursued through further integration of the ESG risks and objectives in the management incentive policies, identification and training of ESG ambassadors as reference points on sustainability issues within all company departments, development of greater awareness of ESG matters and constant training, promotion of a business culture based on diversity and inclusion and individual well-being, the latter pursued through work-life balance policies.

Environment

A key element in achieving this macro-objective will involve developing actions to counteract climate change by reducing the direct impacts, thanks to constant use of electricity generated entirely from renewable sources and reduction of consumption and carbon dioxide emissions, with the goal of achieving carbon neutrality18 during the 2021-2024 Strategic Plan timeline.

Community

The signing of important international partnerships/initiatives will fall into this area, such as the United Nations Global Compact. Continuous support for the social fabric in the local area will continue: with support to the Third Sector, with the economic support of social and environmental projects intended in particular for schools, universities and the volunteering sector. Lastly, there will be continued support for scientific research in the oncological field (AIRC) to finance the activities of more than 5,000 researchers and the implementation of 660 research projects.

Activities of the Group

With a view to improving how the Group's profitability is represented, the Segment Reporting structure was revised, effective from 31 December 2022, to emphasise the process of internalising the bancassurance business, undertaken by the Group during the current year. In addition, the "Leases" segment, now a residual activity in terms of the Group's operations, was transferred to the Corporate Centre.

Therefore, the Group's core activities can be divided into the following business segments: (i) Retail; (ii) Corporate; (iii) Institutional; (iv) Private; (v) Investment Banking; (vi) Insurance; (vii) Strategic Partnerships ; and (viii) Corporate Centre.

The table below sets forth the main financial results for each business lines for the years ended 31 December 2022 and 2021.

	Group	Retail	Corporate	Institutional	Private	Investment Banking	Insurance	Strategic Partnerships	Corporate Centre
Operating Income									
2022	**4,705,517**	2,624,438	734,571	147,674	100,844	120,986	38,297	148,260	790,447
2021 (*)	**4,510,746**	2,519,920	739,875	96,810	98,047	111,794	17,969	207,101	719,230
Operating expenses									
2022	**(2,539,369)**	(1,872,511)	(215,750)	(45,604)	(75,919)	(90,438)	(15,559)	(2,400)	(221,188)
2021 (*)	**(2,515,775)**	(1,901,966)	(199,363)	(41,907)	(75,285)	(91,922)	(212)	(2,434)	(202,686)
Profit (loss) from operations									
2022	**2,166,148**	751,927	518,821	102,070	24,925	30,548	22,738	145,860	569,259
2021 (*)	**1,994,971**	617,954	540,512	54,903	22,762	19,872	17,757	204,667	516,544
Profit (loss) for the year									
2022	**702,589**	65,789	195,347	53,127	10,108	18,725	16,835	147,289	195,369
2021 (*)	**569,068**	12,876	87,212	21,982	11,595	10,654	18,273	187,839	218,637
Net loans (including senior securities from sales of non-performing loans)									
2022	**109,454,960**	63,164,637	31,092,530	6,704,832	542,448	1,773,022	-	-	6,177,491
2021 (*)	**109,383,382**	61,518,164	30,040,220	6,364,241	428,992	1,963,699	-	-	9,068,066
Direct funding (without repurchase agreements with certificates)									
2022	**123,449,508**	86,389,032	7,516,615	11,047,043	2,871,378	2,858,602	-	-	12,766,837
2021 (*)	**123,168,045**	84,262,888	10,223,578	10,966,219	2,948,662	2,663,969	-	-	12,102,729

(*) Keeping the total of the item unchanged, the figures relating to the previous year were restated to guarantee a like-for-like comparison with the segmentation criteria used for 2022.

A description of the individual business segments is given below, providing a more detailed analysis of the main activities conducted, both commercial and otherwise, divided in a manner that is in line with the internal organisation of the business segment in question.

Retail

The "Retail" segment includes the management and marketing of banking and financial products/services and loan brokering, which are mainly aimed at private customers and small businesses.

These activities are mainly carried out by the commercial network of the Banco BPM Group (the "**Commercial Network**").

Commercial Network

The Commercial Network represents the cornerstone of the development of the Group's commercial activities throughout Italy and is the backbone of its organisational structure. It is centred on the network division, which ensures a balanced coverage at a national level and is instrumental to the development of a product and service offering in line with customers' needs in the different markets where the banks of the Group operate.

The commercial network model is inspired by the principles of:

- customer centrality and high levels of service, through a specialized offering and a greater focus on commercial structures;
- territorial proximity, through the configuration of territorial departments dedicated to specific reference territories, to which several areas report, which in turn guarantee support and coordination in favour of the branches (divided into Hubs, Coordinated Independent, Spoke and Independent);

- quick decision-making processes and proactively meeting customer needs.

Distribution Network

As of 31 December 2022, the Banco BPM Group had 1,504 branches. The Group's network is distributed throughout Italy, with a leading position in the northern part of the country, where the majority of the distribution network is concentrated. The branches are mainly located in the following regions: Lombardy, Veneto, Liguria,Piedmont and Emilia-Romagna.

Branches

Branches	**Actual 2022**
Banco BPM	1,451
Banca Aletti	52
Banca Akros	1
Total	1,504

The distribution network of the Group is expected to evolve in line with the following three key principles: (i) rationalisation of the branch network; (ii) specialisation of the "value proposition" and increased penetration of digital distribution channels; and (iii) development of new "physical" service models that are more flexible and more appropriate to meet client needs.

The branch network underwent a significant rationalisation programme in line with the revised customer acquisition strategies of the Banco BPM Group. In fact, in 2021 the reorganisation and streamlining plan on the commercial network was completed, with the closure of around 300 small branches. In addition, following the uptrend in the use of digital channels by customers, in line with the forecasts of the Business Plan, the closure of 75 branches of the commercial network, with a proportionally larger transactional component, was approved, and will take place within the first half of 2023, with a view to strengthening the more structured branches to offer advisory services, and with a full range of products. The organisational model of the network is expected to remain the same in terms of format (traditional, hub and spoke) but the average size of branches will increase in order to achieve greater efficiency, resource specialisation and the availability of professionals covering different areas.

The evolution of the Banco BPM Group's distribution model is being supported by investment in digital distribution channels, in line with a customer's features, needs and propensity and also through the positioning of the Webank brand, continuing the migration of cash transactions to electronic cash and providing new distance-based consultancy services. Particular focus is placed on the availability of distance-selling of the products and services of the Banco BPM Group. Banco BPM is implementing an omni-channel service model with a focus on sustainability and efficiency.

Finally, the distribution model envisages the creation and/or strengthening of mobile "physical" channels intended to bring the bank closer to its clients. Various new forms of mobile services are envisaged including, amongst others: (i) distance-selling, based on distance communication tools and techniques to facilitate the relationship between client and relationship managers in different locations and requiring a large number of client relationship managers to be authorised to operate outside the branches and to provide consulting services at the client's home; (ii) teams of private bankers to develop new and existing wealth advisory competencies; (iii) business product specialists throughout the network supporting the relationship managers; (iv) business developers dedicated to acquiring new business customers, particularly in geographical areas where the Banco BPM Group is less well-established; and (v) financial promoters in Banca Aletti.

Private Customers

"Private" customers comprises all private individuals, natural persons with private assets of less than Euro 1 million, which are broken down into "Personal" and "Universal" customers: "Personal" customers are those with assets (deposits) of between Euro 50,000 and Euro 1 million, while "Universal" customers are those with personal assets of less than Euro 50,000.

Products, Services and loans for private Retail Customers

Current accounts

During 2022, Banco BPM renewed the range of current accounts offered to the consumer target through the marketing of the new Webank account. Again with the aim of improving the user experience, speeding up the account-opening process, the remote customer identification through SPID (Public Digital Identity System) function was released in August. These initiatives are in line with the market trend that envisages paperless onboarding processes and are part of the initiatives of the .DOT programme.

Starting from May 2022, a promotion on the Webank account fee was launched: this was a particularly competitive proposal, one of the best on the market, thanks to the specific characteristics of the offer and the promotion on the fee. The initiative made a significant contribution to acquiring new consumer customers. In October 2022, a promotion was also launched on the You account, targeting consumers who subscribe to the account through the digital onboarding process, available on the Bank's commercial website. The initiative is a commercial acquisition opportunity and seeks to increase the customer base. At the same time, the new online recognition method through SPID was also released for the online opening of the single account-holder You account.

Another offer that updated the product catalogue was the marketing of the new 4YOU account from June. The offer is reserved to private customers with an employment contract with companies, entities, large associations affiliated with Banco BPM. This activity is part of the process of streamlining the product catalogue. Other initiatives included the marketing at the beginning of the year of an account to support subsidised loans under the NRRP - National Recovery and Resilience Plan, as well as updates on ordinary consumer and non-consumer current accounts, and on the account reserved to condominiums.

New Public Websites

The development and management of the contents of the www.bancobpm.it website continued, with a particular focus on topics related to financial education, enhanced with more than 100 articles. The usage figures for the public websites (www.bancobpm.it and www.gruppo.bancobpm.it) recorded an increase in visitors of 40% compared to last year. At the end of the year, the overhaul of the mortgage simulator was completed and the application was created and released that allows an appointment to be made directly at the local branch from the public websites.

As regards Banca Akros, in 2022, the public website saw the release of a new search and profiling engine for the "Certificates" section, which allows investors to quickly and intuitively consult products of interest.

Transfer of tax credit originating from building bonus schemes - private customers

In 2022, the Bank continued to purchase tax credits resulting from work to improve the energy efficiency of buildings or other subsidised building work carried out by private customers as part of the agreements entered into with Cherry Bank S.p.A.. During 2022, the applications submitted were worth around Euro 195 million in terms of credit value (of which 68% Superbonus loans and 32% other tax bonuses).

Omnichannel services

In 2022, activities related to the development of the new omnichannel and full digital service model continued. Access to the online service through the "Signature Room", already available on the web, was extended to the app; in addition to the provision of enabling tools ("Digital Identity" and "Signature Room"), efforts focused on the progressive enrichment of the catalogue of products and services available in SELF mode and Online (e.g. Nexi Card, Prepaid Card, Agos Loans, MP5 Policy).

During the year, the new remote identification method was introduced through SPID: since the introduction of SPID, as many as 64% of the You accounts opened refer to customers recognised with this method and more than two out of three Webank accounts are opened in this way.

ATM

At the end of 2022, all Banco BPM ATMs were enabled for PagoPA payments (the payment system for public administrations and public service providers in Italy), addressing the need to create value in terms of profitability, efficiency of the ATM channel and customer service.

Token

Also in 2022, the transfer of expiring physical tokens to software tokens continued, in order to reduce the environmental impact and enhance the user experience, reaching a conversion rate of more than 80% of the customers involved in the campaign.

Accessibility

In 2022, the Accessibility project was launched to meet the need to comply with the new legislation of Law Decree 76/2020, which extended the provisions of Law no. 4 of 09/01/2004 (Stanca Law). The need to "provide services and provide usable information, without discrimination, even by those who, due to disabilities, require assistive technologies or special configurations" applies to private parties that offer services to the public, through websites or mobile applications. The process launched by Banco BPM envisaged an initial phase of checks on the accessibility of priority digital assets and is continuing with work to adapt and create new projects to comply with the guidelines dictated by the regulations.

Mobile banking developments and investments: private customers

Banco BPM has made the new Personal Financial Manager (PFM) and Insight Platform services available to all private customers subscribed to the online channel with access to the YouApp or Webank App. This initiative is part of Banco BPM's new digital offering and allows private customers to optimise their financial management, through the introduction of new functions that allow them to set spending and savings targets, plan recurring transactions and analyse their expenses broken down by category and brand. The PFM allows Banco BPM to send personalised suggestions to users on different categories of movements: products, expenses, list of transactions and recurring transactions, customised according to the customer's spending behaviour.

The online channel was enhanced by two important e-money releases: Nexi credit cards, available for online sales from May 2022 for the branch network and from June 2022 for the Digital Branch, and at the end of the year, the Debit Business product, Banco BPM's corporate debit card. The "self-service" channel also saw an expansion of the range of products that can be purchased online: in particular, in the second half of the year, Nexi credit card sale functions were released on both the Banco BPM and Webank platforms. The sale of Banco BPM's Prepaid card was also extended to both platforms. In line with the development of the digital service model defined in the Business Plan, in 2023, the online and self-service channel will be progressively extended, offering an increasingly higher number of products and services.

As regards the online trading sector, despite the complex geopolitical and economic scenario in 2022, online trading and investments recorded over 3.2 million transactions during the year, up 2% compared to the previous year. The overall result is due to the steady growth of transactions in derivative instruments by Webank customers (+47% yoy) compared to a reduction of -15% on the cash component, in line with that recorded by the main global stock markets for this type of instrument. The growing trend of Webank transactions was also made possible by the successful completion, in June 2022, of the migration of the order routing service on derivative markets from Banca Intesa to Banca Akros. App transactions continued to grow: in 2022, more than one customer out of two used this tool to manage stock market transactions, while transactions on mobile channels accounted for more than 20% of total orders. With the aim of recovering and supporting cash market transactions, a number of initiatives have been launched, the first positive results of which are expected in 2023. These include the use of new providers for time series and technical analysis tools and the expansion of functions linked to the securities alert system.

With regard to business customers, the main projects undertaken in 2022 are illustrated below:

- development of the YouBusiness app: the new functions implemented were identified on the basis of the main needs expressed by customers. Therefore, the following new services were released: payment of bills by QrCode, car tax, bank receipts, telephone top-ups, creation of the "Online documents" section and of the token app, thus optimising the customer "user experience", reducing operating costs and helping to improve the Bank's ESG rate. Over the next few months, the App will be enriched with new functions to offer additional mobile operations, accelerating the use of the channel by customers from a mobile first approach, expanding the availability of products and services on digital channels;

- improvement of the YouBusinessWeb platform: at the end of 2022, the BFM (Business Financial Management) service was released, which enables customers to access important new functions such as the categorisation of transactions, the automatic reconciliation of invoices, the management of recurrent transactions and of the budget allocated to company projects also through simulations (via graphs) forecasting future income and expenditure. Through the BFM service, businesses, particularly small ones, can manage company cash flows independently.

Customer Support and Development (CSD)

In line with the objectives of the 2021/2024 Business Plan, efforts to support cross-selling in the various business areas were significantly boosted and 62 new resources were added to the unit, which led to the exponential growth of the proactive contacts managed.

In 2022, collaboration with the Network channel focused mainly on the following areas:

- the online offer, through the digital branch, of products relating to Nexi credit cards, Agos loans and multi-risk policies of Banco BPM Assicurazioni, working alongside the branch manager in customer relations, with a view to continuously boosting cross-selling and internal skills, by activating a new sales channel;
- proactive contact with private customers and potential customers in the business world. In 2022, the percentage of Retail and Private customers contacted by the unit for commercial and caring purposes exceeded 14%, over double the figure recorded in 2021;
- enhancing the use of digital identity;
- management of the customer assistance service and customer relations as regards the Super Bonus.

Within the scope of providing customer support, this was actively managed both through traditional telephone channels (toll-free numbers with operator and Interactive Voice Response - IVR, call-back service available in the App and website for a customer bracket) and written channels (email messages) as well as through a virtual assistant (web and mobile) and social media channels; the main areas of operations, in addition to the Superbonus 110, were as follows, in continuity with 2021:

- assistance and navigation support to customers using home banking services, both for private Banco BPM customers and WeBank digital customers and companies using remote banking services (YouBusinessWeb);
- management of telephone banking services (direct banking and trading operations) both for private Banco BPM customers and WeBank digital customers;
- customer support during the before- and after-sales steps of the Webank online service, for all the products and services offered, in partnership with the virtual branch (representing the only communication channel between the Bank and the customer);
- support to private WeBank and Banco BPM customers on topics relating to cards.

Operator assistance activities, in terms of quantity, decreased in line with the objectives of the Business Plan, also thanks to inbound optimisation initiatives linked to prevention and the automation of contacts developed as part of the .DOT programme. Customer requests for self-service assistance increased, mainly due to the growth of the Virtual Assistant channel, which also saw the implementation of new customised functions and integration with the voice commands of the APP.

E-Money - Payment cards

In 2022, the process of digitalisation of Banco BPM e-money products continued. The introduction of digital identity and the signature room facilitated the preparation of new processes for the sale of Banco BPM products, also online, both through the online channel handled by the branch manager or the digital branch, and through the self-service channel, which allows customers to be completely independent in the purchase of a product online, from the selection of the product to the signing of contracts up to the receipt of the same at their home. From the second half of 2022, the network of Banco BPM branches and the digital branch have been able to offer Nexi credit cards for sale online.

To facilitate the signing of documentation, the “signature train” function was also introduced for the sale of Nexi credit cards: thanks to this option, the sale process is quick and simple. The online offer of a product addressed to business customers was developed: the Debit Business card.

The self-service channel also saw an expansion of e-money products that can be subscribed directly online. In particular, as of this year, customers subscribed to the Bank’s online services can purchase both the Nexi credit card and the Prepaid card independently and with a “full digital” process. These products can be

purchased by Banco BPM and Webank customers both through dedicated Apps and online by accessing Internet banking. In 2023, new products are expected to be released on online channels (e.g. debit cards), in line with Banco BPM's omnichannel development process and with a view to completing the range of products that can be subscribed for online.

Over the course of 2022, Banco BPM continued along the path of Digital Innovation, digitalising the Individual Cartimpronta Credit Card and making Apple Pay available for all types of payment cards addressed to consumer customers.

Also in 2022, customers showed significant interest in digital tools and the use of mobile payments, with an increase from 21,000 digitalised cards in 2021 to 196,000 cards in 2022, and with mobile wallet spending rising from a value of 11 million in 2021 to 186 million in 2022. The activation of Apple Pay was fundamental to this growth: in 2022, 67% of Banco BPM's digitalised cards were used through this wallet. In 2023, Banco BPM will continue along the path of digital innovation, extending the authorisation to the main OTTs (Apple and Google) for payment cards on the national circuit (currently only possible with Samsung Pay) and will enable company cards licensed by the Bank on all the main mobile wallets.

Private mortgage loans

In 2022, despite the increase in interest rates in the second part of the year, disbursements of mortgage loans to individuals were slightly below the result obtained in the previous year, which closed with a significant growth in volumes.

The commercial offer of mortgage loans to individuals in 2022 confirmed Banco BPM as one of the key players in the domestic competitive arena. To further expand the offer reserved to its customers, Banco BPM has included the "Mutuo Promo a tasso variabile con Cap Green" (Promo Mortgage loan with a variable interest rate and Green Cap), characterised by the presence of a maximum rate (CAP), in the catalogue of mortgage loans to private customers. The new product has an interest rate that changes on the basis of the performance of the benchmark without, however, ever exceeding the contractually established threshold. Of the products offered, we draw attention to the considerable attention and appreciation by young customers of the "Mutuo You Giovani" (You Mortgage Loan for Young People), assisted by the presence of the Fondo Garanzia Prima Casa CONSAP.

In 2022, the Bank promptly implemented all legal incentives to support households and businesses affected by natural disasters; in addition, internal moratorium activities continued in favour of households that found themselves in temporary difficulty: in 2022, 645 suspensions were granted to private customers for a total of 5,731 suspended instalments corresponding to approximately 4.5 million in suspended capital.

Consumer credit

In 2022, new personal loans disbursed reached a value of 1,233 million, up 27% compared to the previous year. Almost all of the personal loans were disbursed by Agos Ducato, a consumer credit company, whose products are distributed exclusively by Banco BPM; in the latter part of the year, new loans were also sustained by the online offer of Agos Personal Loans. During 2022, Banco BPM continued to pursue its objective of making a concrete contribution to increasing the green awareness of its current account holders by reserving a special offer to the same: the "Green" offer by Agos, through which approximately 3,000 Banco BPM account holders were able to finance eco-sustainable expenditure, both in the field of green transport and energy upgrading. Lastly, to show that it understands the needs of households, in 2022, Banco BPM sponsored schemes relating to Agos personal loans, thanks to which the customers interested were able to benefit from advantageous conditions.

Advances on severance pay for employees of the Public Administration

Banco BPM continues to focus on the issue of advances on severance pay for Public Administration employees: in fact, the agreements signed with the country's leading professional Institutions and Associations have been confirmed and further agreements are under negotiation. In total, 1,480 advances were granted in 2022 for a total of 156 million in credit facilities granted with drawdowns of 133 million. The total stock of advances amounted to 4,610 transactions with drawdowns of 345 million.

Investment products

In 2022, funding volumes on assets under management were mainly concentrated on flexible and bond products characterised by asset diversification and partnerships with the most prestigious investment houses

continued: Anima SGR continues to be one of the main partners of the Group; particular attention was paid to ESG criteria in the selection and distribution of products in line with the provisions of Article 8 of the EU Sustainability and Finance Regulation. The asset management product catalogue was expanded with the proposal of dedicated flexible thematic funds, including Anima funds: Investimento Cyber Security & Big Data 2027, Investimento Smart City 2027, Investimento Smart Industry 2027, Investimento Globale & Infrastrutture 2027, Investimento Globale & Lusso 2027, Investimento Globale & Longevity 2028. These funds allowed customers to diversify their portfolios by investing in the sector linked to the relative issues and to have the opportunity of receiving an annual coupon flow. The catalogue also included new Flexible Bond funds.

In 2022, the Group continued to distribute insurance products through its joint ventures with Vera Vita, Vera Financial and Banco BPM Vita S.p.A. In this regard, customers showed a preference for Multi-segment products, which enable them to combine savings protection solutions with solutions able to take the best yield opportunities offered by the markets. As part of insurance investment products, unit-linked policies and ESG-oriented policies were also offered. With regard to Supplementary Pensions, the Group has constantly promoted the awareness and dissemination of dedicated products. Lastly, the Group continued to issue certificates and, keeping in line with customer preferences, the products maintained a financial structure that protects capital (Equity Protection).

Bancassurance Protection

In 2022, with the aim of pursuing a multi-channel offering also for non-life policies, the Bank further increased its distribution channels. The online offer of Banco BPM Assicurazioni's Home policy, available in 2021 only for branches, has also been offered since November 2022 through the digital branch. In addition, since December 2023, the estimates saved online by the branches (network or digital) can be purchased through YouApp. Since September 2022, the Home Risk policies of Banco BPM Assicurazioni and the fire policies of Vera Assicurazioni have also been available in combination with the mortgage loan offer. Since June 2022, the Multiprotection Business policy of Banco BPM Assicurazioni has been in the catalogue for small economic operators and small business customers.

Listening to customers

Also in 2022, great importance was given to listening to customers and monitoring experience levels, activities aimed at improving the service provided. In 2022, the relational Customer Experience, or Customer Satisfaction survey was conducted, involving over 210 thousand retail customers, Private customers and SMEs, of which 20% provided feedback via web questionnaire and the remaining 80% by means of a telephone interview. Satisfaction is measured using TRI*M, a numeric score ranging from 0 to 100 provided by the assessments that customers provide regarding overall satisfaction, level of recommendation, likelihood of repurchase and economic convenience of Banco BPM. Another indicator used to measure satisfaction is the Net Promoter Score (NPS), which monitors how likely a Customer is to recommend Banco BPM. The Customer Satisfaction surveys also investigate satisfaction with the products, reputation, branch services, web channels and any problems encountered. In 2022, all of the satisfaction indicators measured recorded an improvement over the previous year. Banco BPM's TRI*M index is 71 (+3 points compared to 2021), while the NPS index is 24 (+1 compared to 2021). To monitor the quality of services provided, over 2,000 visits were made to Group branches, using the "Mystery shopping" technique. The visits confirmed a good level of service at branches, with particular regard to the relational aspect.

In 2022, the process of developing the tools available to actively listen and oversee the customer experience as a whole made considerable progress. In fact, Banco BPM has further expanded the use of the Customer Feedback Management (CFM) platform, a tool able to easily manage the various surveys addressed to customers and collect instant feedback. Introduced in 2020, to date the CFM platform has collected approximately 310 thousand feedbacks (130 thousand at the end of November 2022), overseeing all levels of Customer Experience listening, from relational aspects to those concerning digital interactions and the purchase of products and services. The great potential offered by the CFM platform, combined with continuous internal communication activities and the involvement of most of the Bank's departments (Marketing and Sales in particular), have also made it possible to gradually spread a culture of continuous improvement also with a view to sustainable processes. In this regard, the front-lines (primarily Customer Centre and Commercial Network) were strengthened, to re-contact customers following negative feedback and for the proactive resolution of problems that have arisen. In addition, the availability of artificial intelligence tools, used to process high volumes of feedback, made it possible to organise inter-functional

work groups with the aim of providing a solution to the requests made by customers. The areas of intervention mentioned above are part of the "Close the loop" initiatives launched by the Group.

Research

In 2022, to complement the customer experience monitoring, 13 customised research projects were conducted, with a view to addressing topics which, during the year, needed to be examined in more depth. More specifically, numerous surveys were conducted on ESG topics to support Group departments, on brand perception and positioning, on the development of new products and services and on the improvement of existing ones. Research was also carried out for the collection of Voice of the Employee suggestions to fine-tune new online offer processes and to improve existing products and services and commercial initiatives. In 2022, as well as involving specific targets, these surveys also made use of the Customer Feedback Management (CFM) platform and the "Insquadra" (Inteam) Community Panel, which has represented another channel to encourage listening to customers since 2019, with the involvement of around 2,000 private customers and 500 business customers. Customers that participate in Banco BPM research activities contribute to the Group's decision-making process, by providing ideas and sharing experiences and impressions. In addition to the above, whenever Business customers participate in a survey, they contribute to the donations made to the AIRC Foundation (Foundation for Cancer Research), therefore supporting the partnership between the Group and AIRC.

Corporate Customers

As at 31 December 2022, the Group had approximately 470 thousand corporate customers with a current account.

The distribution of customers (unique customers with current accounts) by turnover level confirms the significant concentration in the class of up to 25 million (approximately 99%) already recorded in previous years, attesting to the vocation of Banco BPM Group in its relations with medium-sized companies.

The distribution of Corporate customers includes a significant proportion of small and medium enterprises, for which the Group further strengthened its activities in 2022.

Specifically, business was developed with dedicated products and services, which are outlined below.

Collection and payment services

Significant growth trends were also confirmed for 2022 in the field of transactional services: in particular for transactions referring to payments through the "PagoPA" circuit and to payments by bank transfer in all its forms (especially if urgent and immediate). These results were also achieved through promotional training sessions regarding Webank customers. In particular, the campaign was limited to customers who had never made a fast payment, with a view to encouraging them to understand and appreciate this tool. During the year, Banco BPM guaranteed its contribution to the working group which, within the ABI and under the direction of the ECB, is analysing the possible adoption of the euro in digital format and the various implications of the same, from both an operational and regulatory perspective.

E-money - POS

The number of POS transactions with debit, credit and prepaid cards grew by 30% in 2022 compared to the previous year. In this regard, Banco BPM reached and exceeded the target of 140,000 POS terminals installed in commercial and service activities, Entities and the Public Administration. In 2022, the Innovative Digital Omnichannel Sales process led to the modernisation of the product catalogue with the launch of the new Mobile POS terminal model, intended primarily for small businesses and freelance professionals. During the year, the full development of targeted sales promotions was confirmed with recurring offers for the period and the profiling of vertical proposals by customer segment, also making the sales process more efficient and less costly. During the last quarter, a campaign was also launched to expand the acceptance of the American Express circuit with "small business" operators. Lastly, for the whole of 2022, in support of the widespread acceptance of low-value transactions, Banco BPM maintained zero commission on transactions with PagoBANCOMAT cards for amounts of less than 5 euro for all of its merchants, which has been in place since 1 January 2021.

Looking forward, again as regards Digital Omnichannel Sales projects, the analysis and development phases of the SMART POS range have been completed and the launch and release of the online offer channel for the entire POS product catalogue is now imminent in 2023.

Loans and lending

The lending products that comprise the various catalogues seek to meet their main and most frequent requirements: investment, working capital, liquidity, expansion, advances, cash flexibility, unsecured loans. Also in 2022, work continued to improve and update the types of loans, with a view to guaranteeing a catalogue of products that is always able to meet market needs and at the same time can be successfully distributed by the Commercial Network. 2022 was characterised by a boost in the development of products to support companies in the transition towards a sustainable economy as regards ESG. In this regard, lending products with a "Sustainability Objective" were made available to customers, with a view to accommodating businesses that want to embark on a virtuous path towards sustainability, with less impact on the environment (Environmental), inclusion policies and supporting the local community (Social) and organisational enhancement (Governance). The new financing solution called “Unsecured Business Loan with Sustainability Objective” makes it possible to enhance the virtuous path undertaken in the ESG area by companies, whose added value is given by the possibility of connecting an ESG covenant to the loan, with a rewarding effect on the spread if the objectives agreed at the time the loan is stipulated are achieved. Activities also continued to pursue financial solutions to support SMEs in their energy transition and investments in renewable energy plants; with regard to these, the Bank offers dedicated funding solutions to companies that invest in RES plants (the acronym includes forms of energy whose exploitation does not imply an impoverishment of the original source) also in line with NRRP objectives.

Specifically, in addition to offering specialist support in the form of Specialised Lending and Project Finance, Banco BPM has defined an ad hoc methodology for the preliminary and finalisation phases of this type of loan, with the aim of improving the ability to analyse these interventions, envisaging the following steps:

- definition of the best solution in terms of financing based on the type of transaction set in place by the customer;
- technical analysis of the plant conducted by technicians that meet the professional standards established by the Bank and, where possible, the measurement of the CO2 emissions avoided;
- specific guarantees and safeguards to finance RES plants.

As part of the “Sustainable Investments 2020-2023” programme, an agreement was signed in 2022 with Cassa Depositi e Prestiti, called “CDP Investimenti Sostenibili”, aimed at creating and selling loans to be allocated within a specific ceiling of 300 million addressed to SMEs and Mid-Caps focused on energy efficiency, green financing and sustainable investments Banco BPM, as part of the product initiatives launched with the NRRP programme:

- joined the Ministry of Tourism, Italian Banking Association and CDP Convention related to the “Fondo Rotativo Imprese (FRI) to support businesses and investments in development (FRI Fund)”. The product consists of a medium/long-term co-financing with Bank and Cassa Depositi e Prestiti funding at a subsidised rate and the disbursement of a non-repayable plant grant on the resources allocated, with a mandate granted to it by CDP to assess the creditworthiness of the company;
- the agreement of the Ministry of Tourism for the management of financial resources within the scope of the NRRP was implemented, activating the Special Tourism Section of the SME Guarantee Fund to facilitate access to credit by hotels that are involved in agritourism. In particular, Banco BPM made the Unsecured Loan and the Mortgage Loan with SMEGF guarantee - Special Tourism Section available to its customers;
- has developed products and sales initiatives to support customers in the application and assignment phases of incentives through participation in tenders, also as regards measures for the digitalisation of the Public Administration, Agri-Solar Farms and Agri-Food Logistics. In addition, with regard to tax receivables, collaboration with Cherry Bank S.p.A. continued, confirming the offer of specific products to support the financial cycle of the renovation/energy efficiency work for residential buildings by private customers, condominiums and businesses, such as:

- Anticipo Superbonus Consumatori (Advance of Superbonus to Consumers) designed to provide financial coverage for the time between the start of works on site and their completion (at progress of work or overall) with the consequent monetisation of the tax credit transferred;

- unsecured loans to condominiums (Credito Condominio (Condominium Credit), Credito Condominio Energy Efficiency Italia (Condominium Credit Energy Efficiency Italy)), to fund building upgrade and energy efficiency costs, also for the part of the works paid for by using the consideration resulting from the transfer of said tax credit to Cherry Bank, alongside the existing opportunity to fund the cost of the works up to 100%, including VAT, net of the tax credit sold to the enterprise through discount on invoice;

- Anticipo Contratti Riqualificazione Edifici (Advances on Building Upgrade Contracts), addressed to businesses, to obtain financial coverage for the time between the start of works on site and their completion (at progress of work or overall) with the consequent monetisation of the tax credit transferred to the intermediary, the Bank's commercial partner.

Smart Lending

In 2022, through the online channel, customers continued to be offered short-term loans to be paid in instalments to support business liquidity or to facilitate the payment of taxes/wages. An offer was activated that envisages the possibility of signing the transaction online by having customers sign loan agreements directly through their YouBusinessWeb workstation using the "signature room" function. With this offer, the digitalisation of the loan instalment application and granting process was completed, and can now be carried out entirely online.

Invoice Financing

To improve access to financial services by businesses, an activity plan is at an advanced stage, with a view to extending the type of receivables transactions that may be requested through the YouBusinessWeb channel. During the year, the release of new functions related to advances on Italian invoices without the transfer of receivables, to the management of the invoice schedule and the related advances, and to the request for an extension of a document and related advance was completed. The development of the project will continue with the release of the advance function for other types of products (advances on Italian contracts and subsidies on documents and invoices) through the digital channel, as well as the possibility for the customer to attach supporting documentation for the relative request.

Other activities to support and increase business loans

The Bank continued its commitment to measures to support businesses, both in the emergency period resulting from the Covid-19 pandemic, and especially afterwards, in compliance with the measures established to combat the effects of the conflict in Ukraine. The schemes implemented in 2022 in this regard mostly entailed arrangements required to promptly implement the support measures and subsidies dictated by a series of laws, such as Law Decrees and ABI Agreements. Specifically, the following activities were gradually updated and made available:

- loans secured by the Guarantee Fund for Small and Medium Enterprises (pursuant to the Liquidity Law Decree, as amended, 2022 Budget Law, Aid Law Decree, as amended);

- unsecured agricultural loans backed by the ISMEA 100% direct guarantee pursuant to Article 20 of Italian Law Decree no. 50 of 17 May 2022 (Aid Ter DL).

Agrifood

The traditional and consolidated focus on businesses in the agrifood sector continued successfully through the synergistic presence of Agricultural Sales Specialists in all Territorial Departments, to support the network in the phases of contact and visits to businesses in this sector. Activity in the primary sector in 2022 (still affected by Covid but above all by the Ukraine crisis) saw a considerable increase in the prices of raw materials (fertilisers, feed and fuel). To meet the liquidity needs of businesses in the segment, the Bank made loans with a 100% ISMEA guarantee (pursuant to Art. 20 of the Aid Law Decree). With regard to Rural Development Programmes (RDP), business opportunities continued to receive support from the "RDP we are with you 100%" initiative which, through a modular mix of products from the "Semina

Catalogue", is able to meet and sustain investment needs also in view of the CAP (Common Agricultural Policy) reform planned for 2023.

Lastly, based on the experience gained in relation to the Supply Chain and District Projects with CDP-MIPAAF funds (IV Tender), Banco BPM participated, again as the lender bank, in the V Tender, which entails the commitment of significant resources from the NRRP. Lastly, in 2022, in line with the Bank's lending policies, the use and implementation of the credit assessment procedure for agricultural businesses to support applications was consolidated. These transactions, together with the presence of specialised professionals and the whole range of "Semina" lending products, make Banco BPM one of the Italian banks with the highest focus on the monitoring and development of the agrifood segment.

Subsidised Financing and Guarantee Bodies

In 2022, Banco BPM continued to disburse subsidised loans to businesses and households, with a view to facilitating access to credit and reducing its cost. These loans feature public guarantees (e.g. Guarantee Fund for SMEs, ISMEA Guarantee Funds, European Investment Fund-EIF, SACE, Guarantee Fund for the First Home, etc.), or are granted by the Bank using funds obtained at advantageous conditions (e.g. funds of the European Investment Bank or of the Cassa Depositi e Prestiti (state-controlled fund and deposit institution)).

During 2022, the most significant initiatives were as follows:

- loans to SMEs, to be allocated to the EIB "Synthetic Securitisation" ceiling, amounting to approximately 900 million, made available on the basis of the agreements with the EIB concluded at the end of 2021;
- use of the SACE guarantee lines to support SMEs and Mid-Caps for both liquidity and investment needs directed towards research and development and/or technological innovation;
- extension of the SMEGF guarantee to new short-term loans and unsecured loans, actually implementing a legislative provision already covered for some time by the Operating Provisions of the SMEGF and allowing a more extended use of risk mitigation tools, such as the direct SMEGF guarantee.

Guarantee instruments for enterprises

Considering the importance of guarantees in facilitating access to credit, the utmost impetus was given to guarantee operations, which are ancillary to the disbursement of credit, by subscribing/adhering to specific agreements and contracts with the managers and providers of guarantees. Banco BPM is also active in the main national subsidised guarantee instruments, including:

- Guarantee Fund for SMEs, specialised in protecting bank loans granted to support business financial needs;
- ISMEA (the Italian Institute for Services for the Agricultural Food Market), formerly the SGFA (the Italian Agricultural and Food Management Fund), dedicated to issuing direct or subsidiary guarantees, co-guarantees and counter-guarantees to agricultural companies;
- SACE, in the form of the "SACE Italy Guarantee", "SACE Mid Cap Guarantee", "SACE SupportItalia Guarantee" and "SACE Green Guarantee" (both under an arrangement with SACE and outside of the same), the latter to meet the parameters envisaged in the European Regulation and Taxonomy of "green" activities (Reg. EU no. 852/2020).

The above-mentioned guarantees benefit from the ultimate guarantee of the State, which allows the Bank to lower the production costs of lending and to apply special terms to the guaranteed loans. These interventions entailed compliance with the regulations issued on each occasion, starting with Law Decree no. 23 of 8 April 2020 ("Liquidity" DL) and subsequently the 2022 Budget Law as well as Law Decree no. 50 of 17 May 2022 ("Aid DL"), as amended. The collaboration with the Confidi continued with the final signature of the new version of the convention by all Guarantee Entities and Financial Intermediaries and with the addition of new Confidi (Confidi Sardegna and Confeserfidi), consolidating their support of local businesses. Dedicated loan products were also launched in accordance with the provisions of the "Ukraine Law Decree" in order to exploit the opportunity of the counter-guarantee issued by the Central Guarantee Fund. Lastly, the Bank also continued to work with various foundations, by virtue of agreements entered

into over time, which regulate operations as regards measures to contrast usury with regard to the funds allocated by Italian Law 108/96 "Anti-Usury Law", also to meet the liquidity needs of individuals with overt economic difficulties and problems accessing credit.

Other State subsidies for businesses

With regard to other schemes that benefit SMEs, Banco BPM also participates in different initiatives that envisage tax relief (interest rate subsidies or non-repayable grants/plant and equipment grants) dictated by various national and regional regulations, thus confirming its close deep-rooted relationship with the local communities served.

Partnership with the CBI

Starting from October, Banco BPM participated in an initiative led by the CBI consortium to set up a system database that allows real-time consultation of invoices and the percentage of advances already granted to applicant customers at other institutions. If these developments are successful, significant improvements will be made to customer risk profile analyses as regards advances on invoices and mitigating the risk of possible fraud.

Transfer of tax credit originating building bonus schemes - businesses and condominiums

In 2022, customers belonging to the businesses and condominiums segment again had the opportunity to transfer tax credit originating from work to improve the energy efficiency of buildings or other subsidised building work, in the same way as private segment customers. For the Retail channel, in relation to the two segments in question, the applications submitted in 2022 had a credit value of approximately 289 million.

Corporate

Banco BPM's Corporate function is the organisational structure that manages medium and large-sized corporate customers, through the centralised management of activities with a high specialist content and in areas with high added value and directly oversees the Corporate Commercial Network.

The Corporate Commercial Network is organised on a territorial basis according to a model developed and consolidated over the last few years and which saw, in 2022, an increase in the number of units in high potential areas. This model has proven to be efficient in guaranteeing commercial and territorial coverage through:

- a central unit which directly handles business governance;
- 5 Corporate Markets, broken down, in turn, into 21 Corporate Centres;
- over 150 managers who, together with dedicated analysts, assist companies in their operations, with a strong focus on business development; and
- a Large Corporate unit, with several local offices (Milan, Turin, Verona, Bologna, Rome), which focuses on serving customers with a turnover exceeding Euro 1 billion.

Corporate customers

In 2022, the Corporate segment includes approximately 10,900 Mid Cap companies and approximately 1,100 Large Corporates, for a total of approximately 10,600 target companies, having a current account with the Group as at 31 December 2022. As of 31 December 2022, the total number of corporate customers amounted to approximately 10,900 (of which approximately 7,000 had taken out loans) and the total number of corporate groups was equal to approximately 3,200 (of which 2,800 had taken out loans).

Corporate business strategy

In a complex scenario, which has suffered both the consequences of the pandemic period and the economic impacts of the Russia-Ukraine conflict, the constant monitoring of corporate customer relations, invaluable for providing them with optimal and targeted support, was more strategic than ever. This support took the form of prompt responses to customer needs that are constantly evolving.

The role of relationship managers was fundamental, as they form the heart of the Corporate commercial network and work in close synergy and coordination with the Corporate Management Units and the centres of excellence.

Oversight took place in two fundamental areas:

- *Support to deal with the energy crisis*: in view of the considerable increase in the cost of energy and raw materials in general, Banco BPM made the so-called "energy fund" available. This is an allocation of 5 billion to support corporate customers in limiting the effects resulting from the high cost of energy and raw materials and which takes the form of solutions dedicated to the financing of stocks and raw materials made available at advantageous financial and technical conditions;
- *Support to ESG projects*: in 2022 Banco BPM reconfirmed its commitment to supporting ESG projects and the "green transition" of its customers, in line with the objectives defined in the 2021-2024 Strategic Plan. The Corporate function has integrated these elements in the management of its commercial activities, also in consideration of the fact that transition risk represents a key variable in business positioning and in the development and growth projects of its corporate customers. In 2022, the continuation of disbursements relating to the "2020-2023 Sustainable Investments" fund of a total of 5 billion, 80% of which has already been allocated, thanks above all to transactions related to Green Project Finance, Real Estate and through Sustainable Linked Loan transactions, both bilateral and pooled, is an important part of this initiative. Alongside the "Sustainable Investments" fund, the development of dedicated products continued, with a view to providing targeted support to the green projects and investments of Corporate customers, both concerning transactions with highly personalised structures, as well as more standardised transactions developed directly by the Corporate Commercial Network.

Offer to customers - focus on the ESG component

ESG loans, loans attributable to anti-crisis measures (e.g. backed by SACE guarantee) and expansion of the offer catalogue to support the "green transition"

In 2022, the development of the system offering dedicated loans to Corporate customers followed a dual approach: on the one hand, continuity was pursued, aiming to make the processes related to solutions already in place more effective and efficient, as in the case of interventions backed by public guarantees; on the other hand, innovation was pursued, introducing new tools able to stimulate and support the "green transition" of customers. This is consistent with the current scenario, affected by pervasive "ESG oriented" phenomena and processes. Initiatives aimed at enhancing relationships with customers operating in green sectors or with negligible transition risk are also included in this perspective. Lastly, activities continued in synergy with the various units of the Bank, functional to the evolution and development of solutions, products, services and tools to be able to seize the opportunities associated with the measures envisaged in the National Recovery and Resilience Plan (NRRP).

Support to the green transition: development of the offer and dedicated commercial initiatives

In 2022 efforts to provide support for the "green transition" of corporate customers became increasingly important. This commitment entailed the disbursement of appropriately identified loans to enhance the interventions in the Real Estate area (e.g. urban redevelopment or energy projects), Project Finance and more generally the improvement objectives of specific green or ESG KPIs pursued by corporate customers as part of the development and growth process. The introduction of the "Unsecured Loan with Sustainability Objective" was significant, a tool dedicated to supporting businesses in their path towards more sustainable business models from an ESG perspective, thanks to the adoption of "ESG" objectives (ESG KPIs - contractual covenants), to reward and motivate companies that commit, in various ways, to improving their green sustainability and, more generally, ESG profile. Particular attention was also paid to supporting the investments of companies operating in naturally green sectors or in sectors with low transition risk, to which specific commercial initiatives were dedicated. Again in support of the "green transition", in 2022 the loans backed by the SACE Green Guarantee were increased, also thanks to the implementation of the partnership management approach. This guarantee is part of a wider European "Green New Deal" programme, which

encompasses a set of measures in response to the climate emergency, and which envisages achieving the neutrality of polluting emissions by 2050.

Other commercial initiatives: synergies with Banca Aletti and Banca Akros

With a view to the growth and development of synergies, the Corporate function developed the "Insieme" project with Banca Aletti, to acquire new Private customers through Corporate channels, by exploiting existing customer relationships within the Group. Also its collaboration and synergy with Banca Akros continues to be significant, the latter specialising in Capital Markets (interest rate, exchange rate and commodity hedging) and Investment Banking (Equity Capital Markets, Debt Capital Markets, M&A, Securitisation and Advisory segments).

The role of public guarantees to sustain the Italian economy

In 2022, with the progression of the Russia-Ukraine conflict, the instrument of SACE Italy Guarantee, widely used in 2021, was replaced by the launch of loans backed by the so-called SACE Supportitalia guarantee. These instruments were used to deal with the fluctuating market dynamics, alongside other public subsidies (e.g. those connected with projects linked to the NRRP).

Other distinctive activities

In 2022, the use of the "Sales4Change" commercial interaction platform was further developed, which contributed to achieving commercial objectives. The purpose of these developments was to optimise its use to the advantage of the Network, in order to improve customer service, in a context of digital innovation. Project work is continually evolving and will continue in the near future as well, with a view to achieving a fully integrated digital ecosystem.

Hedging financial risk

In 2022, Banco BPM Group reaffirmed its activity of providing specialised support to corporate customers in managing interest rate, exchange rate and commodity risks, through the Corporate & Investment Products unit of Banca Akros. Customers are assisted by a group of sales advisors and specialists, located in different geographical areas, equipped with superior technical and commercial skills.

The development of new products and services also continued: the most recent innovative activities include hedging of ESG rates, which comply with sustainability parameters, allowing companies to also hedge the risk relating to fluctuations in the price of gas. In 2022, there was also an increase in exchange rate and commodity hedging, while interest rate hedging slowed down compared to the previous year, mainly due to the trend in market rates.

Purchase of trade and tax receivables without recourse

During 2022, Banco BPM extensively developed services relating to the purchase from its customers without recourse of trade, fiscal and tax receivables, held both vis-à-vis private companies and Public Administration entities, including tax credit relating to Law Decree 34/2020 (so-called Super Ecobonus). The activities performed in this regard seek, first and foremost, to support the production chains using an instrument that in recent years has proven to be particularly effective in optimising a company's working capital. The experience acquired by Banco BPM in this area is demonstrated above all by its ability to enter into customised agreements with leading companies that wish to optimise the opportunities available to manage supply credit/debt, while at the same time offering effective financial services to their suppliers. A particularly important market position was consolidated in the purchase of tax credits deriving from the so-called Super Ecobonus, an activity that has allowed customers to take advantage of the important tax benefits provided. Consolidating its leadership position in this specific set of activities has been possible also thanks to the innovation of internal procedures, with a view to facilitating operating aspects in the bank-customer relationship. This innovation will be fully completed through the adoption of a new operating platform that is part of a broader global digitalisation project currently in progress.

Structured finance

In 2022, structured finance activity further consolidated its assistance to Group customers with regard to more sophisticated lending transactions, made with institutional and industrial counterparties which, as regards the purpose of the loan and/or its amount, require a personalised and specialised approach. In general, however, it should be noted that customer interest in this type of service increased during 2022

given both the strategic value linked to this type of transaction and post-pandemic effects. The performance of this segment improved compared to the previous year, also thanks to the economic situation, for all performance parameters (capital, economic and operating). More specifically, Corporate Lending activity recorded a very significant increase in the number of transactions made, and in the commission collected. Activities carried out for Financial Sponsors, an area in which the Bank maintained its leadership position in the SME segment, recorded a particularly positive year thanks to the general improvement in market conditions and the maintenance of a high flow of transactions. Moreover, the particular financial market context further facilitated the increase of both the number of transactions carried out and the number of Sponsors financed. Project Finance activity maintained the excellent performance data recorded in 2021, thanks to the consolidation of relations with several operators, and the participation in several transactions related to very important infrastructure projects. Looking forward, the launch of the projects relating to the NRRP and the geopolitical scenario should have important and positive repercussions on activities in the years to come. Real Estate activity maintained the business levels recorded in the previous two-year period, thanks to the continuing interest that institutional, and international, operators continue to have in areas in which the Bank boasts consolidated expertise. Over 200 structured finance transactions were concluded in 2022, for a total resolved amount of around 8 billion. Of these, around 100 transactions (for over 5 billion in loans subscribed), relate to Corporate Lending. This is followed, in terms of number and relative volumes, by Leverage transactions (50 transactions for around 1 billion), Real Estate transactions (over 40 transactions, for around 1 billion) and lastly Project Finance transactions (approximately 20 for a total of around 900 million), thus confirming the role of Structured Finance as an important driver for the development of relations with the Group's most dynamic and sophisticated customers.

Foreign operations and trade finance

In a context of economic growth, but also of unprecedented complexity (the Russia-Ukraine war, shortages of raw materials, the euro/dollar trend), activities related to internationalisation processes and the promotion of imports/exports recorded significant growth in 2022. In particular, the first part of the year, characterised by the start of the Russia-Ukraine conflict, entailed the structure making considerable efforts to support customers and the Network in managing contracts (with related transactional flows) underway in the countries affected by the new penalty mechanism.

Dedicated network and foreign goods unit

Despite the complexity of the situation, 2022 maintained a positive trend in international trade and the dedicated Foreign Operations and Trade Finance unit was able to exploit this growth, significant increasing its market share, above all in terms of exports, and providing constant and proactive support to its customers. This support was provided through the dedicated commercial network, made up of more than 60 reference specialists across Italy, who have superior technical and commercial skills and are, therefore, able to best support companies in their internationalisation activities. Of the joint initiatives set in place, to maximise its presence for customers belonging to leading export sectors (plant and machinery, mechanics), meetings were organised that involved foreign specialists and colleagues from Trade & Export Credit with a view to informing and training customers on the Supplier's Credit instrument, enriched, in the last part of the year, by the possibility of discounting bills backed by a policy issued by Euler Hermes, as well as by SACE. In addition, in terms of operational support, the Group also has foreign-goods units located throughout the country, more specifically in Milan, Legnano, Verona, Modena, Bergamo and Lucca. In particular, the above units handle operations relating to documentary credits and documented remittances, while those regarding international guarantees are handled centrally by a dedicated unit called CUGI and based in Milan. The common objective is to provide customers with a high-added value service that guarantees consistent returns in terms of commission income, while at the same time carefully and promptly monitoring the considerable technical-operational risks. Overall, the Operations unit currently has about 100 members of staff and manages foreign documentary transactions, as illustrated above, with the exclusion of electronic receipts and direct remittances (i.e. the open account area).

Financial Institutions

In the third quarter of 2022, the Financial Institutions Group (F.I.G.) returned to making regular trips abroad after a two-year suspension due to the constraints imposed by the health emergency, continuing to oversee the main foreign markets with the primary purpose of guaranteeing adequate credit lines to support customers' import and export business. To support the export business, adequate trade credit lines have been implemented and renewed, both ongoing and temporary, for foreign banks; with regard to imports, the F.I.G. was able to preserve existing credit lines and implement new ones due to the targeted trips made

in the latter part of the year in the three main Asian countries of interest to customers, and by maintaining regular contact with foreign correspondent banks, through videocalls. For the purpose of providing suitable coverage for Trade Finance operations with Countries/Banks considered risky or problematic, the Financial Institutions Group renewed its participation in the respective trade facilitation programmes of the main supranational banks: EBRD, IFC, ADB. By managing the foreign Representative Offices in Mumbai and Hong Kong, the unit has helped customers who operate, or intend to operate, in the areas of responsibility of these offices.

Foreign Products and Services

In 2022, Banco BPM continued to provide assistance to companies operating in foreign markets, responding to the changed financial requirements of business operators by working with institutional entities and implementing the measures set in place by the Government to provide financial support to Italian exports. In line with the growing importance of offering a range of digital services, in 2022, Banco BPM continued its integration of new cutting-edge channels, with both information and order functions, addressed to companies that work with or intend to work with firms abroad. More specifically, the "BancoBPM Trade World - your ally abroad" channel allows access to international markets and contact with selected commercial partners, thanks to the YouWorld and YouLounge platforms:

- YouWorld is the information platform to support foreign trade, which provides details of potential suppliers or foreign customers organised by country, type of good or services handled. A total of around 900 companies were using the service at December 2022;
- YouLounge is the B2B platform to promote its own products/services through a virtual showcase, accessible through Banco BPM's e-banking. Together with a further 12 leading international partner banks, it participates in the Trade Club Alliance which covers 60 countries and includes over 23,100 selected companies worldwide. As at December 2022, over 1,500 corporate customers utilised YouLounge.

With regard to Foreign operations, the digital offer is completed by a third-party portal, YouTrade Finance, which enables goods operations to be managed online (international guarantees - already operational, documentary credits, operational for the import phase), simplifying and optimising the bank-customer relationship, and able to guarantee maximum safety (i.e. the use of digital signatures) through guided procedures. Approximately 500 customers use the service.

Agreements with leading institutions

In order to expand the support to customers that operate in the complex field of internationalisation, Banco BPM has joined numerous associations through its managers specialised in Foreign Operations and Trade Finance, or has agreements in place with leading institutions (including ICC Italia International Chamber of Commerce, Credimpex Italia, De International Italia and SACE) aimed at offering customers professional support based on in-depth knowledge of regulatory techniques and methods, instruments and rules relating to the world of international trade. Regarding relations with the Chambers of commerce, in 2022 Banco BPM maintained its collaboration with the German-Italian Chamber of Commerce (CCIG), the Russian-Italian Chamber of Commerce, as well as with DE International Italia. This company, which belongs to the CCIG, offers a wide range of services for the internationalisation and promotion of forms of cooperation (business days, B2B meetings between Bank customers and foreign operators) with a particular focus on the German area, a region of Europe of particular interest for exporting Italian companies.

Trade and Export Finance

The Trade and Export Finance unit encompasses all export finance activities with the support of SACE/SIMEST, the Group's international structured finance and Export Finance transactions and Trade Finance transactions such as supplier's credit. In 2022, development continued of buyer's credit transactions with SACE, SACE Push strategy and of supplier's credit with SACE coverage, and several important international transactions were concluded, both as regards export finance and commodity finance and international corporate, creating new trade relations and consolidating existing relations with industrial groups active in the US, Chinese, Swiss, Belgian and German markets. An important area of development during the year was the support provided to global energy traders who, due to the diversification of the sources needed by Italy, find themselves working more intensively with Italy. The focus in the SACE and ECA area was characterised by the expansion of relations with major Italian exporters, SACE, Cassa Depositi e Prestiti, international banks and international corporations. Also in 2022, the sector in question

participated in some financing operations with EU green taxonomy and green KPIs. The development of relations with international corporations is always highly selective and aimed at creating the greatest number of commercial opportunities for the corporate network and investment banking. Particular focus is dedicated to the major players in the energy transition. The average size of supplier's credit transactions grew considerably, as did the activity in international guarantees with SACE coverage. Since the beginning of its activity, 25 international financing transactions have been concluded, mostly with senior roles.

Sustainable finance culture and ESG training initiatives for customers

In 2022, Banco BPM confirmed its support for companies that intend to launch or develop their own path towards the green transition, not only through dedicated financing solutions, as illustrated above, but also by promoting awareness and knowledge of the opportunities available. In order to actively spread a 360-degree ESG culture and encourage customers to reflect on the impacts of a correct ESG approach, in 2022 training meetings (webinars) dedicated to Corporate customers were held, which involved highly qualified technical partners, external to the Bank.

Institutional

The "Institutional" segment includes the management and marketing of banking and financing products/services and loan brokering, which are mainly aimed at bodies and institutions (UCIT units, SICAVs, insurance companies, pension funds and banking foundations). Those activities are conducted in an equal amount by the Commercial Network of the Parent Company, for "local institutional" counterparties, and by specialised branches, for "systemically-important institutional" counterparties.

Institutional counterparties are the main supervised entities such as insurance companies, non-banking finance companies, SGRs, "*società di intermediazione mobiliare*" ("**SIMs**"), open and closed-end mutual funds, banking foundations, social security and welfare funds and pension funds. Furthermore, institutional counterparties include the state, constitutional bodies, the central state bodies and some companies in which the central public administration has a stake, as well as regional authorities, healthcare organisations, hospitals and large municipalities.

Relations with the Institutional counterparties are monitored through a complete service model, which includes managers and specialised employees and a dedicated branch.

With a view to achieving greater efficiency in the management of relationships, the Group's services have been harmonised and commercial partnerships have been developed with Banca Akros and Banca Aletti to provide a more comprehensive and specialised range of services. In 2022, activities related to securitisations continued, within which Banca Akros acted as arranger and institutional customers as purchasers of the senior notes, thus implementing a path complementary to the more traditional one of direct loans, to support the real economy. Particular attention was paid to the financial support of companies associated with the MEF (Ministry of the Economy and Finance) that operate in the energy sector (i.e. Gestore Mercati Energetici (Energy Markets Authority) and Gestore Servizi Energetici (Energy Services Authority), providing them with financial support to sustain the Government's energy policies.

Commercial partnership with allies external to the Group

The Institutional function is also tasked with supervising and coordinating the unit dedicated to centrally managing commercial alliances with partners external to the Banco BPM Group.

These alliances are governed by specific commercial partnership agreements, which envisage a range of products addressed exclusively to the customers of the external alliance, through a dual distribution channel:

- "off-site" offer, through external financial advisors;
- "on-site" offer, through dedicated branches, in the financial shops of the commercial ally.

Centralised commercial management takes the form of a dedicated unit, included within the Institutional customers, Entities and Third Sector Function, which has 17 branches spread across Italy.

Thanks to a direct supervision through a wholly dedicated unit, the Group is able to continuously update agreements in light of any legislative changes, to obtain a better economic return and to carefully monitor operational risks especially with regards to anti-money laundering legislation.

The market for the off-site offer of banking products and services outside the Group through the networks of financial advisors belonging to groups that do not have banks within their perimeter represents an area with strong potential for the Group, especially in light of the organisational model specifically adopted and the know-how acquired to date by Banco BPM.

Entities and Public Administration

Pursuant to EU Regulation 549/2013 on the European System of National and Regional Accounts, entities and public administration, or also public sector customers consist of:

- Public administrations, which in turn include central administrations (state and constitutional bodies, ministries and their departments, etc.), territorial administrations (regions and autonomous provinces), local administrations (provinces and municipalities) and Social Security and National Insurance entities;
- Public Companies, namely parties that produce goods and/or services for sale, or which are a public corporation, or which are controlled directly or indirectly by the Public Administrations, under specific laws, decrees or regulations.

The Public Sector function is responsible for managing the segment from a commercial, regulatory and administrative perspective. The activity, in relation to the acquisition of relationships and the management of the Public Administration, is conducted with particular focus on the commitments and critical issues that arise, on the limitations of operational risks, of image, of credit and from a commercial perspective.

Banco BPM holds UNI EN ISO 9001:2015 quality certification for the management of treasury and cash services and loans to the Public Administration.

Third-Sector and Religious Entities

Third sector and Religious entities are represented by Third Sector Entities (TSE) enrolled in the new RUNTS (Single National Register of the Third Sector) and non- profit non-enrolled entities, amateur sports associations, Federations recognised by Coni, as well as dioceses, parishes, congregations and religious orders. The segment also includes trade unions and political parties.

The regulatory framework of the Third Sector has recently changed and is constantly evolving. At the beginning of the year 2022, in fact, various activities related to the census of third sector entities were implemented, to capture all the peculiarities of the TSE and, from December 2022, a new section was implemented in the procedure for the internal management of customer records, which enables all the essential characteristics of this rapidly evolving customer segment to be recorded, tracked and monitored over time.

The third sector represents a "central" customer segment in terms of interest in ESG issues, and Banco BPM has strengthened its sales efforts towards these customers through a dedicated unit, with specialists in each geographical area of action of Banco BPM.

The commercial initiatives for 2022 included:

- economic support measures for investments relating to the NRRP, in social and ecological transition, and in post-pandemic support by granting new loans for liquidity needs triggered first by the pandemic and, subsequently, by the energy and inflation crisis, exacerbated by the war in Ukraine;
- the collaboration with KPMG for a study on social impact banking, to finalise activities concerning the new metrics for measuring the social value of investments, according to ESG logic;
- the granting of a new loan for social impact projects (so-called Social bonds);
- the management and monitoring of activities relating to the Third Sector Portal, launched in 2021 and dedicated to customers in this segment, which is directly linked to Banco BPM's institutional

website (https://www.bancobpm.it/terzo-settore/). Through this site, customers can contact the dedicated specialist office, which provides advice and facilitates opening new accounts;

- the sponsorship of the third edition of the "Cantieri Viceversa" laboratory, organised by the National Forum of the Third Sector, to ensure the matching of the demand for and the supply of funds between Third Sector entities.

Private

The "Private" segment includes the management and marketing of banking and financial products/services and loan brokering, which are mainly aimed at private customers with assets that, individually and/or within their business, amount to at least Euro 1 million. These activities are carried out by Banca Aletti.

To support development activities, in line with the strategy of previous years, efforts were made, in concert with Banco BPM, to create opportunities to meet potential customers through several local events.

During the first half of 2022, the new territorial model of the Private Banking Network was created in Banca Aletti, which led to the definition of 7 Areas, with 30 associated Branches and 22 remote branches. In line with Banco BPM's strategic plan, which envisages an increasingly pervasive approach to cross selling, 2022 saw the launch on a national scale of the new model for synergy with the Corporate and Business world.

During the second and third quarters of 2022, all partnerships in the area were activated, with the presence of Private Branches, Corporate Centres and Business Centres. This activity was accompanied by structured collaboration with the Investment Banking division of Banca Akros. The set of activities made a significant contribution to the collection of new assets and to the extension of the customer base.

Investment Banking

The "Investment Banking" segment includes the structuring of financial products, access to regulated markets, and the support and development of specialised financial services. These activities are carried out by Banca Akros and by Oaklins Italy S.r.l., fully owned by Banca Akros.

Corporate & Investment Products

This division has four departments: investment products, corporate sales, debt capital markets and securitization & structured solutions. This division ensures the development of an integrated offer to customers of Banca Akros products and services, in coordination with Banco BPM.

Banca Akros signed an important partnership with the European Investment Fund (EIF) to promote their "closed-end" fund AMUF, exclusively for Italy, with institutional investors.

Trading and market making activities on own account

The Group carries out market making and trading on own account in government bonds and securities, interest rates, exchange rates, shares and other financial derivatives, over-the-counter market making on Government securities and bonds and market making on stock options and future stocks. It also executes transactions with professional customers and qualified counterparties in repurchase agreements and securities lending on bonds and shares.

Brokerage activities

Banca Akros engages in equity trading on behalf of third parties on stock exchanges and on MTFs and also bond trading.

Corporate Finance

Banca Akros offers a wide range of financial advisory services in the M&A area (i.e. sellside mandates, buyside mandates, fairness opinions, etc) to a diversified customer base including private equity investors, corporates and families.

Banca Akros manages equity capital markets transactions, including capital increases of companies and banks. It also coordinates public bids and acts as Sponsor for market segments upgrades or/and in relation to demergers and listings.

Cross Asset Products & Solutions

Banca Akros has a team of professionals with a cross asset products expertise for Financial Institutions, that covers worldwide accounts and offers a wide range of products, combining three main segments: Flow, Solutions and Investments. Flow: encompasses the distribution of a universe of debt products, from liquid public bonds issued by corporate and financial institutions across the capital structure to tailor-made privately placed ones. Solutions: embraces financing, yield enhancements strategies as well as hedging products and strategic trades. Investments: includes a variety of payoff from Fixed Income to Interest Rate & FX Linked Notes, Equity Linked Notes as well as Capital Guaranteed products.

The aim of the team is to develop and distribute value-added products as well as tailor-made solutions to non-captive clients in order to satisfy their evolving needs as well as market trends leveraging on synergies across the Group.

Insurance

The Insurance sector is the segment in which the contributions to the consolidated financial statements of the interests held in Banco BPM Vita, Banco BPM Assicurazioni, Vera Vita and Vera Assicurazioni converge. As from 1 July 2022, Banco BPM Vita and Banco BPM Assicurazioni have been consolidated on a line-by-line basis following the acquisition of control of such companies.

Strategic Partnerships

The "Strategic Partnerships" segment includes the contribution of shares held in Agos Ducato, Alba Leasing, Selmabipiemme Leasing, Gardant Liberty Servicing and Anima Holding.

Corporate Centre

The "Corporate Centre" segment, in addition to governance and support functions, includes the portfolio of owned securities, the treasury and the Group's asset and liability management, the stock of bond issues placed on institutional markets, the activities relating to the Group's leasing business, equity investments not allocated between Strategic Partnerships and companies operating in the real estate sector.

Finance

Banco BPM is the centre of coordination and oversight for the management policies of the structural items of the Group's own assets and liabilities and those of the other Group companies, geared towards optimising the available capital, identifying appropriate operations and funding strategies for the Group, through actions on domestic and international markets, as well as controlling liquidity needs and their dynamics, and also managing the securities portfolios and other financial instruments owned by the Group.

The operations of Group Finance are divided into the following operating units: Funding and Capital Management, Banking Book and ALM, Trading and Funds and Group Treasury.

Funding and Capital Management

Funding and Capital Management is responsible for the funding of the Group and manages its EMTN and covered bond programmes. It also arranges medium/long-term bilateral financing transactions with various market counterparties.

ALM and Investments

The management of interest rate risk in the banking book is carried out centrally within a specific delegated department, and the primary objective of management decisions is to mitigate the rebalancing of the dynamics of economic value volatility with the volatility of interest margin as the rate curve changes of monetary and financial market in general, in accordance with the provisions of specific regulations (BCBS, EBA and the Bank of Italy).

The Group utilises an integrated Asset Liability Management ("**ALM**") system with the aim of calculating the risk measurements that also include the use of behavioural models and measures, and management is primarily based around a "natural hedge" model, which tends to pursue a natural compensation of the risks generated by the gaps in liabilities and assets. The items in which the hedges are present are mainly demand items, bond issues, mortgages and the securities portfolio.

Group Treasury

The achievement of Banco BPM's objectives in terms of short-term liquidity coverage indicators (Liquidity Coverage Ratio), both for the Group as a whole and for its individual legal entities, has led to the deployment of effective synergies with the other organisational units involved (specifically, Collateral Management and Liquidity Risk).

Funding on the money markets is intended to optimise available collateral and reduce the cost of financing by seeking the best conditions and greater diversification of sources of funding both in euro and in foreign currencies.

Fund management

The Corporate Centre segment also comprises the activities relating to Banca Aletti's portfolio management, whose net fee and commission income from trading and performance, based on a logic of allocating resources to the different segments, and analysing the relative performances defined by the Group, is not allocated to the Private Banking Network.

With reference to the assets managed, the investments made were characterised by a reduction in the equity component in the first months of the year, underweight, down compared to the initial overweight; subsequently, the proportion of this asset class was reduced as the macroeconomic, monetary and financial conditions changed towards more restrictive attitudes. The average duration of the bond portfolio was kept constantly underweight, given the restrictive monetary policies put in place and planned by the Central Banks due to the significant rise in inflation.

In the second part of the year, after maintaining a high level of liquidity to protect assets, steps were taken to invest what was available in government bonds with short-term maturities, with decidedly positive nominal rates of return. Investments in the corporate bond markets were maintained in an underweight position, given the deterioration of macroeconomic aggregates and due to the sensitivity of the asset class to a rise in official rates. Investments in financial assets exposed to exchange rate risk were kept close to neutral, with a main focus on the US dollar, which during the year appreciated significantly for various reasons, including the ability to generate higher returns, and by virtue of its status as a safe haven currency.

As at 31 December 2022, assets under management totalled Euro 3.2 billion, as compared to the Euro 3.5 billion recorded in 2021.

Leases

Starting from financial year 2022, "Leases" are no longer shown as an "operating segment" used as a benchmark to analyse performance and to prepare disclosures pursuant to accounting standard IFRS 8. The economic contribution of Leases was therefore included in the "Corporate Centre" segment, albeit subject to continuous internal monitoring, given the size of the managed portfolio as at 31 December 2022, equal to approximately Euro 1.1 billion gross. The portfolio of the Leases segment, managed in run-off, as there is no provision for the stipulation of new transactions or the disbursement of new loans on those in effect, includes the assets relating to the contracts of the former Banca Italease and the former Release, both merged into Banco BPM.

During the year the segment in question underwent a restructuring of credit exposures attributable to a leading real estate group (known as "Project Wolf"), aimed at pursuing active management of the properties underlying the aforementioned exposures, with the support of a specialised partner, Aurora Recovery Capital S.p.A. (AREC) and the arrival of new funds provided by third-party investors to finance the development of real estate. In particular, the transaction envisaged the sale of loans, for a gross value of 461.1 million, to the special purpose entity for securitisation Lilium SPV, as well as the transfer of lease contracts and related properties to a LeaseCo (Ninfa LeaseCo S.r.l.).

Real estate segment

Real estate activity involves the management of the Group's capital assets and the development and potential disposal of the non-operating assets. Following the incorporation of the subsidiaries Bipielle Real Estate and Release into the Parent Company during the year, the reorganisation of the real estate segment was completed. In 2022 the Group focused on increasing the efficiency of the spaces occupied and reducing their management costs, continuing with the market rationalisation plan that envisages the release of third-party properties and/or empty or only partially occupied ones.

Environmental, Social and Governance Matters

The Group aims to ensure that its development is sustainable over the long-term and compatible with the interest of all its stakeholders. For this purpose, environmental, social and governance ("**ESG**") matters are increasingly incorporated within its business model, operations and processes.

Sustainability Governance

The Group's sustainability governance encompasses the following bodies:

- *Board of Directors*, which defines the management and coordination policies regarding non-financial disclosure, the socio-environmental policies and approves annually the Group's non-financial statement and the associated materiality analysis. One member of the Board of Directors is designated as "contact person for ESG issues" for the Control, Risks & Sustainability Committee;

- *Control, Risks & Sustainability Committee*, which supervises sustainability issues as well as – including through the Director delegated by the Committee itself on ESG, "sustainability and social responsibility" issues – the activities connected with the drafting of the Group's non-financial statement.

- *Environmental, Social and Governance Management Committee*, established by the Board of Directors, is chaired by the Chief Executive Officer and comprises the two Co-General Managers and several other managers of the Group among its permanent members. Its main tasks include evaluating the Group's positioning and coordinating all the activities required to achieve the strategic sustainability objectives;

- *ESG Operational Committee*, reports directly to the ESG Committee and operates with the aim of strengthening and implementing the integration of sustainability within the Group's business and coordinating the various activities;

- *The Sustainability Structure*, has the objective of overseeing and giving greater impetus to all the Group's ESG activities and ensuring their disclosure to all stakeholders.

ESG Strategy

In 2021, under the leadership of the ESG Committee and in light of an analysis of regulatory requirements, but also expectations of the financial market and best practices of national and international competitors, the Group reviewed its strategic ambition and launched an internal assessment intended to involve all of the Group's units in a significant process of sustainability.

In February 2021, the Group identified the following seven areas of activities and related 32 projects (involving 12 Group's units and more than 50 dedicated employees), which will aim to strengthen and achieve the integration of sustainability within the Group's activities and business:

- *Governance:* (i) review of internal ESG policies, (ii) expansion of ESG key performance indicators integration in management remuneration policies and (iii) appointment of ESG Ambassadors in the various corporate departments;

- *People*: (i) focus on integration and diversity, and in particular on female empowerment, with a target to achieve more than 33% of women in managerial positions in 2023 and (ii) extension of ESG training pans;

- *Risk & Credit*: (i) integrate climate-related and environmental topics within the risk and lending processes, (ii) development of portfolio transparency exercises to measure climate-related risks in key sectors and geographies and (iii) conducting specific climate risk stress tests and scenario analyses which also consider the Paris Agreement;

- *Customers – Business*: (i) supporting the green transition process and (ii) developing customer engagement skills on ESG issues;

- *Customers – Wealth Management*: (i) development of ESG investment product offerings and appropriate disclosure to customers, (ii) integration of ESG considerations into product selection and advisory activities and (iii) reporting to customers on the effects of their investments on sustainability risks and objectives;

- *Environment*: continue the reduction of environmental impacts in order to achieve carbon neutrality (with respect to scope 1 and 2 greenhouse gas emissions) in 2023; and

- *Stakeholder engagement and measurement*: (i) analysis and selection of international sustainability initiatives in line with the Group's values, policies and objectives, (ii) definition of metrics for measuring the indirect impacts of the Group's funding and (iii) development of disclosure in line with industry best practices;

Main actions taken by the Group

The main actions taken by the Group with respect to its ESG strategy relate to four main areas: (i) customers, (ii) local communities, (iii) human resources and (iv) environment. Such actions are linked to specific United Nation's Sustainable Development Goals.

Customers

The Group developed the following commercial initiatives to support its customers while aiming to protect the environment:

- offering of loans to enterprises operating in green and low-risk transition sectors, with Euro 10.3 billion in new green disbursements, or 55.6% of disbursements 2022;

- offering of green mortgages with the aim of favoring the energy efficiency of buildings, with Euro 620 billion in green residential mortgages during 2022;

- purchases of tax credits related to energy requalification and seismic risk reduction, with Euro 1.52 billion in tax credits purchased;

Local Communities

The close relationship with the Group's communities and territory is one of the most important assets and is further developed mainly through:

- supporting initiatives in the fields of art and culture, solidarity and social, sports, educational and training, research and health, environment and the region fields, leveraging on the seven foundations established by the Group; and

- offering products and services in favor of non-profit organizations.

Additionally, in 2022 the Group contributed approximately Euro 5.6 million to trade associations, organisations involved in financial activity and training, culture and promotion of social responsibility.

Human Resources

The Group launched a programme dedicated to women, to encourage the development of managers and professionals through training courses, mentoring and coaching, managerial activities, shadowing and job rotation, which enable them to gain extensive experience and integrate the know-how acquired in their professional career, with personalised paths that reflect the individual's aspirations and potential.

Environment

The Group aims to safeguard the environment by reducing the impact of its activities, mainly through:

- *energy management activities*: in 2022, ther Group reduced its total energy consumption by 12% with respect to 2021 In addition, 100% of the electricity consumed was generated from certified renewable sources (Guarantee of Origin GO), avoiding the emission of approximately 25,800 tonnes of carbon dioxide equivalent emissions, resulting in a reduction of energy consumption and carbon dioxide emissions;

- *corporate mobility*: the management of the company fleet is based on precise criteria of use aimed at promoting environmentally friendly practices (car pooling, replacement of the company fleet and improvement of the video-conference system);

- *focus on consumables, waste disposal and recycling*: procurement of recycled and Blue Angel certified paper (Blue Angel certification guarantees that the materials produced are completely free of polluting whitening substances with a PCF Process Chlorine Free certified); predominant use of regenerated toner;

- *prevention of crimes committed in violation of environmental protection legislation*: the investment properties of the Group are carefully managed in order to avoid the commission of crimes in violation of the environmental protection legislation;

- *Net Zero Banking Alliance:* in March 2023 Banco BPM resolved to join the Net Zero Banking Alliance (NZBA), thus requiring the aligningment of the Bank's credit and investment portfolio to achieve net zero emissions by 2050, in line with the targets set by the Paris Climate Agreement. The decision to join NZBA followed a careful analysis and evaluation, which led to the identification of five priority areas for target communication within 18 months of membership (namely, oil & gas, power generation, cement, automotive and coal).

Risk Management

In line with regulatory requirements, the Banco BPM Group has adopted a unitary system of risk measurement and control which will be run centrally by Banco BPM.

Within the Banco BPM Group, the Risk Appetite Framework ("**RAF**") permits the Group to manage risk profiles in a comprehensive and integrated way. The RAF is deemed as a strategic tool to define in advance how much risk the Bank is willing to take pursuing its strategic objectives.

The framework of risk appetite is developed taking into account the business model adopted by Banco BPM and affects all its main internal processes, playing an important role in managing the Bank in a sound and prudent way.

The RAF sets out, in line with the business model and strategic plan, maximum permissible risks, the Bank's attitude to risk, risk thresholds and limits, risk management policies and the relevant processes required to define and implement them in accordance with the requirements of applicable prudential banking regulations.

The "Risk Management" division is responsible for these activities and has responsibility for overseeing the processes required to identify, quantify, monitor, manage and report the risks to which the Banco BPM Group is or may be exposed, under business as usual and stressed conditions, in line with the strategies and policies of the Banco BPM Group's corporate bodies.

In pursuance of the main objective of guaranteeing sound and prudent risk management, the Banco BPM Group's risk management strategy is based on organisational oversight, adequate risk qualification and management, asset coverage, a comprehensive system of values and business incentives and a suitably effective and efficient organisational model, with the aim of minimizing the impacts on risk profile also through a risk mitigation and transferring strategy, protecting the Issuer's asset and financial base and preserving the reputation of the Banco BPM Group.

Between the end of the second and the first half of the third quarter of 2022, the process of updating Risk Identification was completed. The new elements compared to 2021 include: (i) the extension of the Risk Identification process to the insurance companies Banco BPM Vita and Banco BPM Assicurazioni; (ii) the definition of specific risk factors for ESG issues and for the insurance business; (iii) in the ESG area, the breakdown between climate-related issues and those of governance and social sustainability.

Inspection activities and proceedings conducted by the ECB, Bank of Italy and CONSOB on Banco BPM S.p.A.

As regards targeted inspections and proceedings, Banco BPM was subject to a number of inspections and proceedings from 2017 to 2022. At the date of this Base Prospectus, as illustrated in detail below, several inspections are still underway or are pending receipt of the "Final follow up letters" or the "Final Decision".

In particular:

- in a letter dated 15 December 2022, the ECB announced the start of an inspection (OSI-2022-ITBPM-0220761) to assess cybersecurity risk management. The inspection, which started on 30 January 2023, is currently ongoing and is being conducted in a hybrid (on-site/off-site) manner;
- in a letter dated 3 October 2022, the Bank of Italy announced the start of an inspection to verify the compliance of the automatic cash recirculation devices at some branches in the Sicily region. The inspection started on 18 October 2022 and ended on 26 October 2022;
- in a communication dated 17 August 2022, the ECB announced an "IMI" on-site inspection to assess the material change to the IRC methodology model, for which Banco BPM (also for Banca Akros) submitted a request for a material change to the IRC (Incremental Risk Charge) market risk parameter calculation methodology model for the completion of the IMI_2019_ITBPM_4145 inspection action plan. The inspection commenced on 5 September 2022 and was completed on 28 October 2022. On 11 January 2023, the Bank received the final IMI decision approving the requested change, allowing the removal of the add-on to the IRC and requiring two corrective actions of limited scope, which are currently underway;
- in a letter dated 10 August 2022, the ECB announced the start of an on-site inspection (OSI-2022-ITBPM-0198569) on credit and counterparty risk, with the objective of assessing the compliance of the framework for the implementation of IFRS9 and reviewing the overall credit risk management arrangements (policies, methodologies, procedures and governance) with respect to specifically identified asset portfolios subject to a credit quality review. The inspection started on 17 October 2022 and ended on 17 February 2023. The Bank is waiting to receive the inspection report to be followed by the ECB's final decision;
- in a letter dated 8 June 2022, the ECB announced the start of an on-site capital adequacy inspection (OSI-2022-ITBPM-0197382) to assess the management of the ICAAP. The inspection started on 26 September 2022 and ended on 24 November 2022. On 28 March 2023, the Bank received the inspection report and is waiting to receive the ECB's final decision;
- in a letter dated 20 December 2021, ECB announced the beginning of an off-site inspection (IMI-2021-ITBPM-0180439) on internal models relating to credit risk for the following exposure classes: Corporate - Other; Corporate - SME; Retail - Other non-SME; Retail - Other SME; Retail - Qualifying revolving; Retail - Secured by real estate non-SME; Retail - Secured by real estate SME. The inspection follows an application made by Banco BPM to ECB for material changes to the internal models used to calculate capital requirements for credit risk, made also following the transposition of the EBA Guidelines on the topic, which became effective on 1 January 2022. The above-mentioned inspection started on 14 February 2022 and ended on 20 May 2022. On 18 November 2022, the Bank received the inspection report and is waiting to receive the ECB's final decision;
- in a letter dated 11 November 2021, Bank of Italy announced the beginning of an off-site inspection as regards transparency, with a view to assessing fulfilment of the obligations deriving from the implementing provisions of Directive 2014/92/EU, the "Payment Accounts Directive". The off-site inspection started on 11 November 2021, and from 22 November 2021 it continued as an on-site at several branches and it concluded at the end of January 2022. On 27 June 2022, Banco BPM received the results of the inspection, which revealed anomalies relating to issues important for the protection of customers and requiring corrective action, some of which is restorative in nature. On 21 October 2022, Banco BPM submitted its corrective action plan to the Bank of Italy, which is currently being implemented;
- in a letter dated 1 October 2021, Bank of Italy announced the beginning of an on-site inspection regarding the prevention of money laundering, with a view to confirming compliance with the obligations envisaged by Legislative Decree no. 231/2007, also through an assessment of the legislative, procedural and control structure in a single branch (Verona): the inspection phase (initially on-site) which started on 4 October 2021, it completed off-site on 21 December 2021. On 18 August 2022, Banco BPM received the results of the inspection, which highlighted certain weaknesses in the area of due diligence and in the active cooperation process with regard to the

management of relationships with the cooperative companies under investigation. On 29 December 2022, Banco BPM sent the corrective action plan, which is currently being implemented;

- in a letter dated 2 September 2021, ECB announced the beginning of an on-site inspection (OSI-2021- ITBPM-0177592) to assess the adequacy of the first pillar capital requirement calculation, including all accessory aspects; the on-site phase started on 25 October 2021 and ended on 23 December 2021. On 4 August 2022, Banco BPM received the final follow-up letter and on 30 September 2022 submitted the corresponding corrective action plan, which is currently being implemented;

- in a letter dated 23 March 2021, ECB announced the beginning of an inspection (OSI-2021- ITBPM-0180228) entitled "Credit and counterparty risk - Credit Quality Review of CRE portfolio and assess selected credit risk processes" with the objective of reviewing the asset quality of the Commercial Real Estate ("**CRE**") portfolio and assessing the credit risk management processes and the control and governance systems. The off-site phase started on 26 April 2021 and ended on 5 November 2021. The analysis focused on how credit risk was managed in relation to the portfolio under review, in particular the criteria for granting new loans and forbearance measures for perimeter exposures, the identification of specialised loan categories, the quality of appraisals, the process for classifying and valuing real estate and foreclosed assets, and the rules in place in this regard. On 29 July 2022, Banco BPM received the final report (dated 26 July 2022), which identified areas for improvement in this respect; on 7 February 2023, the ECB sent the draft decision with proposed recommendations and qualitative requirements, including in relation to the portfolio under review; The Bank submitted its comments on the draft decision on 15 March 2023 and received the final decision on 21 April 2023.

  This final decision contains "*requirements*" and "*recommendations*" of a qualitative nature, mostly related to organisational measures and concerning the commercial real estate lending and monitoring process, the framework for the valuation of commercial real estate collateral and the internal control and credit risk management system related to commercial real estate lending.

  In particular, with regard to commercial real estate exposures, the ECB requested in the final decision that the Bank strengthen its decision-making process for the granting and monitoring of loans, ensure appropriate prudential treatment of specialised lending and speculative lending exposures, and update its procedures to provide a more complete and up-to-date information framework for valuers performing property valuations. In addition, the Bank was requested to revise the indicators of probable default for CRE counterparties, to strengthen the internal control framework for perimeter portfolios and to supplement the internal rules for the management and monitoring of these exposures.

  The plan to implement actions to meet the ECB's requirements, approved by the Bank's Board of Directors on 29 May 2023, includes 16 remedial actions with varying timelines that have already been planned and/or initiated and, in some cases, completed. The plan as a whole will be completed by December 2024;

- in a letter dated 12 August 2020, ECB announced the beginning of an off-site inspection with the purpose to assess the institution's application for the approval of a new definition of prudential classification of default (constituting a material change to the estimate of Credit risk under Delegated Regulation (EU) 529/14) (IMI-2020- ITBPM-4738); the off-site phase started on 14 September 2020 and ended on 13 November 2020. Banco BPM received the final decision on 7 May 2021 and on 15 June 2021 sent the corrective action plan, which is currently under way;

- in a letter dated 26 September 2019, ECB announced the beginning of an on-site inspection with the purpose of assessing the "approval of internal model related to Credit risk (CCF/EAD; ELBE; LGD for performing assets; LGD for defaulted assets; PD) for the following exposure classes: Corporate - Other; Corporate - SME; Retail - Other SME; Retail - Secured by real estate non-SME; Retail - Secured by real estate SME" (IMI-2019-ITBPM-4141). The on-site phase started on 14 October 2019 and ended on 19 March 2020. In a letter dated 4 March 2021, Banco BPM received the final decision which confirms the authorisation to adopt model changes, providing for some qualitative measures for the most part aimed at strengthening the internal regulation, as well as limitations -

regarding the estimation of the margin of conservatism and the method of calculation of Loss Given Default (LGD) - in the application of the models, with effect on regulatory reporting as of 31 March 2021. The remedial action plan is currently under way. Most of the recommendations will be subject to closure as part of the "model change" activities included in the request for modification to internal models referred to the inspection IMI-2021-ITBPM-0180439;

- in a letter dated 14 April 2019, CONSOB announced the beginning of an on-site inspection with the purpose of assessing the procedures and controls connected to the product governance, the provision of investment advice and the adequacy of the clients (OSI-Consob-2019). The on-site phase started on 14 April 2019 and ended on 3 December 2019; on 30 July 2020, Banco BPM received a technical note pursuant to which CONSOB, while not launching a sanctioning proceeding, has highlighted certain aspects. On October 16, 2020, the Bank submitted to the Authority the relevant corrective action plan, which has largely already been implemented;

- in a letter dated 13 February 2019, ECB announced the beginning of an on-site inspection with the purpose of assessing the "Market Risk Model validation (VAR, sVAR, IRC) for debt instruments category – specific risk; Forex risk" (IMI_2019_ITBPM_4145). The on-site phase started on 14 May 2019 and ended on 19 July 2019; Banco BPM received the final decision on 16 November 2020 (which authorized the adoption of the new model) and on 16 December 2020 it submitted the remedial action plan and the related activities were completed during 2022; the termination of one of the commitments related to the CRI measure resulted in a so-called "material model change", which required a prior application to the supervisor. The relevant application was submitted in January 2022 and the corresponding on-site verification was conducted by the ECB in September of the same year. On 11 January 2023, the bank received the final IMI decision approving (also for Banca Akros) the requested change allowing the removal of an add-on to the IRC; the two additional corrective measures requested, of limited scope, are currently being planned.;

- in a letter dated 6 July 2018, ECB announced the beginning of an on-site inspection (TRIM-2018-ITBPM-3914) concerning the Europe-wide targeted analysis program of internal models relating to credit risk (PD; LGD and CCF) with reference to the "Corporate - Other" and "SME" portfolios. The on-site inspection phase started on 17 September 2018 and ended on 16 November 2018; Banco BPM received the final decision on 7 October 2020 which includes binding prudential measures and recommendations; on 5 November 2020 Banco BPM submitted the remedial action plan, which is currently under way. The recommendations currently in an advanced state of finalization will be closed with the request for modification to the internal models set forth in Inspection IMI-2021-ITBPM-0180439;

- in a letter dated 11 December 2017, ECB announced the beginning of an on-site inspection concerning the internal models relating to credit risk (PD and LGD) with reference to the "Corporate" and "SME" portfolios. The on-site inspection phase started on 19 February 2018 and ended on 20 April 2018 and Banco BPM received the final decision on 25 April 2019. The remedial action plan, submitted on 24 May 2019, was included in the internal model changes referred to the inspection IMI-2019-ITBPM-4141; and

- Bank of Italy: on anti-money laundering in the private banking sector of the subsidiary Banca Aletti, with particular reference to the services offered to high net worth customers. The on-site phase started on 28 February 2022 and ended on 13 April 2022. Banca Aletti received the results of the inspection on 14 September 2022, which did not reveal any compliance issues. On 14 October 2022, Banca Aletti sent the corrective action plan, which was limited to the implementation of measures to strengthen controls, some of which were already underway at the time of the inspection.

Legal Proceedings of the Group

As of 31 December 2022, the provisions allocated against all existing legal and tax disputes, including cases associated with enforcement actions, totalled Euro 83.8 million.

The Group operates in a legal and regulatory context which exposes it to a wide variety of legal proceedings, relating, for example, to the conditions applied to its customers, to the nature and characteristics of the products and financial services it sells, to administrative irregularities, to clawback actions for bankruptcies, and to labour law disputes.

Ongoing Legal and Administrative Proceedings

The main legal and administrative proceedings in which the Group is involved as of the date hereof are as follows:

Proceedings related to the diamonds reporting activities

A criminal investigation is pending with regard to the diamonds sales activity involving IDB and the various reporting banks, including Banco BPM. The criminal offences under investigation are alleged fraud and related self-laundering, obstacle to the supervisory authorities' functions and corruption among private parties. The inquiry involves also managers and former managers of Banco BPM Group (including the former General Manager), the Bank itself and its subsidiary Banca Aletti for administrative offence pursuant to Legislative Decree 231/2001. In the context of the inquiry, on 19 February 2019, the Milan Public Prosecutor's Office carried out at Banco BPM a precautionary seizure for a total amount of approximately Euro 84.6 million. In addition, in September 2020 the Public Prosecutor's Office of Milan served those former managers and several employees of the Group with a notice of conclusion of the preliminary investigations as part of proceedings also relating to the operations in diamonds referring to the offence of fraud, which does not change the overall charges previously communicated by the judicial authorities.

In February 2021 an indictment against the defendants was filed for the contested crimes, including administrative offences pursuant to Legislative Decree no. 231/2001 against Banco BPM and Banca Aletti. During the preliminary hearing, which began on 19 July 2021, the Judge declared its lack of jurisdiction for proceedings involving the former managers and employees of the Group in relation to the crimes of fraud, self-laundering and obstruction of the exercise of the functions of public supervisory authorities. The Court of Milan retains jurisdiction only for the offence of corruption among private individuals alleged against a former manager of the Bank. Moreover, the Judge, accepting the complaints presented by Banco BPM and Banca Aletti and at the end of the preliminary hearing of 8 April 2022, pronounced a sentence of application of the penalty at the request of the parties in accordance with the proposed conditions, thus applying the pecuniary sanction of Euro 240,000 to Banco BPM and Euro 56,000 to Banca Aletti, at the same time ordering the confiscation of only the profit from the alleged crime of self-laundering, amounting to Euro 293,119, already subject to a precautionary constraint. In addition, on 8 April 2022, the Judge ordered the release of the sum of Euro 500,000 initially subject to attachment for the alleged crime of bribery among private individuals and ordered its restitution to the Bank.

With regard to the residual amounts involved in the seizure amounting to Euro 83.8 million for the crime of aggravated fraud, the Prosecutor's Office of Verona was identified by the Supreme Court as having territorial jurisdiction to proceed as a result of the conflict of territorial jurisdiction raised. The Public Prosecutor's Office of Verona will also have to decide whether to initiate a new criminal action, with regard to the cases of aggravated fraud, self-laundering and obstructing the exercise of the functions of public supervisory authorities. On 16 February 2023 the Verona Public Prosecutor's Office ordered the release from seizure of Euro 80.3 million in favour of the Bank. The Public Prosecutor acknowledged the relief activities implemented by the Bank, and, on this basis, also agreeing with the legal arguments of the Bank, retained the amount of the seizure "clearly excessive" ordering its return. In this stage, the Public Prosecutor decided to maintain the seizure of an amount of around Euro 3.5 million.

These events, with the consequent media coverage, led to a large number of complaints being received from the Group's customers involved and the start of civil litigation. In this regard, and also with a view to being close to its customers, over the past years the Group has implemented a broad customer care initiative with the aim, if necessary, of reaching settlements through a free assistance service. Specifically, this support consists of assistance in the process of filing claims for the return of diamonds and, ultimately, the return of diamonds held in the vaults operated after the bankruptcy of IDB.

As at 31 December 2022, over 24,000 claims had been received, and over 1,300 disputes initiated (partly preceded by a claim) for a total relief sought of around Euro 718.4 million. At the same date, due to the previously illustrated management and customer care activities, claims and disputes were resolved, through a settlement or the issue of a final ruling, for a total remedy sought exceeding Euro 636.8 million (of which approximately Euro 600 million related to Banco BPM). Against the claims and disputes, both those not yet defined and therefore still pending and those potentially estimated, as of 31 December 2022 the specific provision recognised against the above disputes with customers amounts to Euro 41.5 million (of which Euro 33.1 million referring to Banco BPM). The total provision made by Banco BPM over the years, from

2017, was Euro 390 million, against which drawdowns for refunds to customers of Euro 348.5 million were made.

As at 31 December 2021, the provision amounted to Euro 67.9 million; during 2022, drawdowns for refunds of Euro 30.8 million were made, and a further provision of Euro 4.4 million was added, to take into account the updated estimates relating to the total expected remedy and the percentages of compensation.

Centro Lazio s.c.

On 28 October 2019, Società Cooperativa Centro Lazio summoned Banco BPM for the declaration of its liability alleging that Banco BPM demanded excess guarantees in providing several agricultural loans, initiated the repayment of one of the loans granted in advance and forced the company to cease operating its own plant. The counterparty also submitted claims for damages equal to Euro 40 million relating to the alleged damages incurred due to the claimed Banco BPM's negligent business conduct and requested that the loan contracts and related mortgages be declared null and void. In December 2022, proceedings were terminated without any economic impact for Banco BPM as a result of a settlement agreement.

Malenco S.r.l.

On 4 February 2020, Malenco S.r.l. summoned Banco BPM before the court, together with another bank that led the pooled operations, in relation to the granting of loans for the construction and completion of a property complex. The company requested that the invalidity of the loans be ascertained for allegedly exceeding the usury threshold rate and the invalidity of the derivative contracts taken out to hedge the loans granted, with a request to order Banco BPM to pay the sum of Euro 31 million, of which Euro 10 million is to be paid jointly with the other bank. The Court of Milan, with final ruling of 21 November 2022, rejected the counterparty's claims in full.

Privilege Yard

On 20 December 2019, Banco BPM was summoned, along with a pool of banks, by the receivership of Privilege Yard for alleged unlawful disbursement of a loan which was allegedly granted based on a business plan claimed to be improbable, due to the manifest inability to repay the loan, and lacking appropriate guarantees. The receivership requested that the liability of the banks be declared for collusion in the mismanagement by the directors of Privilege Yard, ordering them to jointly pay compensation for the damages of approximately Euro 97 million (of which, Banco BPM share would be equal to Euro 27 million). On 11 October 2022, the conviction ruling was issued for the banks jointly and severally for the all-inclusive sum of Euro 57.1 million; following the injunction served to all the losing parties, Banco BPM paid an amount including legal costs of Euro 11.6 million. The Bank, in agreement with all the other banks mentioned, challenged the ruling by filing an appeal to the Court of Appeal of Rome on 6 December 2022.

CE.DI.SISA Centro Nord S.p.A. (in liquidation)

On 5 August 2020, the Bank was sued in a liability action against the directors, auditors, auditing firm, consultants of the bankrupt company and credit institutions that contributed with the administrative body in increasing the liabilities. The bank, which never granted loans but operated through advances on invoices, firstly objected to the temporal prescription of the claim formulated. The overall *petitum*, against all the banks, amounts to Euro120 million. The hearing for the examination of the court-appointed expert is scheduled for 24 January 2024.

Presidency of the Council of Ministers/Left-wing Democrats

Following an injunction requested against Left-wing Democrats (bad loans) and the Presidency of the Council of Ministers (guarantors of the Left-wing Democrats by virtue of sureties) for 3 pooled loans (of which one leading bank was Banco BPM and a further two investees) for a total of Euro 26.5 million, opposition to the injunction was submitted in 2015. The courts of the first and second instance rules in favour of the banks, at the same time rejecting the challenges of the injunction. The ruling of the appeal was not challenged in the Supreme Court by the parties, but for the Barletta section of the Left-wing Democrats, the decision is still pending, with the next hearing set for 19 January 2024.

La Redenta Società Cooperativa Agricola

On 4 September 2018, Banco BPM received a summons for a liability action, together with the directors, auditors and other 6 banks, who were alleged to have acted in complicity to increase

liabilities in the company "La Redenta Società Cooperativa Agricola". The total remedy sought against all the banks is 20 million.

The court of the first instance ruled in Banco BPM's favour, and rejected the claims of the plaintiff. The Court of Appeal of Brescia, in a judgment of 22 February 2023, declared the plaintiff's appeal inadmissible.

Compagnia Finanza e Servizi (Co.fi.se.) S.r.l., Tabellini Paolo

On 8 November 2016, Banco BPM received a summons, together with Alba Leasing, for contractual liability, causation and increasing the damages suffered by Compagnia Finanza e Servizi (Co.fi.se.) S.r.l., Tabellini Paolo for a total of Euro 15 million. The court of the first instance and appeal proceedings concluded with rulings in the Bank's favour, which rejected the claims of the plaintiff. The ruling on appeal was challenged by the counterparty with an Appeal in the Supreme Court. Banco BPM is waiting for a hearing to be scheduled.

Partecipazioni Italiane (in liquidation)

The subsidiary Partecipazioni Italiane in liquidation, as the former owner of land located in Pavia that was the industrial site of the former Necchi S.p.A., (which ceased business operations many years ago), was the subject of an order of the Province of Pavia which requested that the subsidiary, as the party "historically" responsible, along with another party, carry out the reclamation and containment of that area, which for many years now has been owned by third parties outside Banco BPM Group.

As part of the legal dispute initiated by the subsidiary against that order, on 2 December 2019 the Lombardy Regional Administrative Court rejected the appeal of Partecipazioni Italiane, ordering the company to carry out all the operations necessary to reclaim or secure the area. Considering that a more detailed analysis of the overall results of the evidence and the examination of the interpretation of the environmental laws and verification of the chain of causation could lead to a different classification of the facts, on 7 July 2020 the subsidiary submitted an appeal. The Provincial Authorities of Pavia filed an appearance on 17 September 2020; the public hearing on the merits has not yet been scheduled.

Within the parallel environmental proceedings, both some of the current owners of the various portions of the former Necchi site and Partecipazioni Italiane submitted autonomous area characterisation plans. Considering the various positions of the parties, new administrative proceedings arose which are currently pending before the Lombardy Regional Administrative Court, with the involvement of the Municipality of Pavia, the Province of Pavia and the Lombardy Regional Environmental Protection Agency as well, and for which the public hearing on the merits has not yet been scheduled.

With regard to one of the portions of the site, on 7 March 2022, a settlement agreement was finalised with one of the current owners, regarding the reclamation of the portion of the former Necchi area it owns. The agreement envisages, inter alia, the contribution of Partecipazioni Italiane to bearing the reclamation costs for an amount of Euro 1.4 million plus VAT (half of which already paid at the time of finalisation of the agreement and half to be paid to the counterparty on announcement of the start of the reclamation activities), already accounted for in the financial statements as at 31 December 2021. For the portion of the former Necchi area owned by INAIL and currently occupied by the Pavia Police Headquarters, through the technical consultant WSP Italia S.r.l. (formerly Golder Associates S.r.l.), the subsidiary completed the characterisation activities of the portion of the area, as per the Characterisation Plan approved by decision of the Municipality of Pavia on 21 March 2022. As a result of the above-mentioned activities, WSP Italia estimated the costs for the probable future activities and for the reclamation as Euro 160 thousand plus VAT, recognised in the financial statements as at 31 December 2022. For the other two areas into which the site is divided, given the uncertainty of the interventions to be carried out, it is not possible to reliably estimate any expenses borne by the investee, even within a certain range.

Società Agricola La Meridiana S.r.l.

Società Agricola La Meridiana S.r.l. in liquidation, with sole shareholder Realfin Group S.p.A., now bankrupt, summoned Banco BPM before the court on 17 January 2022, disputing the alleged unjustified granting of a loan of Euro 14 million in 2006 secured by a mortgage. It is argued that the purpose of the loan was to cause the appearance of a restructuring of the company for the sole purpose

of re-evaluating the value of the shareholding of the sole shareholder Realfin Group, so as not to have to write down the receivable from the latter. The loan allegedly worsened the financial situation of Società Agricola La Meridiana, which seeks the Bank's sentencing to provide compensation for damages of Euro 18 million. The Court of Milan, with final ruling of 13 October 2022, rejected the counterparty's claims in full.

I.F.I.T. S.r.l. and S.I.R.O. S.r.l.

On 14 February 2022, I.F.I.T. S.r.l. and S.I.R.O. S.r.l. summoned Banco BPM before the court to obtain the revocation of a pledge made by the other two defendants in the case, Luigi Servidati and Fabio Planamente, former managers of the group, as a guarantee for a loan of Euro 23 million granted to the company Cantiere del Pardo S.p.A. The plaintiffs claim damages of approximately Euro 15.2 million, an amount for which they obtained a precautionary seizure against the same two former managers (later shareholders), for having transferred ownership of Cantiere del Pardo to third parties. The lawsuit is pending in the initial stage before the Court of Bologna.

Società Italiana per Condotte d'Acqua S.p.A.

On 23 December 2022, the extraordinary receivers of Società Italiana per Condotte d'Acqua S.p.A. summoned the members of its Management and Supervisory Boards, the auditing firm and the banking class, including Banco BPM, and some factoring companies to court, to obtain a joint and several sentence of all defendants to pay the sum of over Euro 389 million. The amount is requested by way of compensation for the alleged damages also caused by the abusive granting of credit by the banking class, which would have allowed the company to continue to operate despite the crisis situation, also causing the serious impoverishment of the company's net assets.

Litigation with natural persons

On 10 July 2019 a customer summoned Banco BPM before the court to obtain total compensation for damages of approximately Euro 21 million for having allowed a proxy/delegate of the customer to carry out a series of allegedly unauthorised transactions on various current accounts and securities portfolios. With its ruling of 11 January 2023, the Milan Court of Appeal confirmed the decision in favour of the bank handed down by the Court of Milan in 2020. The terms for the appeal to the Supreme Court are pending.

On 18 July 2019, the heirs of a customer summoned Banco BPM before the court to request the cancellation of several transactions, mainly financial in nature, which were allegedly carried out on accounts held by the customer without authorisation and in violation of the MiFID regulations. The counterparties requested that the Bank be ordered to return a total amount of approximately Euro 37 million. The lawsuit is pending in the initial stage before the Court of Milan.

Disputes with the Tax Authority

Banco BPM, the companies that merged to form the Group, the incorporated subsidiary companies and the subsidiary companies underwent various inspections by the Tax Authority in 2022 and in previous years. These activities concerned the taxable income declared for the purpose of income tax, VAT, registration tax, and more generally the manner in which the tax legislation in force at the time was applied. As a consequence of said inspections, the Banco BPM Group is involved in numerous legal proceedings.

The total claims made by the Tax Authorities as part of the tax disputes initiated involving Banco BPM and its subsidiaries amounted to Euro 225.0 million as at 31 December 2022 (unchanged compared to claims as at 31 December 2021). During the year, no new claims arose, nor did any events change the amount of the claims already existing at the beginning of the year.

<u>Details of pending disputes as at 31 December 2022</u>

- Banco BPM (former Banca Popolare di Verona e Novara Soc. Coop.) - tax demand regarding IRAP tax paid to the Regional Headquarters for Veneto for 2006. The claim refers to the application of the ordinary rate of 4.25% to the net value of production resulting from business activities performed in Veneto and in Tuscany, instead of the higher rate of 5.25% and amounts to a total of 7.1 million. The tax demand has been challenged. The Provincial Tax Commission partially accepted the appeal, declaring that the fines imposed are not due. The Regional Tax Commission confirmed the first instance judgment, also cancelling the tax demand relating to

the additional IRAP referring to the Tuscany Region. On 18 January 2023, the ruling of the Supreme Court was published, which recognised the validity of the appeal filed by the Bank for the effective lack of a specific provision of regional law that exempts, for tax year 2006, the system suspending the application of the increase in the IRAP rate set forth by state law. However, the Court pointed out that following the suspension of the effectiveness of the increase in the IRAP rate for 2002 for banks and insurance companies, it believes that the rate of 4.75%, already envisaged at national level for 2002 by Art. 45, paragraph 2 of Italian Legislative Decree no. 446 of 1997, should be applied instead of the ordinary rate of 4.25%. The Court therefore overturned the decision of the Regional Tax Commission, referring to the second instance Tax Court of Veneto, which will have to redetermine the Bank's tax liability by applying the rate of 4.75%. The dispute is therefore still pending due to the referral to the Regional Tax Commission. However, the latter will no doubt reduce the amount of the claim and order the consequent reimbursement of the taxes and relative interest already paid following the ruling overturned.

- Banca Akros - formal notification received in December 2021 relating to the alleged infringement of the transmission obligations to the Tax Authority envisaged by Article 1, of Italian Law Decree 167 of 1990 with the application of the minimum sanction envisaged by Art. 5, paragraph 1, for the amount of Euro 2.3 million. On 30 November 2022, the Office served a decision to impose penalties with which it rejected the defensive arguments made by the Bank and imposed a penalty of Euro 2.3 million against it. Considering the reasons contained in the decision to impose penalties contradictory and unfounded, on 30 January 2023, the Bank filed an appeal to the Milan Tax Court of first instance.

- Banco BPM (former Banca Popolare Italiana Soc. Coop.) - notices of assessment relating to tax year 2005 regarding the claimed non-deductibility for IRES and IRAP purposes of costs and value adjustments to receivables relating to facts or actions classified as offences (regarding offences of false corporate reporting, obstacles to supervision and market turbulence alleged to have been committed by Banca Popolare Italiana with relation to the attempted takeover of Banca Antonveneta). The claims amount to Euro 199.8 million (including interest and tax collection fees). With separate judgements filed on 15 October 2014, the Provincial Tax Commission of Milan fully rejected the appeals submitted by the Bank, though not justifying in any way the rationale underlying the confirmation of the tax demand. Said judgement was appealed against before the Lombardy Regional Tax Commission. However, in 2015 the Commission rejected the joint appeals and confirmed the challenged judgements. A further appeal was submitted to the Supreme Court, which is still pending.

  The notices discussed above were followed by additional notices of assessment served on 22 December 2014 for the tax years 2006-2009. The claims contained in these notices also regard the claimed non-deductibility for IRES and IRAP purposes of the costs deemed attributable to facts or actions classified as offences. More specifically, they regard value adjustments on loans already disputed with reference to the fiscal year 2005. Said value adjustments, although recognised by Banca Popolare Italiana in its financial statements for 2005, were deductible on a straight-line basis over the following 18 financial years pursuant to the version in effect at the time of Art. 106, paragraph 3 of Italian Presidential Decree no. 917 of 22 December 1986. The notices of assessment served therefore charge the claimed non-deductibility of the portions of those adjustments to loans deducted in 2006, 2007, 2008 and 2009. Total claims amount to euro 15.8 million. An appeal has been presented to the Provincial Tax Commission. The Commission suspended the proceedings until the final judgement of the Supreme Court is passed on the notices of assessment relating to 2005, pursuant to the previous point. The claims illustrated, which amount to a total of Euro 215.6 million, were carefully assessed by the Bank in light of the negative rulings made in the courts of the first two instances. In that regard, it must firstly be noted that, in the parallel criminal proceedings initiated against the parties that signed the tax returns for the offence of inaccurate tax return (offense founded on the same charges contained in the notices of assessment in question), the judge issued a judgement of acquittal of the defendants "because there is no case to answer". Even though the criminal proceedings are independent from the administrative disputes, which, thus, may conclude with a different result, it is noted that, in the operative part of the ruling, the criminal judge justified his decision using the arguments analogous to those formulated by the Bank in its defence in the appeals submitted in the administrative proceedings illustrated. Furthermore, an analysis of the order and the content of the ruling of the Regional Tax Commission shows that the Commission's decision on the merits of the case contains no specific justification and

is based on a mere reference to the Authority's claims, with no express indication of the reasons for its decision not to accept the precise arguments laid out by Banco Popolare in support of its appeal. In the light of these analyses and considerations, on the basis that there are grounds to challenge the ruling as, in fact, all the defensive arguments regarding aspects of legitimacy not considered by the judges in the first and second instances can be submitted again to the court, on 18 December 2015, the afore-mentioned appeal was lodged with the Supreme Court. The in-depth analyses of the situation conducted with the support of the advisors assigned to draw up the appeal, as well as the additional opinions requested from other authoritative experts on the matter confirmed the belief that the claim of the Tax Authority is illegitimate and the possibility to finally see the defensive arguments considered and agreed with in the proceedings before the Supreme Court is unchanged. The same analyses were conducted by the Board of Directors to confirm the classification of the claim as a potential liability, as the risk of losing the lawsuit is possible but not probable. In light of the evaluations carried out, no provision has been recognised for the above contingent liabilities in the financial statements as at 31 December 2022.

- Banco BPM (former Banca Popolare di Novara) - receivables from IRPEG/ILOR for the 1995 financial year amounting to Euro 94.5 million, the recovery of which was refused by the Tax Authority (*Agenzia delle Entrate - Direzione Provinciale di Novara*). In the context of the legal action brought by the former Banca Popolare di Novara, both the Provincial and the Regional Tax Commissions had upheld the appeals lodged and had also ordered the Tax Authority to pay the legal costs. The Tax Authority appealed to the Supreme Court, which recently issued a judgment upholding the Tax Authority's appeal, thus sending the case back to the second instance judge for a new decision on the case. The Bank will file a new counter-appeal against the Supreme Court's decision.

Audits under way as at 31 December 2022

On 5 December 2019, as part of a wider tax audit of a company external to Banco BPM Group, the Italian Tax Police launched an audit for the purposes of direct taxes and VAT of Banco BPM for the tax year 2017. The audit was suspended due to the emergency situation relating to the COVID-19 pandemic.

On 2 March 2020, the Italian Tax Authority - Regional Department of Lombardy had informed, in compliance with the principles set forth in the taxpayers' statute, that it intends to initiate a tax audit for the purposes of IRES, IRAP, VAT and withholding tax obligations for the year 2016 of the subsidiary Banca Aletti. By subsequent communication of 6 March, the Authority decided to postpone the opening of the verification until a date to be defined in relation to the emergency situation related to the COVID-19 pandemic.

On 21 September 2022, the economic and financial police unit of the Italian Tax Police initiated an audit of IRES and IRAP against Banca Akros and in order to verify the application of substitute tax pursuant to Presidential Decree 600/1973 for the 2016 tax period. The audit was completed on 19 January 2023. In the report on findings drawn up on that date, it was indicated that the audit did not lead to any findings.

Audits commenced in 2023

On 24 January 2023, the Italian Tax Authority, Lombardy Regional Department, Large Taxpayers Office initiated a tax audit of the Parent Company Banco BPM for IRES, IRAP, VAT and withholding tax obligations for the 2017 and 2018 tax periods.

Other provisions – other

This residual category of provisions amounts to a total of Euro 139.7 million as at 31 December 2022 and mainly includes allocations against the following liabilities:

- risks associated with disputes and claims, both pending and expected, associated with operations with customers and possible developments in the interpretation of certain regulations governing banking activities (Euro 45.3 million);
- estimate of probable reimbursements of fees consequent to the possible early termination of insurance policies by customers (Euro 21.1 million);
- risks associated with commitments undertaken as part of partnership agreements and guarantees

granted against the disposal of interests or other assets or groups of assets (Euro 30.8 million);

- risks associated with guarantees given for sales of non-performing loans already finalised as at 31 December 2022 (Euro 17.2 million);
- charges relating to the restructuring of the distribution network (Euro 8.5 million).

Corporate Governance System

The corporate governance of the Issuer is based on a traditional corporate governance system with a Board of Directors and a Board of Statutory Auditors.

The Board of Directors is responsible for the strategic supervision and management of the Issuer and carries out all of the ordinary or extraordinary transactions that prove necessary, useful or in any way appropriate for achieving the Issuer's corporate purpose, with the assistance of the Intra-Board Committees and the Co-General Managers.

The Board of Statutory Auditors is appointed by the shareholders' meeting based on a list of nominees. The nomination mechanism requires that the Chairman of the Board of Statutory Auditors be drawn from the minority list (in accordance with Article 35 of the By-laws).

Board of Directors

Pursuant to Article 24.1 of the By-laws, the Board of Directors is responsible for the strategic supervision and management of the Issuer.

The Board of Directors is composed of at least 15 directors, of whom at least eight must meet the independence requirements set out under Article 20.1.6 of the By-laws, without prejudice to any further requirement provided under applicable law.

The composition of the Board of Directors ensures, in accordance with applicable laws, including regulations, in force, the gender balance.

The members of the Board of Directors must be suitable for the performance of their duties, in accordance with the provisions of the legislation in force at the time and the By-laws and, in particular, they must possess the requirements of professionalism, honorability and independence and comply with criteria of competence, correctness and commitment of time and the specific limits on the accumulation of positions prescribed by the legislation in force at the time and by the By-laws.

Without prejudice to the provisions of Article 20.1, persons who fall under the cases of ineligibility or cessation from office under Article 2383 of the Italian Civil Code or do not meet the honorability and professionalism requirements set out in the applicable laws, including applicable regulatory provisions, may not be appointed to the office of Board member, and if appointed shall fall from office.

Without prejudice to any other causes of incompatibility provided for by the legislation in force at the time, persons who are or become members of administrative bodies or employees of companies that perform or belong to groups that perform activities in competition with those of the Issuer or its Group may not be appointed to the office, and if appointed, they shall forfeit their assignment, unless they are central institutions of the category or companies in which the Issuer has direct or indirect holdings. The above prohibition does not apply when participation in administrative bodies in other banks is taken on behalf of organizations or trade associations of the banking system.

The Board of Directors is appointed in accordance with the list voting system, in accordance with the provisions of Article 20.4 and following of the By-laws.

The Board of Directors appoints amongst its members a Chief Executive Officer, entrusted with certain attributions and powers of the Board of Directors in accordance with Article 2381, paragraph 2, of the Italian Civil Code.

Within the Board of Directors the following committees are also established: the Nomination Committee (composed of three members), the Remuneration Committee (composed of three members), the Internal Control, Risk and Sustainability Committee (composed of five members) and the Related Parties Committee (composed of three members), each comprising members entrusted with the necessary functions

and roles, in accordance with Supervisory Provisions and the Code of Corporate Governance of Borsa Italiana S.p.A.

The current members of the Board of Directors of Banco BPM were appointed at the ordinary shareholders' meeting held on 20 April 2023 and will remain in office until the ordinary shareholders' meeting to be called to approve the financial statements of Banco BPM as of and for the year ending 31 December 2025:

Name	Principal Activities outside the Issuer	
Massimo Tononi (*) (Chairman)	Zambon S.p.A.	Director
Maurizio Comoli (*) (Deputy Chairman)	Herno S.p.A.	Standing Auditor
	Mirato S.p.A.	Chairman of the Board of Statutory Auditors
	MIL MIL 76 S.p.A.	Chairman of the Board of Statutory Auditors
	Vera Assicurazioni S.p.A.	Chairman
	Vera Protezione S.p.A.	Chairman
	Montura S.r.l.	Standing Auditor
Giuseppe Castagna (Chief Executive Officer)	Banca Aletti S.p.A.	Director
Mario Anolli (*) (Director)	Vera Vita S.p.A.	Chairman
Paolo Bordogna (*) (Director)	Bracca S.p.A.	Director
	Fonti Pineta S.p.A.	Director
Paola Ferretti (*) (Director)	-	-
Marina Mantelli (*) (Director)	Banco BPM Vita S.p.A.	Director
	Banco BPM Assicurazioni S.p.A.	Director
Chiara Mio (*) (Director)	OVS S.p.A.	Director
	Corà Domenico & Figli S.p.A.	Chairman
	Aquafil S.p.A.	Chairman
Alberto Oliveti (*) (Director)	REAM SGR S.p.A.	Director
Eugenio Rossetti (*) (Director)	Tinexta S.p.A.	Director
	Infocert S.p.A.	Director
	Co.Mark. S.p.A.	Director
Manuela Soffientini (*) (Director)	Electrolux Appliance S.p.A.	Chairman and Managing Director
	Electrolux Italia S.p.A.	Chairman
	Brembo S.p.A.	Independent Director
Luigia Tauro (*) (Director)	Prevention For You S.r.l.	Sole Director
Mauro Paoloni (*) (Director)	Unione Fiduciaria S.p.A.	Director
	Banca Akros S.p.A.	Chairman

Name	Principal Activities outside the Issuer	
Nadine Farida Faruque (*) (Director)	Lottomatica S.p.A.	Independent Director
Paolo Boccardelli (*) (Director)	TIM S.p.A.	Director

(*) Independent member of the Board of Directors pursuant to article 20.1.6 of the by-laws and, consequently, pursuant to art. 148, paragraph 3 of the Italian Finance Act and the Code of Corporate Governance of Borsa Italiana S.p.A.

The business address of each member of the Board of Directors is at the registered office of Banco BPM, specifically Piazza Filippo Meda, No. 4, 20121, Milan, Italy.

Board of Statutory Auditors

The Board of Statutory Auditors carries out the tasks and exercises the functions set out in the relevant laws and regulations and by the company By-laws.

The Board of Statutory Auditors is composed of 5 standing and 3 alternate auditors who remain in office for three financial years. The term of office of the present members of the Board of Statutory Auditors is scheduled to expire on the date of the Shareholders' Meeting convened to approve the financial statements relating to the last financial year of their office and they may be re-appointed. Statutory Auditors must meet the eligibility, independence, professional and integrity requirements established by the laws and regulations in force at any given time.

The composition of the Board of Statutory Auditors ensures pursuant to applicable law and regulations in force the balance between the genders.

The Board of Statutory Auditors is appointed by the Shareholders' Meeting based on list voting. The nomination mechanism requires that the Chairman of the Board of Statutory Auditors be drawn from the minority list.

The limits on the number of management and control positions held by members of the Board of Statutory Auditors, as established by Consob regulations and any other applicable provisions, shall apply to the members of the Board of Statutory Auditors.

Moreover: (i) Statutory Auditors may not hold offices in bodies other than those with control functions in other Group companies or in companies in which the Issuer holds, even indirectly, a strategic shareholding (even if not belonging to the Group); and (ii) candidates who hold the office of Director, manager or officer in companies or entities directly or indirectly engaged in banking activities in competition with those of the Issuer or the relative Group may not be elected, and if elected, they shall forfeit their assignment, unless they are professional bodies.

The current members of the Board of Statutory Auditors were appointed at the ordinary shareholders' meeting held on 20 April 2023 and will remain in office until the ordinary shareholders' meeting to be called to approve the financial statements of Banco BPM as of and for the year ending 31 December 2025:

Name	Principal Activities outside the Issuer	
Marcello Priori (Chairman of the Board of Statutory Auditors)	BPM Vita S.p.A.	Chairman of the Board of Statutory Auditors
	Banca Aletti S.p.A.	Standing Auditor
	BPM Assicurazioni S.p.A.	Chairman of the Board of Statutory Auditors
	Primonial Reim Italy S.p.A.	Chairman of the Board of Statutory Auditors
	Corob S.p.A.	Chairman
	F2A S.r.l.	Chairman

Name	Principal Activities outside the Issuer	
Maurizio Lauri (*) (Standing Auditor)	Officine CST S.p.A.	Chairman of the Board of Statutory Auditors
	ACEA S.p.A.	Chairman of the Board of Statutory Auditors
	Tirreno Power S.p.A.	Standing Auditor
Nadia Valenti (*) (Standing Auditor)	Banca Akros S.p.A.	Standing Auditor
Silvia Muzi (*) (Standing Auditor)	A2A S.p.A.	Chairman of the Board of Statutory Auditors
	Banco BPM Assicurazioni S.p.A.	Standing Auditor
	RAI WAY S.p.A.	Chairman of the Board of Statutory Auditors
	Esprinet S.p.A.	Standing Auditor
Elbano de Nuccio (*) (Standing Auditor)	Acquedotto Pugliese S.p.A.	Chairman of the Board of Statutory Auditors
	Cestaro & Rossi S.p.A.	Chairman of the Board of Statutory Auditors
	EOS Private Equity Holding 3 S.p.A.	Standing Auditor
	Eurofiere S.p.A.	Standing Auditor
Mario Tagliaferri (*) (Alternate Auditor)	Nerpharma S.r.l.	Chairman of the Board of Statutory Auditors
	Nerviano Medical Sciences S.r.l.	Chairman of the Board of Statutory Auditors
	Kilometro Rosso S.p.A.	Chairman of the Board of Statutory Auditors
	Alto Robotics S.p.A.	Chairman of the Board of Statutory Auditors
	Consorzio.it S.p.A.	Chairman of the Board of Statutory Auditors
	Crema Diesel S.p.A.	Chairman of the Board of Statutory Auditors
	Interpump Group S.p.A.	Standing Auditor
	Accelera S.r.l.	Standing Auditor
	Fondazione Ferrovie dello Stato	Standing Auditor
	Brembo S.p.A.	Standing Auditor
	Brembo SGL Carbon Ceramic Brakes S.p.A.	Standing Auditor
	Fine Food & Pharmaceutical N.T.M. S.p.A.	Standing Auditor
	Euro Cosmetic S.p.A.	Standing Auditor
	Marsilli S.p.A.	Standing Auditor
	Simis S.r.l.	Standing Auditor
	Trestudi S.r.l.	Director
	GOTHA Advisory S.p.A.	Director

Name	Principal Activities outside the Issuer	
Marina Scandurra (*) (Alternate Auditor)	ACEA ATO 5 S.p.A.	Standing Auditor
	ASM Terni S.p.A.	Chairman of the Board of Statutory Auditors
	Daimier Truck Financial Service Italia S.p.A.	Standing Auditor
	Fondazione Museo della Shoah - ETS	Standing Auditor
	Edison Next Government Napoli Scarl	Chairman of the Board of Statutory Auditors
	Italia Trasporto Aereo S.p.A.	Standing Auditor
	RAI Pubblicità S.p.A.	Standing Auditor
	Tecnoservizi S.r.l.	Sole Auditor
	Transmed S.p.A.	Standing Auditor
Sara Antonelli (*) (Alternate Auditor)	PTS Group S.p.A.	Chairman of the Board of Statutory Auditors
	ENVENT Italia SIM S.p.A.	Chairman of the Board of Statutory Auditors
	ADR Mobility S.r.l.	Standing Auditor
	PTS Credit Management mediazione creditizia S.p.A.	Standing Auditor
	BIG S.B. S.p.A.	Standing Auditor
	Elgea S.p.A.	Standing Auditor
	M.O.F. S.c.p.A.	Sole Auditor
	Free To X S.r.l.	Standing Auditor
	Logista Retail Italia S.p.A.	Standing Auditor
	Tecne Gruppo Autostrade Per l'Italia S.p.A.	Standing Auditor
	Tecne Speri Bridge Designers S.r.l.	Standing Auditor

(*) Independent member of the Board of Statutory Auditors pursuant to articles 33.4 and 20.1.6 of the by-laws and, consequently, pursuant to art. 148, paragraph 3 of the Italian Finance Act and the Code of Corporate Governance of Borsa Italiana S.p.A.

The business address of each member of the Board of Statutory Auditors is at the registered office of Banco BPM, specifically Piazza Filippo Meda, No. 4, 20121, Milan, Italy.

Directorate General

At its meeting of 20 December 2022, Banco BPM's Board of Directors defined the new structure of its General Management and top management. More specifically, the Chief Financial Officer (CFO) Co-General Management was established, the scope of the Chief Business Officer (CBO) Co-General Management was redefined, the new Corporate & Investment Banking (CIB) function was established and the position of Chief Risk Officer (CRO) was established. The new structure - which came into force on 1 January 2023 - promotes better coordination of the Group's activities with respect to the path outlined in the 2021-2024 Strategic Plan and facilitates the governance of more complex areas in line with the evolution of the external scenario.

Currently, the two Co-General Managers, appointed by the Board of Directors are Mr. Domenico De Angelis and Mr. Edoardo Maria Ginevra.

Name	Principal Activities outside the Issuer	
Domenico De Angelis (Co-General Manager)	-	-

Edoardo Maria Ginevra (Co-General Manager)	Agos – Ducato S.p.A. Gardant Liberty Servicing S.p.A.	Director Chairman

The business address of the Co-General Managers is at the registered office of Banco BPM, specifically Piazza Filippo Meda, No. 4, 20121, Milan, Italy.

Conflicts of Interest

As of the date of this Base Prospectus, and to the knowledge of the Issuer, with regard to the members of the Board of Directors, Board of Statutory Auditors and the Co-General Managers of Banco BPM there are no conflicts of interest between any duties to the Issuer and their private interests and or other duties.

In the ordinary course of business, the members of the Board of Directors, Board of Statutory Auditors and the Co-General Managers of Banco BPM may hold positions in other companies of the Banco BPM Group as well as in companies which are not part of the Banco BPM Group, subject to the limitations set out in Article 36 of Legislative Decree no. 201 of 6 December 2011 (converted with amendments into Law no. 214 of 22 December 2011) on "Protection of competition and personal cross holdings" (Prohibition of Interlocking Directorates). As such, they may have interests that are in conflict with the tasks arising from their position at Banco BPM.

Members of the administrative, management or supervisory bodies of Banco BPM must comply with the following rules to regulate cases where there is a potential specific conflict of interest concerning the completion of a transaction:

- Article 136 of the Italian Consolidated Banking Act requires an authorisation procedure (a unanimous decision by the Board of Directors, excluding the vote of the interested member, and the favourable vote of all members of the Board of Statutory Auditors, without prejudice to the obligations provided for by the Italian Civil Code with regard to conflicts of interest of directors and transactions with related parties) to be followed in cases where the person performing administration, management and control functions enters into obligations of any nature or carries out acts of sale, directly or indirectly, with the bank that it administers, directs or controls;
- Article 2391 of the Italian Civil Code provides that directors must inform the other directors and the board of statutory auditors of any interest they may have, either on their own behalf or on behalf of third parties, in a specific Company transaction. If the director is the Chief Executive Officer of the Company, he must refrain from carrying out the transaction in question by submitting the matter to the Board of Directors;
- Article 2391-*bis* of the Italian Civil Code and the Consob Regulation implementing Resolution no. 17221 of 12 March 2010 and no. 17389 of 23 June 2010 require companies whose shares are listed or widely distributed to adopt special procedures to ensure the transparency and substantive and procedural fairness of transactions with related parties. In addition, on 12 December 2011, the Bank of Italy, in its role as Banking Supervisory Authority, issued special rules on risk activities and conflicts of interest with entities related to the implementation of resolution no. 277 of 29 July 2008 of the CICR (*Comitato Interministeriale per il Credito ed il Risparmio*). In accordance with these rules and international accounting standards, the Issuer has adopted specific "Rules for related parties" such as:
    - define the criteria for identifying related parties of Gruppo Banco BPM (the "related parties");
    - define the quantitative limits for the Banco BPM Group's assumption of- risk-weighted assets- of related parties and determine the calculation methods;
    - establish the manner in which transactions with related parties are approved, distinguishing between transactions that are significant or not and define in this context, the role and tasks of an independent member of the Management Board, with the assistance of an independent expert;
    - cases of exclusion and exemption for certain types of transactions with related parties;
    - establish disclosure (and accounting) requirements in relation to related party transactions;

- Article 150 of the Italian Consolidated Law on Finance requires directors to report to the Board of Statutory Auditors promptly and at least quarterly on their activities and any other significant transactions carried out with the bank or its subsidiaries; in particular, directors are required to report on transactions in which they have an interest, either on their own behalf or on behalf of third parties, or which are influenced by the person exercising the activity of management and coordination;
- in compliance with the provisions of the Code of Corporate Governance of Borsa Italiana, Banco BPM has adopted measures aimed at ensuring that transactions in which an Exponent has an interest, on his own behalf or on behalf of third parties, and those carried out with Related Parties are carried out in a transparent manner and in compliance with criteria of substantial and procedural correctness.

Principal Shareholders

Pursuant to Article 120 of Italian Legislative Decree No. 58 of 24 February 1998, as amended (the "**Italian Finance Act**"), shareholders who hold more than 3% of the share capital of a listed company are obliged to notify that company and the Italian regulator CONSOB of their holding.

As at the date of this Base Prospectus, the significant shareholders of Banco BPM are the following (source: CONSOB):

	% of Ordinary Shares
Crédit Agricole SA	9.178
Capital Research and Management Company	4.988
Norges Bank	3.051

Independent Auditors

PricewaterhouseCoopers S.p.A. has been appointed by the shareholders' meetings of Banco Popolare and BPM held on 15 October 2016 as independent auditor of the consolidated and non-consolidated annual financial statements of Banco BPM for the period established by the law in force and for the review of its interim consolidated financial statements, pursuant to Article 13, first paragraph and Article 17, first paragraph, of Legislative Decree No. 39 of 2010.

PricewaterhouseCoopers S.p.A. is registered in the Register of the Statutory Auditors, in compliance with the provisions of Legislative Decree No. 39/2010 as implemented by the MEF (Decree No. 144 of 20 June 2012). The registered office of PricewaterhouseCoopers S.p.A. is in Piazza Tre Torri, 2, 20145 Milan, Italy.

Recent Developments

Approval by the shareholders' meeting of Banco BPM of, inter alia, the 2022 Annual Financial Statements, the payment of a dividend of Euro 0.23 per share, the appointment of the Board of Directors and the Board of Statutory Auditors for the years 2023-2024-2025 and the purchase and disposal of own shares in service of the Banco BPM share-based payment plans

On 20 April 2023, the shareholders' meeting of Banco BPM approved, *inter alia*, (i) the 2022 Annual Financial Statements; (ii) the distribution of a total dividend of Euro 348,491,888.98 equal to Euro 0.23 per share; and (iii) the appointment of the Board of Directors and the Board of Statutory Auditors for the years 2023-2024-2025.

In this context, the shareholders' meeting of Banco BPM also approved the purchase and disposal of Banco BPM shares for a maximum total amount of Euro 5 million.

Launching of a project to enhance the payment business

On 18 April 2023 the Board of Directors of Banco BPM has resolved to proceed with a project to enhance the payments business aimed at defining a potential partnership with a leading market operator that shall focus on both Merchant Acquiring and POS management as well as on the Issuing and distribution of payment cards.

The guidelines for the partnership are expected to be as follows:

- signing of a long-term exclusive distribution agreement encompassing both the issuing and the merchant acquiring business;
- preservation of running commission levels;
- collection of an upfront component involving benefits also in terms of capital;
- introduction of mechanisms enabling the Bank to further extract value from prospective growth;

The Board of Directors has mandated the Chief Executive Officer to continue the ongoing interlocutions with the aim of identifying, by the first half of this year, the potential partner and to define a binding Term Sheet.

Recognition of financial conglomerate status

With its communication dated 7 March 2023, the European Central Bank recognised Banco BPM Group's status as a financial conglomerate pursuant to Directive 2002/87/EC, on the same basis as the main Italian and European financial groups operating in both the banking/investment services and insurance sectors. The ECB's decision grants the request submitted by Banco BPM following the acquisition of full control over the insurance companies Banco BPM Vita S.p.A. and Banco BPM Assicurazioni S.p.A., which took place in July 2022, and also involves the alignment of the supervisory activity performed by the Supervisory Authority to the overall activity carried out by the Group as a financial conglomerate.

Programme to purchase own shares

In implementing the resolution of the Ordinary Shareholders' Meeting of 7 April 2022 and by virtue of the authorisation issued by the European Central Bank, in February 2023, the Parent Company launched an additional programme for the purchase of own shares to support existing short- and long-term incentive plans. The programme was carried out in the period 28 February - 6 March 2023 with the purchase of 2,418,855 own shares (equal to 0.16% of outstanding ordinary shares) at the average unit price of 4.13 euro, for a total equivalent value of Euro 10 million. As a result of the above transactions, Banco BPM, taking into account the other own shares already in the portfolio, directly holds 8,578,335 own shares, equal to 0.56% of the share capital.

Exercise of the call option versus Cattolica Assicurazioni on 65% of the capital of Vera Vita and Vera Assicurazioni

On 29 May 2023, Banco BPM announced it has exercised the call option (the "**Call Option**"), provided for in the agreements signed in 2021 with Cattolica Assicurazioni, on 65% of the share capital of Vera Vita S.p.A. and Vera Assicurazioni S.p.A., respectively operating in the life and non-life businesses, in which Banco BPM already holds a 35% stake. Vera Vita, in turn, holds the entire share capital of Vera Financial DAC, an insurance company under Irish law, while Vera Assicurazioni holds 100% of the share capital of Vera Protezione S.p.A..

The transaction is part of the strategy to strengthen the Banco BPM Group's business model, which - in line with the Strategic Plan 2021-2024 - envisages the internalization of the "Life" insurance business, already initiated with the acquisition of the entire share capital of the company Banco BPM Vita from Covéa, and the activation of a strategic partnership with Crédit Agricole Assurances S.A. ("**CAA**"), a Crédit Agricole Group company, in the bancassurance, non-life/protection sectors.

The exercise price of the Call Option was defined, in accordance with the agreements with Cattolica Assicurazioni, based on the sum of the following:

- 65% of the companies' own funds as of 31 December 2022, net of T2 instruments, totaling Euro 332.5 million;
- a fixed component of Euro 60 million.

These elements lead to valuing the exercise price of the Call Option for the repurchase of both shareholdings at a total of Euro 392.5 million, to which must be added 65% of the companies' operating income accrued from 1 January 2023 until the date of the closing.

The closing of the transaction with Cattolica Assicurazioni for the purchase of the 65% of Vera Vita and Vera Assicurazioni covered by the Call Option, to be finalized at the same time as the execution of the

described agreements with CAA in the Non-Life/Protection sector, is indicatively expected during the last quarter of 2023, subject to the issuance of the prescribed legal authorizations by the competent Authorities.

REGULATORY

The Banco BPM Group is subject to extensive regulations and to the supervision (being for regulatory, information or inspection purposes, as the case may be) by the Bank of Italy, CONSOB and IVASS with respect to its bancassurance operations.

Capital and Liquidity Requirements

Following the crisis of the financial markets in the last several years, the Basel Committee on Banking Supervision approved a number of capital adequacy and liquidity requirements ("**Basel III**"), aimed at strengthening the existing capital rules, including raising the quality of CET1 capital in a harmonised manner, introducing also requirements for Additional Tier 1 ("**AT1**") and Tier 2 capital instruments.

At a European level, the Basel III rules have been implemented through two separate legislative instruments: Directive 2013/36/EU of 26 June 2013 (the "**CRD IV**") and Regulation (EU) No. 575 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (the "**CRR**" and, together with the CRD IV, the "**CRD IV Package**"), whose provisions are directly binding and applicable in each member state. The CRD IV and the CRR were approved by the European Council on 20 July 2013 and entered into force on 1 January 2014. Furthermore, on 14 March 2016 the European Central bank ("**ECB**") adopted Regulation (EU) No. 2016/445 on the exercise of options and discretions available in Union law, published on 24 March 2016 and the ECB Guide on options and discretions available in Union law (the "**ECB Guide**"). This regulation specifies certain of the options and discretions conferred on competent authorities under Union law concerning prudential requirements for credit institutions that the ECB is exercising. It shall apply exclusively with regard to those credit institutions classified as "significant" in accordance with Article 6(4) of Regulation (EU) No 1024/2013, and Part IV and Article 147(1) of Regulation (EU) No 468/2014. Depending on the manner in which these options or discretions were so far exercised by the national competent authorities and on the manner in which the SSM will exercise such options or discretions in the future, additional or lower capital requirements may be required. Moreover, on 10 August 2016, the ECB published an addendum to the ECB Guide which addresses eight options and discretions and complements the existing ECB Guide and Regulation (EU) No. 2016/445.

In addition, on 13 April 2017, the ECB published a guideline and a recommendation addressed to national competent authorities (the "**NCAs**") concerning the exercise of options and national discretions available in European Union law that affect banks directly supervised by NCAs (*i.e.* the so called "less significant institutions"). Both documents are intended to further harmonise the way banks are supervised by the NCAs. The aim is to ensure a level playing field and the smooth functioning of the Euro area banking system as a whole.

In Italy, implementation of CRD IV package implied amendments to Legislative Decree No. 385 of 1 September 1993 (the "**Italian Consolidated Banking Act**") and to the supervisory regulations on banks with circular No. 285 of 17 December 2013 ("**Circular No. 285**"), which came into force on 1 January 2014, setting out also additional local prudential rules addressed to Italian banks. The Government implemented the CRD IV with Legislative Decree No. 72 of 12 May 2015, which entered into force on 27 June 2015.

With respect to "Pillar 1" minimum capital requirements, Italian banks are currently required to comply with: (a) a CET1 capital ratio of 4.5%; (b) a Tier 1 capital ratio of 6.0%; and (c) a Total Capital Ratio of 8.0%. The Basel III framework also provides for the creation of additional capital buffers in excess of the minimum requirements in order to provide banks with high quality capital resources to be used in times of market stress, to prevent any malfunctioning of the banking system and to avoid disruptions in the credit granting process, as well as to address the risks posed by systemically important banks at the global or domestic level. More specifically, the capital buffers applicable under the CRD IV (to be met with CET1 capital) are the following:

1. *capital conservation buffer*: the capital conservation buffer applies to the Issuer pursuant to Circular No. 285 and, starting from 1 January 2019, is equal to 2.5% of risk-weighted assets ("**RWAs**");

2. *counter-cyclical capital buffer*: set by the relevant competent authority between 0% and 2.5% (but may be set higher than 2.5% where the competent authority considers that the conditions in

the Member State justify it), with gradual introduction from 1 January 2016 and applying temporarily in the periods when the relevant national authorities judge the credit growth excessive. The counter-cyclical capital buffer for 2022 and for the first quarter of 2023 was set by the Bank of Italy at 0%;

3. *capital buffers for global systemically important institutions* ("**G-SIIs**"): set as an "additional loss absorbency" buffer ranging from 1.0% to 3.5% determined according to specific indicators (e.g. size, interconnectedness, substitutability of the services provided, global cross-border activity and complexity), and has become fully effective starting from 1 January 2019, which does not apply to the Banco BPM Group; and

4. *capital buffers for other systemically important institutions at domestic level* ("**O-SIIs**"): up to 2.0% as set by the relevant competent authority and must be reviewed at least annually, to compensate for the higher risk that such banks represent to the domestic financial system. On 30 November 2017 the Bank of Italy identified the Banco BPM Group as an O-SII. Banco BPM Group is required to respect a reserve equal to 0.25%.

In addition, to the above-listed capital buffers, under Article 133 of the CRD IV, each Member State may introduce a Systemic Risk Buffer of Common Equity Tier 1 Capital for the financial sector or one or more subsets of that sector in order to prevent and mitigate long-term non-cyclical systemic or macroprudential 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. As at the date of this Base Prospectus, no provision has been taken on the systemic risk buffer in Italy.

Failure to comply with such combined buffer requirements triggers restrictions on distributions and the need for the bank to adopt a capital conservation plan on necessary remedial actions (Articles 140, 141 and 141(b) of CRD IV, as amended and integrated by the EU Banking Reform referred to below).

In addition, supervisors, pursuant to the CRD IV Package, may require institutions to maintain capital to cover other risks (so called Pillar 2 capital requirements). The combined buffer represents an additional layer of capital which banks need to hold to counter systemic, macro-prudential and other risks not covered by idiosyncratic Pillar 1 and Pillar 2 minimum capital requirements.

On 14 December 2022, the ECB notified Banco BPM of its final decision on the minimum capital ratios to be complied with by Banco BPM on an ongoing basis, based on the outcome of the annual SREP, conducted in compliance with Article 4(1)(f) of Regulation (EU) No. 1024/2013. The SREP 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. Therefore, in compliance with Article 16(2)(a) of Regulation (EU) No. 1024/2013 which confers on the ECB the power to require supervised banks to hold own funds in excess of the minimum capital requirements laid down by current regulations, a requirement of 2.50% was introduced to be added to the minimum capital requirements. Such SREP requirement must be maintained by Banco BPM with 56.25% as Common Equity Tier 1 (CET1) and 75% as Tier 1 Capital (Tier 1). Taking into account this additional capital requirement, the Banco BPM Group is required to meet, for 2023, the following capital ratios at consolidated level, in accordance with the transitional criteria in place: (i) CET1 ratio of 8.70%; (ii) Tier 1 ratio of 10.68%; (iii) Total Capital ratio of 13.32%; and (iv) Total SREP Capital requirement of 10.25%. Following the update of the countercyclical capital buffer as at 31 December 2022, which amounts to 0.011%, the minimum ratios that Banco BPM will have to comply with in 2023 are now equal to: (i) CET1 ratio of 8.71%; (ii) Tier 1 ratio of 10.69%; and (iii) Total Capital ratio of 13.33%. However, there can be no assurance that the total capital requirements imposed on the Issuer or the Banco BPM Group from time to time may not be higher than the levels of capital available at such time. Also, there can be no assurance as to the result of any future SREP carried out by the ECB and whether this will impose any further own funds requirements on the Issuer or the Banco BPM Group.

Liquidity Coverage Ratio and Net Stable Funding Ratio

Further, the Basel III agreements provided for (i) the introduction of a Liquidity Coverage Ratio or ("**LCR**"), which expresses the ratio between the amount of available assets readily monetizable, in order to establish and maintain a liquidity buffer which will permit the bank to survive for 30 days in the event

of serious stress (as of 1 January 2018, the indicator is subject to a minimum regulatory requirement of 100 per cent) and (ii) a Net Stable Funding Ratio ("**NSFR**"), with a time period of more than one year, introduced to ensure that the assets and liabilities have a sustainable expiry structure. The Commission Delegated Regulation (EU) No. 2015/61, adopted on 10 October 2014 and published in the Official Journal of the European Union in January 2015, specifies the calculation rules of the LCR, while the relevant provisions concerning NSFR are included in the amendments to the CRR comprised in the EU Banking Reform referred to below. With reference to the LCR, on 12 March 2020, the ECB, taking into account the economic effects of the COVID-19 pandemic, announced that banks were allowed to operate temporarily below the minimum LCR. On 17 December 2021, the ECB stated its intention not to extend beyond December 2021 the liquidity relief measure that allowed banks to operate with a LCR below 100%. Therefore, as of 1 January 2022 all banks are required to maintain a LCR of above 100%.

The EU Banking Reform

In November 2016, the European Commission announced a comprehensive package of reforms to further strengthen the resilience of EU banks, resulting in the amendment of the CRD IV, the CRR, the BRRD and the SRM by the following:

- Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 ("**CRD V**") amending the Capital Requirements Directive IV as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures;

- Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 ("**CRR II**") amending the Capital Requirements Regulation as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements;

- Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 ("**BRRD II**") amending the Bank Recovery and Resolution Directive as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC; and

- Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 ("**SRM II**") amending Regulation (EU) No. 806/2014 as regards the loss absorbing and recapitalisation capacity of credit institutions and investment firms,

published in the Official Journal of the European Union on 7 June 2019 and entered into force 20 days thereafter, on 27 June 2019 (the "**EU Banking Reform**").

Many of the changes to the CRR by CRR II, are directly applicable to the Banco BPM Group from that date.

The EU Banking Reform includes, among other things, a binding 3% leverage ratio and a binding 100% NSFR (which will require credit institutions and systemic investment firms to finance their long-term activities (assets and off-balance sheet items) with stable sources of funding (liabilities) in order to increase banks' resilience to funding constraints. In particular, the binding 3% leverage ratio is added to the own funds requirements set forth in Article 92(1) of the CRR. The leverage ratio requirement is a parallel requirement to the risk-based own funds requirements, and will apply - from June 2021 - to all credit institutions and investment firms that fall under the scope of the CRR, subject to selected adjustments. Institutions should be able to use any Tier 1 capital that they use to meet their leverage-related requirements to also meet their risk-based own funds requirements, including the combined buffer requirement.

In addition, under the new Article 92(a) to the CRR, each institution that is a G-SII is expected to be required to comply with, commencing 1 January 2022, a leverage ratio buffer requirement (equal to 50% of the G-SII buffer referred to above) above the minimum leverage ratio. Failure by a G-SII to meet this leverage ratio buffer requirement will result in application of the restrictions on distribution provisions by reference to the Leverage ratio related Maximum Distributable Amount ("**L-MDA**"). The EU Banking Reform furthermore amends Article 131(5) of the CRD IV by increasing, based on a decision of the relevant supervisor, the O-SII buffer to up to 3% of the total risk exposure amount, and requires the

Commission to investigate whether a leverage ratio buffer is appropriate also for O-SII. The 3% leverage ratio, the G-SII leverage ratio buffer requirement and the NSFR introduced by the EU Banking Reform are consistent with the corresponding requirements agreed upon at international level by the Basel Committee.

From time to time, in line with the amendments made to the EU legislative framework, the Consolidated Banking Act and Circular No. 285 have been updated to reflect the relevant changes to the provisions of the CRR.

Bank Recovery and Resolution Directive

On 2 July 2014, Directive 2014/59/EU, providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (the "**Bank Recovery and Resolution Directive**" or "**BRRD**") entered into force.

The BRRD provides the competent authorities with a set of tools to intervene sufficiently early and quickly in an unsound or failing institution so that it can ensure the continuity of the institution's critical financial and economic functions, whilst minimising the impact of an institution's failure on the economy and financial system.

The BRRD contains four resolution tools and powers which may be used alone or in combination where the relevant resolution authority considers that: (a) an institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest: (i) sale of business - which enables resolution authorities to direct the sale of the firm or the whole or part of its business on commercial terms; (ii) bridge institution - which enables resolution authorities to transfer all or part of the business of the firm to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control); (iii) asset separation - which enables resolution authorities to transfer assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) bail-in, which gives resolution authorities the power to write down certain claims of unsecured creditors of a failing institution and to convert certain unsecured debt claims including Senior Notes and Subordinated Notes into shares or other instruments of ownership (i.e. shares, other instruments that confer ownership, instruments that are convertible into or give the right to acquire shares or other instruments of ownership, and instruments representing interests in shares or other instruments of ownership) (the "**General Bail-In Tool**"), which equity could also be subject to any future application of the General Bail-In Tool.

The BRRD also provides for a Member State as a last resort, after having assessed and made use of the above resolution tools (including the General Bail-In Tool) to the maximum extent practicable whilst maintaining financial stability, to be able to provide extraordinary public financial support through additional financial stabilisation 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 requirement of the EU state aid framework and the BRRD. In particular, a single resolution fund financed by bank contributions at a national level is being established and Regulation (EU) No. 806/2014 establishes the modalities for the use of the fund and the general criteria to determine contributions to the fund.

An institution will be considered to be failing or likely to fail when: it is, or is likely in the near future to be, in breach of its requirements for continuing authorisation; its assets are, or are likely in the near future to be, less than its liabilities; it is, or is likely in the near future to be, unable to pay its debts as they fall due; or it requires extraordinary public financial support (except in limited circumstances).

In addition to the General Bail-In Tool, 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 ("**non-viability loss absorption**"). Any shares issued to holders of Subordinated Notes upon any such conversion into equity capital instruments may also be subject to any application of the General Bail-In Tool.

For the purposes of the application of any non-viability loss absorption measure, the point of non-viability under the BRRD is the point at which the relevant authority determines that the institution and/or its group

meets the conditions for resolution (but no resolution action has yet been taken) or that the institution and/or its group will no longer be viable unless the relevant capital instruments are written-down/converted or extraordinary public support is to be provided and the appropriate authority determines that without such support the institution would no longer be viable.

In the context of these resolution tools, the resolution authorities also have the power – with reference to subordinated debt instruments and other eligible liabilities issued by an institution under resolution – to amend or alter the maturity of such debt instruments and other eligible liabilities or amend the amount of interest payable under such instruments and other eligible liabilities, or the date on which the interest becomes payable, including by suspending payment for a temporary period, except for those secured liabilities which are subject to Article 44(2) of the BRRD.

The BRRD has been implemented in Italy through the adoption of two Legislative Decrees by the Italian Government, namely, Legislative Decrees No. 180/2015 of 16 November 2015 and 181/2015 (together, the "**BRRD Decrees**"), both of which were published in the Italian Official Gazette (*Gazzetta Ufficiale*) on 16 November 2015, and amended and supplemented by Legislative Decree No. 183 of 8 November 2021, implementing BRRD II provisions in Italy.

With respect to the BRRD Decrees, Legislative Decree No. 180 of 16 November 2015 sets forth provisions regulating resolution plans, the commencement and closing of resolution procedures, the adoption of resolution measures, crisis management related to cross-border groups, powers and functions of the national resolution authority and also the regulation of the national resolution fund. On the other hand, Legislative Decree No. 181 of 16 November 2015 introduces certain amendments to the Italian Banking Act and the Financial Services Act, by introducing provisions regulating recovery plans, intra-group financial support, early intervention measures and changes to creditor hierarchy. Moreover, this decree also amends certain provisions regulating the extraordinary administration procedure (*amministrazione straordinaria*), in order to make them compliant with the European regulation. The regulation on the liquidation procedures applied to banks (*liquidazione coatta amministrativa*) are also amended in compliance with the new regulatory framework and certain new market standard practices.

On 1 June 2016, the Commission Delegated Regulation (EU) No. 2016/860 of 4 February 2016 ("**Delegated Regulation (EU) 2016/860**") specifying further the circumstances where exclusion from the application of write-down or conversion powers is necessary under Article 44(3) of BRRD was published on the Official Journal of the European Union. In particular this regulation lays down rules specifying further the exceptional circumstances provided for in Article 44(3) of BRRD, where the resolution authority may exclude, or partially exclude, certain liabilities from the application of the write down or conversion powers where the General Bail-In Tool is applied. The Delegated Regulation (EU) No. 2016/860 entered into force on 21 June 2016.

Also, Article 108 of the BRRD requires that Member States modify their national insolvency regimes such that deposits of natural persons and micro, small and medium sized enterprises in excess of the coverage level contemplated by deposit guarantee schemes created pursuant to the Deposit Guarantee Schemes Directive have a ranking in normal insolvency proceedings which is higher than the ranking which applies to claims of ordinary, unsecured, non-preferred creditors. In addition, the BRRD does not prevent Member States, including Italy, from amending national insolvency regimes to provide other types of creditors, with rankings in insolvency higher than ordinary, unsecured, non-preferred creditors. Legislative Decree No. 181/2015 of 16 November 2015 has amended the bail-in creditor hierarchy in the case of admission of Italian banks and investment firms to resolution, by providing that, as from 1 January 2019, all deposits other than those protected by the deposit guarantee scheme and excess deposits of individuals and SMEs benefit from a preference in respect of senior unsecured liabilities, though with a ranking which is lower than that provided for individual/SME deposits exceeding the coverage limit of the deposit guarantee scheme. Article 108 of the BRRD has been further amended further to proposals by the European Commission to introduce a harmonised national insolvency ranking of unsecured debt instruments to facilitate credit institutions' issuance of such loss absorbing debt instruments, by creating, inter alia, a new asset class of "non-preferred" senior debt instruments with a lower rank than ordinary senior unsecured debt instruments in insolvency. In such perspective, Article 108 of the BRRD aims at enhancing the implementation of the bail-in tool and at facilitating the application of the "minimum requirement for own funds and eligible liabilities" requirement concerning the loss absorption and recapitalisation capacity of credit institutions and investment firms described further below. The amendment to Article 108 has been 'fast tracked' through the adoption of Directive (EU) No. 2017/2399 of 12 December 2017 amending the BRRD as regards the ranking of unsecured debt instruments in insolvency hierarchy which was published

in the Official Journal of the EU on 27 December 2017. Italian Law No. 205/2017, approved by the Italian Parliament on 27 December 2017, contains the implementing provisions pertaining to "non-preferred" senior debt instruments.

Pursuant to Article 44 (2) of the BRRD, as implemented by Article 49 of Legislative Decree No. 180 of 16 November 2015, resolution authorities shall not exercise the write down or conversion powers in relation to secured liabilities, including covered bonds or their related hedging instruments, save to the extent that these powers may be exercised in relation to any part of a secured liability (including covered bonds and their related hedging instruments) that exceeds the value of the assets, pledges, lien or collateral which it is secured. In addition, because (i) Article 44(2) of the BRRD excludes certain liabilities from the application of the General Bail-In Tool, and (ii) the BRRD provides, in Article 44(3), that the resolution authority may partially or fully exclude certain further liabilities from the application of the General Bail-In Tool, the BRRD specifically contemplates that *pari passu* ranking liabilities may be treated unequally. Accordingly, holders of the Notes may be subject to write-down or conversion upon application of the General Bail-In Tool while other *pari passu* ranking liabilities are partially or fully excluded from such application of the General Bail-In Tool. The safeguard set out in Article 75 of the BRRD would not provide any protection since Article 75 of the BRRD only seeks to achieve compensation for losses incurred by creditors which are in excess of those which would have been incurred in a winding-up under normal insolvency proceedings rather than to address any such possible unequal treatment.

Legislative Decree No. 181/2015 of 16 November 2015 has also introduced strict limitations on the exercise of the statutory rights of set-off which are normally available under insolvency laws, in effect prohibiting set-off by any creditor in the absence of an express agreement to the contrary. Each holder of Subordinated Notes and Senior Notes will have expressly waived any rights of set-off, netting, counterclaim, abatement or other similar remedies which it might otherwise have had, under the laws of any jurisdiction, in respect of such Senior Notes or Subordinated Notes. Similarly, it is clear that the statutory right of set-off available under Italian insolvency laws will not apply.

The powers set out in the BRRD impact credit institutions and investment firms and how they are managed as well as, in certain circumstances, the rights of creditors. Holders of Senior Notes and Subordinated Notes may be subject to write-down/conversion into equity capital instruments on any application of the General Bail-In Tool and, in the case of Subordinated Notes, non-viability loss absorption, which may result in such holders losing some or all of their investment. The exercise of any power under the BRRD or any suggestion or perceived suggestion of such exercise could, therefore, materially adversely affect the rights of holders of the Notes, the price or value of their investment in any Notes and/or the ability of the Issuer to satisfy its obligations under any Notes.

The legislative decree to implement the revised Deposit Guarantee Schemes Directive in Italy – namely, Legislative Decree No. 30 of 15 February 2016 – has been published in the Italian Official Gazette No. 56 of 8 March 2016. The Decree came into force on 9 March 2016, except for Article 1 comma 3, let. A), which came into force on 1 July 2018. Amongst other things, the Decree amends the Italian Banking Act and: (i) establishes that the maximum amount of reimbursement to depositors is EUR 100,000 (this level of coverage has been harmonised by the Directive and is applicable to all deposit guarantee schemes); (ii) lays down the minimum financial budget that national guarantee schemes should have; (iii) details intervention methods of the national deposit guarantee scheme; and (iv) harmonises the methods of reimbursement to depositors in case of insolvency of a credit institution.

In addition to the capital requirements under the CRD IV Package, the BRRD introduces requirements for banks to maintain at all times a sufficient aggregate amount of minimum requirement for own funds and eligible liabilities (the "**MREL**"). The aim is that the minimum amount should be proportionate and adapted for each category of bank on the basis of their risk or the composition of their sources of funding and to ensure adequate capitalisation to continue exercising critical functions post resolution.

The Bank of Italy is responsible for managing the crisis by preparing, in cooperation with the Single Resolution Board for significant banks (such as the Banco BPM) or independently for less significant banks, the resolution plans. The resolution plans focus on identifying the critical business units, assessing and addressing any impediments to resolution, defining an adequate MREL level, and determining the strategy and resolution mechanisms and tools to be used in the event of a crisis (pursuant to article 3 of Legislative Decree 72/2015). In the event of a crisis involving a significant bank, the Bank of Italy is also responsible for carrying out the resolution plan drawn up and approved by the Single Resolution Board; while, for

Italian less significant banks, the Bank of Italy prepares the resolution plan for approval by the Minister of Economy and Finance (MEF) and implements it.

The BRRD, as amended by the EU Banking Reform, introduces a minimum harmonized MREL requirement (also referred to as a "**Pillar 1 MREL requirement**") applicable to G-SIIs, to be satisfied only with own funds and eligible liabilities subordinated to excluded liabilities (even if, under specific conditions, part of the requirement may be satisfied with non-subordinated liabilities). In addition, all EU banks will be required to comply with a bank specific (in terms of calibration) MREL requirement (a "**Pillar 2 MREL requirement**"), which can be satisfied also through the use of non subordinated liabilities, for the amount exceeding a minimum subordination level equal to 8% of TLOF (total liabilities and own funds) and applicable to G-SIBs and "Top Tier" banks (banks with assets exceeding Euro 100 billion) only. However, if a bank is identified among the "riskiest" EU institutions, the Resolution Authority can decide to discretionally raise the applicable subordination requirement beyond the minimum level, in any case subject to the resolution authority assessment and determination.

The Financial Stability Board published the "Total Loss-Absorbing Capacity (TLAC) Term Sheet" on 9 November 2015, applicable to G-SIBs (referred to as G-SIIs in the European Union framework). The EU Banking Reform has introduced amendments aimed at implementing and integrating the TLAC requirements into the general MREL rules, thereby avoiding duplication from the application of two parallel requirements and ensuring that both the TLAC and MREL requirements are met with largely similar instruments. The resolution authorities will also be able, on the basis of bank-specific assessments, to require that G-SIIs comply with an institution-specific supplementary MREL requirement (a 'Pillar 2' add-on requirement). The TLAC requirement is at the moment applied only to the G-SIBs and consequently not applicable to the Banco BPM Group.

Under the BRRD, where an entity fails to meet its combined buffer requirement when considered in addition to its minimum requirement for own funds and eligible liabilities, resolution authorities have the power to prohibit certain distributions in accordance with the restrictions on distributions provisions by reference to the Maximum Distributable Amount. The Relevant Authority may furthermore exercise its supervisory powers under Article 104 of the CRD IV in case of breach of the minimum requirement for own funds and eligible liabilities.

Financial conglomerates

Legislative Decree No. 142 of May 30, 2005 (implementing Directive 2002/87/EC) provides for additional supervision ("supplementary supervision") of banks, insurance companies and investment firms that are part of a "financial conglomerate".

The supplementary supervision rules seek to safeguard the stability of financial conglomerates as well as the stability of the single entities within financial conglomerates, regardless of whether they are regulated entities. These rules seek to prevent destabilizing effects on the financial system that can arise from problems with individual entities within a financial conglomerate.

On November 16, 2005, the Bank of Italy entered into an agreement with IVASS to regulate, in accordance with Legislative Decree No. 142/2005, the capital adequacy requirements of financial conglomerates. In accordance with this agreement, the Bank of Italy is primarily responsible for supervising financial conglomerates (like the Group) that have a bank as the parent company.

On November 16, 2011 the EU adopted Directive 2011/89/EU which amends Directives 98/78/EC, 2002/87/EC, 2006/48/EC and 2009/138/EC, regarding the supplementary supervision of financial entities in a financial conglomerate. The Directive, *inter alia*, (i) includes asset management companies in the threshold tests for identifying a financial conglomerate, (ii) allows for both sector-specific (banking and insurance) supervision and supplementary supervision of a financial conglomerate's parent entity, (iii) introduces a waiver for smaller groups if the relevant supervisor deems the group's risks to be negligible and (iv) allows for risk-based assessments, in addition to existing definitions relating to size, in identifying financial conglomerates. Directive 2011/89/EU has been implemented by Legislative Decree No. 53 of March 4, 2014.

The Legislative Decree No. 53/2014 amended the definition of "financial conglomerate" provided under the Legislative Decree No. 142/2005. In line with the definition set out under the relevant EU framework, the definition of financial conglomerate set forth in Legislative Decree No. 142/2005 includes any group

or subgroup, which meets the following conditions: (a) there is a regulated entity at the head of the group or subgroup: (i) such entity is a parent undertaking of an entity in the financial sector, an entity which holds a participation in an entity in the financial sector, or an entity linked with an entity in the financial sector by a relationship resulting in such entities being subject to the direction of the same entity by virtue of agreements or by-laws' provisions or where the majority of the members of the management, supervisory and control bodies of such entities are the same; (ii) at least one of the entities in the group or subgroup is within the insurance sector and at least one is within the banking or investment services sector; and (iii) the consolidated or aggregated activities of the entities in the group or subgroup within the insurance sector and of the entities within the banking and investment services sector are both significant; or (b) where there is no regulated entity at the head of the group or subgroup: (i) the group's or subgroup's activities occur mainly in the financial sector; (ii) at least one of the entities in the group or subgroup is within the insurance sector and at least one is within the banking or investment services sector; and (iii) the consolidated or aggregated activities of the entities in the group or subgroup within the insurance sector and of the entities within the banking and investment services sector are both significant.

Regulatory measures on NPLs

Article n. 178 of Regulation (EU) No 575/2013 (Capital Requirements Regulation – CRR) specifies the definition of default of an obligor. In this regard, Article 178 of the CRR mandates the EBA to detail guidelines on the application of the definition of "default". Consequently the "Guidelines on the application of the definition of default under Article 178 of Regulation (EU) No 575/2013" (the "**Guidelines**" or "**New DoD**") ruled all provisions related to the application of the definition of default of an obligor. The EBA has identified different practices used by institutions as regards to the definition of default and provided detailed clarifications on the application of the definition of default, which includes aspects such as the days past due criterion, indications of unlikeliness to pay, conditions for a return to non-defaulted status, application of the default definition in a banking group and specific aspects related to particular exposures (e.g., public exposures, factoring exposures).

The Bank of Italy subsequently incorporated the guidelines into national regulatory provisions framework (in particular Circular no. 272 of 30 July 2008 and subsequent amendments – "*Matrice dei Conti*"), applicable from 1 of January 2021, as well as having issued some clarifications on the matter.

Moreover, on 14 March 2018, the European Commission published certain legislative proposals aimed at addressing the issues connected with the existing stock of NPLs held by European banks – namely (i) a proposal for a Regulation amending the CRR as regards minimum loss coverage for NPLs, which was later enacted through Regulation (EU) 2019/630 of 17 April 2019, as amended by Regulation (EU) 2020/873 (the "**Prudential Backstop Regulation**") (also known as calendar provisioning); (ii) a proposal for a directive on credit servicers, credit purchasers and the recovery of collateral; and (iii) a blueprint on asset management companies, accompanying the EC's "Second Progress Report" on NPLs.

In parallel with the above proposals, on 15 March 2018 the ECB issued an addendum, "Addendum to the Guidance on non-performing loans" (the "**ECB Addendum**") to its "Guidance to banks on NPLs of March 2017" (the "**NPLs Guidance**"). The ECB Addendum details the ECB supervisory expectations as regards the minimum levels of NPLs provisioning by significant credit institutions. These Guidelines (based on a Pillar 2 approach, to be incorporated into SREP decisions) are to be applied to all new non performing exposures (i.e. Past Due, Unlikely to Pay, Bad Loans) classified as such since 1 April 2018. The ECB Addendum sets out an expectation that, as of 1 April 2018, new unsecured NPLs must be fully covered after a period of two years from the date of their classification as NPLs. For example, the supervisor would expect a loan that is classified as an unsecured NPL on 1 May 2018 to be fully provisioned for by May 2020. For new secured NPLs, a certain level of provisioning is expected after three years of classification as an NPL, or "NPL vintage", which then increases over time until year seven. In this case, if a secured loan was classified as an NPL on 1 May 2018, the supervisor would expect these NPLs to be at least 40 per cent. provisioned for by May 2021, and totally provisioned by May 2025. The potential gap between the coverage envisaged by the new rules and the provisions applied at the reference date can be addressed through a Core Tier 1 deduction or an increase of provisions.

The Prudential Backstop Regulation imposes a "Pillar 1" minimum regulatory backstop for the provisioning of NPLs by EU banks. The minimum provisioning level is calculated by multiplying the value of the relevant NPLs within the portfolio by the factors indicated in the Prudential Backstop Regulation, which differ depending on (i) the number of years after the date on which the exposure was classified as non-performing, and (ii) whether the NPL is classified as "secured" or "unsecured" exposure (and if secured,

whether the exposure is secured by immovable collateral or residential loan guaranteed by an eligible protection provider or is secured by other funded or unfunded credit protection), in accordance with the criteria set forth in the Prudential Backstop Regulation. In particular, under the Prudential Backstop Regulation the Issuer is required to apply a minimum provisioning level for NPLs equal to 100% after ten years (in case of exposures secured by immovable property or residential loan), eight years (in case of exposures secured by other funded or unfunded credit protection) or four years (in case of unsecured exposures) from the date when the exposure was classified as non-performing. If the aggregate amount of provisions and other eligible items is lower than such minimum provisioning level, any shortfall (so-called "insufficient coverage amount") shall be fully deducted from CET1 items.

The statutory prudential backstop applies only to exposures originated after the date of entry into force of the regulation and not to prior legacy exposures. However, the Prudential Backstop Regulation specifies that where the terms and conditions of an exposure which was incurred prior to the date of entry into force of the regulation are modified by the institution in a way that increases the institution's exposure to the obligor, the exposure shall be considered as having been incurred on the date of the modification so that such exposure becomes subject to the new regime including the statutory prudential backstop.

On 22 August 2019 the ECB published a revised version of its supervisory expectations for prudential provisioning for NPLs, as set forth in the ECB Addendum, with a view to align such expectations to the regulatory approach followed under the Prudential Backstop Regulation. The main changes introduced by the ECB relate to: (i) the scope of the supervisory expectations for new NPLs, which is now limited to NPLs arising from loans originated before 26 April 2019 (which are not subject to the Pillar 1 treatment provided under the Prudential Backstop Regulation); and (ii) the time frames for the relevant prudential provisioning, the progressive path to full implementation and the split of secured exposures and other guaranteed exposures, which have been aligned to the Prudential Backstop Regulation.

In the context of the actions taken by the supervisory authorities to mitigate the effect of the COVID-19 pandemic on the EU banks' capital requirements, the European Central Bank and the European Banking Authority have issued statements in March 2020 aimed at providing clarity on aspects related to (i) the classification of loans in default, (ii) the identification of forborne exposures and (iii) the accounting treatment, with the ultimate goal to support government actions addressing the adverse systemic economic impact of the COVID-19 pandemic, which have mostly taken the form of general moratoria and payment holidays. In this respect, in April 2020 the European Commission has also published (i) a proposal to amend the CRR in order to mitigate the negative effects of the COVID-19 pandemic by adapting the timeline of the application of international accounting standards on EU banks' capital, treating more favourably public guarantees granted during this crisis, postponing the date of application of the leverage ratio buffer and excluding certain exposures from the calculation of the leverage ratio; and (ii) an interpretative communication confirming the flexibility available to EU banks with respect to the classification of loans in connection with public and private moratoria.

Also at a country level, the Italian Government has acted to introduce two reforms that might have impact on the forthcoming NPLs market. In particular:

- the reform of the Italian Bankruptcy Law, published on February 2019, introduced new requirements for business in order to timely identify and prevent financial crisis, with a specific timeline;

- the Decree for Growth (*Decreto Crescita*), published on April 2019, introduced new measures that could be easily applicable to still active borrowers, such as public guarantees on lending to SMEs, public aid on new financing and new securitization rules.

Payment Services Directive

On 13 November 2007, the European Parliament and the Council adopted Directive 2007/64/EC ("**PSD1**") to harmonize the payment services market and remove legal barriers for payments throughout the EU. PSD1 has, among others, introduced a licensing system for market access by payment service providers and regulated the relationship between payment service providers and consumers. PSD1 was intended to improve competition by opening up payment markets to new entrants, thereby encouraging greater efficiency and cost reduction, and, at the same time, to support the creation of a Single European Market for Retail Payment Services ("**SEPA**").

On 25 November 2015, PSD1 was repealed by Directive (EU) No 2015/2366 of the European Parliament and of the Council ("**PSD2**"), in light of the progress made in the integration of the payments market in the EU and the considerable technical innovations that have occurred since the adoption of PSD1. PSD2 seeks to address the evolution of the payments market and respond to certain shortcomings of the previous regime, including, in particular: (i) the uneven application of the relevant rules in the different EU Member States; (ii) the existence of numerous exemptions from the scope of PSD1; and (iii) the regulatory vacuum in which many operators in the sector have operated under PSD1.

To this end, PSD2 has: (i) broadened the scope of application of the provisions on payment services; (ii) introduced new payment services to cover services previously seen as merely complementary, such as the provision of payment orders and account information; and (iii) strengthened safeguards against operational and security risks related to payment services.

The framework outlined by PSD2 supplemented by the implementing regulations of the European Commission that are directly applicable to recipients and by the guidelines established by the EBA ("**EBA**").

Within the framework set out in PSD2, it is envisaged, among others, that:

- unless the payment service user has acted fraudulently, in the case of an unauthorized payment transaction resulting from the use or misappropriation of a lost or stolen payment instrument, the payment service provider[5] shall reimburse the amount of the unauthorized payment transaction that was executed after the loss, theft or misappropriation was reported to it. Notwithstanding the above, the payer may be obliged to bear the loss relating to unauthorized payment transactions resulting from the use of a lost or stolen payment instrument or from its misappropriation up to a maximum of €50,000; and

- in relation to information security, payment service providers are called upon to establish a framework of mitigation measures and appropriate control mechanisms to manage operational and security risks, relating to the payment services they provide, establish and manage effective incident management procedures, including for the identification and classification of serious operational and security incidents. Payment service providers are also required to initiate a process of archiving, monitoring and controlling access to sensitive payment data and are required to implement Strong Customer Authentication (SCA) when a payment service user accesses his payment account online, or makes an online payment, or carries out any action which may imply a risk of payment fraud or other abuse.

In Italy, the fundamental principles governing the provision of payment services are contained in Legislative Decree no. 11 of January 27, 2010 ("**Decree on Payment Service**s"), which implemented PSD1 and the Consolidated Banking Act. Legislative Decree no. 218 of 15 December 2017 ("**Decree no. 218**") implemented PSD2 in Italy, making significant changes to both the Consolidated Banking Act and the Decree on Payment Services. SCA is regulated in Commission Delegated Regulation (EU) 2018/389 of 27 November 2017 supplementing Directive (EU) 2015/2366 of the European Parliament and of the Council with regard to regulatory technical standards for strong customer authentication, and common and secure open standards of communication.

Anti-money laundering

The Banco BPM Group is subject to the provisions of law and regulations aimed at preventing money laundering and terrorist financing. These provisions are mainly contained in:

- Legislative Decree no. 231/07, as amended by:

  - Legislative Decree no. 90 of 25 May 2017, which amended Legislative Decree no. 231 of 21 November 2007 ("**Decree 231/2007**"), implementing Directive (EU) 2015/849 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing, and amending Directives 2005/60/EC and 2006/70/EC and implementing

[5] Banks fall within the definition of "*payment services providers*".

Regulation (EU) no. 2015/847 on information accompanying transfers of funds that repeals Regulation (EC) no. 1781/2006; and

- Legislative Decree no. 125 of 4 October 2019, which amended, inter alia, Legislative Decree no. 90 of 25 May 2017, implementing Directive (EU) 2018/843, amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing and that amends Directives 2009/138/EC and 2013/36/EU;

- the provisions adopted by the Bank of Italy, pursuant to Article 7, paragraph 1, letter a) of Decree 231/2007:

  - the provisions adopted on 26 March 2019, regarding the organisation, procedures and internal controls aimed at preventing the use of intermediaries for the purposes of money laundering and terrorist financing; and

  - the provisions adopted on 30 July 2019, regarding the adequate verification of clients and for the fight against money laundering and terrorist financing;

- the provisions adopted by the Bank of Italy on 24 March 2020, pursuant to Articles 31, 32 and 34 paragraph 3, regarding the storage and making available of documents, data and information for the fight against money laundering and terrorist financing; and

- the provision regarding instructions on objective communications, adopted by the UIF (the Italian Financial Intelligence Unit) on 28 March 2019, pursuant to Article 47 of Decree 231/2007.

The abovementioned regulatory framework determines the requirement for the Issuer and the Banco BPM Group to, among other things, comply with the obligations on: (i) the adequate verification of customers; (ii) retention of data; (iii) reporting of suspicious transactions to the Financial Intelligence Unit set up at the Bank of Italy; (iv) adequate training of personnel; (v) sending aggregate anti-money laundering reports; and (vi) the implementation of provisions on the limitation of the use of cash and bearer securities; and (vii) carrying out a periodical assessment of the group's exposure to the risk of money laundering and terrorist financing.

MiFID II – Directive 2014/65/EU on markets in financial instruments

In relation to the investment services carried out by the Issuer, the latter is subject to EU Directive 2014/65/EU on markets in financial instruments ("**MiFID II**") and Regulation EU 600/2014 ("**MIFIR**"). It is a cornerstone of the EU's regulation of financial markets seeking to improve their competitiveness by creating a single market for investment services and activities and to ensure a high degree of harmonised protection for investors in financial instruments. MiFID II sets out:

- conduct of business and organisational requirements;

- obligation to provide information;

- regulatory reporting;

- trade transparency obligation;

- record keeping obligation.

TAXATION

ITALIAN TAXATION

The following is a general summary of certain Italian tax consequences of the purchase, the ownership and the disposition of the Notes. It 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 Notes 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. This summary is based upon Italian tax laws and/or practice in force as at the date of this Base Prospectus, which are subject to any changes in law and/or practice occurring after such date, which could be made on a retroactive basis.

*Bill AC.1038 of 23 March 2023, which is about to be approved by the Italian Parliament, would delegate power to the Italian Government to enact, within twenty-four months from approval, one or more legislative decrees envisaging the reform of the Italian tax system ("**Tax Reform**"). According to the current version of this Bill, the Tax Reform should change significantly the taxation of financial incomes and capital gains and introduce various amendments in the Italian tax system at different levels. The precise nature, extent, and impact of these amendments cannot be quantified or foreseen with certainty at this stage. The information provided in this Base Prospectus may not reflect the future tax landscape accurately.*

Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes.

Tax treatment of the Notes

Tax Treatment of Notes that qualify as* "obbligazioni", "titoli similari alle obbligazioni" *or "capital adequacy financial instruments"

Italian Legislative Decree No. 239 of 1 April 1996 ("**Decree No. 239**"), as subsequently amended and supplemented, regulates the tax treatment of interest, premium and other income from notes issued, *inter alia*, by Italian resident banks. The provisions of Decree No. 239 only apply to interest, premiums and other income (including the difference between the redemption amount and the issue price) (hereinafter collectively referred to as "**Interest**") paid under Notes issued by the Issuer which qualify as *obbligazioni* ("**banking bonds**") pursuant to Article 12 of Legislative Decree No. 385 of 1 September 1993 (the "**Italian Banking Act**"), or as *obbligazioni* or *titoli similari alle obbligazioni* ("***obbligazioni***") pursuant to Article 44 of Presidential Decree No. 917 of 22 December 1986, as amended and supplemented (**Decree No. 917**).

The same rules apply to Interest paid under financial instruments relevant for capital adequacy purposes under EU legislation and domestic prudential legislation, issued by intermediaries supervised by the Bank of Italy, other than shares and securities similar to shares ("**capital adequacy financial instruments**").

Italian Resident Noteholders

Pursuant to Decree No. 239, where an Italian resident Noteholder, who is the beneficial owner of the Notes, is:

(i) an individual holding Notes not in connection with entrepreneurial activity to which the Notes are connected (unless such individual has entrusted the management of the financial assets, including the Notes, to an authorised intermediary and has opted for the so-called *risparmio gestito* regime according to Article 7 of Italian Legislative Decree No. 461 of 21 November 1997, as amended ("**Decree No. 461**") – the "**Asset Management Option**" – see under "Capital gains tax" below for an analysis of such regime); or

(ii) a non-commercial partnership (other than a *società in nome collettivo* or a *società in accomandita semplice* or similar partnership) or a *de facto* partnership not carrying out commercial activities or a professional association; or

(iii) 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 a collective investment funds; or

(iv) an investor exempt from Italian corporate income taxation,

Interest payments relating to the Notes, accrued during the relevant holding period, are subject to a substitute tax ("***imposta sostitutiva***"), levied at the rate of 26 per cent. (either when Interest is paid or when payment thereof is obtained upon disposal of the Notes). All the above categories are qualified as "net recipients".

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 *imposta sostitutiva*, on interest, premium and other income relating to the Notes if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth under Italian law.

Where the resident holders of the Notes described above under (i) and (iii) are engaged in an entrepreneurial activity to which the Notes are connected, *imposta sostitutiva* applies as a provisional income tax. Interest will be included in a 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 the Italian taxation on income due or be claimed for refund in the relevant tax return.

Pursuant to Decree No. 239, the 26 per cent. *imposta sostitutiva* is applied by banks, SIMs, fiduciary companies, SGRs, stock brokers and other qualified entities identified by a decree of the Ministry of Finance, as subsequently amended and integrated, *i.e.* entities resident in Italy or by permanent establishments in Italy of banks or intermediaries resident outside Italy ("**Intermediaries**" and each an "**Intermediary**").

Pursuant to Decree No. 239, Intermediaries or permanent establishments in Italy of foreign intermediaries must intervene in any way in the collection of Interest or, also as transferees, in transfers or disposals of the Notes.

Payments of Interest in respect of Notes issued by the Issuer that qualify as banking bonds, *obbligazioni* or capital adequacy financial instruments, irrespective of their maturity, are not subject to the 26 per cent. *imposta sostitutiva* if made to Noteholders who are: (a) Italian resident corporations or a similar commercial entities or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected; (b) Italian resident collective investment funds, SICAVs (investment companies with variable capital), SICAFs (Italian investment companies with fixed share capital); (c) Italian resident pension funds subject to the tax regime provided for by Article 17 of Legislative Decree No. 252 of 5 December 2005; (d) Italian resident real estate investment funds pursuant to Law Decree No. 351 of 25 September 2001, as amended, Law Decree No. 78 of 31 May 2010 converted into Law No. 122 of 30 July 2010, as amended, and Legislative Decree No. 44 of 4 March 2014, as amended, and real estate SICAFs (together, the "**Real Estate Funds**"); and (e) Italian resident individuals holding Notes not in connection with entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an authorised financial intermediary and have opted for the Asset Management Option. Such categories are qualified as "gross recipients".

To ensure payment of Interest in respect of the Notes without the application of 26 per cent. *imposta sostitutiva*, Noteholders indicated above under (a) to (e) must timely deposit the Notes together with the coupons relating to such Notes directly or indirectly with an Italian authorised financial Intermediary.

Where the Notes and the relevant coupons are not deposited with an authorised Intermediary, the *imposta sostitutiva* is withheld:

- by any Italian bank or any Italian intermediary paying Interest to the Noteholder; or
- by the Issuer,

and gross recipients that are Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected are entitled to deduct *imposta sostitutiva* suffered from income taxes due.

Interest accrued on the Notes would be included in the corporate taxable income of the Noteholders who are Italian resident corporations or similar commercial entities or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected, subject to corporate tax income purposes ("**IRES**"). In certain circumstances, depending on the "status" of the Noteholder, interest accrued on the

Notes would be included also in the "net value of production" for purposes of regional tax on productive activities ("**IRAP**").

Italian resident individuals holding Notes not in connection with entrepreneurial activity who have opted for the Asset Management Option are subject to a 26 per cent. annual substitute tax (the "**Asset Management 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 Notes). The Asset Management Tax is applied on behalf of the taxpayer by the managing authorised intermediary.

Where an Italian resident Noteholder is a non-real estate open ended or closed ended investment fund, a SICAV or a SICAF (together, the "**Fund**") and either (i) the Fund or (ii) its manager is subject to the supervision of a regulatory authority and the relevant Notes are deposited with an authorised intermediary, Interest relating to the Notes and accrued during the holding period will be included in the calculation of the net result accrued at the end of each tax year, but will not be subject to *imposta sostitutiva* nor to any other substitute tax at the fund level. Moreover, a withholding tax of 26 per cent. is levied on proceeds distributed by the Fund or received by certain categories of unitholders upon redemption or disposal of the units.

Italian resident pension funds subject to the regime provided by Article 17 of Legislative Decree No. 252 of 5 December 2005 are subject to a 20 per cent. annual 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 Notes). Subject to certain conditions (including minimum holding period requirement) and limitations, interest, premium and other income relating to the Notes may be excluded from the taxable base of the 20 per cent. substitute tax if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth under Italian law.

The 26 per cent. *imposta sostitutiva* provided for by Decree No. 239 in general should not apply with respect to Interest on Notes derived by Real Estate Funds. As a general rule, the income of Real Estate Funds is exempt at the level of the relevant fund and is subject to tax at the level of the investors.

Non-Italian resident Noteholders

According to Decree No. 239, payments of Interest in respect of Notes issued by the Issuer that qualify as banking bonds, *obbligazioni* or capital adequacy financial instruments, irrespective of their maturity, will not be subject to *imposta sostitutiva* at the rate of 26 per cent. provided that:

(a) the payments are made to non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected; and

(b) such beneficial owners are resident, for tax purposes, in a country which recognises the Italian tax authorities' right to an adequate exchange of information and included in the Ministerial Decree dated 4 September 1996, as amended and supplemented by the Italian Ministerial Decree dated 23 March 2017 and possibly further amended by future decree issued pursuant to Article 11(4)(c) of Decree 239 (the "**White List**"). For the sake of clarity, the United Kingdom's exit from the European Union has not resulted in the exclusion of the United Kingdom from the White List. Accordingly, the United Kingdom's exit from the European Union did not result in a change on the tax treatment of Noteholders being resident or established in the UK; and

(c) 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 timely met and complied with.

The 26 per cent. *imposta sostitutiva*, if applicable, may be reduced (generally to 10 per cent.) under certain double tax treaties entered into by Italy, if more favourable, subject to timely filing of required documentation provided by Measure of the Director of Italian Revenue Agency No. 2013/84404 of 10 July 2013 (**"Measure No. 2013/84404"**).

Decree No. 239 also provides for additional exemptions from the *imposta sostitutiva* for payments of Interest in respect of the Notes made to (i) international entities and organisations established in accordance with international agreements ratified in Italy; (ii) certain foreign institutional investors even though not subject to income tax or to the other similar taxes, which included in the White List and provided that they

timely file with the relevant depositary the appropriate self-declaration; and (iii) central banks or entities managing official State reserves.

In order to ensure gross payment of Interest in respect of the Notes, non-Italian resident investors indicated above must:

(a) be the beneficial owners of the payments of Interest on the Notes; and

(b) timely deposit the Notes with the coupons relating to such Notes directly or indirectly with (i) an Italian bank or SIMs; (ii) a permanent establishment in Italy of a non-resident bank or brokerage company which is electronically connected with the Italian Ministry of Economy and Finance; or (iii) 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

(c) timely file with the relevant depository, prior to or concurrently with the deposit of the Notes, a self-declaration (*autocertificazione*) stating, *inter alia*, that the investor is resident, for tax purposes, in a country included in the White List. Such self-declaration, which must comply with the requirements set forth by a Decree of the Ministry of Economy and Finance of 12 December 2001 (as amended and supplemented), is valid until withdrawn or revoked and need not be submitted where a certificate, declaration or other similar document meant for equivalent uses was previously submitted to the same depository. Such certificate is not requested for non-Italian investors that are international entities and organisations set up in accordance with international agreements ratified in Italy and Central Banks or entities managing also the official State reserves. Additional supporting documentation may sometimes be requested by the relevant depository, which depends on the status of the Noteholder and the policies of the relevant depository.

Failure of a non-resident Noteholder to timely comply 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 to a non-resident Noteholder.

Tax treatment of Notes that qualify as atypical securities

Interest payments relating to Notes that do not qualify as banking bonds, *obbligazioni*, or *capital adequacy financial instruments* ("**atypical securities**") shall be subject to a withholding tax levied at the rate of 26 per cent. (final or provisional depending on the "status" and the tax residence of the Noteholder).

Where the Noteholder is not resident in Italy for tax purposes, the 26 per cent. withholding tax rate may be reduced (generally to 10 per cent.) under certain applicable double tax treaties entered into by Italy, if more favourable, subject to timely filing of required documentation provided by Measure No. 2013/84404.

In the case of Notes issued by an Italian resident issuer, where the Noteholder is (i) an Italian individual engaged in an entrepreneurial activity to which the Notes are connected, (ii) an Italian company or a similar Italian commercial entity, (iii) a permanent establishment in Italy of a foreign entity to which the Notes are effectively connected, (iv) an Italian commercial partnership or (v) an Italian commercial private or public institution, such withholding tax is a provisional withholding tax. In all other cases the withholding tax is a final 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 26 per cent. withholding tax, on interest, premium and other income relating to the Notes qualifying as atypical securities if such Notes are included in a long term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth under Italian law.

Capital gains tax

Italian resident Noteholders

Pursuant to Decree No. 461, a 26 per cent. capital gains tax (referred to as ***imposta sostitutiva***) is applicable to capital gains realised by:

(a) an Italian resident individual not engaged in entrepreneurial activities to which the Notes are connected;

(b) an Italian resident partnership not carrying out commercial activities;

(c) an Italian private or public institution not carrying out mainly or exclusively commercial activities; or

(d) on any sale or transfer for consideration of the Notes or redemption thereof.

Under the "tax declaration regime" (*regime della dichiarazione*), which is the default regime for taxation, Italian Noteholders under (a) to (c) above, the 26 per cent. *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss of the same kind, realised by the Italian Noteholder pursuant to all sales or redemptions of the Notes carried out during any given tax year. Italian Noteholders under (a) to (c) above, must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss of the same kind, in the annual tax return and pay *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 of the same kind realised in any of the four succeeding tax years.

As an alternative to the tax declaration regime, Italian Noteholders under (a) to (c) above may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Notes (the *risparmio amministrato* regime provided for by Article 6 of Decree No. 461). Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with any authorised intermediary and (ii) an express election for the *risparmio amministrato* regime being timely made in writing by the relevant Noteholder. The authorised intermediary is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes net of any incurred capital loss of the same kind, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Where a sale or redemption of the Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management relationship in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains in the annual tax return and the Noteholder remains anonymous.

Special rules apply if the Notes are part of a portfolio managed in a regime of Asset Management Option ("*risparmio gestito*" regime) by an Italian asset management company or an authorised intermediary. In that case the capital gains realised upon sale, transfer or redemption of the Notes will not be subject to *imposta sostitutiva* on capital gains but will contribute to determine the taxable base of the Asset Management Tax applicable at rate of 26 per cent.

In particular, under the Asset Management Option, any appreciation of the Notes, even if not realised, will contribute to determine the annual accrued appreciation of the managed portfolio, subject to the Asset Management Tax. Any depreciation of the managed portfolio accrued at year-end may be carried forward against appreciation accrued in each of the following years up to the fourth. Also under the Asset Management Option the realised capital gain is not requested to be included in the annual income tax return of the Noteholder and the Noteholder remains anonymous.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not engaged in 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 Italian capital gain taxes, including the *imposta sostitutiva*, on capital gains realised upon sale or redemption of the Notes if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth under Italian law.

In the case of Notes held by Real Estate Funds, capital gains on Notes will not be subject to 26 per cent. *imposta sostitutiva* but will contribute to determine the increase in value of the managed assets of the Funds accrued at the end of each tax year. Therefore, any capital gains on Notes will not be subject to any substitute tax at the fund level. Moreover, a withholding tax of 26 per cent. will be levied on proceeds distributed by the Fund or received by certain categories of unitholders upon redemption or disposal of the units.

Any capital gains realised by Italian resident corporations or similar commercial entities or permanent establishments in Italy of non-Italian resident corporations to which the Notes are connected will be included in their business income subject to IRES. In certain circumstances, depending on the "status" of the Noteholder, interest accrued on the Notes would be included also in the "net value of production" for IRAP purposes.

In the case of Notes held by Italian Pension Funds, capital gains on Notes will not be subject to 26 per cent. *imposta sostitutiva* but will contribute to determine the increase in value of the managed assets of the funds, which is subject to a 20 per cent. annual substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, capital gains on the Notes may be excluded from the taxable base of the 20 per cent. substitute tax if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth under Italian law.

Any capital gains on Notes realised by Italian resident real estate investment funds will not be subject to 26 per cent. *imposta sostitutiva* on capital gains at the level of the fund.

Non-Italian Resident Noteholders

The 26 per cent. *imposta sostitutiva* on capital gains may in certain circumstances be payable on any capital gains realised upon sale, transfer or redemption of the Notes by non-Italian resident individuals and corporations without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy.

However, pursuant to Article 23, first paragraph, letter f), of Decree No. 917, any capital gains realised by non-Italian resident persons, without a permanent establishment in Italy to which the Notes are effectively connected, through the sale for consideration or redemption of the Notes are not subject to taxation in Italy to the extent that the Notes are traded on a regulated market in Italy or abroad, and in certain cases subject to timely filing of required documentation (i.e. a self-declaration stating that the person is not resident in Italy for tax purposes) with Italian qualified intermediaries (or permanent establishments in Italy of foreign intermediaries) with which the Notes are deposited, even if the Notes are held in Italy and regardless of the provisions set forth by any applicable double tax treaty.

Where the Notes are not traded on a regulated market in Italy or abroad and are held in Italy:

(a) Pursuant to the provisions of Decree No. 461 and Decree No. 239, non-Italian resident Noteholders without a permanent establishment in Italy to which the Notes are effectively connected are exempt from *imposta sostitutiva* in the Republic of Italy on any capital gains realised upon sale for consideration or redemption of the Notes if they are resident, for tax purposes, in a country included in the White List. This requirement must be certified by the same self-certification provided above for the interests (according to the model set forth by the Decree of the Ministry of Economy and Finance of 12 December 2001, as amended and supplemented).

Under these circumstances, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected hold Notes with an Italian authorised financial intermediary and are subject to the *risparmio amministrato* regime or elect for the Asset Management Option, exemption from Italian taxation on capital gains will apply upon condition that they file in time with the authorised financial intermediary an appropriate self-declaration stating that they are resident, for tax purposes, in a country included in the White List.

Exemption from Italian *imposta sostitutiva* on capital gains realised upon disposal of Notes not traded on a regulated market also applies to non-Italian residents who are (a) international bodies and organisations established in accordance with international agreements ratified in Italy; (b) certain foreign institutional investors, even though not subject to income tax or to other similar taxes, established in countries included in the White List as amended from time to time; and (c) Central Banks or other entities, managing also official State reserves.

(b) In any event, non-Italian resident individuals or non-Italian resident entities without a permanent establishment in Italy to which the Notes are effectively connected that may benefit from a double taxation treaty with Italy, providing that capital gains realised upon sale or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon sale for consideration or redemption of Notes.

Under these circumstances, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected hold Notes with an Italian authorised financial intermediary and are subject to the *risparmio amministrato* regime or elect for the Asset Management Option, exemption from Italian taxation on capital gains will apply upon condition that the non-Italian residents file in time with the authorised financial intermediary appropriate documents which include, *inter alia*, a certificate of residence from the competent tax authorities of their country of residence.

The *risparmio amministrato* regime is the ordinary regime automatically applicable to non-resident persons and entities in relation to Notes deposited for safekeeping or administration at Italian banks, SIMs and other eligible entities, but non-resident Noteholders retain the right to waive this regime.

Inheritance and gift taxes

Pursuant to Law Decree No. 262 of 3 October 2006, converted into Law No. 286 of 24 November 2006, the transfers of any valuable asset (including bonds or other securities) as a result of death, gift or transfer without consideration are subject to "**Inheritance and Gift Tax**" (*imposta sulle successioni e donazioni*) under the Legislative Decree No. 346 of 31 October 1990, as amended, as follows:

(i) transfers in favour of spouses and direct descendents or direct ancestors are subject to Inheritance and Gift Tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding Euro 1,000,000 for each beneficiary;

(ii) transfers in favour of brothers/sisters are subject to the 6 per cent. Inheritance and Gift Tax on the value of the inheritance or the gift exceeding Euro 100,000 for each beneficiary;

(iii) 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 applied at a rate of 6 per cent. on the entire value of the inheritance or the gift; and

(iv) 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 the gift.

In cases where the beneficiary has a serious disability, inheritance and gift taxes will apply on its portion of the net asset value exceeding Euro 1,500,000.

An anti-avoidance rule is provided for by Law No. 383 of 18 October 2001 for any gift of assets 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 Notes 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.

Transfer Tax

Agreements related to the transfer of securities are subject to the registration tax as follows: (i) public deeds and notarised deeds are subject to registration tax of Euro 200; (ii) private deeds are subject to registration tax of Euro 200 only in some cases set forth by the registration tax law (Presidential Decree 26 April 1986, No. 131, as amended) or in case of voluntary registration (filing with the Tax Authority).

Stamp Duty on the Notes

Pursuant to Article 13(2-*ter*) of the Tariff attached to Italian Presidential Decree No. 642 of 26 October 1972, as subsequently amended, regulating Italian stamp duty, a proportional stamp duty applies on the periodic communications sent by financial intermediaries to their clients (with the exception of pension funds and health funds) with respect to any financial instruments (including banking bonds, *obbligazioni* and capital adequacy financial instruments) deposited therewith.

Such stump duty is generally levied by the relevant financial intermediary and computed on the fair market value of the financial instruments or, in case the fair market value cannot be determined, on their face or redemption values, or, in the case the face or redemption values cannot be determined, on the purchase value at the rate of 0.2 per cent, with a cap of Euro 14,000 per year if the Noteholder is different from an

individual. The stamp duty is levied on an annual basis. In case of reporting periods of less than 12 months, the stamp duty is determined with reference to such period.

Moreover, pursuant to Article 19(18-23) of Law Decree No. 201 of 6 December 2011, converted into law with Italian Law No. 214 of 22 December 2011, a similar duty applies on the fair market value or, in the case the fair market value cannot be determined, on their face or redemption values, or in the case the face or redemption values cannot be determined, on the purchase value of any financial asset (including banking bonds, *obbligazioni* and capital adequacy financial instruments) held abroad by Italian resident individuals, non-business entities and non-business partnerships that are resident in Italy. Such duty applies at the rate of 0.2 per cent. and a tax credit is granted for any foreign property tax levied abroad on such financial assets. Pursuant to Article 134 of Law Decree No. 34 of 19 May 2020, the wealth tax cannot exceed €14,000.00 per year for Noteholders other than individuals.

Tax Monitoring

Pursuant to Italian Law Decree No. 167 of 28 June 1990, converted by Law No. 227 of 4 August 1990 ("**Decree 167/1990**"), as subsequently amended, individuals, non-commercial institutions and non-commercial partnerships resident in Italy who, during the fiscal year, hold investments abroad or have foreign financial assets or are the beneficial owners, under the Italian anti-money laundering law, provided by Italian Legislative Decree No. 231 of 21 November 2007, of investments abroad or foreign financial assets (including Notes held abroad and/or Notes issued by a non-Italian resident issuer) must, in certain circumstances, disclose the aforesaid investments and financial assets to the Italian Tax Authorities in their income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time prescribed for the income tax return).

This obligation does not exist in cases where the financial assets are given in administration or management to Italian banks, SIMs, fiduciary companies or other professional intermediaries, indicated in Article 1 of Decree 167/1990, or if one of such intermediaries intervenes, also as a counterpart, in their transfer, provided that income deriving from such financial assets has been subject to the applicable withholding tax or substitute tax.

The Proposed Financial Transactions Tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has ceased to participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. It may therefore be altered prior to any implementation. Additional EU Member States may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

Foreign Account Tax Compliance Act ("FATCA")

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" (as defined by FATCA) may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes.

A number of jurisdictions, including the Republic of Italy, have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. In particular, with the Law 18 July 2015 No. 95, the Republic of Italy ratified and enacted the IGA with the Unites State of America signed on 10 January 2014. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the issuer). However, if additional Notes (as described under Condition 15 (*Further Issues*)) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA.

SUBSCRIPTION AND SALE

The Dealers have, in a programme agreement dated 6 June 2023 (the "**Programme Agreement**"), agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, the Issuer has agreed to reimburse the relevant Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the relevant Dealers against certain liabilities incurred by them in connection therewith. 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 Tranche of Notes. For the purposes of this section, references in this section to "Dealer" and "Dealers" also refers to any Dealer or Dealers appointed subsequently. The Dealers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Notes.

United States

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States 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 Notes 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. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, except as permitted by the Programme Agreement, it has not offered, sold or delivered and will not offer, sell or deliver the Notes of any identifiable Tranche, (a) as part of their distribution at any time or (b) otherwise until 40 days after completion of the distribution of such Tranche within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, 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 Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes 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 any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act, if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Prohibition of Sales to EEA Retail Investors

Unless the Final Terms (or the Drawdown Prospectus, as the case may be) in respect of any Notes specifies the "*Prohibition of Sales to EEA Retail Investors*" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes 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 the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) **no deposit-taking**: in relation to any Notes 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 Notes other than to persons 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 where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) **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 Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(c) **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 Notes in, from or otherwise involving the United Kingdom.

Prohibition of sales to UK Retail Investors

Unless the Final Terms (or the Drawdown Prospectus, as the case may be) in respect of any Notes specifies "*Prohibition of Sales to UK Retail Investors*" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes 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 United Kingdom. For the purposes of this provision the expression retail investor means a person who is one (or more) of the following:

(i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (EUWA); or

(ii) a customer within the meaning of the provisions of 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 UK domestic law by virtue of the EUWA.

Republic of Italy

The offering of the Notes has not been registered with the CONSOB pursuant to Italian securities legislation and, accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that sales of the Notes in Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulation.

Without prejudice to the paragraph entitled "*Prohibition of Sales to EEA and UK Retail Investors*" above, each Dealer has represented and agreed that, save as set out below, no Notes may be offered, sold or delivered, nor may copies of this Base Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except in circumstances falling within Article 1(4) of the Prospectus Regulation or Article 3(2) of the Prospectus Regulation and Article 34-ter of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time.

Any such offer, sale or delivery of the Notes or distribution of copies of this Base Prospectus or any other document relating to the Notes in the Republic of Italy must be:

(a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No.

20307 of 15 February 2018 and Legislative Decree No. 385 of 1 September 1993 (the "**Italian Banking Act**") (in each case as amended from time to time);

(b) in compliance with Article 129 of the Italian Banking Act, as amended, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy and the relevant implementing guidelines of the Bank of Italy, issued on 25 August 2015, as amended, and

(c) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or any other Italian authority.

France

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 or sold and will not offer or sell, directly or indirectly, Notes to the public in the Republic of France, and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in the Republic of France only to (a) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*), all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

Japan

The Notes 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 Notes 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, the FIEA and other relevant laws and regulations of Japan.

Singapore

Each Dealer has acknowledged that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Switzerland

This Base Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Notes described herein in Switzerland. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland within the meaning of the Swiss Financial Services Act ("FinSA") and will not be listed 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 Notes constitutes a prospectus as such term is understood pursuant to FinSA, and neither this Base Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

General

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, 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 Notes 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 Notes 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. Any such supplement or modification may be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Notes) or in a supplement to this Base Prospectus.

GENERAL INFORMATION

Name and Legal Form of the Issuer

The Issuer is incorporated as a joint stock company (*società per azioni*) in the Republic of Italy, is registered with number 09722490969 in the companies' register of Milan and operates in accordance with Legislative Decree No. 385 of 1 September 1993 (as amended) (the "**Italian Banking Act**").

Corporate Purpose

The purpose of the Issuer, pursuant to Article 4 of the By-laws, is to collect savings and provide loans in various forms, both directly and through subsidiaries. In compliance with applicable regulations and after obtaining the necessary authorisations, the Issuer may carry out, directly or through its subsidiaries, all banking, financial and insurance transactions and services, including the establishment and management of open or closed-end pension schemes, and other activities that may be performed by lending institutions, including the issuance of bonds, the exercise of financing activities regulated by special laws and the sale and purchase of company receivables.

The Issuer may carry out any other transaction that is instrumental or in any way related to the achievement of its corporate purpose. To pursue its objectives, the Issuer may adhere to associations and consortia of the banking system, both in Italy and abroad.

In its capacity as parent company of the Group, pursuant to the laws from time to time in force, including Article 61, paragraph 4, of the Italian Banking Act, in exercising the activity of direction and coordination the Issuer issues guidelines to the Group members, also for the purpose of executing instructions issued by the regulatory authorities and in the interest of the stability of the Group.

Share Capital of the Issuer

Pursuant to Article 6 of the By-laws, the subscribed and paid-up share capital of the Issuer is Euro 7,100,000,000 and is represented by 1,515,182,126 ordinary shares without nominal value.

Authorisation

The updates of the Programme was duly authorised by resolution of the management board of the Issuer dated 18 June 2019.

Legal Entity Identifier

The Legal Entity Identifier (LEI) of Banco BPM is 815600E4E6DCD2D25E30.

Approval, Listing of Notes and Admission to Trading

The CSSF has approved this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of MiFID II.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

BNP Paribas Luxembourg Branch is acting as listing agent in connection with the Programme and the Notes. BNP Paribas Luxembourg Branch, being part of a financial group providing client services with a worldwide network covering different time zones, may entrust parts of its operational processes to other BNP Paribas Group entities and/or third parties, whilst keeping ultimate accountability and responsibility in Luxembourg.

Documents Available

For as long as this Base Prospectus remains valid, copies of the following documents will, when published, be available for inspection or collection by Noteholders from the registered office of the Issuer and from

the specified offices of the Paying Agent for the time being in London or may be provided by the Issuer or the Paying Agent via email:

(a) the by-laws (with an English translation thereof) of the Issuer;

(b) the most recently published audited annual financial statements of the Issuer in each case together with the audit report prepared in connection therewith and the most recently published unaudited consolidated condensed interim financial statements of the Issuer (with an English translation thereof), together with the limited review report prepared in connection therewith. The Issuer currently intends to prepare audited consolidated and non-consolidated accounts on an annual basis and unaudited consolidated condensed interim financial statements on a semi-annual and quarterly basis;

(c) the Agency Agreement for the Notes in Physical Form and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;

(d) a copy of this Base Prospectus;

(e) any future base prospectuses, prospectuses, information memoranda, supplements and Final Terms (save that a Final Terms relating to a Note, which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Regulation will only be available for inspection by a holder of such Note upon reasonable request and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its proof of holding of Notes and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference; and

(f) any "Green Bond Framework", "Social Bond Framework" and/or "Sustainable Bond Framework" that the Issuer may publish in connection with the issuance of Notes classified as "Green Bonds", "Social Bonds" or "Sustainability Bonds".

In addition copies of this Base Prospectus, any supplements thereto, each Final Terms relating to Notes which are admitted to trading on the Luxembourg Stock Exchange's regulated market and each document incorporated by reference are available on the Luxembourg Stock Exchange's website (*www.luxse.com*). In addition, copies of the by-laws of the Issuer (with an English translation thereof) and the provisions governing the meeting of noteholders set out in the Agency Agreement for the Notes in Physical Form will be available on the Issuer's website (*https://gruppo.bancobpm.it/en/*).

Clearing Systems

The Notes in Physical Form have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the relevant Final Terms. If the Notes are to be cleared through an additional or alternative clearing system the appropriate information will be specified in the relevant Final Terms. The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

The Dematerialised Notes have been accepted for clearance by Monte Titoli. The Dematerialised Notes will be in bearer form and held in dematerialised form on behalf of the beneficial owners, until redemption or cancellation thereof, by Monte Titoli S.p.A. (with registered office and principal place of business at Piazza degli Affari 6, 20123 Milan, Italy), for the account of the relevant Monte Titoli Account Holders (including Euroclear and Clearstream, Luxembourg). The relevant Final Terms (or Drawdown Prospectus, as the case may be) shall specify any other clearing system as shall have accepted the relevant Dematerialised Notes for clearance together with any further appropriate information.

Conditions for Determining Price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

Website and Telephone

The website of the Issuer is https://gruppo.bancobpm.it/en/ and its telephone numbers are +39 02 77 001 and +39 045 8675 111. The information on https://gruppo.bancobpm.it/en/ does not form part of this Base Prospectus, except where that information has been incorporated by reference into this Base Prospectus. Other than the information incorporated by reference, the content of the Issuer's website has not been scrutinised or approved by the competent authority.

Significant or Material Change

The COVID-19 pandemic and the Russia-Ukraine conflict have significantly increased the uncertainties in the economy and the financial markets, as discussed in "*Risks related to the impact of global macro-economic factors and the consequences arising from the continuation of the Russia-Ukraine conflict*" on page 12 of this Base Prospectus. Except for the potential direct and indirect impact of the COVID-19 pandemic and of the Russia-Ukraine conflict indicated in the previous paragraph, there has been no significant change in the financial performance or position of the Issuer since 31 March 2023 and there has been no material adverse change in the prospects of the Issuer since 31 December 2022.

Litigation

Save as described under "*Description of the Issuer – Legal Proceedings of the Group – Ongoing Legal and Administrative Proceeding*", neither the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the Group.

Material Contracts

The Issuer has no material contracts in place which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations under the Notes, other than those contracts entered into in the ordinary course of business.

Independent Auditors

PricewaterhouseCoopers S.p.A. was appointed by the shareholders' meetings of Banca Popolare di Milano S.c. a r.l. and Banco Popolare – Società Cooperativa held on 15 October 2016 in the context of the Merger as independent auditor of the Issuer for its consolidated and non-consolidated annual financial statements as well as for its interim consolidated financial statements. The engagement of PricewaterhouseCoopers S.p.A. will expire upon approval of the Issuer's financial statements as at and for the year ending 31 December 2025.

PricewaterhouseCoopers S.p.A., is registered in the Register of the Statutory Auditors, in compliance with the provisions of Legislative Decree No. 39/2010 as implemented by the MEF (Decree No. 144 of 20 June 2012). The registered office of PricewaterhouseCoopers S.p.A. is at Piazza Tre Torri, 2, 20145 Milan, Italy.

Rating Agencies

Each of Moody's France SAS, Fitch Ratings Limited and DBRS Ratings GmbH is established in the European Union and registered in accordance with Regulation No. 1060/2009/EC of the European Parliament and the Council dated 16 September 2009 relating to credit rating agencies, and is included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority at *http://www.esma.europa.eu/supervision/credit-rating-agencies/risk.*

Interests of natural and legal persons involved in the issue/offer

Certain of the Dealers and their affiliates may have engaged, and may in the future engage, in financing, in investment banking and/or commercial banking transactions 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 their 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 Notes 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. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes 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. 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 Notes (subject to customary closing conditions), which could affect future trading of the Notes. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely 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 Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes 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. For the avoidance of doubt, for the purpose of this paragraph the term "**affiliates**" also includes a parent company.

In relation to the issue and subscription of any Tranche of Notes, fees and/or commissions may be payable to the relevant Dealers.

In addition, a Calculation Agent may be appointed by the Issuer in connection with specific Series of Notes issued under the Programme, as set forth in the relevant Final Terms. The Calculation Agent will be an agent of the Issuer and not the agent of the Noteholders, therefore potential conflicts of interest may exist between the Calculation Agent (if any) and Noteholders (including where a Dealer acts as a Calculation Agent), including with respect to certain determinations and judgments that such Calculation Agent may make pursuant to the Conditions.

The relevant Final Terms will specify any other interests of natural and legal persons involved in each issue/offer of Notes under the Programme.

THE ISSUER

BANCO BPM S.p.A.
Piazza Filippo Meda, 4
20121 Milan
Italy

ISSUING AND PAYING AGENT FOR THE NOTES IN PHYSICAL FORM

Citibank, N.A., London Branch
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

To the Issuer as to English law and Italian law in respect of the Notes in Physical Form

White & Case LLP
Piazza Diaz, 2
20123 Milan
Italy

To the Issuer as to Italian law in respect of the Dematerialised Notes

Studio Legale Cappelli RCCD
Piazza Castello 27
20121 Milan
Italy

To the Issuer as to Italian tax law

Studio Legale associato ad Ashurst LLP
Piazza San Fedele, 2
20121 Milan
Italy

To the Dealers as to English and Italian law

Clifford Chance
Studio Legale Associato
Via Broletto, 16
20121 Milan
Italy

AUDITORS

PricewaterhouseCoopers S.p.A.
Piazza Tre Torri, 2
20145 Milan
Italy

DEALERS

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Viale Eginardo, 29
20149 Milan
Italy

Banco Santander, S.A.
Ciudad Grupo Santander
Avenida de Cantabria s/n
Edificio Encinar
28660, Boadilla del Monte
Madrid
Spain

Barclays Bank Ireland PLC
One Molesworth Street
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16, boulevard des Italiens
75009 Paris
France

BofA Securities Europe SA
51 Rue La Boétie
75008 Paris
France

Citigroup Global Markets Europe AG
Reuterweg 16
60323 Frankfurt am Main
Federal Republic of Germany

Citigroup Global Markets Limited
Citigroup Centre
Canada Square
London E14 5LB
United Kingdom

Crédit Agricole Corporate and Investment Bank
12, Place des Etats-Unis, CS 70052
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France

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Germany

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25 Cabot Square
Canary Wharf
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United Kingdom

Goldman Sachs International
Plumtree Court
25 Shoe Lane
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United Kingdom

HSBC Continental Europe
38, avenue Kléber
75116 Paris
France

Intesa Sanpaolo S.p.A.
Divisione IMI Corporate & Investment Banking
Via Manzoni 4
20121 Milan
Italy

J.P. Morgan SE
Taunustor 1 (TaunusTurm)
60310 Frankfurt am Main
Germany

Mediobanca – Banca di Credito Finanziario S.p.A.
Piazzetta Enrico Cuccia, 1
20121 Milan
Italy

NatWest Markets N.V.
Claude Debussylaan 94,
Amsterdam 1082 MD,
The Netherlands

Nomura Financial Products Europe GmbH
Rathenauplatz 1
60313, Frankfurt-am-Main
Germany

Société Générale
29 Boulevard Haussmann
75009 Paris
France

UBS Europe SE
Bockenheimer Landstraße 2-4,
60306 Frankfurt am Main
Germany

LUXEMBOURG LISTING AGENT

BNP Paribas, Luxembourg Branch
60 Avenue J.F. Kennedy
L-1855 Luxembourg