



**BASE PROSPECTUS DATED 10 JANUARY 2024**

**Intesa Sanpaolo S.p.A.**

*(incorporated as a joint stock company under the laws of the Republic of Italy)*

**€25,000,000,000 Covered Bond (Obbligazioni Bancarie Garantite) Programme  
unsecured and unconditionally and irrevocably guaranteed as to payments of interest and  
principal by  
ISP CB Ipotecario S.r.l.**

*(incorporated as a limited liability company under the laws of the Republic of Italy)*

The €25,000,000,000 Covered Bond Programme (the **Programme**) described in this base prospectus (the **Base Prospectus**) has been established by Intesa Sanpaolo S.p.A. (**Intesa Sanpaolo**, the **Bank**, or the **Issuer**) for the issuance of *obbligazioni bancarie garantite* (the **Covered Bonds** which term includes, for avoidance of doubt the Registered Covered Bonds as defined below) guaranteed by ISP CB Ipotecario S.r.l. pursuant to Law No. 130 of 30 April 1999 (**Law 130**), article 129 of the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, as amended and supplemented from time to time (the "**CRR**") and the supervisory instructions of the Bank of Italy relating to covered bonds (*Obbligazioni Bancarie Garantite*) under Third Part, Chapter 3, of the Circular No. 285 of 17 December 2013, containing the "*Disposizioni di vigilanza per le banche*", as amended and supplemented from time to time (the **BoI OBG Regulations** and, together with Law 130 and the CRR, the **OBG Regulations**).

ISP CB Ipotecario S.r.l. (**ISP CB Ipotecario** or the **Covered Bond Guarantor**) issued a first demand (*a prima richiesta*), autonomous, unconditional and irrevocable (*irrevocabile*) guarantee (*garanzia autonoma*) securing the payment obligations of the Issuer under the Covered Bonds (the **Covered Bond Guarantee**), in accordance with the provisions of Law 130. The obligation of payment under the Covered Bond Guarantee shall be limited recourse to the Portfolio and the Available Funds (as defined in the section headed "*Terms and Conditions of the Covered Bonds*").

This Base Prospectus has been approved by the *Commission de Surveillance du Secteur Financier* (the **CSSF**), which is the competent authority under Regulation EU 2017/1129, as amended (the **Prospectus Regulation**) in the Grand Duchy of Luxembourg, as a base prospectus for the purpose of article 8 of the Prospectus Regulation.

The CSSF only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the CSSF should not be considered as an endorsement of the Issuer or the Covered Bond Guarantor or the quality of the Covered Bonds that are subject to this Base Prospectus. Potential investors should make their own assessment as to the suitability of investing in Covered Bonds.

Application has also been made for Covered Bonds issued under the Programme during the period of 12 (twelve) months from the date of this Base Prospectus to be listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange, which is a regulated market for the purposes of Directive 2014/65/EU. As referred to in Article 6(4) of the Luxembourg law on prospectuses for securities of 16 July 2019, by approving this Base Prospectus, in accordance with Article 20 of the Prospectus Regulation, the CSSF does not engage in respect of the economic or financial opportunity of the operation or the quality and solvency of the Issuer.

**This Base Prospectus is valid for 12 months from its date in relation to Covered Bonds (until 10 January 2025) which are to be admitted to trading on a regulated market in the European Economic Area (the EEA). The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid.**

This Base Prospectus replaces and supersedes the base prospectus approved on 22 June 2023 relating to the Programme.

Capitalised terms used in this Base Prospectus shall have the meaning ascribed to them in the section headed "*Glossary*", unless otherwise defined in the specific section of this Base Prospectus in which they are used.

Under the Programme, the Issuer may issue Covered Bonds denominated in any currencies, including Euro, UK Sterling, Swiss Franc, Japanese Yen and US Dollar. Interest on the Covered Bonds shall accrue monthly, quarterly, semi-annually, annually or on such other basis as specified in the relevant Final Terms, in arrears at fixed or floating rate, increased or decreased by a margin. The Issuer may also issue Covered Bonds at a discounted price with no interest accruing and repayable at nominal value (zero-coupon Covered Bonds).

The terms of each Series will be set forth in the Final Terms relating to such Series prepared in accordance with the provisions of this Base Prospectus and, if listed, to be delivered to the Luxembourg Stock Exchange on or before the date of issue of such Series.

Application has been made for Covered Bonds (other than Registered Covered Bonds) to be admitted to listing on the official list and trading on the regulated market of the Luxembourg Stock Exchange, which is a regulated market for the purposes of

Directive 2014/65/UE. In addition, the Issuer and each Relevant Dealer named under the section headed “*Subscription and Sale*” may agree to make an application to list a Series on any other stock exchange as specified in the relevant Final Terms. The Programme also permits Covered Bonds to be issued on an unlisted basis.

Covered bonds will be issued in dematerialised form and the Issuer reserves the right to issue also Covered Bonds as German governed registered covered bonds (*Gedekte Namensschuldverschreibung*) (the **Registered Covered Bonds**). This Base Prospectus does not relate to the Registered Covered Bonds which may be issued by the Issuer under the Programme pursuant to either separate documentation or the documents described in this Base Prospectus after having made the necessary amendments and the approval of this Base Prospectus by the CSSF does not cover any Registered Covered Bonds which may be issued by the Issuer.

Where Covered Bonds (other than Registered Covered Bonds) issued under the Programme are admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Regulation, such Covered Bonds will have a denomination of not less than €100,000 (or, where the Covered Bonds are issued in a currency other than euro, the equivalent amount in such other currency). The terms and conditions of the Registered Covered Bonds (the **Registered Covered Bond Conditions**), which will differ from the terms and conditions set out in the section headed “*Terms and Conditions of the Covered Bonds*”, will specify the minimum denomination for Registered Covered Bonds, which might not be listed.

Amounts payable under the Covered Bonds may be calculated by reference to EURIBOR or such other reference rate, in each case as specified in the relevant Final Terms. As at the date of this Base Prospectus, the European Money Markets Institute (EMMI, as administrator of EURIBOR) is included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to article 36 of Regulation (EU) 2016/1011, as amended (the **EU Benchmarks Regulation**).

The Covered Bonds to be issued on or after the date hereof will be held in dematerialised form or in any other form as may be set out in the Final Terms. The Covered Bonds issued in dematerialised form will be held on behalf of their ultimate owners, until redemption or cancellation thereof, by Monte Titoli S.p.A. (commercial name “Euronext Securities Milan”), with registered office at Piazza degli Affari, no. 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 depositary banks appointed by Euroclear Bank S.A./N.V., 1 Boulevard du Roi Albert II, B-1210 Bruxelles as operator of the Euroclear System (**Euroclear**) and Clearstream Banking, *société anonyme*, 42 Avenue JF Kennedy, L-1855, Luxembourg (**Clearstream**). Each Series of Covered Bonds issued in dematerialised form will be deposited with Monte Titoli on the relevant Issue Date (as defined in the section headed “*Terms and Conditions of the Covered Bonds*”). Monte Titoli shall act as depositary for Clearstream and Euroclear. The Covered Bonds issued in dematerialised form will at all times be held in book entry form and title to the Covered Bonds issued in dematerialised form will be evidenced by book entries in accordance with the provisions of Italian Legislative Decree No. 58 of 24 February 1998, as amended and supplemented from time to time (the **Financial Law**) and implementing regulation and with the joint regulation of the *Commissione Nazionale per le Società e la Borsa* (**CONSOB**) and the Bank of Italy dated 13 August 2018 and published in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) No. 201 of 30 August 2018, as subsequently amended and supplemented. No physical document of title will be issued in respect of the Covered Bonds issued in dematerialised form.

Before the Maturity Date the Covered Bonds will be subject to mandatory and optional redemption in whole or in part in certain circumstances, as set out in Condition 9 (*Redemption and Purchase*).

Each Series is expected, upon the relevant issue, to be assigned a rating as specified in the relevant Final Terms by Moody's Italia S.r.l. (**Moody's** or the **Rating Agency**, which expression shall include any successor thereof). Conditions precedent to the issuance of any Series include that a rating letter assigning the rating to such Series of Covered Bonds is issued by the Rating Agency. Whether or not the credit rating applied for in relation to relevant Series of Covered Bonds will be (1) issued or endorsed by a credit rating agency established in the EEA and registered under Regulation (EC) No. 1060/2009 (as amended, the **EU CRA Regulation**) or by a credit rating agency which is certified under the EU CRA Regulation and/or (2) issued or endorsed by a credit rating agency established in the United Kingdom (the **UK**) and registered under Regulation (EC) No. 1060/2009 on credit rating agencies, as it forms part of domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 (the **UK CRA Regulation**) or by a credit rating agency which is certified under the UK CRA Regulation will be disclosed in the Final Terms. In general, EEA regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation, or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the EU CRA Regulation. In general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the UK and registered under the UK CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the UK but is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or (2) the rating is provided by a credit rating agency not established in the UK which is certified under the UK CRA Regulation. The European Securities and Markets Authority (the **ESMA**) is obliged to maintain on its website, <https://www.esma.europa.eu/page/List-registered-and-certified-CRAs>, a list of credit rating agencies registered and certified in accordance with the EU CRA Regulation. The Financial Conduct Authority (the **FCA**) is obliged to maintain on its website, <https://register.fca.org.uk/s/search?q=fitch&type=Companies>, a list of credit rating agencies registered and certified in accordance with the UK CRA Regulation. **A credit rating is not a recommendation to buy, sell or hold Covered Bonds and may be subject to revision or withdrawal by the Rating Agency.**

For a discussion of certain risks and other factors that should be considered in connection with an investment in the Covered Bonds, see the section headed “*Risk Factors*” of this Base Prospectus.

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

*Arrangers*

**IMI – Intesa Sanpaolo, Intesa Sanpaolo and Barclays**

*Dealers*

**IMI – Intesa Sanpaolo and Barclays**

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## RESPONSIBILITY STATEMENTS

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

ISP CB IPOTECARIO S.r.l. accepts responsibility for the information included in this Base Prospectus in the section headed “*Description of the Covered Bond Guarantor*” and any other information contained in this Base Prospectus relating to itself. To the best of the knowledge of the Issuer, those parts of this Base Prospectus for which ISP CB Ipotecario S.r.l. is responsible are in accordance with the facts and makes no omission likely to affect the importance of such information.

## NOTICE

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

This Base Prospectus should be read and understood in conjunction with any supplement thereto along with any document incorporated herein by reference (see the section headed “*Documents incorporated by reference*”) and, in relation to any Series or Tranche of Covered Bonds, with the relevant Final Terms.

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

Capitalised terms used in this Base Prospectus shall have the meaning ascribed to them in the section headed “*Glossary*”, unless otherwise defined in the single section of this Base Prospectus in which they are used.

The Issuer and, with respect to the information relating to itself only, the Covered Bond Guarantor, have confirmed to the Dealers (i) that this Base Prospectus contains all information with regard to the Issuer and the Covered Bonds which is material in the context of the Programme and the issue and offering of Covered Bonds thereunder; (ii) that the information contained herein is accurate in all material respects and is not misleading; (iii) that any opinions and intentions expressed by it herein are honestly held and based on reasonable assumptions; (iv) that there are no other facts with respect to the Issuer, the omission of which would make this Base Prospectus as a whole or any statement therein or opinions or intentions expressed therein misleading in any material respect; and (v) that all reasonable enquiries have been made to verify the foregoing.

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 sections headed “*Ratings*” of this Base Prospectus are the following rating agencies: Fitch Ratings Ireland Limited, Moody’s Investors Service España S.A., S&P Global Ratings Europe Limited and DBRS Ratings GmbH (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.

No person is or has been authorised by the Issuer or the Covered Bond Guarantor to disclose any information or to make any representation which is 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 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, the Dealers or any party to the Transaction Documents.

Neither the delivery of this Base Prospectus nor any offer or sale made in connection therewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Covered Bond Guarantor since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or in any circumstances imply that the information contained herein concerning the Issuer and the Covered Bond Guarantor 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 on which it is supplied or, if different, the date indicated in the document containing the same.

This Base Prospectus is valid for 12 months following its date of publication and it and any supplement hereto as well as any Final Terms filed within such 12 months reflect the status as of their respective dates of issue.

Neither the Dealers, the Arrangers nor any person mentioned in this Base Prospectus, with exception of the Issuer, the Covered Bond Guarantor and the Asset Monitor (only with respect to the section “*Description of the Asset Monitor*”), is responsible for the information contained in this Base Prospectus, any document incorporated herein by reference, or any supplement thereof, or any Final Terms or any document incorporated herein by reference, and accordingly, and to the extent permitted by the laws of any relevant jurisdiction, none of these persons accepts any responsibility for the accuracy and completeness of the information contained in any of these documents.

Neither the Dealers, nor the Arrangers have separately verified the information contained in this Base Prospectus. None of the Dealers or the Arrangers makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Base Prospectus. Neither this Base Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Covered Bond Guarantor, the Dealers or the Arrangers that any recipient of this Base Prospectus or any other financial statements should purchase the Covered Bonds. Each potential purchaser of Covered Bonds should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of Covered Bonds should be based upon such investigation as it deems necessary. None of the Dealers or the Arrangers undertakes to review the financial condition or affairs of the Issuer or the Covered Bond Guarantor during the life of the arrangements contemplated by this Base Prospectus or to advise any investor or potential investor in Covered Bonds of any information coming to the attention of any of the Dealers or the Arrangers.

The distribution of this Base Prospectus, any document incorporated herein by reference and any Final Terms and the offering, sale and delivery of the Covered Bonds in certain

jurisdictions may be restricted by law. Any persons into possession of this Base Prospectus or any Final Terms come are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions.

For a description of certain restrictions on offers, sales and deliveries of Covered Bonds and on the distribution of the Base Prospectus or any Final Terms and other offering material relating to the Covered Bonds, see the section headed “*Subscription and Sale*” of this Base Prospectus. In particular, the Covered Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended. Subject to certain exceptions, Covered Bonds may not be offered, sold or delivered within the United States of America or to U.S. persons.

Intesa Sanpaolo may offer and sell the Covered Bonds to or through one or more underwriters, dealers and agents, including Intesa Sanpaolo, or directly to purchasers.

Neither this Base Prospectus, any supplement thereto, nor any Final Terms (or any part thereof) constitutes, nor may they be used for the purpose of, an offer to sell any of the Covered Bonds, or a solicitation of an offer to buy any of the Covered Bonds, by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful. Each recipient of this Base Prospectus or any Final Terms is required and shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer and the Covered Bond Guarantor.

The language of this Base Prospectus is English. Where a claim relating to the information contained in this Base Prospectus is brought before a court in a member State of the European Economic Area (a **Member State**), the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.

This Base Prospectus may only be used for the purpose for which it has been published.

**The Covered Bonds may not be a suitable investment for all investors.**

Each potential investor in the Covered Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Covered Bonds, the merits and risks of investing in the Covered Bonds and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Covered Bonds and the impact the Covered Bonds will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Covered Bonds, including Covered Bonds where the currency for principal or interest payments is different from the potential investor’s currency;
- understand thoroughly the terms of the Covered Bonds and be familiar with the behaviour of any relevant indices and financial markets; and



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

Some Covered Bonds 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 with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Covered Bonds which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Covered Bonds will perform under changing conditions, the resulting effects on the value of the Covered Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

In this Base Prospectus, references to €, **euro** or **Euro** are to the single currency introduced at the beginning of the Third Stage of European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended; references to **U.S.\$** or **U.S. Dollar** are to the currency of the United States of America; references to **£** or **UK Sterling** are to the currency of the United Kingdom; references to **Swiss Franc** are to the currency of the Swiss Confederation; references to **Japanese Yen** are to the currency of the State of Japan; references to **Italy** are to the Republic of Italy; references to laws and regulations are, unless otherwise specified, to the laws and regulations of Italy; and references to billions are to thousands of millions.

Certain figures included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which preceded them.

Each initial and subsequent purchaser of a Covered Bond will be deemed, by its acceptance of the purchase of such Covered Bond, to have made certain acknowledgements, representations and agreements intended to restrict the resale or other transfer thereof as set forth therein and described in this Base Prospectus and, in connection therewith, may be required to provide confirmation of its compliance with such resale or other transfer restrictions in certain cases.

The Arrangers are acting for the Issuer and no one else in connection with the Programme and will not be responsible to any person other than the Issuer for providing the protection afforded to clients of the Joint Arrangers or for providing advice in relation to the issue of the Covered Bonds.

**In connection with the issue of any Series or Tranche under the Programme, the Dealer (if any) which is specified in the relevant Final Terms as the stabilising manager (the Stabilising Manager) or any person acting for the Stabilising Manager may over-allot any such Series or Tranche or effect transactions with a view to supporting the market price such Series or Tranche at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on the Stabilising Manager (or any agent of the Stabilising Manager) to do this. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the Covered Bonds is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Series or Tranche and 60 days after the date of the allotment of any such Series or Tranche. Such stabilising shall be in compliance with all applicable laws, regulations and rules.**

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

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

**MIFID II product governance / target market** – The Final Terms in respect of any Covered Bonds will include a legend entitled “*MiFID II Product Governance*” which will outline the target market assessment in respect of the Covered Bonds and which channels for distribution of the Covered Bonds are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (a “distributor”) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the **MiFID Product Governance Rules**), any Dealer subscribing for any Covered Bonds is a manufacturer in respect of such Covered Bonds, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

**UK MiFIR product governance / target market** - The Final Terms in respect of any Covered Bonds will include a legend entitled UK MiFIR Product Governance which will outline the target market assessment in respect of the Covered Bonds and which channels for distribution of the Covered Bonds are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (a “distributor”) should take into consideration the target

market assessment; however, a distributor subject to the UK 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 Covered Bonds (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

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

## GENERAL DESCRIPTION OF THE PROGRAMME

*The following section contains a general description of the Programme pursuant to Article 25 of Commission Delegated Regulation (EU) 2019/980 and, as such, does not purport to be complete and is qualified in its entirety by the remainder of this Base Prospectus and, in relation to the terms and conditions of any Series or Tranche, the applicable Final Terms. Prospective purchasers of Covered Bonds should carefully read the information set out elsewhere in this Base Prospectus prior to making an investment decision in respect of the Covered Bonds. In this section, references to a numbered condition are to such condition in “Terms and Conditions of the Covered Bonds” below.*

### 1. PRINCIPAL PARTIES

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| <b>Issuer</b>                 | <p>Intesa Sanpaolo S.p.A., a bank organised as a joint stock company and incorporated under the laws of the Republic of Italy, whose registered office is at Piazza San Carlo 156, 10121, Turin, Italy and secondary office at Via Monte di Pietà 8, 20121, Milan, Italy, share capital of Euro 10,368,870,930.08, incorporated with Fiscal Code number and registration number with the Turin Register of Enterprises 00799960158, delegate of Intesa Sanpaolo Group VAT under number 11991500015, enrolled under number 5361 in the register of banks held by the Bank of Italy pursuant to article 13 of the Consolidated Banking Act, holding company of the Intesa Sanpaolo Group, enrolled in the register of banking groups held by the Bank of Italy pursuant to article 64 of the Consolidated Banking Act (the <b>Issuer</b> or <b>Intesa Sanpaolo</b>).</p> <p><b>Intesa Sanpaolo Group</b> means Intesa Sanpaolo and each of its consolidated subsidiaries.</p> |
| <b>Covered Bond Guarantor</b> | <p>ISP CB Ipotecario S.r.l., a limited liability company (<i>società a responsabilità limitata</i>) incorporated in the Republic of Italy pursuant to Article 7-septies of Law 130, with share capital equal to euro 120,000.00 (fully paid up) whose registered office is at Via Monte di Pietà 8, 20121 Milan, Italy, enrolled with the Companies' Register of Milan-Monza-Brianza-Lodi, under No. 05936180966, belonging to the Intesa Sanpaolo Group, subject to the direction and coordination (<i>direzione e coordinamento</i>), pursuant to Article 2497-bis of the Italian Civil Code, of Intesa Sanpaolo S.p.A. (the <b>Covered Bond Guarantor</b>).</p> <p>The share capital of the Covered Bond Guarantor is 60 per cent. owned by the Issuer and 40 per cent. owned by Stichting Viridis 2.</p>                                                                                                                                                                |
| <b>Seller</b>                 | <p>Intesa Sanpaolo, in its capacity as seller under the Master Transfer Agreement (the <b>Seller</b>).</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Arrangers</b>              | <p>Intesa Sanpaolo and Barclays Bank Ireland PLC, public limited company incorporated under the laws of Ireland with registered number 396330 and having its registered office at One Molesworth Street, Dublin 2, Ireland, D02 RF29 (<b>Barclays</b>) (collectively, the <b>Arrangers</b>).</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Dealers</b>                | <p>As of the date hereof, Intesa Sanpaolo and Barclays (collectively, the <b>Dealers</b>), and any entity so appointed by the Issuer in accordance with the terms of the Dealer Agreement.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Servicer</b>               | <p>Intesa Sanpaolo, in its capacity as servicer under the Servicing Agreement (the <b>Servicer</b>).</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

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| <b>Special Servicers</b>                | <p>Intesa Sanpaolo (the <b>First Special Servicer</b>).</p> <p>Any servicer, other than Intesa Sanpaolo, which may be appointed as special servicer pursuant to the Servicing Agreement (the <b>Second Special Servicer</b>).</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Administrative Services Provider</b> | Intesa Sanpaolo in its capacity as administrative services provider under the Administrative Services Agreement (the <b>Administrative Services Provider</b> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Additional Sellers</b>               | Any bank (each an <b>Additional Seller</b> ), other than the Seller, which is a member of the Intesa Sanpaolo Group, may sell Eligible Assets, Integration Assets and/or Liquid Assets to the Covered Bond Guarantor, subject to satisfaction of certain conditions, including the issuance by the Rating Agency of a Rating Agency Confirmation, and that, for such purpose, shall, <i>inter alia</i> , enter into a master transfer agreement, substantially in the form of the Master Transfer Agreement, a subordinated loan agreement, substantially in the form of the Subordinated Loan Agreement, and shall accede to the Intercreditor Agreement (which will be amended in order to take into account the granting of additional subordinated loans) and the other Transaction Documents executed by the Seller.                                                                                                                                                                                                                                                                                                             |
| <b>Portfolio Manager</b>                | The entity to be appointed under the Portfolio Administration Agreement in order to carry out certain activities in connection with the sale of assets following the occurrence of an Issuer Event of Default or a Covered Bond Guarantor Event of Default (the <b>Portfolio Manager</b> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Asset Monitor</b>                    | Deloitte & Touche S.p.A., a company incorporated under the laws of the Republic of Italy, with registered office at Via Tortona, 25, 20144 Milan, Italy, with Fiscal Code, VAT number and registration number with the Register of Enterprises of Milan, Monza-Brianza, Lodi No. 03049560166, enrolled under No. 132587 with the register of accounting firms held by Ministero dell'Economia e delle Finanze pursuant to article 2 of the Italian Legislative Decree No. 39 of 27 January 2010 and related regulations issued by Ministero dell'Economia e delle Finanze (the <b>Asset Monitor</b> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Cash Manager</b>                     | Intesa Sanpaolo, through its branch located at Via Verdi 8, Milan, in its capacity as cash manager under the Cash Management and Agency Agreement (the <b>Cash Manager</b> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Account Bank</b>                     | Intesa Sanpaolo, through its branches located at Via Verdi 8, Milan and Via Langhirano 1, Parma with which the accounts on which all the amounts collected or recovered by the Servicer in respect of the Portfolio will be transferred in accordance with the terms of the Servicing Agreement and the Cash Management and Agency Agreement (the <b>Intesa Collection Accounts</b> ) and additional accounts (the <b>Intesa Other Accounts</b> and together with the Intesa Collection Accounts, the <b>Intesa Accounts</b> ) are opened and held in the name of the Covered Bond Guarantor in accordance with the terms of the Cash Management and Agency Agreement (an <b>Account Bank</b> ) and Crédit Agricole – Corporate and Investment Bank, with its registered offices at 9, Quai du Président Paul Doumer, 92920 Paris La Défense Cedex ( <b>CA-CIB</b> ), with which certain accounts (the <b>CA-CIB Accounts</b> ) are opened and held in the name of the Covered Bond Guarantor in accordance with the terms of the Cash Management and Agency Agreement (an <b>Account Bank</b> and together with Intesa Sanpaolo, the |

**Account Banks).**

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| <b>Calculation Agent</b>                         | PricewaterhouseCoopers Business Service S.r.l., incorporated under the laws of the Republic of Italy, whose registered office is at Milan, Piazza Tre Torri, 2, VAT number and Taxpayer Identification Code 06234620968, in its capacity as calculation agent under the Cash Management and Agency Agreement (the <b>Calculation Agent</b> ), in order to perform certain calculations and conduct certain tests pursuant to the Transaction Documents.                                                                                                                                                   |
| <b>Liability Hedging Counterparty</b>            | Intesa Sanpaolo, as liability hedging counterparty as of the First Issue Date, and any other party (each, a <b>Liability Hedging Counterparty</b> ) that, from time to time, will enter into a Liability Swap with the Covered Bond Guarantor for the hedging of currency risk and/or interest rate risk on the Covered Bonds.                                                                                                                                                                                                                                                                            |
| <b>Asset Hedging Counterparty</b>                | Intesa Sanpaolo, as asset hedging counterparty as of the First Issue Date, and any other party (each, an <b>Asset Hedging Counterparty</b> ) that, from time to time, will enter into an Asset Swap with the Covered Bond Guarantor for the hedging of currency and/or interest rate risk on the Portfolio.                                                                                                                                                                                                                                                                                               |
| <b>Paying Agent</b>                              | <p>Deutsche Bank S.p.A., a bank incorporated under the laws of the Republic of Italy, whose registered office is at Piazza del Calendario, 3, 20100 Milan, Italy, in its capacity as paying agent of the Covered Bonds under the Cash Management and Agency Agreement (the <b>Paying Agent</b>).</p> <p>Any reference to the Paying Agent included in this Base Prospectus, shall include, for the avoidance of doubt, any reference to additional paying agent and/or the German Paying Agent appointed by the Issuer in relation to a specific Series of Covered Bonds or Registered Covered Bonds.</p> |
| <b>Registrar</b>                                 | Any institution which may be appointed from time to time by the Issuer to act as registrar in respect of the Registered Covered Bonds issued under the Programme (the <b>Registrar</b> ), provided that if the Issuer will keep the register and will not delegate such activity, any reference to the Registrar will be construed as a reference to the Issuer.                                                                                                                                                                                                                                          |
| <b>German Paying Agent</b>                       | Any institution appointed from time to time by the Issuer to act as paying agent in respect of the Registered Covered Bonds issued under the Programme (the <b>German Paying Agent</b> ).                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Luxembourg Listing Agent</b>                  | Deutsche Bank Luxembourg S.A., whose registered office is at 2 Boulevard Konrad Adenauer, Luxembourg L-1115 a bank incorporated under the laws of Luxembourg, in its capacity as Luxembourg listing agent under the Cash Management and Agency Agreement (the <b>Luxembourg Listing Agent</b> ).                                                                                                                                                                                                                                                                                                          |
| <b>Representative of the Covered Bondholders</b> | KPMG Fides Servizi di Amministrazione S.p.A., a joint stock company, incorporated under the laws of the Republic of Italy, whose registered office is at Via Vittor Pisani 27, Milan, Italy, with Fiscal Code, VAT and registration with the Milan Register of Enterprises No. 00731410155, acting through its secondary office in Rome, Via Eleonora Duse 53 ( <b>KPMG Fides</b> or the <b>Representative of the Covered Bondholders</b> ).                                                                                                                                                              |
| <b>Rating Agency</b>                             | Moody's Italia S.r.l. ( <b>Moody's</b> or the <b>Rating Agency</b> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Swap Service Providers</b>                    | Intesa Sanpaolo and any other party (each, a <b>Swap Service Provider</b> ) that has entered or will enter, from time to time, into a Swap Service Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Ownership or</b>                              | As of the date of this Base Prospectus, no direct or indirect ownership or                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

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| <b>control relationships between the principal parties</b> | control relationships exist between the principal parties described above in this section, other than the relationships existing between Intesa Sanpaolo (as Issuer and in its other roles as indicated above) and the Covered Bond Guarantor, all of which pertain to the Intesa Sanpaolo Group. |
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## 2. THE COVERED BONDS AND THE PROGRAMME

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| <b>Programme Description</b>             | €25,000,000,000.00 Covered Bond Programme.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Programme Amount</b>                  | Up to €25,000,000,000.00 (and for this purpose, any Covered Bonds denominated in another currency shall be translated into Euro at the date of the agreement to issue such Covered Bonds, and the Euro exchange rate used shall be included in the Final Terms) in aggregate principal amount of Covered Bonds outstanding (the <b>Programme Limit</b> ). The Programme Limit may be increased in accordance with the terms of the Dealer Agreement and, according to Article 18, letter (i) of the Commission Delegated Regulation (EU) 2019/979 of 14 March 2019, the Issuer will publish a supplement to this Base Prospectus.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Distribution of the Covered Bonds</b> | The Covered Bonds may be distributed on a syndicated or non-syndicated basis, in each case only in accordance with the relevant selling restrictions.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Selling Restrictions</b>              | <p>The offer, sale and delivery of the Covered Bonds and the distribution of offering material in certain jurisdictions may be subject to certain selling restrictions. Persons who are in possession of this Base Prospectus are required by the Issuer, the Dealers and the Arrangers to inform themselves about, and to observe, any such restriction. The Covered Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the <b>Securities Act</b>). Subject to certain exceptions, the Covered Bonds may not be offered, sold or delivered within the United States or to US persons. There are further restrictions on the distribution of this Base Prospectus and the offer or sale of Covered Bonds in the European Economic Area (including the Republic of Ireland, Germany and the Republic of Italy), the United Kingdom and Japan. For a description of certain restrictions on offers and sales of Covered Bonds and on distribution of this Base Prospectus, see the section headed “<i>Subscription and Sale</i>” below.</p> <p>Intesa Sanpaolo may offer and sell the Covered Bonds to, or through, one or more underwriters, dealers and agents, including Intesa Sanpaolo, or directly to purchasers.</p> |
| <b>Currencies</b>                        | Covered Bonds may be denominated in Euro, UK Sterling, Swiss Franc, Japanese Yen and US Dollar, as specified in the applicable Final Terms, or in any other currency, as may be agreed between the Issuer and the Relevant Dealer(s) (each a <b>Specified Currency</b> ), subject to compliance with all applicable legal and/or regulatory and/or central bank requirements, in which case the Covered Bond Guarantor and/or the Issuer may enter into certain agreements in order to hedge <i>inter alia</i> its currency exchange exposure in relation to such Covered Bonds. Payments in respect of Covered Bonds may, subject to such compliance, be made in, or linked to, any currency other than the currency in which such Covered Bonds are denominated.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

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| <b>Denominations</b>              | In accordance with the Conditions, the Covered Bonds (other than the Registered Covered Bonds) will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal or regulatory or central bank requirements (see Condition 3 ( <i>Form, Denomination and Title</i> )). Registered Covered Bonds will be issued in such denominations indicated in the applicable Registered Covered Bonds Conditions.                                                                                                                                                                                                                                                                                                                                                 |
| <b>Minimum Denomination</b>       | The minimum denomination of each Covered Bond (other than the Registered Covered Bonds) will be €100,000 (or, where the Covered Bonds are issued in a currency other than euro, the equivalent amount in such other currency), in each case as specified in the relevant Final Terms. The minimum denomination for the Registered Covered Bonds will be specified in the relevant Registered Covered Bonds Conditions.                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Issue Price</b>                | Covered Bonds of each Series or Tranche may be issued at an issue price which is at par or at a discount to, or premium over, par, as specified in the relevant Final Terms (in each case, the <b>Issue Price</b> for such Series or Tranche).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Issue Date</b>                 | The date of issue of a Series or Tranche of Covered Bonds pursuant to and in accordance with the Dealer Agreement (each, the <b>Issue Date</b> in relation to such Series).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>First Issue Date</b>           | The date on which the Issuer issues the first Series of Covered Bonds (the <b>First Issue Date</b> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>CB Payment Date</b>            | Any date specified as such in, or determined in accordance with, the provisions of the Conditions and the relevant Final Terms, subject in each case, to the extent provided in the relevant Final Terms, to adjustment in accordance with the applicable Business Day Convention (each such date, a <b>CB Payment Date</b> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>CB Interest Period</b>         | Each period beginning on (and including) a CB Payment Date (or, in the case of the first CB Interest Period, the Interest Commencement Date) and ending on (but excluding) the next CB Payment Date (or, in the case of the last CB Interest Period, the Maturity Date) (each such period, a <b>CB Interest Period</b> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Interest Commencement Date</b> | In relation to any Series or Tranche of Covered Bonds, the Issue Date of such Covered Bonds or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms ( <b>Interest Commencement Date</b> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Form of Covered Bonds</b>      | <p>The Covered Bonds will be issued and will be held in dematerialised form or as German governed registered covered bonds (<i>Gedekte Namensschuldverschreibung</i>) (the <b>Registered Covered Bonds</b>), or in any other form as set out in the relevant Final Terms.</p> <p>The Covered Bonds issued in bearer form and in dematerialised form (<i>emesse in forma dematerializzata</i>) will be held on behalf of the beneficial owners, until redemption or cancellation thereof, by Monte Titoli for the account of the relevant Monte Titoli Account Holders. Each such Series or Tranche will be deposited with Monte Titoli on the relevant Issue Date. Monte Titoli shall act as depositary for Clearstream and Euroclear. The Covered Bonds issued in dematerialised form will at all times be evidenced</p> |



by, and title thereto will be transferable by means of, book-entries in accordance with the provisions of (i) Article 83-*bis et seq.* of the Financial Law and the relevant implementing regulations and (ii) Regulation 13 August 2018. No physical document of title will be issued in respect of the Covered Bonds issued in dematerialised form.

Registered Covered Bonds will be issued to each holder in the form of a Registered Covered Bond (*Gedekte Namensschuldverschreibung*), each issued with a minimum denomination indicated in the relevant Registered Covered Bond terms and conditions (the **Registered Covered Bond Conditions**).

The relevant Registered Covered Bonds (*Gedekte Namensschuldverschreibung*), together with the related Registered Covered Bond Conditions attached thereto and any other document expressed to govern such Series of Registered Covered Bonds, will constitute the full terms and conditions of the relevant Series of Registered Covered Bonds.

In the case of Registered Covered Bonds, each reference in this Base Prospectus to information being set out, specified, stated, shown, indicated or otherwise provided for in the applicable Final Terms shall be read and construed as a reference to such information being set out, specified, stated, shown, indicated or otherwise provided in the Registered Covered Bond (*Gedekte Namensschuldverschreibung*), the Registered Covered Bond Conditions attached thereto or other related agreements and, as applicable, each other reference to Final Terms in this Base Prospectus shall be construed and read as a reference to such Registered Covered Bond (*Gedekte Namensschuldverschreibung*), the Registered Covered Bond Conditions attached thereto or the relevant Registered Covered Bond agreement.

A transfer of Registered Covered Bonds is deemed to be not effective until the transferee has delivered to the Registrar a duly executed copy of the Registered Covered Bond certificate relating to such Registered Covered Bond along with a duly executed Registered Covered Bond assignment agreement. A transfer can only occur for the minimum denomination indicated in the applicable Registered Covered Bond Conditions or multiples thereof.

In connection with the Registered Covered Bonds, references in this Base Prospectus to the Conditions or a particularly numbered Condition shall be construed, where relevant (and unless specified otherwise), as references to the equivalent Condition in the relevant Registered Covered Bonds Conditions as supplemented by any applicable document.

#### **Types of Covered Bonds**

In accordance with the Conditions, the Covered Bonds may be Fixed Rate Covered Bonds, Floating Rate Covered Bonds, Zero Coupon Covered Bonds or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms. The Covered Bonds may be repayable in one or more instalments depending on the Redemption/Payment Basis shown in the applicable Final Terms. Each Series shall be comprised of Fixed Rate Covered Bonds only or Floating Rate Covered Bonds only or Zero Coupon Covered Bonds only or such other Covered Bonds accruing interest on such other basis and at such other rate as may be so specified in the relevant Final Terms only.

*Fixed Rate Covered Bonds:* fixed interest on the Covered Bonds will be payable in accordance with the relevant Final Terms, on such date as may be agreed between the Issuer and the Relevant Dealers and on redemption, and will be calculated on the basis of such Day Count Fraction provided for in the Conditions and the relevant Final Terms.

*Floating Rate Covered Bonds:* Floating Rate Covered Bonds will bear interest at a rate determined in accordance with the Conditions and the relevant Final Terms. The margin (if any) relating to such floating rate will be agreed between the Issuer and the Relevant Dealers for each Series of Floating Rate Covered Bonds.

*Other provisions in relation to Floating Rate Covered Bonds:* Floating Rate Covered Bonds may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Covered Bonds in respect of each CB Interest Period, as agreed prior to issue by the Issuer and the Relevant Dealer, will be payable on such CB Payment Dates, and will be calculated on the basis of such Day Count Fraction provided for in the Conditions and the relevant Final Terms.

*Partly-Paid Covered Bonds:* Covered Bonds may be issued on a partly-paid basis in which case interest will accrue on the paid-up amount of such Covered Bonds or on such other basis as may be agreed between the Issuer and the relevant Dealer(s) and set out in the applicable Final Terms.

*Amortising Covered Bonds:* Covered Bonds may be issued with a predefined, prescheduled amortisation schedule where, in addition to interest, the Issuer will pay, on each relevant CB Payment Date, a portion of principal up to the relevant Maturity Date (as set out in the applicable Final Terms) in instalments.

*Zero Coupon Covered Bonds:* Zero Coupon Covered Bonds will be offered and sold at a discount to their nominal amount and will not bear interest.

**The issuance of certain types of Covered Bonds may require a prior amendment to the Transaction Documents.**

#### **Issuance in Series**

Covered Bonds will be issued in Series, but on different terms from each other, subject to the terms set out in the relevant Final Terms in respect of such Series. Covered Bonds of different Series will not be fungible among themselves. Each Series (excluding any Series of Registered Covered Bonds, which may be issued only in Series) may be issued in more than one Tranche which are identical in all respects, but having, *inter alia*, different issue dates, interest commencement dates, issue prices, dates for first interest payments, maturity dates and may be issued in different currencies (provided that Tranches issued in different currencies will not be fungible among themselves). The Issuer will issue Covered Bonds without the prior consent of the holders of any outstanding Covered Bonds, but subject to certain conditions (see “*Conditions Precedent to the Issuance of a new series of Covered Bonds*” below).

Notwithstanding the foregoing, the term “Series” shall mean in the case of Registered Covered Bonds, each Registered Covered Bonds made out in the name of a specific Registered Covered Bondholder.

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| <b>Final Terms</b>                           | <p>Specific final terms will be issued and published in accordance with the generally applicable terms and conditions of the Covered Bonds (the <b>Conditions</b>) prior to the issue of each Series detailing certain relevant terms thereof which, for the purposes of that Series only, complete the Conditions and the Base Prospectus and must be read in conjunction with the Base Prospectus (such specific final terms, the <b>Final Terms</b>). The terms and conditions applicable to any particular Series are the Conditions as supplemented, amended and/or replaced by the relevant Final Terms.</p> <p>In the case of Registered Covered Bonds, each other reference to Final Terms in the Prospectus shall be construed and read as a reference to such Registered Covered Bond (<i>Gedekte Namensschuldverschreibung</i>), the Registered Covered Bond Conditions and any other related agreements.</p>                                                                                                                                                                                                                             |
| <b>Interest on the Covered Bonds</b>         | <p>Except for Zero Coupon Covered Bonds, and unless otherwise specified in the Conditions and the relevant Final Terms, the Covered Bonds will be interest-bearing and interest will be calculated on the Outstanding Principal Balance of the relevant Covered Bonds. Interest will be calculated on the basis of such Day Count Fraction in accordance with the Conditions and in the relevant Final Terms. Interest may accrue on the Covered Bonds at a fixed rate or a floating rate or on such other basis and at such rate as may be so specified in the relevant Final Terms and the method of calculating interest may vary between the Issue Date and the Maturity Date of the relevant Series.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Interest Rate Conversion</b>              | <p>The relevant Final Terms may specify, with respect to a Series of Covered Bonds which are Fixed Rate Covered Bonds, that, in the event such Covered Bonds are not redeemed in full on the Maturity Date, the interest rate payable on such Covered Bonds converts to a floating rate index plus a conversion margin in accordance with the terms specified in the relevant Final Terms.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Redemption of the Covered Bonds</b>       | <p>The applicable Final Terms will indicate either (a) that the Covered Bonds can not be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or in other specified cases, e.g. taxation reasons, or Covered Bond Guarantor Events of Default, as specified in the paragraph “<i>Early Redemption of the Covered Bonds</i>” below), or (b) that such Covered Bonds will be redeemable at the option of the Issuer upon giving notice to the Representative of the Covered Bondholders on behalf of the holders of the Covered Bonds (the <b>Covered Bondholders</b>), or at the option of the Covered Bondholders upon deposit of a notice by the Representative of the Covered Bondholders, on behalf of the Covered Bondholders, with the Paying Agent, and in accordance with the provisions of Condition 9 (<i>Redemption and Purchase</i>) and of the relevant Final Terms, (i) on a date or dates specified prior to such maturity and (ii) at a price or prices, and on such other terms as may be agreed between the Issuer and the Relevant Dealers (as set out in the applicable Final Terms).</p> |
| <b>Early Redemption of the Covered Bonds</b> | <p>In certain circumstances indicated under the Conditions (including an early redemption (i) for tax reasons or illegality, or (ii) following a delivery by the Representative of the Covered Bondholders of a Covered Bond Guarantor Acceleration Notice upon the Covered Bond Guarantor), the Covered Bonds may be early redeemed at their Early Redemption Amount.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|                                              | <p><b>Early Redemption Amount</b> means, in respect of any Series of Covered</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

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|---------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                         | <p>Bonds, the principal amount of such Series or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Tax Gross Up and Redemption for taxation reasons</b> | <p>Payments in respect of the Covered Bonds to be made by the Issuer will be made without deduction for or on account of withholding taxes imposed by Italy, subject as provided in Condition 11 (<i>Taxation</i>).</p> <p>In the event that any such withholding or deduction is to be made, the Issuer will be required to pay additional amounts to cover the amounts so deducted. In such circumstances and provided that such obligation can not be avoided by the Issuer taking reasonable measures available to it, the Covered Bonds will be redeemable (in whole, but not in part) at the option of the Issuer. See Condition 9(c) (<i>Redemption for tax reasons</i>).</p> <p>All payments in respect of the Covered Bonds will be made subject to any withholding or deduction required pursuant to FATCA, as provided in Condition 11 (<i>Taxation</i>).</p> <p>Neither the Issuer nor the Covered Bond Guarantor will have any obligation to pay additional amounts in respect of the Covered Bonds for any amounts required to be withheld or deducted pursuant to any agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the <b>Code</b>) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code and any regulations or agreements thereunder or official interpretations thereof (<b>FATCA</b>).</p> <p>The Covered Bond Guarantor will not be liable to pay any additional amount due to taxation reasons following an Issuer Event of Default.</p> |
| <b>Maturity Date</b>                                    | <p>The final maturity date for each Series (the <b>Maturity Date</b>) will be specified in the relevant Final Terms, and in any event the determination of the Maturity Date will be subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant regulatory body or by any laws or regulations applicable to the Issuer or the currency of the Covered Bonds. Unless previously redeemed as provided in Condition 9 (<i>Redemption and Purchase</i>), and subject to any provision regarding extendable maturity which may be included in the Final Terms, the Covered Bonds of each Series will be redeemed at their Outstanding Principal Balance on the relevant Maturity Date.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Extendable Maturity</b>                              | <p>The applicable Final Terms may also provide that the obligations of the Covered Bond Guarantor to pay all or (as applicable) part of the Final Redemption Amount payable on the Maturity Date may be deferred to a later date pursuant to Condition 9(b) (<i>Extension of maturity</i>) (the <b>Extended Maturity Date</b>). Such deferral may occur, if so stated in the relevant Final Terms, automatically if:</p> <ul style="list-style-type: none"> <li>(a) an Article 74 Event or an Issuer Event of Default has occurred; and</li> <li>(b) the Covered Bond Guarantor has, on the date falling four Business Days prior to the Maturity Date (the <b>Extension Determination Date</b>), insufficient Available Funds (in accordance with the Post-Issuer Default Priority of Payments) to pay in full any amount representing the Guaranteed Amounts corresponding to the amount due (subject to the applicable grace period) in respect of the relevant Series of Covered Bond as set out in the relevant Final Terms (the <b>Final Redemption Amount</b>) on the Maturity Date</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                |

(a **Maturity Extension**).

In these circumstances, to the extent that the Covered Bond Guarantor has sufficient Available Funds to pay in part the Final Redemption Amount in respect of the relevant Series of Covered Bonds, the Covered Bond Guarantor shall make partial payment of the relevant Final Redemption Amount, in accordance with the Post-Issuer Default Priority of Payments, without any preference among the Covered Bonds outstanding, except in respect of maturities of each Series or Tranche.

Payment of all unpaid amounts shall be deferred automatically until the applicable Extended Maturity Date, provided that, any amount representing the Final Redemption Amount due and remaining unpaid on the Maturity Date may be paid by the Covered Bond Guarantor on any CB Payment Date thereafter, up to (and including) the relevant Extended Maturity Date. Interest will continue to accrue and be payable on any unpaid amount up to the Extended Maturity Date in accordance with Condition 9(b) (*Extension of maturity*). In the event of extension of maturity pursuant to Condition 9(b) or in case of *liquidazione coatta amministrativa* or resolution of the Issuer, the extension of the Final Maturity Date shall not affect the ranking or the sequencing of the Covered Bonds.

In accordance with the provisions of article 7-terdecies, paragraph 5, of 130 Law and the BoI Regulations, the Issuer shall notify the Bank of Italy in case an Extended Maturity Date has become applicable in respect of a Series of Covered Bonds further to the occurrence of the Maturity Extension, within 10 (ten) calendar days from the occurrence thereof.

Notwithstanding the above, if the Covered Bonds are extended as a consequence of the occurrence of an Article 74 Event, upon termination of the suspension period and withdrawal of the Article 74 Notice to Pay, the Issuer shall resume responsibility for meeting the payment obligations under any Series of Covered Bonds in respect of which a Maturity Extension has occurred, and any Final Redemption Amount shall be due for payment by no later than 15 calendar days following the day on which the Article 74 Notice to Pay has been withdrawn.

**Long Dated  
Covered Bonds**

If the Extended Maturity Date is set at the Long Date Due for Payment Date in the relevant Final Terms, the relevant Covered Bonds will be considered **Long Dated Covered Bonds**.

**Long Date Due For Payment Date** means the CB Payment Date immediately following the tenth anniversary of the latest maturity date in respect of the Eligible Assets, Integration Assets and/or Liquid Assets contained in the Portfolio as of the Extension Determination Date.

**Hard Bullet  
Covered Bonds**

If no Extended Maturity Date is specified in the relevant Final Terms, the Final Redemption Amount in respect of a Series of Covered Bonds (the **Hard Bullet Covered Bonds**) will be due for payment on the Maturity Date. Hard Bullet Covered Bonds may be offered and will be subject to a Pre-Maturity Liquidity Test. The purpose of the Pre-Maturity Liquidity Test is to provide liquidity for the Hard Bullet Covered Bonds if the Issuer's credit ratings have fallen below a certain level.

**Ranking of the  
Covered Bonds**

The Covered Bonds will constitute direct, unconditional, unsubordinated obligations of the Issuer – guaranteed by the Covered Bond Guarantor by

means of the Covered Bond Guarantee – and will rank *pari passu* without any preference among themselves, except in respect of maturities of each Series or Tranche, and (save for any applicable statutory provisions) at least equally with all other present and future unsecured, unsubordinated obligations of the Issuer having the same maturity of each Series or Tranche of the Covered Bonds, from time to time outstanding.

**Recourse**

In accordance with the legal framework established by Law 130 and with the terms and conditions of the relevant Transaction Documents, the Covered Bondholders will benefit from full recourse to the Issuer and limited recourse to the Covered Bond Guarantor (see the section headed “*Credit Structure*”). The obligation of the Covered Bond Guarantor under the Covered Bond Guarantee shall be limited recourse to the Available Funds.

**Substitution of the Issuer**

The Representative of the Covered Bondholders may (and in the case of an Approved Reorganisation, shall) agree with the Issuer (or any previous substitute) and the Covered Bond Guarantor at any time without the consent of the Covered Bondholders:

(a) to the substitution in place of Intesa Sanpaolo (or of any previous substitute) as principal debtor under the Covered Bonds by any bank Subsidiary of Intesa Sanpaolo (the **Substitute Obligor**) by way of an obligation transfer agreement without recourse to the Issuer (*accollo liberatorio*); or

(b) to an Approved Reorganisation; or

(c) that Intesa Sanpaolo (or any previous substitute) may, other than by means of an Approved Reorganisation, consolidate with, merge into or amalgamate with any successor company,

provided that:

(i) the obligations of the Substitute Obligor or the Resulting Entity under the Covered Bonds shall be irrevocably and unconditionally guaranteed by Intesa Sanpaolo or its successor company (on like terms as to subordination, if applicable, to those of the Covered Bond Guarantee);

(ii) (other than in the case of an Approved Reorganisation) the Representative of the Covered Bondholders is satisfied that the interests of the Covered Bondholders will not be materially prejudiced thereby;

(iii) the Substitute Obligor or the Resulting Entity agrees, in form and manner satisfactory to the Representative of the Covered Bondholders, to be bound by the terms and conditions of the Covered Bonds and all the Transaction Documents in respect of any Series of Covered Bonds still outstanding, by means of executing agreements and documents substantially in the same form and substance of the Transaction Documents; and

(iv) the Representative of the Covered Bondholders is satisfied that (a) the Resulting Entity or Substituted Obligor has obtained all governmental and regulatory approvals and consents necessary for its assumption of liability as principal debtor in respect of the Covered Bonds in place of the Issuer (or such previous substitute as aforesaid), and (b) such approvals

and consents are, at the time of substitution, Approved Reorganisation or consolidation, merger, amalgamation other than by means of an Approved Reorganisation, as the case may be, in full force and effect.

Upon the assumption of the obligations of the Issuer by a Substitute Obligor or a Resulting Entity or a successor company, Intesa Sanpaolo shall have no further liabilities under or in respect of the Covered Bonds.

Any substitution as described above shall be notified by the Issuer to the Rating Agency.

**Provisions of  
Transaction  
Documents**

The Covered Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all provisions of the Transaction Documents applicable to them. In particular, each Covered Bondholder, by reason of holding Covered Bonds, recognises the Representative of the Covered Bondholders as its representative and accepts to be bound by the terms of each of the Transaction Documents signed by the Representative of the Covered Bondholders as if such Covered Bondholder was a signatory thereto.

**Conditions  
Precedent to the  
Issuance of a new  
Series of Covered  
Bonds**

The Issuer will be entitled (but not obliged) at its option, on any date and without the consent of the holders of the Covered Bonds issued beforehand and of any other creditors of the Covered Bond Guarantor or of the Issuer, to issue further Series of Covered Bonds other than the first issued Series, subject to, *inter alia*:

- (i) confirmation by the Rating Agency of the required rating with respect to the relevant Series of Covered Bonds;
- (ii) satisfaction of the Mandatory Tests both before and immediately after such further issue of Covered Bonds;
- (iii) no Article 74 Event having occurred (and being continuing);
- (iv) no Issuer Event of Default having occurred; and
- (v) the Reserve Fund Required Amount, the Liability Swap Principal Accumulation Amount and the Interest Accumulation Amount (if and to the extent due) have been credited on the Investment Account, on the immediately preceding Guarantor Payment Date; and
- (vi) the Issuer having appropriately confirmed the satisfaction (on the basis of the information received by the Calculation Agent) - both before and immediately after such further issue of Series of Covered Bonds - of the Liquidity Buffer Target Amount and the Exposure Limit in accordance with the Portfolio Administration Agreement prior to the date of execution of the relevant Subscription Agreement and the Issue Date for the relevant Series of Covered Bond.

It is a condition precedent to the issue of Long Dated Covered Bonds that no Series of Covered Bonds which are not Long Dated Covered Bonds are outstanding.

It is a condition precedent to the issue of a Series of Covered Bonds which are not Long Dated Covered Bonds that no Series of Long Dated Covered Bonds are outstanding.

The payment obligations under the Covered Bonds issued under all Series

|                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|---------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                   | shall be cross-collateralised by all the assets included in the Portfolio, through the Covered Bond Guarantee (see also the section headed “ <i>Ranking of the Covered Bonds</i> ”).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Approval, listing and admission to trading</b> | <p>This Base Prospectus has been approved by the CSSF as a base prospectus issued in compliance with the Prospectus Regulation.</p> <p>Application has been made to the Luxembourg Stock Exchange for Covered Bonds (other than the Registered Covered Bonds) to be issued under the Programme to be admitted to the official list and to be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange’s regulated market or as otherwise specified in the relevant Final Terms and references to listing shall be construed accordingly. As specified in the relevant Final Terms, a Series of Covered Bonds may be unlisted.</p> <p>The applicable Final Terms will state whether or not the relevant Covered Bonds are to be listed and, if so, on which stock exchange(s). The Registered Covered Bonds may not be listed and/or admitted to trading on any regulated market. The approval of this Base Prospectus by the CSSF does not cover any Registered Covered Bonds which may be issued by the Issuer.</p>                                                         |
| <b>Settlement</b>                                 | Monte Titoli / Euroclear / Clearstream or any other clearing system as may be specified in the relevant Final Terms. Registered Covered Bonds will not be settled through a clearing system.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Governing law</b>                              | <p>The Covered Bonds (other than the Registered Covered Bonds), the Programme and the other Italian Law Transaction Documents are governed by Italian law; the English Law Transaction Documents are governed by English law.</p> <p>The Registered Covered Bonds will be governed by the laws of the Federal Republic of Germany or by whatever law chosen by the Issuer (to be supplemented with the specific provisions required under German law in order for the Registered Covered Bonds to be a German law registered note (<i>Gedekte Namensschuldverschreibung</i>)) and shall be regulated by separate agreements provided that, in any case, provisions applicable to the Issuer and the Portfolio shall be confirmed to be governed by Italian law.</p>                                                                                                                                                                                                                                                                                                                              |
| <b>Rating</b>                                     | <p>Each Series issued under the Programme may be assigned a rating by the Rating Agency. Whether or not a rating in relation to any Series of Covered Bonds will be (1) issued or endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation or by a credit rating agency which is certified under the EU CRA Regulation and/or (2) issued or endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or by a credit rating agency which is certified under the UK CRA Regulation, will be disclosed in the relevant Final Terms.</p> <p>In general, EEA regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation or (2) the rating is provided by a</p> |



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

**All credit ratings assigned to the Covered Bonds issued under the Programme will be disclosed in the relevant Final Terms.**

**Rating Agency  
Confirmation**

The issue of any Series of Covered Bonds, in each case as specified in the applicable Final Terms, and the increase of the Programme Limit, may be subject to Rating Agency Confirmation.

By subscribing for or purchasing the Covered Bond(s), each Covered Bondholder will be deemed to have acknowledged and agreed that a credit rating of a Series of Covered Bonds is an assessment of credit risk and does not address other matters that may be of relevance to Covered Bondholders, including, without limitation, in the case of a Rating Agency Confirmation, whether such action is either (i) permitted by the terms of the relevant Transaction Document, or (ii) in the best interest of, or not prejudicial to, some or all of the Covered Bondholders.

In being entitled to have regard to the fact that the Rating Agency has confirmed that the then current rating of the relevant Series of Covered Bonds would not be adversely affected or withdrawn, each of the Issuer, the Covered Bond Guarantor, the Representative of the Covered Bondholders, the Covered Bondholders and the other Secured Creditors is deemed to have acknowledged and agreed that a Rating Agency Confirmation does not impose or extend any actual or contingent liability on the Rating Agency to the Issuer, the Covered Bond Guarantor, the Representative of the Covered Bondholders, the Covered Bondholders and the other Secured Creditors or any other person or create any legal relations between the Rating Agency and the Issuer, the Covered Bond Guarantor, the Representative of the Covered Bondholders, the Covered Bondholders and the other Secured Creditors or any other person whether by way of contract or otherwise.

By subscribing for or purchasing the Covered Bond(s), each Covered Bondholder will be deemed to have acknowledged and agreed that:

- (a) a Rating Agency Confirmation may or may not be given at the sole discretion of the Rating Agency;
- (b) depending on the timing of delivery of the request and any information needed to be provided as part of any such request, it may be the case that the Rating Agency cannot provide a Rating Agency Confirmation in the time available, or at all, and the Rating Agency will not be responsible for the consequences thereof;
- (c) a Rating Agency Confirmation, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time, and in the context of cumulative changes to the transaction of which the Covered Bonds form a part; and

(d) a Rating Agency Confirmation represents only a restatement of the opinions given, and will not be construed as advice for the benefit of any Covered Bondholder or any other party.

**Purchase of the Covered Bonds by the Issuer**

The Issuer may at any time purchase any Covered Bonds in the open market or otherwise and at any price. If the purchase is made by tender, tenders must be available to all holders of the Series which the Issuer intends to buy.

**3. COVERED BOND GUARANTEE**

**Security for the Covered Bonds**

In accordance with Law 130, by virtue of the Covered Bond Guarantee, the Covered Bondholders will benefit from a guarantee issued by the Covered Bond Guarantor which will, in turn, hold the Portfolio consisting of some or all of the following assets:

(a) loans secured by residential property (*mutui ipotecari residenziali*) up to the lesser of the principal amount of the liens that are, *inter alia*, combined with any prior liens and 80% of the value of the pledged properties, in accordance with Article 129, par. (1), letter (d) of the CRR and Article 7-*novies* of Law 130 and for which the hardening period with respect to the perfection of the relevant mortgage has elapsed;

(b) loans secured by commercial immovable property (*mutui ipotecari commerciali*) up to the lesser of the principal amount of the liens that are, *inter alia*, combined with any prior liens and 60% of the value of the pledged properties from, in accordance with Article 129, par. (1), letter (f) of the CRR and Article 7-*novies* of Law 130 and for which the hardening period with respect to the perfection of the relevant mortgage has elapsed.

In addition, the Portfolio may comprise Integration Assets and/or Liquid Assets, having the characteristics described under the section headed “*Description of the Portfolio*”, subject to the limitations set out in Article 129, paragraph 1a, lett. (a), (b), (c) e (d) of CRR (as applicable).

Under the terms of the Covered Bond Guarantee, the Covered Bond Guarantor will be obliged to pay any amounts due under the Covered Bonds on the relevant Due for Payment Date and in accordance with the relevant Priority of Payments.

In view of ensuring timely payment by the Covered Bond Guarantor, a Notice to Pay will be served on the same as a consequence of an Issuer Event of Default.

The obligations of the Covered Bond Guarantor under the Covered Bond Guarantee shall constitute a first demand, unconditional and independent guarantee (*garanzia autonoma*) and certain provisions of Italian civil code relating to non-autonomous personal guarantees (*fidejussioni*), as specified in Article 7-*quaterdecies* of Law 130, shall not apply. Accordingly, such obligation shall be a direct, unconditional and unsubordinated obligation of the Covered Bond Guarantor, with limited recourse to the Available Funds, irrespective of any invalidity, irregularity or unenforceability of any of the guaranteed obligations of the Issuer.

**Temporary  
transfer of  
payment  
obligations to the  
Covered Bond  
Guarantor**

If an Article 74 Event occurs, the Covered Bond Guarantor, in accordance with Article 7-*quaterdecies* of Law 130, shall be responsible for the payments of the amounts due and payable under the Covered Bonds during the suspension period and each Series of Covered Bonds will accelerate against the Issuer.

Following to an Article 74 Event, the Representative of the Covered Bondholders will serve an Article 74 Notice to Pay on the Issuer and the Covered Bond Guarantor that an Article 74 Event has occurred. Unless and until such Article 74 Notice to Pay has been withdrawn:

(i) *Temporary Acceleration against the Issuer*: each Series or Tranche of Covered Bonds will accelerate against the Issuer and the Covered Bonds will rank *pari passu* amongst themselves against the Issuer, provided that: (a) such Article 74 Events shall not trigger an acceleration against the Covered Bond Guarantor, and (b) in accordance with Article 7-*quaterdecies*, Paragraph 3, of Law 130, the Covered Bond Guarantor shall be responsible for the payments of the amounts due and payable under the Covered Bonds during the suspension period;

(ii) *Delegation*: the Covered Bond Guarantor (directly or through the Representative of the Covered Bondholders) shall exercise, on an exclusive basis, the right of the Covered Bondholders *vis-à-vis* the Issuer in accordance with the provisions of the Covered Bond Guarantee in the context of which the Covered Bondholders have irrevocably delegated – also in the interest and for the benefit of the Covered Bond Guarantor and to the extent necessary – to the Covered Bond Guarantor the exclusive right to proceed against the Issuer to enforce the performance of any of the payment obligations of the Issuer under the Covered Bonds including any rights of enforcing any acceleration of payment provisions provided under the Conditions or under the applicable legislation. For this purpose, upon request of the Covered Bond Guarantor, the Representative of the Covered Bondholders on behalf of the Covered Bondholders shall provide the Covered Bond Guarantor with any powers of attorney and/or mandates as the latter may deem necessary or expedient for taking all necessary steps to ensure the timely and correct performance of its mandate.

In accordance with the Covered Bond Guarantee, the Representative of the Covered Bondholders on behalf of the Covered Bondholders has confirmed such delegation and waived any rights of the Covered Bondholders to revoke such delegation and take any such individual action against the Issuer;

(iii) *Payments by the Covered Bond Guarantor*: the Covered Bond Guarantor will pay any amounts due under the Covered Bonds on the Due for Payment Date in accordance with (i)(a) above and subject in any case to the provisions of the Conditions;

(iv) *Mandatory Tests*: the Mandatory Tests shall continue to be applied;

(v) *Liquidity Buffer Target Amount and Exposure Limit*: the Liquidity Buffer Target Amount and the Exposure Limit shall continue to be applied; and

- (vi) *Pre-Maturity Liquidity Test*: the Pre-Maturity Liquidity Test shall be deemed to be failed with respect to any Hard Bullet Covered Bonds for which the Maturity Date falls within 12 months.

Upon the termination of the suspension period, the Article 74 Notice to Pay shall be withdrawn and the Issuer shall be responsible for meeting the payment obligations under the Covered Bonds (and for the avoidance of doubt, the Covered Bonds then outstanding will no longer be deemed to be accelerated against the Issuer) in accordance with the relevant Priority of Payments.

#### **Issuer Events of Default**

Each of the following events with respect to the Issuer shall constitute an **Issuer Event of Default**:

- (i) *Non-payment*: default is made by the Issuer for a period of 7 days or more in the payment of any principal or redemption amount, or for a period of 14 days or more in the payment of any interest on the Covered Bonds of any Series or Tranche when due, unless an Article 74 Event has occurred and the relevant suspension period is continuing; or
- (ii) *Breach of other obligations*: the Issuer is in breach of material obligations under or in respect of the Covered Bonds (of any Series or Tranche outstanding) or any of the Transaction Documents to which it is a party (other than any obligation for the payment of principal or interest on the Covered Bonds and/or any obligation to ensure compliance of the Portfolio with the Tests)) and such failure remains unremedied for 30 days after the Representative of the Covered Bondholders has given written notice thereof to the Issuer, certifying that such failure is, in its opinion, materially prejudicial to the interests of the Covered Bondholders and specifying whether or not such failure is capable of remedy; or
- (iii) *Cross-default*: any of the events described in paragraphs (i) and (ii) above occurs in respect of any other Series or Tranche of Covered Bonds; or
- (iv) *Insolvency*: an Insolvency Event occurs in respect of the Issuer (other than, for the avoidance of doubt, an early intervention measure (misura di intervento precoce) pursuant to Title IV, Chapter I, of the Consolidated Banking Act or a resolution (risoluzione) pursuant to Legislative Decree no. 180 of 16 November 2015); or
- (v) *Cessation of business*: the Issuer ceases to carry on its primary business; or
- (vi) *Breach of Pre-Maturity Liquidity Test*: in relation to Hard Bullet Covered Bonds, breach of the Pre-Maturity Liquidity Test which is not remedied by the earlier of:
- (a) 20 Business Days from the date on which the Issuer is notified of the breach of the Pre-Maturity Liquidity Test; and
- (b) the Maturity Date of that Series or Tranche of Covered Bonds; or
- (vii) *Breach of Mandatory Test*: breach of any of the Mandatory Tests

which is not remedied by the Calculation Date immediately following the notification of such breach.

(viii) No Issuer Event of Default shall occur other than in the context of an insolvency or liquidation in respect of the Issuer (and, for the avoidance of doubt, resolution proceeding(s) or moratoria imposed by a resolution authority in respect of the Issuer shall not constitute an Issuer Event of Default for any purpose).

If an Issuer Event of Default occurs, the Representative of the Covered Bondholders will serve a Notice to Pay on the Issuer and the Covered Bond Guarantor that an Issuer Event of Default has occurred and, upon service of such Notice to Pay:

(a) *No further Series or Tranche of Covered Bonds*: the Issuer may not issue any further Series or Tranche of Covered Bonds;

(b) *Acceleration against the Issuer*: each Series or Tranche of Covered Bonds will accelerate against the Issuer and the Covered Bonds will rank *pari passu* amongst themselves against the Issuer, provided that (i) such events shall not trigger an acceleration against the Covered Bond Guarantor, and (ii) in accordance with Article 7-*quaterdecies*, Paragraph 3, of Law 130 and pursuant to the relevant provisions of the Transaction Documents, the Covered Bond Guarantor shall be solely responsible for the exercise of the rights of the Covered Bondholders *vis-à-vis* the Issuer subject to liquidation and any Excess Proceeds will be part of the Available Funds;

(c) *Delegation*: the Covered Bond Guarantor (directly or through the Representative of the Covered Bondholders) shall exercise, on an exclusive basis, the rights of the Covered Bondholders *vis-à-vis* the Issuer in accordance with the provisions of the Covered Bond Guarantee, in the context of which the Covered Bondholders irrevocably delegate – also in the interest and for the benefit of the Covered Bond Guarantor and to the extent necessary – to the Covered Bond Guarantor the exclusive right to proceed against the Issuer to enforce the performance of any of the payment obligations of the Issuer under the Covered Bonds including any rights of enforcing any acceleration of payment provisions provided under the Conditions and/or under the applicable legislation. For this purpose, upon request of the Covered Bond Guarantor, the Representative of the Covered Bondholders on behalf of the Covered Bondholders shall provide the Covered Bond Guarantor with any powers of attorney and/or mandates as the latter may deem necessary or expedient for taking all necessary steps to ensure the timely and correct performance of its mandate.

In accordance with the Covered Bond Guarantee, the Representative of the Covered Bondholders on behalf of the Covered Bondholders has confirmed such delegation and waived any rights of the Covered Bondholders to revoke such delegation and take any such individual action against the Issuer;

(d) *Payments by the Covered Bond Guarantor*: the Covered Bond Guarantor will pay any amounts due under the Covered Bonds on the Due for Payment Date in accordance with (b)(i) above and subject in any case to the provisions of the Conditions;

**Covered Bond  
Guarantor Events  
of Default**

(e) *Disposal of Assets*: the Servicer, or any other third party appointed by the Representative of the Covered Bondholders, in the name and on behalf of the Covered Bond Guarantor, shall sell the Eligible Assets and/or Integration Assets and/or Liquid Assets (other than cash deposits) included in the Portfolio in accordance with the provisions of the Portfolio Administration Agreement;

(f) *Amortisation Test*: the Amortisation Test shall be applied.

Following an Issuer Event of Default, each of the following events shall constitute a **Covered Bond Guarantor Event of Default**:

(i) *Non-payment*: non-payment of principal and/or interest in respect of the relevant Series or Tranche of Covered Bonds by the Covered Bond Guarantor in accordance with the Covered Bond Guarantee, subject to a 7 day cure period in respect of principal or redemption amounts and a 14 day cure period in respect of interest payment or non-payment or non-setting aside for payment of costs or amounts due to any Hedging Counterparties by the Covered Bond Guarantor;

(ii) *Breach of Amortisation Test*: the Amortisation Test is breached;

(iii) *Breach of other obligations*: breach by the Covered Bond Guarantor of the other binding obligations under the Dealer Agreement, the Intercreditor Agreement, the Covered Bond Guarantee or any other Transaction Document to which the Covered Bond Guarantor is a party, which is not remedied within 30 days after the Representative of the Covered Bondholders has given written notice of such breach to the Covered Bond Guarantor;

(iv) *Insolvency*: an Insolvency Event occurs in respect of the Covered Bond Guarantor;

(v) *Invalidity of the Covered Bond Guarantee*: the Covered Bond Guarantee is not in full force and effect.

If a Covered Bond Guarantor Event of Default occurs and is continuing, the Representative of the Covered Bondholders shall serve a Covered Bond Guarantor Acceleration Notice on the Covered Bond Guarantor and, upon service of such Covered Bond Guarantor Acceleration Notice:

(i) *Acceleration of Covered Bonds*: each Series or Tranche of Covered Bonds will accelerate against the Covered Bond Guarantor, becoming immediately due and payable, and the Covered Bonds will rank *pari passu* amongst themselves;

(ii) *Disposal of assets*: the Representative of the Covered Bondholders shall, in the name and on behalf of the Covered Bond Guarantor, direct the Servicer, or any other third party appointed by the Representative of the Covered Bondholders, to sell all assets included in the Portfolio in accordance with the provisions of the Portfolio Administration Agreement; and

(iii) *Enforcement*: the Representative of the Covered Bondholders may, at its discretion and without further notice, take such steps and/or institute such proceedings against the Issuer or the Covered Bond Guarantor (as the

case may be) as it may think fit, but it shall not be bound to take any such proceedings or steps unless requested or authorised by an Extraordinary Resolution of the Covered Bondholders.

**Cross Acceleration** If a Covered Bond Guarantor Event of Default is triggered with respect to a Series, all outstanding Series of Covered Bonds will cross accelerate at the same time against the Covered Bond Guarantor, provided that the Covered Bonds will not otherwise contain a cross default provision and will thus not cross accelerate against the Covered Bond Guarantor in case of an Issuer Event of Default.

**Pre-Maturity Liquidity Test** The Pre-Maturity Liquidity Test is intended to provide liquidity for Hard Bullet Covered Bonds when the Issuer's long-term credit ratings fall below the Pre-Maturity Liquidity Required Rating.

On any Business Day (each a **Pre-Maturity Liquidity Test Date**) falling during the Pre-Maturity Rating Period prior to the occurrence of an Issuer Event of Default, the Calculation Agent will determine if the Pre-Maturity Liquidity Test has been breached, and if so, it shall immediately notify the Issuer, the Seller, the Hedging Counterparties and the Representative of the Covered Bondholders.

For the purpose of this paragraph the **Pre-Maturity Liquidity Test** is complied with on any Pre-Maturity Liquidity Test Date if, during the Pre-Maturity Rating Period, the Issuer's short-term credit rating is greater than or equal to the Pre-Maturity Liquidity Required Rating.

Following a breach of the Pre-Maturity Liquidity Test in respect of a Series or Tranche of Covered Bonds:

- (i) the Issuer shall:
  - (a) make a cash deposit in an amount equal to the Required Redemption Amount of the Series or Tranche of Hard Bullet Covered Bonds to which such Pre-Maturity Liquidity Test relates on the Pre-Maturity Liquidity Account, opened in its name with a bank whose ratings are at least equal to the Minimum Required Account Bank Rating provided for under the Transaction Documents and pledged in favour of the Covered Bondholders; or
  - (b) obtain a first demand, autonomous guarantee (meeting the criteria set forth by the Rating Agency) for an amount equal to the Required Redemption Amount of the Series or Tranche of Hard Bullet Covered Bonds to which such Pre-Maturity Liquidity Test relates, by an eligible entity whose ratings are at least equal to the Minimum Required Pre-Maturity Liquidity Guarantor Rating; or
  - (c) take action in the form of a combination of the foregoing which in aggregate add up to an amount equal to the Required Redemption Amount of the Series or Tranche of Hard Bullet Covered Bonds to which such Pre-Maturity Liquidity Test relates;

and/or

- (ii) the Servicer, or any other third party appointed by the Representative of the Covered Bondholders, on behalf of the Covered Bond Guarantor, shall sell, subject to any pre-emption right of the Seller or any Additional Seller (as the case may be) pursuant to the relevant Master Transfer Agreement, Selected Assets and Integration Assets in accordance with the procedures set out in the Portfolio Administration Agreement, for an amount equal to the Adjusted Required Redemption Amount of the Series or Tranche of Hard Bullet Covered Bonds to which such Pre-Maturity Liquidity Test relates.

If the Pre-Maturity Liquidity Test in respect of any Series of Covered Bonds is breached and the Issuer or the Servicer (on behalf of the Covered Bond Guarantor) has not taken the required actions (as described above) following the breach by the earlier to occur of:

- (a) 20 Business Days from the date on which the Issuer is notified of the breach of the Pre-Maturity Liquidity Test, and
- (b) the Maturity Date of that Series of Covered Bonds,

an Issuer Event of Default shall occur and the Representative of the Covered Bondholders will serve a Notice to Pay to the Issuer and the Covered Bond Guarantor.

**Pre-Issuer Default  
Interest Priority of  
Payments**

On each Guarantor Payment Date, prior to the service of an Article 74 Notice to Pay or a Notice to Pay (or following the withdrawal of an Article 74 Notice to Pay), the Covered Bond Guarantor will use Interest Available Funds to make payments due on such Guarantor Payment Date or to make provisions towards payments due after such Guarantor Payment Date in the order of priority set out below (in each case only if and to the extent that payments of a higher priority have been made in full):

- (i) *first*, to pay *pari passu* and *pro rata* according to the respective amounts thereof any and all taxes due and payable by the Covered Bond Guarantor;
- (ii) *second*, *pari passu* and *pro rata* according to the respective amounts thereof (a) to pay any Covered Bond Guarantor's documented fees, costs, expenses, in order to preserve its corporate existence, to maintain it in good standing and to comply with applicable legislation and any other obligation relating to the Programme, to the extent that such costs and expenses are not to be paid under any other item ranking junior hereto and/or are not met by utilising any amounts standing to the credit of the Expenses Account and/or the Corporate Account and (b) to credit the Covered Bond Guarantor Disbursement Amount into the Expenses Account and the Covered Bond Guarantor Retention Amount into the Corporate Account;
- (iii) *third*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof any amount due and payable (including fees, costs and expenses) to the Representative of the Covered Bondholders, the Account Banks, the Cash Manager, the Calculation Agent, the Administrative Services Provider, the Asset Monitor, the Paying



Agent, the Servicer, the Special Servicers, the Servicer's Delegates (if any), the First Special Servicer's Delegates (if any), and the Swap Service Providers;

- (iv) *fourth, pari passu and pro rata* according to the respective amounts thereof (a) to pay any Hedging Senior Payments, other than in respect of principal, due and payable on such Guarantor Payment Date, under the Swap Agreements and (b) to credit to the Relevant Investment Account an amount equal to the Interest Accumulation Amount, to be used for any interest payment due on the CB Payment Dates falling during the immediately following Guarantor Interest Period, in respect of any Series of Covered Bonds in relation to which (i) no Liability Swaps have been entered into or (ii) the relevant Liability Swaps have been terminated;
- (v) *fifth*, if a Reserve Fund Rating Event occurs and is continuing, to credit to the Relevant Investment Account an amount equal to the Reserve Fund Required Amount;
- (vi) *sixth*, to credit to the Relevant Investment Account an amount equal to the amounts paid under item (i) of the Pre-Issuer Default Principal Priority of Payments on any preceding Guarantor Payment Date and not yet repaid;
- (vii) *seventh*, if a Servicer Termination Event has occurred, to credit all *remaining* Interest Available Funds to the Relevant Investment Account until such Servicer Termination Event is either remedied by the Servicer or waived by the Representative of the Covered Bondholders or a new servicer is appointed to service the Portfolio;
- (viii) *eighth*, if the Pre-Maturity Liquidity Test or any of the Tests is not satisfied on the Calculation Date immediately preceding the relevant Guarantor Payment Date or an Issuer Event of Default or a Covered Bond Guarantor Event of Default has occurred on or prior to such Guarantor Payment Date or the Issuer has not paid interest and principal due on the CB Payment Dates falling in the immediately preceding Guarantor Interest Period or on the relevant Guarantor Payment Date, to credit all remaining Interest Available Funds to the Relevant Investment Account until the following Guarantor Payment Date;
- (ix) *ninth*, to pay any amount arising out of any termination event under any Swap Agreements not provided for under item (iv) above;
- (x) *tenth*, to pay any other amount due and payable to the Seller, the Additional Sellers (if any) or the Issuer under any Transaction Document (other than the Subordinated Loan Agreement);
- (xi) *eleventh*, to pay, *pari passu and pro rata* according to the respective amounts thereof any amount due and payable as Base Interest Amount under the Subordinated Loan, in accordance with the Subordinated Loan Agreement;
- (xii) *twelfth*, to pay any Additional Interest Amount under the Subordinated Loan, in accordance with the Subordinated Loan

Agreement;

(the **Pre-Issuer Default Interest Priority of Payments**).

**Pre-Issuer Default  
Principal Priority  
of Payments**

On each Guarantor Payment Date, prior to the service of an Article 74 Notice to Pay or a Notice to Pay (or following the withdrawal of an Article 74 Notice to Pay), the Covered Bond Guarantor will use Principal Available Funds to make payments due on such Guarantor Payment Date or to make provisions towards payments due after such Guarantor Payment Date in the order of priority set out below (in each case only if and to the extent that payments of a higher priority have been made in full):

- (i) *first*, to pay any amount due and payable under items (i) to (iv) of the Pre-Issuer Default Interest Priority of Payments, to the extent that the Interest Available Funds are not sufficient, on such Guarantor Payment Date, to make such payments in full;
- (ii) *second, pari passu and pro rata* according to the respective amounts thereof (a) to pay any Hedging Senior Payment in respect of principal due and payable on such Guarantor Payment Date under the Asset Swaps and (b) to pay any Hedging Senior Payment in respect of principal due and payable on such Guarantor Payment Date under the Liability Swaps or to credit to the Relevant Investment Account an amount equal to the Liability Swap Principal Accumulation Amount to be used for Hedging Senior Payment under the Liability Swaps after the relevant Guarantor Payment Date;
- (iii) *third*, if the Pre-Maturity Liquidity Test (if applicable) is satisfied, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, the purchase price of the Eligible Assets, Integration Assets and/or Liquid Assets offered for sale by the Seller or any Additional Sellers in the context of Revolving Assignment in accordance with the provisions of the Master Transfer Agreement;
- (iv) *fourth*, to credit the Liquidity Buffer Account with an amount equal to the lesser of (a) the Principal Available Funds available under this item and (b) the Liquidity Buffer Target Amount;
- (v) *fifth*, to deposit on the Relevant Investment Account any residual Principal Available Funds in an amount sufficient to ensure that, taking into account the other resources available to the Covered Bond Guarantor, the Tests are met;
- (vi) *sixth*, if a Servicer Termination Event has occurred, all residual Principal Available Funds to be credited to the Relevant Investment Account until such event of default of the Servicer is either remedied by the Servicer or waived by the Representative of the Covered Bondholders or a new servicer is appointed to service the Portfolio;
- (vii) *seventh*, if the Pre-Maturity Liquidity Test or any of the Tests and/or the Liquidity Reserve Target Amount are not satisfied on the Calculation Date immediately preceding the relevant Guarantor Payment Date or an Issuer Event of Default or a Covered Bond Guarantor Event of Default has occurred on or prior to such Guarantor Payment Date or the Issuer has not paid interest and

principal due on the CB Payment Dates falling in the immediately preceding Guarantor Interest Period or on the relevant Guarantor Payment Date, to credit all remaining Principal Available Funds to the Relevant Investment Account or on the Liquidity Buffer Account, as the case may be;

- (viii) *eight*, to pay any amount arising out of any termination event under any Swap Agreements not provided for under item (ii) above;
- (ix) *ninth*, to pay any other amount due and payable to the Seller, the Additional Sellers (if any) or the Issuer under any Transaction Document (other than the Subordinated Loan Agreement) not already provided for under item (x) of the Pre-Issuer Default Interest Priority of Payments;
- (x) *tenth*, to pay the amount (if any) due to the Seller as principal redemption under the Subordinated Loan (including as a consequence of *richiesta di rimborso anticipato* as indicated therein) subject to the provisions of the Subordinated Loan Agreement, provided that the Tests, the Pre-Maturity Liquidity Test and the Liquidity Buffer Target Amount are still satisfied after such payment;

(the **Pre-Issuer Default Principal Priority of Payments**).

**Post-Issuer  
Default Priority of  
Payments**

On each Guarantor Payment Date, following either an Article 74 Notice to Pay (which has not been withdrawn) or an Issuer Event of Default, but prior to the occurrence of a Covered Bond Guarantor Event of Default, the Covered Bond Guarantor will use the Available Funds, to make payments due on such Guarantor Payment Date or to make provisions towards payments due after such Guarantor Payment Date in the order of priority set out below (in each case only if and to the extent that payments of a higher priority have been made in full):

- (i) *first*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any expenses and taxes, in order to preserve its corporate existence, to maintain it in good standing and to comply with applicable legislation;
- (ii) *second*, *pari passu* and *pro rata* according to the respective amounts thereof (a) to pay any amount due and payable to the Representative of the Covered Bondholders, the Account Banks, the Cash Manager, the Administrative Services Provider, the Calculation Agent, the Asset Monitor, the Portfolio Manager, the Paying Agent, the Servicer, the Special Servicers, the Servicer's Delegates (if any), the First Special Servicer's Delegates (if any), the Swap Service Providers and the Back-up Servicer (if appointed), and (b) to credit the Covered Bond Guarantor Disbursement Amount into the Expenses Account and the Covered Bond Guarantor Retention Amount into the Corporate Account;
- (iii) *third*, *pari passu* and *pro rata* according to the respective amounts thereof (a) to pay any Hedging Senior Payment, other than in respect of principal, due and payable on such Guarantor Payment Date, under the Swap Agreements and (b) to pay any interest amount due

and payable on each Series of Covered Bonds on each CB Payment Date falling on such Guarantor Payment Date or to credit to the Relevant Investment Account an amount equal to the Interest Accumulation Amount, to be used for any interest payment due on the CB Payment Dates falling during the immediately following Guarantor Interest Period (except if the relevant CB Payment Date falls on the first day of such immediately following Guarantor Interest Period), in respect of any Series of Covered Bonds in relation to which (i) no Liability Swaps have been entered into or (ii) the relevant Liability Swaps have been terminated;

- (iv) *fourth, pari passu and pro rata* according to the respective amounts thereof, (a) to pay any Hedging Senior Payment in respect of principal due and payable on such Guarantor Payment Date under the Asset Swaps, (b) to pay any Hedging Senior Payment, in respect of principal, due and payable on such Guarantor Payment Date under the Liability Swaps or to credit to the Relevant Investment Account an amount equal to the Liability Swap Principal Accumulation Amount to be used for Hedging Senior Payments under the Liability Swaps during the next following Guarantor Interest Period, and (c) to pay any amount in respect of principal due and payable on each Series of Covered Bonds on each CB Payment Date falling on such Guarantor Payment Date or to credit to the Relevant Investment Account any amount in respect of principal to be paid on each CB Payment Dates falling during the next following Guarantor Interest Period;
- (v) *fifth*, to credit the Liquidity Buffer Account with an amount equal to the lesser of (i) the Available Funds available under this item and (ii) the Liquidity Buffer Target Amount;
- (vi) *sixth*, to deposit on the Relevant Investment Account any residual amount until all Covered Bonds are fully repaid or an amount equal to the Required Redemption Amount for each Series of Covered Bonds outstanding has been accumulated;
- (vii) *seventh*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amount arising out of any termination event under any Swap Agreement not provided for under items (iii) and (iv) above;
- (viii) *eighth*, to the extent that all the Covered Bonds issued under any Series have been repaid in full or an amount equal to the Required Redemption Amount for each Series of Covered Bonds outstanding has been accumulated, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any other amount due and payable to the Seller, the Additional Sellers (if any) or the Issuer under any Transaction Document (other than the Subordinated Loan Agreement);
- (ix) *ninth*, to the extent that all the Covered Bonds issued under any Series have been repaid in full or an amount equal to the Required Redemption Amount for each Series of Covered Bonds outstanding has been accumulated, to pay, *pari passu* and *pro rata* according to

the respective amounts thereof, any amount due as Base Interest Amount under the Subordinated Loan, in accordance with the Subordinated Loan Agreement;

- (x) *tenth*, to the extent that all the Covered Bonds issued under any Series have been repaid in full or an amount equal to the Required Redemption Amount for each Series of Covered Bonds outstanding has been accumulated, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amount due as principal under the Subordinated Loan, in accordance with the Subordinated Loan Agreement;
- (xi) *eleventh*, to the extent that all the Covered Bonds issued under any Series have been repaid in full or an amount equal to the Required Redemption Amount for each Series of Covered Bonds outstanding has been accumulated, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amount due as Additional Interest Amount under the Subordinated Loan, in accordance with the Subordinated Loan Agreement;

(the **Post-Issuer Default Priority of Payments**).

**Post-Guarantor  
Default Priority of  
Payments**

On each Guarantor Payment Date, following a Covered Bond Guarantor Event of Default, the Representative of the Covered Bondholders (or a receiver appointed on its behalf) will use the Available Funds to make payments in the order of priority set out below (in each case only if and to the extent that payments of a higher priority have been made in full):

- (i) *first*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any expenses and taxes;
- (ii) *second*, *pari passu* and *pro rata* according to the respective amounts thereof, (a) to pay any amounts due and payable to the Representative of the Covered Bondholders, the Account Banks, the Cash Manager, the Calculation Agent, the Administrative Services Provider, the Asset Monitor, the Portfolio Manager, the Servicer, the Special Servicers, the Servicer's Delegates (if any), the First Special Servicer's Delegates (if any), the Swap Service Providers and the Back-up Servicer (if appointed), and (b) to credit an amount up to the Covered Bond Guarantor Disbursement Amount into the Expenses Account and the Covered Bond Guarantor Retention Amount into the Corporate Account;
- (iii) *third*, *pari passu* and *pro rata* according to the respective amounts thereof (a) to pay any Hedging Senior Payment, other than in respect of principal, due and payable on such Guarantor Payment Date, under the Swap Agreements and (b) to pay any amount, other than in respect of principal, due and payable on each Series of Covered Bonds;
- (iv) *fourth*, *pari passu* and *pro rata* according to the respective amounts thereof, (a) to pay any Hedging Senior Payment in respect of principal due and payable on such Guarantor Payment Date, under the Swap Agreements and (b) to pay any amount in respect of principal due and payable under each Series of Covered Bonds on

such Guarantor Payment Date;

- (v) *fifth*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amount arising out of any termination event under any Swap Agreements not provided for under items (iii) and (iv) above;
- (vi) *sixth*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any other amount due and payable to the Seller, the Additional Sellers (if any) or the Issuer under any Transaction Document (other than the Subordinated Loan Agreement);
- (vii) *seventh*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amount due as Base Interest Amount under the Subordinated Loan, in accordance with the Subordinated Loan Agreement;
- (viii) *eighth*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amounts due as principal under the Subordinated Loan, in accordance with the Subordinated Loan Agreement;
- (ix) *ninth*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amount due as Additional Interest Amount under the Subordinated Loan, in accordance with the Subordinated Loan Agreement;

(the **Post-Guarantor Default Priority of Payments** and, together with the Pre-Issuer Default Principal Priority of Payments, the Pre-Issuer Default Interest Priority of Payments, the Post-Issuer Default Priority of Payments, are collectively referred to as the **Priorities of Payments**).

#### 4. CREATION AND ADMINISTRATION OF THE PORTFOLIO

##### **Transfer of the Portfolio**

The Seller and the Covered Bond Guarantor entered into the Master Transfer Agreement, pursuant to which the Seller (a) transferred to the Covered Bond Guarantor the Initial Portfolio comprising the Initial MBS Notes and (b) may assign and transfer Further Portfolios comprising Eligible Assets and/or Integration Assets and/or Liquid Assets to the Covered Bond Guarantor from time to time, in the cases and subject to the limits on the transfer of further Eligible Assets as provided for under the Master Transfer Agreement.

Each assignment of a Further Portfolio shall be aimed at:

- (a) issuing further Covered Bonds, to be funded through the amounts made available under the Subordinated Loan Agreement (an **Issuance Collateralisation Assignment**); or
- (b) purchasing additional Eligible Assets utilising the principal Collections received by the Covered Bond Guarantor under the Eligible Assets which are part of the Portfolio in accordance with the Pre-Issuer Default Principal Priority of Payments (a **Revolving Assignment of Eligible Assets**); or
- (c) purchasing additional Eligible Assets, Integration Assets or Liquid

Assets, utilising the principal Collections received by the Covered Bond Guarantor under the Eligible Assets, Integration Assets and/or Liquid Assets which are part of the Portfolio in accordance with the Pre-Issuer Default Principal Priority of Payments (a **Revolving Assignment of Integration Assets and/or Liquid Assets** and, together with Revolving Assignments of Eligible Assets, **Revolving Assignments**); or

- (d) complying with the Mandatory Tests and/or the Liquidity Buffer Target Amount and/or the Exposure Limit and preventing the breach of the Tests and/or the Liquidity Buffer Target Amount and/or the Exposure Limit, in accordance with the Portfolio Administration Agreement and the Master Transfer Agreement (an **Integration Assignment**).

Pursuant to the Master Transfer Agreement, and subject to the conditions provided therein, the Seller shall also be allowed to repurchase Receivables and/or Securities and/or Liquid Assets and/or Integration Assets which have been assigned to the Covered Bond Guarantor.

The Eligible Assets, the Integration Assets and the Liquid Assets will be assigned and transferred to the Covered Bond Guarantor without recourse (*pro soluto*) and as a block (*in blocco*), in case of Receivables, in accordance with Law 130 and subject to the terms and conditions of the Master Transfer Agreement.

#### **Representations and Warranties of the Seller**

Under the Master Transfer Agreement, the Seller has made certain representations and warranties regarding itself, the Receivables, the Securities and the Mortgage Loan Agreements including, *inter alia*:

- (i) its status, capacity and authority to enter into the Transaction Documents and assume the obligations expressed to be assumed by it therein;
- (ii) the legality, validity, binding nature and enforceability of the obligations assumed by it;
- (iii) the existence of the Receivables and the Securities and the full, unconditional, legal title of the Seller to the Initial Portfolio;
- (iv) the validity and enforceability against the relevant Debtor of the obligations from which the Initial Portfolio arises, subject to the applicable provisions of laws and of the relevant agreements.

#### **General Criteria**

Each of the Receivables included in any Portfolio shall comply, as of the relevant Selection Date, with the following criteria (the **General Criteria**):

- (a) in case of Receivables arising from residential mortgage loans (*mutui ipotecari residenziali*):
  - (i) receivables deriving from loans secured by residential property up to the lesser of the principal amount of the liens that are combined with any prior liens and 80% of the value of the pledged properties, in accordance with Article 129, par. 1, letter (d) of the CRR;
  - (ii) receivables in respect of which the hardening period

- (*periodo di consolidamento*) applicable to the relevant mortgage has elapsed and the relevant mortgage is not capable of being challenged pursuant to Article 67 of the Insolvency Law, or Article 166 of the Crisis Code or, to the extent applicable, Article 39, Paragraph 4, of the Banking Law;
- (iii) receivables arising from mortgage loans granted by Intesa Sanpaolo or a bank being part of the Intesa Sanpaolo Group at the time of the relevant assignment;
  - (iv) receivables arising from mortgage loans which are governed by Italian law;
  - (v) receivables which are not qualified as defaulted (*in sofferenza*), “unlikely-to-pay” or past due instalments (*esposizioni scadute e/o sconfinanti deteriorate*) within the meaning ascribed to such term under the Bank of Italy Circolare no. 272 dated 30 July 2008 (*Matrice dei Conti*);
  - (vi) receivables arising from mortgage loans which provide for the payment by the debtor of monthly, quarterly or semi-annual instalments;
  - (vii) receivables arising from mortgage loans which have been granted to consumer - producer households (*famiglie produttrici o consumatrici*) (also acting in the form of informal partnership (*società semplice and società di fatto*) or individual concerns (*impresa individuale*));
  - (viii) receivables arising from mortgage loans which are fully disbursed;
  - (ix) receivables arising from mortgage loans which do not provide for any subsidy or other benefit in relation to principal or interest (*mutui agevolati*);
  - (x) receivables arising from mortgage loans which have not been granted to employees of companies which are part of the Intesa Sanpaolo Group, or jointly (*in cointestazione*) with them;
- (b) in case of Receivables arising from commercial mortgage loans (*mutui ipotecari commerciali*):
- (i) receivables deriving from loans secured by commercial immovable property up to the lesser of the principal amount of the liens that are combined with any prior liens and 60% of the value of the pledged properties from, in accordance with Article 129, par. 1, letter (f) of the CRR;
  - (ii) receivables in respect of which the hardening period (*periodo di consolidamento*) applicable to the relevant mortgage has elapsed and the relevant mortgage is not capable of being challenged pursuant to Article 67 of the Insolvency Law, Article 166 of the Crisis Code or, to the



extent applicable, Article 39, Paragraph 4, of the Banking Law;

- (iii) receivables arising from mortgage loans granted by Intesa Sanpaolo or a bank being part of the Intesa Sanpaolo Group at the time of the relevant assignment;
- (iv) receivables arising from mortgage loans which are governed by Italian law;
- (v) receivables which are not qualified as defaulted (*in sofferenza*), “*unlikely-to-pay*” or past due instalments (*esposizioni scadute e/o sconfinanti deteriorate*) within the meaning ascribed to such term under the Bank of Italy Circolare no. 272 dated 30 July 2008 (*Matrice dei Conti*);
- (vi) receivables arising from mortgage loans which provide for the payment by the debtor of monthly, quarterly or semi-annual instalments;
- (vii) receivables arising from mortgage loans which are fully disbursed;
- (viii) receivables arising from mortgage loans which do not provide for any subsidy or other benefit in relation to principal or interest (*mutui agevolati*);
- (ix) receivables arising from mortgage loans which have not been granted to employees of companies which are part of the Intesa Sanpaolo Group, or jointly (*in cointestazione*) with them.

All Receivables included in any relevant Portfolio shall also comply with the Specific Criteria set out under the relevant Transfer Agreement.

Each of the Securities included in any Portfolio shall comply, as of the relevant Selection Date, with all of the following characteristics:

- (a) until the Implementation Date, in case of securities deriving from securitisation transactions, the relevant Portfolio shall be constituted, for at least 95 per cent., of receivables or securities indicated under Article 2, Paragraph 1 (a) and (b) of the MEF Decree or issued in the context of a securitisation transaction which fulfils the requirements as set out (i) in article 80 of the Guidelines (EU) 2015/510 of the European Central Bank of 19 December 2014 on the implementation of the Eurosystem monetary policy framework (ECB/2014/60); (ii) in the regulation 575/2013/CE, in relation to covered bonds; and (iii) in the BoI OBG Regulations, (each of them, as amended and/or replaced from time to time);
- (b) until the Implementation Date, in case of securities issued by a bank,
  - (i) such bank shall have its registered office in an Eligible State or in a State which attract a risk weight factor equal to 0 per cent. under the “*standardised approach*” to credit risk measurement and
  - (ii) such securities shall have a residual maturity not longer than one

year;

- (c) securities issued by central governments meeting the requirements of, (i) until the Implementation Date, Article 2, Paragraph 1, lett. (c) of the MEF Decree, as amended and/or replaced from time to time; and (ii) from the Implementation Date, Article 129, Paragraph 1, lett. (a) of the CRR and Article 7-*novies* of Law 130.

**Eligible States** shall mean any States belonging to the European Economic Space and Switzerland.

**standardised approach** is the approach to credit risk measurements as defined under Directive 2006/48/EC.

**Integration Assets** **Integration Assets** means (i) the assets referred to in Article 129, Paragraph 1, letter (c) which meet the requirements of Article 129, Paragraph 1(a) of the CRR and of the art. 7-*novies* of Law 130, and (ii) any debt securities or other exposures referred to in Article 129, Paragraph 1, letters (a) and (b) of the CRR.

**Liquid Assets** **Liquid Assets** means the assets referred to in Article 7-*duodecies*, paragraph 2, letters (a) and (b) of Law 130, provided that such assets meet the requirements to qualify as eligible assets under Article 129 of the CRR and Law 130 also in the form of substitution assets.

**Excluded Assets** On the basis of the information provided by the Servicer and in accordance with the provisions of the Cash Management and Agency Agreement, the Calculation Agent shall identify (a) the Integration Assets and/or Liquid Assets in excess of the Exposure Limit to be excluded from the Eligible Portfolio (the **Excluded Assets**), and (b) the corresponding portion of the hedging arrangements (if any). For the avoidance of any doubt, assets under point (a) and the related hedging portion under point (b) will be excluded from the calculation of the Tests with the objective of obtaining a combination of Integration Assets and Liquid Assets included in the Eligible Portfolio, net of exclusions, that would allow compliance with the Tests, if possible.

On the basis of the information provided by the Calculation Agent, the Servicer may sell the Excluded Assets and the Cash Manager shall invest the amounts deriving from such sale in Eligible Investments.

**Tests** In accordance with the Portfolio Administration Agreement and the provisions of Law 130, for so long as any Covered Bond remains outstanding and provided that no Issuer Event of Default has occurred, the Issuer shall procure that, on a continuing basis (provided that such obligation shall be deemed to be complied with if the following mandatory tests are satisfied on each Calculation Date and/or on each other date on which those mandatory tests are to be carried out pursuant to the provisions of the Portfolio Administration Agreement and the other Transaction Documents), the following mandatory tests are satisfied and verified on each Calculation Date or any other date on which the verification of the

Mandatory Tests is required pursuant to the Transaction Documents:

- (i) the Nominal Value of the Portfolio shall be greater than or equal to the aggregate Outstanding Principal Balance of all Series of Covered Bonds (the **Nominal Value Test**);
- (ii) the aggregate Net Present Value of (i) the Eligible Portfolio (taking into account any Integration Assets and/or Liquid Assets in excess of the Exposure Limit transferred pursuant to the Master Transfer Agreement for purposes of complying with the Nominal Value Test) and (ii) each Asset Swap and Liability Swap, net of the Excluded Swaps and the transaction costs to be borne by the Covered Bond Guarantor (including the payments of any nature expected to be borne or due with respect to any Swap Agreement) shall be greater than or equal to the Net Present Value of all Series of the outstanding Covered Bonds (the **NPV Test**);
- (iii) the Net Interest Collections from the Eligible Portfolio (taking into account any Integration Assets and/or Liquid Assets in excess of the Exposure Limit transferred pursuant to the Master Transfer Agreement for purposes of complying with the Nominal Value Test) shall be greater than or equal to the Interest Payments (the **Interest Coverage Test**).

Moreover, in accordance with the Portfolio Administration Agreement, for so long as any Covered Bond remains outstanding and following the occurrence of an Issuer Event of Default, and service of a Notice to Pay by the Representative of the Covered Bondholders, the Issuer shall procure that on a continuing basis (provided that such obligation shall be deemed to be complied with if the following test is satisfied on each Calculation Date and/or on each other date on which that test is to be carried out pursuant to the provisions of the Portfolio Administration Agreement and the other Transaction Documents), the following test and the following verifications are satisfied and verified on each Calculation Date:

- (iv) the Amortisation Test Aggregate Portfolio Amount shall be greater than or equal to the Outstanding Principal Balance of the Covered Bonds (the **Amortisation Test** and, together with the Mandatory Tests, the **Tests**), and
- (v) the Observed Eligible OC Amount shall be greater than or equal to the Outstanding Principal Balance of the Covered Bonds (the **OC Verification**).

Compliance with the Tests will be verified by the Calculation Agent on each Calculation Date and on any other date on which the verification of the Tests is required pursuant to the Transaction Documents, and subsequently checked by the Asset Monitor in accordance with the provisions of the Asset Monitor Agreement.

In addition to the above, following the occurrence of a breach of the Mandatory Tests, based on the information provided by the Servicer with reference to the last day of each preceding calendar month (starting from the date on which such breach has been notified, and until 6 (six) months after the date on which such breach has been cured pursuant to the Portfolio Administration Agreement) the Calculation Agent shall verify compliance

with the Mandatory Tests not later than the thirty-fifth calendar day following the end of each preceding calendar month.

For a detailed description of the Tests see the section headed “*Credit Structure – Tests*”.

#### **Breach of the Tests**

In order to cure a breach of the Mandatory Tests:

(a) the Seller shall sell sufficient Eligible Assets or Integration Assets or Liquid Assets to the Covered Bond Guarantor in accordance with the Master Transfer Agreement as soon as possible upon receipt of the notice given to it pursuant to the Portfolio Administration Agreement, and in any case no later than the Calculation Date immediately following the notification of such breach, and shall grant the funds necessary for payment of the purchase price of such Eligible Assets or Integration Assets or Liquid Assets to the Covered Bond Guarantor under and in accordance with the Subordinated Loan Agreement including, if necessary, by increasing the Maximum Amount of the Subordinated Loan, by means of prior written notice to the Covered Bond Guarantor; or

(b) following a failure by the Seller to cure the Mandatory Tests in accordance with paragraph (a) above, or following the occurrence of one of the events indicated in Clause 20.1 (*Cause di Estinzione dell’Obbligo di Acquisto*), (a) (*Inadempimento di obblighi da parte del Cedente*), (b) (*Violazione delle dichiarazioni e garanzie da parte del Cedente*), (c) (*Mutamento sostanzialmente pregiudizievole*) and (d) (*Crisi*) of the Master Transfer Agreement, the Additional Sellers (if any) shall sell sufficient Eligible Assets or Integration Assets or Liquid Assets to the Covered Bond Guarantor in accordance with the Portfolio Administration Agreement as soon as possible, and in any case no later than the Calculation Date immediately following the notification of such breach, and shall grant the funds necessary for payment of the purchase price of such Eligible Assets or Integration Assets or Liquid Assets to the Covered Bond Guarantor in accordance with the subordinated loan agreement to be entered into with any such Additional Seller pursuant to the Portfolio Administration Agreement,

in an aggregate amount sufficient to ensure that the Mandatory Tests are met as soon as practicable, and, in the event of sale of Integration Assets and Liquid Assets, subject to, prior to the occurrence of an Issuer Event of Default, the Exposure Limit.

A breach of any of the Mandatory Tests which is not remedied by the Calculation Date immediately following the notification of such breach constitutes an Issuer Event of Default.

A breach of the Amortisation Test constitutes a Covered Bond Guarantor Event of Default.

#### **Liquidity Buffer Target Amount**

In accordance with, and pursuant to, article 7-*duodecies* of Law 130 and the BoI OBG Regulations, for so long as the Covered Bonds remain outstanding, the Issuer shall procure on a continuing basis and on each Calculation Date or on any other date on which the calculation of the Liquidity Buffer Target Amount is required to be met pursuant to the Transaction Documents, that the amount of Liquid Assets standing to the

credit of the Accounts is equal to or higher than the maximum Net Cumulative Liquidity Outflow of the Programme (the “**Liquidity Buffer Target Amount**”).

In accordance with article 7-*undecies*, paragraph 2, letter (c), of Law 130, the Liquid Assets standing to the credit of the Accounts shall be considered to contribute to the Eligible Portfolio, provided that such liquid assets satisfy the requirements to qualify as eligible assets set forth in article 7-*novies*, paragraph 1, letter (a), of Law 130.

The Calculation Agent shall verify – on the basis of the information made available to it in accordance with the Transaction Documents – that the Liquidity Buffer Target Amount is met on each Calculation Date and on any other date on which the verification of the Liquidity Buffer Target Amount is required pursuant to the Transaction Documents. Such verification is subsequently checked by the Asset Monitor in accordance with the provisions of the Asset Monitor Agreement.

**Breach of the  
Liquidity Buffer  
Target Amount**

If the Liquidity Buffer Target Amount is not reached, the Mandatory Tests are not breached and the Issuer event of Default has not occurred, then the Issuer (as Seller) shall, as soon as possible, sell Eligible Assets, Integration Assets and/or Liquid Assets to the Covered Bond Guarantor in accordance with the Master Transfer Agreement or by granting to the Covered Bond Guarantor funds under the Subordinated Loan Agreement if needed in an aggregate amount sufficient to ensure that the Liquidity Buffer Target Amount is reached as soon as practicable.

If after an Issuer Event of Default and delivery of a Notice to Pay, the Liquidity Buffer Target Amount is not reached, and the Mandatory Tests are not breached, then the Representative of the Covered Bondholders shall instruct the Portfolio Manager to sell a sufficient amount of assets necessary to reach the Liquidity Buffer Target Amount, provided that such sale should not cause a breach of the Mandatory Test at the following Calculation Date.

If the breach of the Liquidity Buffer Target Amount is not remedied within the Calculation Date immediately following the notification of such breach as confirmed by the Asset Monitor Report, the Issuer shall not issue further series of Covered Bonds compliant with Law 130 and the Covered Bond Directive.

**Exposure Limit**

The Calculation Agent shall verify – on the basis of the information made available to it in accordance with the Transaction Documents – that the aggregate amount of the Integration Assets and the Liquidity Assets shall comply with the Exposure Limit on each Calculation Date and on any other date on which the verification of the Exposure Limit is required pursuant to the Transaction Documents. Such verification is subsequently checked by the Asset Monitor in accordance with the provisions of the Asset Monitor Agreement.

**Breach of the  
Exposure Limit**

If, on any date until the occurrence of the Issuer event of Default and if the Mandatory Tests are not breached, the Exposure Limit is breached, the Issuer shall, alternatively:

(a) in its capacity as Seller, sell sufficient Assets, Integration Assets or Liquid Assets to the Covered Bond Guarantor in accordance with the Master Transfer Agreement; and/or

|                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|----------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                    | <p>(b) in its capacity as Subordinated Loan Provider, request the Guarantor to reimburse the Subordinated Loan in accordance with the Subordinated Loan Agreement; and/or</p> <p>(c) in its capacity as Cash Manager to invest part of the Liquid Assets in excess of the Exposure Limit in form of Securities eligible under Article 129, Paragraph 1, letters (a) and (b) of the CRR,</p> <p>in an aggregate amount sufficient to ensure that the Exposure Limit is complied with as soon as practicable.</p> <p>After the occurrence of an Issuer Event of Default and if the Amortisation Test is not breached, if the Exposure Limit is breached, the Representative of the Covered Bondholders on the basis of the Asset Cover Report shall give instructions to the Cash Manager to invest all of part of the amounts standing on the Investment Account in Liquid Assets in form of securities eligible under Article 129, Paragraph 1, letters (a) and (b) of the CRR.</p> |
| <b>Observed Eligible OC Amount</b>                                                                                                                 | <p>The Calculation Agent shall verify – on the basis of the information made available to it in accordance with the Transaction Documents – that the Observed Eligible OC Amount is met on each Calculation Date and on any other date on which the verification of the Observed Eligible OC Amount is required pursuant to the Transaction Documents. Such verification is subsequently checked by the Asset Monitor in accordance with the provisions of the Asset Monitor Agreement.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Breach of the Observed Eligible OC Amount</b>                                                                                                   | <p>If the Observed Eligible OC Amount is not reached, then:</p> <p>(a) the Representative of the Covered Bondholders shall give instructions to the Cash Manager to invest all or part of the amounts standing on the Investment Account in Liquid Assets in form of securities eligible under Article 129, Paragraph 1, letters (a) and (b) of the CRR, and/or;</p> <p>(b) instruct the Portfolio Manager to sell a sufficient amount of non-eligible assets (if any) necessary to reach the Observed Eligible OC Amount.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Role of the Asset Monitor</b>                                                                                                                   | <p>The Asset Monitor will verify the calculations performed by the Calculation Agent in respect of the Tests, the Liquidity Buffer Target Amount, the Exposure Limit and the Observed Eligible OC Amount, subject to receipt of the relevant information from the Calculation Agent. The Asset Monitor will also perform the other activities provided for under the Asset Monitor Agreement.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Sale of Selected Assets, Integration Assets and Liquid Assets following the occurrence of an Article 74 Event or an Issuer Event of Default</b> | <p>Following the service of an Article 74 Notice to Pay (which has not been withdrawn) or of a Notice to Pay and prior to the occurrence of any Covered Bond Guarantor Event of Default, if necessary in order to effect timely payments under the Covered Bonds and/or in order to meet the Liquidity Buffer Target Amount and the Observed Eligible OC Amount, as resulting from the Payments Report, the Servicer, or any other third party appointed by the Representative of the Covered Bondholders, in the name and on behalf of the Covered Bond Guarantor, shall sell Selected Assets in accordance with the Portfolio Administration Agreement, subject to any pre-emption right of the Seller or the Additional Sellers (if any) pursuant to the relevant Master Transfer Agreement. The proceeds of any such sale shall be credited to the Relevant Investment Account.</p> <p>Following the delivery of an Article 74 Notice to Pay (which has not been</p>            |

withdrawn) or of a Notice to Pay (and prior to the occurrence of any Covered Bond Guarantor Event of Default), if necessary in order to effect timely payments under the Covered Bonds and/or in order to meet the Liquidity Buffer Target Amount and the Exposure Limit, as resulting from the Payments Report and upon consultation by the Calculation Agent with the Portfolio Manager, all the Integration Assets and Liquid Assets (other than cash deposits) shall be sold by the Servicer, or any other third party appointed by the Representative of the Covered Bondholders, in the name and on behalf of the Covered Bond Guarantor, at the prevailing market conditions as quickly as reasonably practicable. The proceeds of any such sale shall be credited to the Relevant Investment Account.

## 5. THE TRANSACTION DOCUMENTS

### **Master Transfer Agreement**

On 29 July 2010, the Seller and the Covered Bond Guarantor entered into the Master Transfer Agreement (as subsequently amended), pursuant to which the Seller assigned and transferred, with effective date 2 August 2010, the Initial Portfolio to the Covered Bond Guarantor, without recourse (*pro soluto*), in accordance with Law 130. Pursuant to the Master Transfer Agreement, the Covered Bond Guarantor agreed to pay the Seller a purchase price of Euro 5,820,696,137.80. Furthermore, the Seller and the Covered Bond Guarantor agreed that the Seller may, from time to time, assign and transfer, without recourse (*pro soluto*), Further Portfolios to the Covered Bond Guarantor. Under the Master Transfer Agreement, the Seller granted to the Covered Bond Guarantor certain representations and warranties in relation to, *inter alia*, itself, the Initial Portfolio and any further Eligible Assets and/or Integration Assets which shall be included in the Portfolio (see the section headed “*The Portfolio*” and paragraph headed “*Master Transfer Agreement*” under the section headed “*Description of the Transaction Documents*”).

### **Subordinated Loan Agreement**

Under the terms of the Subordinated Loan Agreement, the Seller granted the Subordinated Loan to the Covered Bond Guarantor, for a maximum amount equal to euro 35,000,000,000.00 (the **Maximum Amount**), or such other amount which will be notified by the Seller, as subordinated loan provider, to the Covered Bond Guarantor in accordance with the terms of the Subordinated Loan Agreement, as amended from time to time. Under the provisions of the Subordinated Loan Agreement, the Seller shall make advances to the Covered Bond Guarantor in amounts equal to, *inter alia*, the relevant price of the relevant Portfolio transferred from time to time to the Covered Bond Guarantor (see paragraph headed “*Subordinated Loan Agreement*” under the section headed “*Description of the Transaction Documents*”).

### **Covered Bond Guarantee**

Under the terms of the Covered Bond Guarantee, the Covered Bond Guarantor issued a guarantee securing the payment obligations of the Issuer under the Covered Bonds, in accordance with the provisions of Law 130 (see paragraph headed “*Covered Bond Guarantee*” under the section headed “*Description of the Transaction Documents*”).

### **Servicing Agreement**

Under the terms of the Servicing Agreement, *inter alia*, (i) the Servicer has agreed to administer and service the Receivables (with the exception of Defaulted Receivables classified as *in sofferenza*) and the Securities and to

carry out collection activities relating to the Receivables and the Securities, on behalf of the Covered Bond Guarantor; and (ii) the Special Servicer has agreed to administer and service Defaulted Receivables classified as *in sofferenza*.

The Servicer has undertaken to prepare and submit monthly and quarterly reports to, *inter alios*, the Covered Bond Guarantor, the Administrative Services Provider and the Calculation Agent, in the form set out in the Servicing Agreement, containing information as to all the amounts collected from time to time by the Covered Bond Guarantor in respect of the Portfolio as principal, interest and/or expenses and any payment of damages, as a result of the activity of the Servicer and/or the Special Servicer pursuant to the Servicing Agreement during the preceding Collection Period. The reports will provide the primary source of information relating to the Servicer's and the Special Servicer's activity during the period, including, without limitation, a description of the Portfolio (outstanding amount, principal and interest), information relating to delinquencies, defaults and collections during the Collection Period as well as asset performance analysis (see paragraph headed "*Servicing Agreement*" under the section headed "*Description of the Transaction Documents*").

**Administrative Services Agreement**

Under the terms of the Administrative Services Agreement, the Administrative Services Provider has agreed to provide the Covered Bond Guarantor with a number of administrative services, including keeping of the corporate books and of the accounting and tax registers (see paragraph headed "*Administrative Services Agreement*" under the section headed "*Description of the Transaction Documents*").

**Intercreditor Agreement**

Under the terms of the Intercreditor Agreement, the parties thereto agreed that all the Available Funds of the Covered Bond Guarantor will be applied in or towards satisfaction of the Covered Bond Guarantor's payment obligations towards the Covered Bondholders as well as the Secured Creditors, in accordance with the relevant Priorities of Payments provided for under the Intercreditor Agreement.

According to the Intercreditor Agreement, the Representative of the Covered Bondholders will, subject to a Covered Bond Guarantor Event of Default having occurred, ensure that all the Available Funds are applied in or towards satisfaction of the Covered Bond Guarantor's payment obligations towards the Covered Bondholders as well as the Secured Creditors, in accordance with the Post-Guarantor Default Priority of Payments provided in the Intercreditor Agreement.

The obligations owed by the Covered Bond Guarantor to each of the Covered Bondholders and each of the Secured Creditors will be limited recourse obligations of the Covered Bond Guarantor. The Covered Bondholders and the Secured Creditors will have a claim against the Covered Bond Guarantor only to the extent of the Available Funds, in each case subject to, and as provided for, in the Intercreditor Agreement and the other Transaction Documents (see paragraph headed "*Intercreditor Agreement*" under the section headed "*Description of the Transaction Documents*").

**Cash Management and Agency**

Under the terms of the Cash Management and Agency Agreement, the Account Banks, the Paying Agent, the Luxembourg Listing Agent, the



|                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Agreement</b>                          | <p>Servicer, the Administrative Services Provider and the Calculation Agent will provide the Covered Bond Guarantor with certain calculation, notification and reporting services together with account handling and cash management services in relation to monies from time to time standing to the credit of the Accounts (see paragraph headed “<i>Cash Management and Agency Agreement</i>” under the section headed “<i>Description of the Transaction Documents</i>”).</p>                                                                                                                        |
| <b>Asset Monitor Agreement</b>            | <p>Under the terms of the Asset Monitor Agreement, the Asset Monitor will conduct independent tests in respect of the calculations performed by the Calculation Agent for the Tests, the Liquidity Buffer Target Amount, the Exposure Limit and the Observed Eligible OC Amount with a view to verifying the compliance by the Covered Bond Guarantor with such tests and/or verification (see paragraph headed “<i>Asset Monitor Agreement</i>” under the section headed “<i>Description of the Transaction Documents</i>”).</p>                                                                        |
| <b>Portfolio Administration Agreement</b> | <p>Under the terms of the Portfolio Administration Agreement, <i>inter alia</i>, the Issuer has undertaken certain obligations with respect to the replenishment of the Portfolio and/or the sale of Eligible Assets, Integration Assets and/or Liquid Assets in order to cure a breach of the Mandatory Tests, the Liquidity Buffer Target Amount, the Exposure Limit and the Observed Eligible OC Amount (see paragraph headed “<i>Portfolio Administration Agreement</i>” under the section headed “<i>Description of the Transaction Documents</i>”).</p>                                            |
| <b>Quotaholders’ Agreement</b>            | <p>Under the terms of the Quotaholders’ Agreement, the Quotaholders have undertaken certain obligations in relation to the management of the Covered Bond Guarantor. In addition, Stichting Viridis 2 has granted a call option in favour of Intesa Sanpaolo to purchase from Stichting Viridis 2, and Intesa Sanpaolo has granted a put option in favour of Stichting Viridis 2 to sell to Intesa Sanpaolo, the quota of the Issuer held by Stichting Viridis 2 (see paragraph headed “<i>Quotaholders’ Agreement</i>” under the section headed “<i>Description of the Transaction Documents</i>”).</p> |
| <b>Pledge Agreement</b>                   | <p>Under the terms of the Pledge Agreement, the Covered Bond Guarantor will pledge in favour of the Covered Bondholders and the Secured Creditors all monetary claims and rights and all amounts payable from time to time (including payment for claims, indemnities, damages, penalties, credits and guarantees) to which the Covered Bond Guarantor is entitled pursuant to, or in relation with, the Italian Law Transaction Documents (see paragraph headed “<i>Pledge Agreement</i>” under the section headed “<i>Description of the Transaction Documents</i>”).</p>                              |
| <b>Deed of Charge and Assignment</b>      | <p>Under the terms of the Deed of Charge and Assignment, the Covered Bond Guarantor will assign by way of security to and charge in favour of the Representative of the Covered Bondholders (acting in its capacity as security trustee for itself and on trust for the Covered Bondholders and the Secured Creditors), all of its rights, title, interest and benefit from time to time in and to the English Law Transaction Documents (see paragraph headed “<i>Deed of Charge and Assignment</i>” under the section headed “<i>Description of the Transaction Documents</i>”).</p>                   |
| <b>Accounts Pledge Agreement</b>          | <p>Under the terms of the Accounts Pledge Agreement, the Covered Bond Guarantor has agreed to pledge (i) the credit balance standing to the credit of each of the CA-CIB Investment Account, the CA-CIB Interest Securities Collection Account and the CA-CIB Principal Securities Collection Account</p>                                                                                                                                                                                                                                                                                                |

and (ii) the CA-CIB Securities Account and the CA-CIB Eligible Investments Account, in favour of the Representative of the Covered Bondholders.

|                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|--------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Dealer Agreement</b>                    | Under the terms of the Dealer Agreement, the Dealers have been appointed as such by the Issuer. The Dealer Agreement contains, <i>inter alia</i> , provisions for the resignation or termination of appointment of any of the existing Dealers and for the appointment of additional or other dealers either generally in respect of the Programme or in relation to a particular Series of Covered Bonds (see paragraph headed “ <i>Dealer Agreement</i> ” under the section headed “ <i>Description of the Transaction Documents</i> ”).                                                                                                                                                                                                                                                                                                                                           |
| <b>Subscription Agreement</b>              | Under the terms of the Subscription Agreement, the Relevant Dealers will agree to subscribe for the relevant Series of Covered Bonds and pay the Issue Price subject to the conditions set out therein (see paragraph headed “ <i>Subscription Agreement</i> ” under the section headed “ <i>Description of the Transaction Documents</i> ”).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Swap Agreements</b>                     | <p>The Covered Bond Guarantor may enter into one or more swap transactions (each a <b>Swap Transaction</b>) with Hedging Counterparties in order to hedge certain risks. Each Swap Transaction with a Hedging Counterparty will be governed by a 1992 ISDA Master Agreement (Multicurrency-Cross Border), as published by the International Swap and Derivatives Association, Inc. (<b>ISDA</b>), the Schedule thereto (the <b>Master Agreement</b>) as supplemented by a 1995 Credit Support Annex (English Law) published by ISDA (the <b>CSA</b>) entered into with that Hedging Counterparty and a confirmation (the <b>Swap Confirmation</b>) evidencing the terms of such transaction, all governed by English law (the Master Agreement, the CSA and the Swap Confirmations, together the <b>Swap Agreement</b>).</p> <p>The Swap Agreements are governed by English law.</p> |
| <b>ISP Mandate Agreement</b>               | By a mandate agreement entered into on 28 February 2014 between Intesa Sanpaolo, as Swap Service Provider, and the Covered Bond Guarantor, Intesa Sanpaolo has agreed to provide the Covered Bond Guarantor with certain services due under the Swap Agreement pursuant to the EMIR Regulation (the <b>ISP Mandate Agreement</b> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Master Definitions Agreement</b>        | Under the Master Definitions Agreement, the parties thereto have agreed upon the definitions of certain terms utilised in the Transaction Documents (see paragraph headed “ <i>Master Definitions Agreement</i> ” under the section headed “ <i>Description of the Transaction Documents</i> ”).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Provisions of Transaction Documents</b> | The Covered Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all provisions of the Transaction Documents applicable to them. In particular, each Covered Bondholder, by reason of holding a Covered Bond, recognises the Representative of the Covered Bondholders as its representative and accepts to be bound by the terms of each of the Transaction Documents signed by the Representative of the Covered Bondholders as if such Covered Bondholder was a signatory thereto.                                                                                                                                                                                                                                                                                                                                                         |

## **RISK FACTORS**

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

*Certain risks which it currently deems not to be material as at the date of this Base Prospectus may become material as a result of the occurrence of events outside the Issuer's and the Covered Bond Guarantor's control. The Issuer and the Covered Bond Guarantor have identified in this Base Prospectus a number of factors which could materially adversely affect their businesses and ability to make payments due under the Covered Bonds.*

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

*The Issuer believes that the risks described below are the main risks inherent in the holding of Covered Bonds of any Series issued under the Programme but the inability of the Issuer to pay interest or repay principal on the Covered Bonds of any Series may occur for other reasons and the Issuer does not represent that the above statements of the risks of holding Covered Bonds are exhaustive. While the various structural elements described in this Base Prospectus are intended to lessen some of the risks for holders of Covered Bonds of any Series, there can be no assurance that these measures will be sufficient or effective to ensure payment to the holders of Covered Bonds of any Series of interest or principal on such Covered Bonds on a timely basis or at all.*

*Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus (including any documents deemed to be incorporated by reference herein) and reach their own views prior to making any investment decision.*

### **1. RISK FACTORS RELATING TO THE ISSUER**

*Prospective investors are invited to carefully read this chapter on the risk factors before making any investment decision, in order to understand the risks related to the Intesa Sanpaolo Group and obtain a better appreciation of the Intesa Sanpaolo Group's abilities to satisfy the obligations related to the Covered Bonds issued and described in the relevant Final Terms. The Issuer deems that the following risk factors could affect its ability to satisfy its obligations arising from the Covered Bonds.*

*The risks below have been classified into the following categories:*

- *Risks relating to the financial situation of Intesa Sanpaolo Group;*
- *Risks related to legal proceedings;*
- *Risks related to the business sector of Intesa Sanpaolo;*
- *Risk related to the development of the banking sector regulation and the changes in the regulation on the solution of banking crises; and*
- *Risks related to the entry into force of new accounting principles and the amendment of the applied accounting principles.*

## **Risks related to the financial situation of Intesa Sanpaolo Group**

### ***Risk exposure to debt Securities issued by sovereign States***

*As at 30 June 2023, based on management data, the exposure to securities issued by Italy amounted to approximately €28 billion. It compared to approximately €27 billion as at 31 December 2022.*

*The market tensions regarding government bonds and their volatility, as well as Italy's rating downgrading or the forecast that such downgrading may occur, might have negative effects on the assets, the economic and/or financial situation, the operational results and the perspectives of the Bank.*

Intesa Sanpaolo Group results are and will be exposed to sovereign debtors, in particular to Italy and certain major European Countries.

As at 31 December 2022, based on management data, the exposure to securities issued by Italy amounted to approximately €27 billion (3% of the total assets of the Intesa Sanpaolo Group) excluding the insurance business, to which should be added approximately €8 billion represented by loans. On the same date, the investments in sovereign debt securities issued by EU countries, Italy included, corresponded to €56 billion (6% of the total assets of the Intesa Sanpaolo Group) excluding the insurance business, to which should be added approximately €10 billion represented by loans. On the whole, the securities issued by governments, central banks and other public entities represented 11% of the total financial assets (calculated excluding the insurance business and including financial assets represented by due from banks and loans to customers).

As at 31 December 2021, based on management data, the exposure to securities issued by Italy amounted to approximately €88 billion (8% of the total assets of the Intesa Sanpaolo Group) including the insurance business and to approximately €31 billion (3% of the total assets of the Intesa Sanpaolo Group) excluding the insurance business, to which should be added approximately €9 billion represented by loans. On the same date, the investments in sovereign debt securities issued by EU countries, Italy included, corresponded to €126 billion (12% of the total assets of the Intesa Sanpaolo Group) including the insurance business and to €57 billion (5% of the total assets of the Intesa Sanpaolo Group) excluding the insurance business, to which should be added approximately €11 billion represented by loans. On the whole, the securities issued by governments, central banks and other public entities represented 45% of the total financial assets (10% if calculated excluding the insurance business and including financial assets represented by due from banks and loans to customers).

### ***Risks related to legal proceedings***

*As at 30 June 2023, there were a total of about 34,900 disputes, other than tax disputes, pending at Intesa Sanpaolo Group level (excluding those involving Risanamento S.p.A, which is not subject to management and coordination by Intesa Sanpaolo) with a total remedy sought of around 3,470 million euro. This amount includes all outstanding disputes, for which the risk of a disbursement of financial resources resulting from a potential negative outcome has been deemed possible or probable and therefore does not include disputes for which risk has been deemed remote. Those disputes include a large number of mass disputes at the international subsidiary banks (around 22,800 disputes) which, as a whole, account for a very low remedy sought. The risks associated with these disputes are thoroughly and individually analysed by the Bank and the Intesa Sanpaolo Group companies. Specific and appropriate*

*provisions have been made to the allowances for risks and charges in the event of disputes for which there is an estimated probability of a disbursement of more than 50% and where the amount of the disbursement may be reliably estimated (disputes with likely risk). Without prejudice to the uncertainty inherent in all litigation, the estimate of the obligations that could arise from the disputes and hence the amount of any provisions recognised are based on the forward-looking assessments of the outcome of the trial. These forward-looking assessments are, in any event, prepared on the basis of all information available at the time of the estimate and updated over the course of the proceedings. The only disputes with likely risk amount to around 27,000 with a remedy sought of 1,794 million euro and provisions of 713 million euro. The component referring to the Parent Company Intesa Sanpaolo, which also includes the dispute relating to the subsidiary Intesa Sanpaolo Provis S.p.A. merged in April, totals around 6,100 disputes, with a remedy sought of 1,522 million euro and provisions of 527 million euro. There were around 700 disputes relating to other Italian subsidiaries, with a remedy sought of 160 million euro and provisions of 80 million euro. In Italy, most of them relate to issues of anatocism and investment services (4,000 positions).*

*With regard to the international subsidiaries, there were around 20,200 disputes with a remedy sought of 112 million euro and provisions of 106 million euro, impacted by the previously mentioned mass disputes. Specifically, there were around 16,800 disputes relating to the subsidiary Banca Intesa Beograd in relation to two areas of litigation that have involved the entire Serbian banking system. The first concerns processing fees charged by banks when granting loans and the second relates to real estate loans insured through the National Housing Loan Insurance Corporation (NKOSK).*

*Legal risks are thoroughly analysed by the Parent Company and Intesa Sanpaolo Group companies. Provisions are made to the allowances for risks and charges in the event of disputes for which it is probable that funds will be disbursed and where the amount of the disbursement may be reliably estimated.*

*For the main pending disputes, the significant developments in the half year are described below. For previous disputes and a detailed illustration of significant individual disputes, see the Notes to the 2022 Consolidated Financial Statements of the Intesa Sanpaolo Group.*

*The risk arising from legal proceedings consists of the possibility of the Bank being obliged to pay any sum in case of unfavourable outcome.*

*The most common legal disputes are related to invalidity, cancellation, inefficacy actions or compensation for damages as a consequence of transactions related to the ordinary banking and financial activity carried out by the Bank.*

*For any individual assessment regarding legal disputes please refer to the paragraph entitled "Description of the Issuer. – Legal Proceedings" of this Base Prospectus. Such paragraph also includes information concerning the disputes on the marketing of convertible and/or subordinated shares/bonds issued by Banca Popolare di Vicenza or Veneto Banca, which filed against respectively Banca Nuova and Banca Apulia (both subsequently merged by incorporation in Intesa Sanpaolo).*

### **Risks related to the business sector of Intesa Sanpaolo**

***Risks related to the economic/financial crisis and the impact of current uncertainties of the macro-economic context***

*The future development in the macro-economic context may be considered as a risk as it may produce negative effects and trends in the economic and financial situation of the Bank and/or the Intesa Sanpaolo Group.*

*Any negative variations of the factors described hereafter, in particular during periods of economic - financial crisis, could lead the Bank and/or the Intesa Sanpaolo Group to suffer losses, increases of financing costs, and reductions of the value of the assets held, with a potential negative impact on the liquidity of the Bank and/or the Intesa Sanpaolo Group and its financial soundness.*

The trends of the Bank and the Intesa Sanpaolo Group are affected by the general, national and economic situation of the Eurozone, the dynamics of financial markets and the soundness and growth prospects of the economy of other geographic areas in which the Bank and/or the Intesa Sanpaolo Group operates.

In particular, the profitability capacity and solvency of the Bank and/or the Intesa Sanpaolo Group are affected by the trends of certain factors, such as the investors' expectations and trust, the level and volatility of short-term and long-term interest rates, exchange rates, financial markets liquidity, availability and cost of capital, sustainability of sovereign debt, household incomes and consumer spending, unemployment levels, business profitability and capital spending, inflation and housing prices.

The macro-economic framework is currently characterised by significant profiles of uncertainty, in relation to: (a) the outbreak of COVID-19, which caused a major decline in economic activity in 2020 and may have had persistent effects on the labour market and the business sector; (b) the future developments of ECB monetary policies in the Euro area and of the FED in the dollar area; (c) the tensions observed, on a more or less recurrent basis, on the financial markets; (d) the risk that in the future holders of Italian government debt lose confidence in the credit standing of Republic of Italy, owing to political developments or changes in budgetary policies affecting the sustainability of government debt; (e) the risk of energy supply disruptions and their effects on economic activity and prices.

With reference to the exit of the United Kingdom from the single market on 1 January 2021, changes in the relationship of the UK with the EU may affect the business of the Bank. On 29 March 2017, the UK invoked Article 50 of the Treaty on the European Union and officially notified the EU of its decision to withdraw from the EU. On 31 January 2020 the UK withdrew from the EU and the transition period ended on 31 December 2020 at 11pm. Therefore, the Treaty on the European Union and the Treaty on the Functioning of the European Union have ceased to apply to the UK. The European Union (Withdrawal) Act 2018 (as amended by the European Union (Withdrawal Agreement) Act 2020) and secondary legislation made under it ensure there is a functioning statute book in the UK.

The EU-UK Trade and Cooperation Agreement (the **Trade and Cooperation Agreement**), which governs relations between the EU and UK following the end of the Brexit transition period and which had provisional application pending completion of ratification procedures, entered into force on 1 May 2021. The Trade and Cooperation Agreement does not create a detailed framework to govern the cross-border provision of regulated financial services from the UK into the EU and from the EU into the UK.

The precise impact on the business of the Issuer and the Intesa Sanpaolo Group is difficult to determine. As such, no assurance can be given that such matters would not adversely affect the ability of the Issuer to satisfy its obligations under the Covered Bonds and/or the market value and/or the liquidity of the Covered Bonds in the secondary market.

### **Credit risk**

*We would like to remark that, as of 30 September 2023, Intesa Sanpaolo recorded a gross NPL ratio (based on EBA metrics) of 1.9%. On 31 December 2022, the same data corresponded to 1.9%, compared to 2.4% recorded on 31 December 2021 well below the threshold which identify banks in Member States across the Euro area with high levels of non-performing loans. In this regard the credit institutions which recorded a gross NPL ratio higher than 5% are required – on the grounds of the "Guidelines on management of non-performing and forborne exposures" of EBA – to prepare specific strategic and operative plans for the management of such exposures.*

*Taking into consideration the pattern of the main credit risk indicators in 2022, in the first nine months of 2023 and the improvement of the Gross NPL ratio well below the 5% threshold, Intesa Sanpaolo deems that the risk related to credit quality is of low relevance.*

The economic and financial activity and soundness of the Bank depends on its borrower's creditworthiness. The Bank is exposed to the traditional risks related to credit activity. Therefore, the clients' breach of the agreements entered into and of their underlying obligations, or any lack of information or incorrect information provided by them as to their respective financial and credit position, could have negative effects on the economic and/or financial situation of the Bank. Furthermore, any exposures in the bank portfolio towards counterparties, groups of connected counterparties and counterparties of the same economic sector, which perform the same activity or belong to the same geographic area, could increase the Bank concentration risk.

More generally, the counterparties may not satisfy their respective obligations towards the Bank by reason of bankruptcy, absence of liquidity, operational disruption or any other reason. The bankruptcy of an important stakeholder, or any concerns about its default, could cause serious liquidity issues, losses or defaults by other institutions, which, in turn, could negatively affect the Bank. The Bank may also be subject to the risk, under specific circumstances, that some of its credits towards third parties are no longer collectable. Furthermore, a decrease of the creditworthiness of third parties, including sovereign States, of which the Bank holds securities or bonds, might cause losses and/or negatively affect the ability of the Bank to invest again or use in a different way such securities or bonds for liquidity purposes. A significant decrease of the creditworthiness of the counterparties of the Bank might, therefore, have a negative impact on the results of the Bank's performances. Albeit, in many cases, the Bank could require further guarantees to the counterparties which are in financial difficulties, certain disputes may arise with respect to the amount of guarantee that the Bank is entitled to receive and the value of the assets which are object of guarantee. The default rates, counterparties rating deterioration and disputes in relation to counterparties on the guaranteed appraisal could be significantly increased during periods of market tensions and illiquidity.

Intesa Sanpaolo has always managed its risk portfolio proactively and prudently, overcoming the various crises of recent years unscathed. Over the 2022-25 planning horizon, the Intesa Sanpaolo Group intends to pursue a modular de-risking strategy – which was already launched in the last Business Plan with significant results – ranking among the best in Europe in terms of NPL ratios and stock (a Zero-NPL Bank) and generating a sharp drop in the cost of

risk. The latter will, in fact, always be maintained at a conservative level, thanks to both substantial reserves for provisions on receivables and ongoing prudent credit management.

The de-risking strategy will be ensured also thanks to the supervision and monitoring activities performed by the "Group NPL Plan Control Room". Deleveraging will make use of additional selected partnerships and targeted portfolio disposals.

The results for the first nine months of 2023 confirm that Intesa Sanpaolo is able to generate sustainable profitability even in complex environments thanks to its well-diversified and resilient business model. As at 30 September 2023, the Intesa Sanpaolo Group's gross non-performing loans amounted to 10.5 billion euro, down by 150 million euro (-1.4%) compared to December 2022. Their ratio to total loans increased slightly to 2.4% while it remained stable at 1.2% net of adjustments (2.3% and 1.2% respectively at the end of 2022). According to the EBA methodology, on the same date the NPL ratio stood at 1.9% and 1% before and after adjustments, respectively, unchanged compared to December. This result is mainly attributable to the de-risking initiatives already implemented in the second quarter of the year. The process of reducing non-performing loans also continues to benefit from new inflows of performing loans which remained low due to the performance of the prevention initiatives on non-performing loans.

Total non-performing loans for the first nine months of 2023 (bad, unlikely-to-pay, and past due) amounted – net of adjustments – to €5.2 billion, down 5.3% from €5.5 billion at year-end 2022. In further detail, in September 2023 bad loans amounted to €1.2 billion (+7.7%), net of adjustments, representing 0.3% of total net loans with a coverage ratio of 68.7%. Loans included in the unlikely-to-pay category amounted to €3.6 billion, down by 9.7%, accounting for 0.8% of total net loans to customers, with a coverage ratio of 40.8%. Past-due loans amounted to €419 million (+1.5%), with a coverage ratio of 27.1%.

Intesa Sanpaolo continues to operate as a growth accelerator in the real economy in Italy: in the first nine months of 2023, medium/long-term new lending granted by the group to Italian households and SMEs amounted to around €29 billion. In the first nine months of 2023, the Intesa Sanpaolo Group facilitated the return to performing status of around 2,800 companies, thus safeguarding around 14,000 jobs. This brought the total to over 140,000 companies since 2014, with 700,000 jobs safeguarded over the same period.

For more information on European legislative initiatives on Non-Performing Loans, please refer to the "Regulatory Section" of this Base Prospectus.

For further information on the management of the "credit risk", please refer to Part E of the Explanatory Note of the consolidated financial statements for 2022, included by reference in this Base Prospectus.

### **Market risk**

*In the first nine months of 2023, with regard the overall limit relating to trading and the hold to collect and sell (HTCS) business model, the Intesa Sanpaolo Group's average managerial VaR was equal to €167 million, in reduction compared to the same period of 2022, which was equal to €205 million.*



*Regarding held for trading portfolio only, managerial VaR has recorded in the first nine months of 2023 an average value of € 32.3 million, (€ 23.4 million was the average value on 30 September 2022): the increase is mainly attributable to both portfolio actions for interest rate risk management and to market scenarios for interest risk factor characterized by higher volatility than in the same period of 2022.*

The market risk is the risk of losses in the value of financial instruments, including the securities of sovereign States held by the Bank, due to the movements of market variables (by way of example and without limitation, interest rates, prices of securities, exchange rates), which could determine a deterioration of the financial soundness of the Bank and/or the Intesa Sanpaolo Group. Such deterioration could be produced either by negative effects on the income statement deriving from positions held for trading purposes, or from negative changes in the FVOCI (*Fair Value through Other Comprehensive Income*) reserve, generated by positions classified as financial Activities evaluated at fair value, with an impact on the overall profitability.

The Bank is therefore exposed to possible changes of the financial instruments value, including the securities issued by sovereign States, due to fluctuations of interest rates, exchange rates of currencies, prices of the securities listed on the markets, commodities and credit spreads and/or other risks. Such fluctuations could be caused by changes in the general economic trend, the investors' propensity to investments, monetary and tax policies, liquidity of the markets on a global scale, availability and capital cost, interventions of rating agencies, political events both at social and international level, war conflicts and acts of terrorism. The market risk occurs both with respect to the trading book, which includes the financial trading instruments and derivative instruments related thereto, and the banking book, which includes the financial assets and liabilities that are different from those contained in the trading book.

For further information please see Part E of the Explanatory Note of the consolidated financial statements, incorporated by reference to this Base Prospectus.

### ***Liquidity risk of Intesa Sanpaolo***

*The ratio between the loans to customers and the direct deposits from banking business, as reported in the Intesa Sanpaolo Group 2023 Interim 3rd Quarter Report (**Loan to deposit ratio**), on 30 September 2023 was at 77.7%, compared to 81.9% on 31 December 2022.*

*Both regulatory indicators, LCR and NSFR, were well above the minimum regulatory requirements (100%). The Liquidity Coverage Ratio (LCR) of the Intesa Sanpaolo Group, measured according to Delegated Regulation (EU) 2015/61, amounted to an average of 169.3 over the last twelve months ending September 2023<sup>1</sup>. The NSFR measured in accordance with regulatory instructions, was 121% at the end of September 2023.*

*The participation of the Intesa Sanpaolo Group to TLTRO funding transactions with ECB at the end of September 2023 was equal to approximately nominal €45 billion.*

*Although the Bank constantly monitors its own liquidity risk, any negative development of the market situation and the general economic context and/or creditworthiness of the Bank, may have negative effects on the activities and the economic and/or financial situation of the Bank and the Intesa Sanpaolo Group. In particular, in light of the findings set forth in the EBA third*

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<sup>1</sup> The LCR ratio refers to the simple average of the last 12 months of monthly observations, as per Regulation (EU) 2021/637.

*report on LCR and NSFR monitoring<sup>2</sup>, the Issuer remains attentive to the evolution of the funding market to ensure that its ordinary refinancing strategies and normal business are not affected by the cumulative effect of the maturity of all the remaining central bank funding and additional outflows due to the impact of adverse market liquidity scenarios.*

The liquidity risk is the risk that the Bank is not able to satisfy its payment obligations at maturity, both due to the inability to raise funds on the market (funding liquidity risk) and of the difficulty to disinvest its own assets (market liquidity risk).

The liquidity of the Bank may be prejudiced by the temporary impossibility of accessing capital markets by the issuance of debt securities (both guaranteed and not guaranteed), the inability to receive funds from counterparties which are external to or of the Intesa Sanpaolo Group, the inability to sell certain assets or redeem its investments, as well as unexpected cash outflows or the obligation to provide more guarantees. Such a situation may occur by reason of circumstances that are independent from the control of the Bank, such as a general market disruption or an operational issue which affects the Bank or any third parties, or also by reason of the perception among the participants in the market that the Bank or other participants in the market are experiencing a higher liquidity risk. The liquidity crisis and the loss of trust in the financial institutions may increase the Bank's cost of funding and limit its access to some of its traditional liquidity sources.

Examples of liquidity risk manifestation are the bankruptcy of an important participant to the market, or concerns about its possible default, which may cause serious liquidity issues, losses or defaults of other banks which, in turn, could negatively affect the Bank; and a decrease of the creditworthiness of third parties of which the Bank holds securities or bonds, that may determine losses and/or negatively affect the ability of the Bank to invest again or use in a different way such securities or bonds for liquidity purposes.

For further information please see Part E of the Explanatory Note of the consolidated financial statements, incorporated by reference in this Base Prospectus.

### **Operational risk**

*The Bank is exposed to several categories of operational risk which are intrinsic to its business, among which those mentioned herein, by way of example and without limitation: frauds by external persons, frauds or losses arising from the unfaithfulness of the employees and/or breach of control procedures, operational errors, defects or malfunctions of computer or telecommunication systems, computer virus attacks, default of suppliers with respect to their contractual obligations, terrorist attacks and natural disasters. The occurrence of one or more of said risks may have significant negative effects on the business, the operational results and the economic and financial situation of the Bank. The capital absorption amounts to €2,119 million as at 30 September 2023 and represents approximately 9% of the total value of the Intesa Sanpaolo Group requirement.*

The operational risk may be defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk includes the following risks: legal, conduct, compliance, financial crime, fiscal, IT and Cyber, physical security, business continuity, third-party, data quality, fraud, process and employer risks; strategic and reputational risk are not included.

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<sup>2</sup> EBA Report on “Monitoring of liquidity coverage ratio and net stable funding ratio implementation in the EU” of 15 June 2023.

The Bank has defined a framework for the operational risks management which consists of the following phases:

- identification: the detection and description of potential operational risk areas (e.g. operational events, presence of issues, applicability of risk factors, significant risk scenarios);
- assessment and measurement: this phase includes the activities aimed at the qualitative/quantitative determination of the Intesa Sanpaolo Group operational risk exposure and the transformation of the evaluations collected (e.g. internal and external operational loss data, management levels of risk factors, probability and impact in case of realisation of risk scenarios) in synthetic risk measures;
- monitoring and control: continuous management of changes in the operational risk exposure, also to prevent the occurrence of harmful events and to promote active risk management;
- mitigation: operational risk containment through appropriate mitigation actions and suitable risk transfer strategies, based on a risk-driven approach;
- reporting: preparation of information flows related to operational risk management, designed to ensure adequate knowledge of the exposure to this risk.

Although the Bank constantly supervises its own operational risks, certain unexpected events and/or events out of the Bank's control may occur (including those mentioned above by way of example and without limitation), with possible negative effects on the business and the economic and/or financial situation of the Bank and the Intesa Sanpaolo Group, as well as on its reputation.

Moreover, the Circular No. 285 has been recently amended to implement the EBA Guidelines on ICT and security risk management. Therefore, starting from 30 June 2023, the Bank implemented certain organizational arrangements to ensure compliance with the changes recently introduced to Circular No. 285.

For further information please see Part E of the Explanatory Note of the consolidated financial statements for 2022, incorporated by reference in this Base Prospectus.

### **Foreign exchange risk**

*The Bank is exposed to several categories of foreign exchange risk which are intrinsic to its business and are lied in foreign currency loans and deposits held by customers, purchases of securities, equity investments and other financial instruments in foreign currencies, conversion to domestic currency of assets, liabilities and income of branches and subsidiaries abroad, trading of foreign currencies and banknotes, and collection and/or payment of interest, commissions, dividends and administrative costs in foreign currencies. Although the Bank constantly monitors its exposure to foreign currencies, any negative development of the foreign rates may have negative effects on activities and the economic and/or financial situation of the Bank and the Intesa Sanpaolo Group.*

"Foreign exchange risk" is defined as the potential loss resulting from changes in the exchange rate that could have a negative impact on the valuation of the assets and liabilities in the financial statements and on earnings and capital ratios. Two types of Foreign Exchange Risk are identified: Structural and Transaction risk. Structural Foreign Exchange Risk is defined as the potential loss resulting from changes in the exchange rate that could have a

negative impact on the foreign exchange reserves that are part of the Intesa Sanpaolo Group's consolidated shareholders' equity, and includes the foreign exchange risk associated with hybrid capital instruments. The key sources of structural foreign exchange risk are therefore the investments in associates and companies subject to joint control.

The Intesa Sanpaolo Group's management of the Structural Foreign Exchange Risk assigns the Parent Company the related management and coordination powers in order to achieve a consistent Intesa Sanpaolo Group strategy. This choice, which is consistent with the Parent Company's role as the liaison with the Supervisory Authority, allows the activities to be performed based on the specific responsibilities set out in the prudential supervision regulations, in addition to suitably mitigating and/or managing this type of risk. Transaction Foreign Exchange Risk is defined as the potential loss resulting from changes in the exchange rate that may have a negative impact both on the valuation of the assets and liabilities in the financial statements and on the earnings from funding and lending transactions in currencies other than the euro.

The main sources of this foreign exchange risk consist of: non-euro loans and deposits held by corporate and/or retail customers; conversion into domestic currency of assets, liabilities and income of the international branches; trading of foreign currencies; collection and/or payment of interest, commissions, dividends and administrative expenses in foreign currencies; purchase and sale of securities and financial instruments for the purpose of resale in the short term; etc. Transaction foreign exchange risk also includes the risk related to transactions connected to operations that generate the type of structural foreign exchange risk represented, for example, by dividends, earnings in the process of being generated, and corporate events.

***Risk related to the development of the banking sector regulation and the changes in the regulation on the solution of banking crises***

*The Bank is subject to a complex and strict regulation, as well as to the supervisory activity performed by the relevant institutions (in particular, the European Central Bank, the Bank of Italy and CONSOB). Both the aforementioned regulation and supervisory activity are subject, respectively, to continuous updates and practice developments.*

*Furthermore, as a listed Bank, the Bank is required to comply with further provisions issued by CONSOB.*

*The Bank, besides the supranational and national rules and the primary or regulatory rules of the financial and banking sector, is also subject to specific rules on anti-money laundering, usury and consumer protection.*

*Although the Bank undertakes to comply with the set of rules and regulations, any changes of the rules and/or changes of the interpretation and/or implementation of the same by the competent authorities could give rise to new burdens and obligations for the Bank, with possible negative impacts on the operational results and the economic and financial situation of the Bank.*

***Regulatory framework***

Starting from 1 January 2014, a part of the prudential rules has been amended on the grounds of the Directions deriving from the so-called Basel III agreements, mainly with the purpose to significantly strengthen the minimum capital requirements, the restraint of the leverage degree and the introduction of policies and quantitative rules for the mitigation of the liquidity risk of the banks.

As for the capital requirements, the prudential provisions in force provide for minimum capitalisation levels. In particular, the banks are required to have a Common Equity Tier 1 (CET 1) ratio at least equal to 7% of the risk-weighted assets, a Tier 1 ratio equal at least to 8.5% of the risk-weighted assets and a Total Capital ratio equal at least to 10.5% of said risk-weighted assets (such minimum levels include the so-called "capital conservation buffer", namely a "buffer" of further mandatory capitalisation).

As known, *Intesa Sanpaolo*, as a bank of significant importance for the European financial system, is subject to direct supervision of the European Central Bank (ECB). Following the Supervisory Review and Evaluation Process (SREP) the ECB provides, on an annual basis, a final decision of the capital requirement that *Intesa Sanpaolo* must comply with at consolidated level. On 30 November 2023, *Intesa Sanpaolo* announced that it had received the final decision of the ECB concerning the capital requirement that the Bank has to meet as of 1 January 2024. The overall capital requirement the Bank is required to meet in terms of Common Equity Tier 1 ratio is currently 9.32%.

This is the result of: a) a SREP requirement in terms of Total Capital ratio equal to 9.50%, which includes a Pillar I minimum requirement of 8%, of which 4.5% in terms of Common Equity Tier 1, and an additional Pillar II requirement of 1.50%<sup>3</sup>, of which 0.84% in terms of Common Equity Tier 1; b) the additional requirements, entirely in terms of Common Equity Tier 1, represented by: the Capital Conservation Buffer of 2.5%; the O-SII Buffer (Other Systematically Important Institutions Buffer) of 1.25% and the Countercyclical Capital Buffer of 0.23%<sup>4</sup>.

As at 30 September 2023, after having deducted from capital €4.3 billion of dividends accrued in the nine months of 2023, the Common Equity Tier 1 ratio stood at 13.6%, the Tier 1 ratio at 16.2% and the Total capital ratio at 19.2%.

As for the liquidity, the European rules envisage, *inter alia*, a short-term indicator (Liquidity Coverage Ratio or **LCR**), aimed at creating and maintaining a liquidity buffer able to allow the survival of the bank for a period of thirty days in case of serious market stress, and a structural liquidity indicator (Net Stable Funding Ratio or **NSFR**) with a temporal horizon longer than a year, introduced to ensure that the assets and liabilities have a sustainable maturity structure.

Both indicators of the Intesa Sanpaolo Group are widely above the minimum limits provided by the Rules.

Despite the overall liquidity situation of the Intesa Sanpaolo Group is more than safe and under constant control, some risks may materialize in the horizon, depending on the economic recovery. An important mitigating factor to these risks are the contingency management policies in place in the Intesa Sanpaolo Group system of rules.

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<sup>3</sup> Following the additional Article 3 CRR deduction made to Own funds in June 2023 (for the calendar provisioning on exposures included in the scope of Pillar 2), the Supervisor updated the Pillar 2 Requirement (P2R) applicable in 2023 (SREP 2022). As a result, from the second half of 2023, the P2R on Total Capital is 1.50% (compared to 1.72% previously).

<sup>4</sup> Computed taking into account the exposure as at 30 September 2023 in the various countries where the Intesa Sanpaolo Group has a presence, as well as the respective requirements set by the competent national authorities and relating to 2025, where available, or the most recent update of the reference period (requirement was set at zero in Italy for 2023).

With regard to the Russia-Ukraine conflict, currently, in light of the low exposure to Russian and Ukrainian counterparties, there were no significant impacts on the Intesa Sanpaolo Group's consolidated liquidity position. See: "*Description of the Issuer – Exposure to Russia*".

Furthermore, the Capital Requirement Regulation (CRR2, transposing Basel III Accord) introduced the financial Leverage Ratio, which measures the coverage degree of Class 1 Capital compared to the total exposure of the Intesa Sanpaolo Group. Such index is calculated by considering the assets and exposures out of the budget. The objective of the indicator is to contain the degree of indebtedness in the balance sheets of the banks. The ratio is subject to a minimum regulatory limit of 3%.

Although the above-mentioned regulatory evolution (further described under the "*Regulatory Section*" below) envisages a gradual adaptation to the new prudential requirements, the impacts on the management dynamics of the Bank could be significant.

In this context, a few other relevant provisions are the implementation of Directives 2014/49/EU (*Deposit Guarantee Schemes Directive*) of 16 April 2014 and the adoption of the (EU) Regulation no. 806/2014 of the European Parliament and the Council of 15 July 2014 (*Single Resolution Mechanism Regulation*, – so-called **SRMR**), which may determine a significant impact on the economic and financial position of the Bank and the Intesa Sanpaolo Group, as such rules set the obligation to create specific funds with financial resources that shall be provided, starting from 2015, by means of contributions by the credit institutions.

Moreover, the Directive 2014/59/EU of the European Parliament and the Council (Bank Recovery and Resolution Directive, **BRRD**, as amended by Directive 879/2019/EU, **BRRD II**), which, *inter alia*, introduced the so-called "bail-in", Regulation 2019/876/EU of the European Parliament and the Council, which amends Regulation 575/2013/EU (s.c. **CRR II**) and the Directive of the Parliament and the Council 2019/878/EU, which amends Directive 2013/36/EU (s.c. **CRD V**) must be taken into consideration and put in force by Intesa Sanpaolo Group.

The Intesa Sanpaolo Group is subject to the BRRD, as subsequently amended, which is intended to enable a wide range of actions that could be taken towards institutions considered to be at risk of failing (i.e., the sale of business, the asset separation, the bail-in and the bridge bank). The execution of any action under the BRRD towards the Intesa Sanpaolo Group could materially affect the value of, or any repayments linked to the Covered Bonds.

On 15 October 2013, the Council of the European Union adopted the Council Regulation (EU) No. 1024/2013 granting specific tasks to the ECB as per prudential supervision policies of credit institutions (the **SSM Regulation**) in order to establish a single supervisory mechanism (the **Single Supervisory Mechanism** or **SSM**). From 4 November 2014, the SSM Regulation has conferred to the ECB, in conjunction with the national regulatory authorities of the Eurozone and participating Member States, direct supervisory responsibility over "banks of significant importance" in the Eurozone.

In this respect, "banks of significant importance" include any Eurozone bank in relation to which (i) the total value of its assets exceeds €30 billion or – unless the total value of its assets is below €5 billion – the ratio of its total assets over the national gross domestic product exceeds 20%; (ii) is one of the three most significant credit institutions established in a Member State; (iii) has requested, or is a recipient of, direct assistance from the European Financial Stability Facility or the European Stability Mechanism; (iv) is considered by the ECB to be of significant relevance where it has established banking subsidiaries in more than

one participating Member State and its cross-border assets/liabilities represent a significant part of its total assets/liabilities.

Notwithstanding the fulfilment of the relevant criteria, the ECB, on its own initiative after consulting with each national competent authority or upon request by a national competent authority, may declare an institution significant to ensure the consistent application of high-quality supervisory standards. Intesa Sanpaolo and the Intesa Sanpaolo Group have been classified, respectively, as a significant supervised entity and a significant supervised group within the meaning of Regulation (EU) No. 468/2014 of the European Central Bank of 16 April 2014 establishing the framework for co-operation within the Single Supervisory Mechanism between the European Central Bank and each national competent authority and with national designated authorities (the **SSM Framework Regulation**) and, as such, are subject to direct prudential supervision by the ECB in respect of the functions granted to ECB by the SSM Regulation and the SSM Framework Regulation.

Moreover, as of the date of this Base Prospectus, the Bank of Italy's authority to introduce a systemic risk buffer and borrower-based measures has recently been introduced into the Circular No 285 (as defined below) and there is uncertainty as to how (and if) the Italian regulator would exercise such authority. Therefore, it is not yet clear what impact these regulatory changes will have on Intesa Sanpaolo Group's operations. Moreover, as at the date of this Base Prospectus, the European co-legislators have recently reached a provisional agreement on the 2021 Banking Reform Package (as defined below) but there is uncertainty as to its adoption and implementation, and thus it is not yet clear how and to what extent the entering into force of this legislative package may impact the Intesa Sanpaolo Group's operations. Finally, as at the date of this Base Prospectus, the CMDI Reform (as defined below) has been recently proposed. The CMDI Reform includes, among other things, the amendment of the ranking of claims in insolvency ensuring a general depositor preference with a single-tier depositor preference. The implementation of the CMDI Reform is subject to further legislative procedures and, as at the date of this Base Prospectus, there is still legal uncertainty as to what extent its adoption and implementation would impact on the Issuer's operation.

On 18 April 2023, the European Commission published a legislative proposal on the Crisis Management and Deposits Insurance (**CMDI Reform**) framework. The package consists of four legislative proposals that would amend existing EU legislation: the BRRD, the Deposit Guarantee Scheme Directive and the SRMR.

For further details, please see the "Regulatory Section" of this Base Prospectus.

### ***Reputational and ESG Risk of Intesa Sanpaolo***

*Financial institutions are facing increased scrutiny on climate and broader environmental, social and governance ("ESG")-related issues from governments, regulators, shareholders and other bodies. This focus on ESG may lead to reputational risks if the Bank is not perceived to support the transition to a lower carbon economy, as well as to protect biodiversity and human rights. The Bank is also required to review and enhance our ESG risk management frameworks in alignment with emerging regulatory guidance and to ensure that we accurately portray the ESG aspects of our activities.*

Within the Bank the governance of Reputational and ESG risks is carried out in close integration due to the strong interconnections between these risk profiles.

Reputational risk is the current or prospective risk of a decline in profits or enterprise value (capitalization) resulting from a negative perception of the Intesa Sanpaolo Group's image by customers, counterparties, Intesa Sanpaolo Group shareholders, investors, or regulatory authorities. While ESG risks include all risks arising from potential negative impacts, direct or indirect, on the environment, people and communities and more generally all stakeholders, in addition to those arising from corporate governance. Within this category of risk climate change risk is of significant relevance.

The Bank is exposed to risks arising from climate change either directly through its own operations or indirectly through its financing and investment activities. The taxonomy adopted by Intesa Sanpaolo divides climate change risks into physical and transition risks.

Physical risks represent the negative financial impact from climate change, including more frequent extreme weather events and gradual climate change, as well as environmental degradation, i.e. air, water and soil pollution, water stress, biodiversity loss, and deforestation. These types of risks – which can usually arise in both the short/medium and long term – can be broken down into acute and chronic risks:

- acute physical risks refer to specific events that have the potential to create significant physical damage (e.g. flooding of rivers and oceans, tropical storms). These events are occurring more frequently, on both a regional and global basis;
- chronic physical risks involve a series of physical impacts of considerably longer duration than those posed by acute risks. They are identifiable as processes of change rather than single events. In most cases, the impacts are localised (e.g., drought) but chronic risks are likely to become more significant in the long term.

Transition risks are the negative financial impacts that an institution may incur, directly or indirectly, as a result of the process of adjustment to a low-carbon and more environmentally sustainable economy, arising from:

- public policy and legal risks: this category includes policies that attempt to limit actions that contribute to the negative effects of climate change or political actions that seek to promote adaptation to climate change and the legal risk arising from the inability of organisations to mitigate/adapt to climate change;
- technological developments: these include innovations that support the transition to a low-carbon and energy-efficient economic system;
- consumer preferences: changes in the demand and supply of certain goods, products and services;
- reputational risk arising from changes in customer or community perceptions of an organisation's contribution to the transition to a low-carbon economy.

Even though the Bank is working on the identification of the potential impact and the mitigation action to be taken to address both transition and physical risks, climate change could nonetheless have a material adverse effect on our business, results of operations and financial condition. In our Business Plan, we aim at creating strong and sustainable value for our shareholders, further increasing our solid capital position and our ESG commitment. We are also working to achieve a net-zero emission target, in terms of own emissions by 2030, and in terms of loan and investment portfolios, asset management and insurance sectors by 2050. This includes the ability to identify, monitor and manage ESG-related risks associated with the activities of customer companies in the investment and lending decisions by the



Intesa Sanpaolo Group. Both rapidly changing regulatory as well as stakeholder demands, combined with significant focus by stakeholders, may materially affect our businesses if we fail to adopt such demands or appropriately implement our strategic plans.

**Risks related to the entry into force of new accounting principles and the amendment of the applied accounting principles**

The Bank is exposed, as well as any other entity operating within the bank sector, to the effects deriving from both the entry into force of new accounting principles and the amendment of the existing ones, in particular with respect to the International Accounting Standards and International Financial Reporting Standards (IAS/IFRS), as approved and adopted within the European legal system.

It is primarily noted that IFRS 17 Insurance Contracts, published by the IASB in May 2017 and subject to subsequent amendments, endorsed with Regulation (EU) no. 2036/2021 of 19 November 2021, is applicable from 1 January 2023.

The Interim Statement as at 31 March 2023 were the first financial statements drawn up in application of IFRS 17. At the same time, the insurance companies of the Intesa Sanpaolo Group also applied for the first time IFRS 9 Financial Instruments, the application of which was deferred by virtue of the application of the deferral approach<sup>5</sup>.

The new standard envisages the introduction of new balance sheet figures and different ways of recognising the profitability of insurance products in the financial statements, which could lead to both balance sheet impacts upon first-time adoption of the standard and volatility in the income statement once the standard is being implemented. The balance sheet impact upon first-time adoption depends on the level of market rates at the transition date, as well as the transition approaches adopted. On the other hand, the income statement result is closely related to how the Contractual Service Margin (**CSM**) is released over time and how it is adjusted following revisions to the operational and financial assumptions included in the cash flow and risk adjustment. With regard to the effects of the application of IFRS 17, at the transition date (1 January 2022), the Shareholders' Equity in the Intesa Sanpaolo Group Consolidated Financial Statements decreased by 985 million euro, net of the tax effect, due to greater insurance liabilities for 731 million euro (505 million euro net of the tax effect) due to the different measurement criteria set out in IFRS 17 in place of the previous IFRS 4 and to the derecognition of intangible assets (new business and distribution) with a finite useful life, for a total of 685 million euro (480 million euro net of the tax effect). The total effect on shareholders' equity as at 31 December 2022 deriving from the combined application of IFRS 9 and IFRS 17 was a negative 552 million euro net of the tax effect. That effect is due to the impacts of transition to IFRS 17/IFRS 9 as at 1 January 2022 (a negative 985 million euro), partially offset during the year by greater income (25 million euro) and greater reserves (408 million euro) expressed in accordance with the new standards.

Shareholders' Equity in terms of own funds decreased as at 31 December 2022 by -408 million euro, with an impact of -11 basis points on the CET 1 ratio. Note that, for the purpose of the prudential calculation, the investment in the insurance companies falls under the Danish

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<sup>5</sup> Note that, by virtue of the application of the Deferral Approach, the financial assets and liabilities of the subsidiary insurance companies continued to be recognised in accordance with the provisions of IAS 39, while awaiting the entry into force of the new international financial reporting standard on insurance contracts (IFRS 17).

Compromise regime, which allows the investment to be weighted at 370% instead of deducting it from CET1.

For further details on the first adoption of the new principle IFRS 17 and IFRS 9 for Intesa Sanpaolo Group's insurance companies, including a complete illustration of the provisions of these standards, the Intesa Sanpaolo Group's choices and the related impacts, please refer to the specific section "*Transition to IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments by the Group's insurance companies*" " included in the Half-Yearly Report as at 30 June 2023.

For further details on the first adoption of the new principle or amendment to existing international IAS/IFRS accounting principles please refer to the specific information included in the chapter "*Notes to the consolidated financial statements – Part A – Accounting policies*" of the 2021 Annual Report and the 2022 Annual Report and in the chapter "*Explanatory notes – Accounting policies*" of the Half-yearly report as at 30 June 2023.

## 2. **RISKS RELATED TO COVERED BONDS**

*The risks below have been classified into the following categories:*

- *Risks related to Covered Bonds generally*
- *Risks related to the Covered Bond Guarantor;*
- *Risks related to the underlying; and*
- *Risk related to the market.*

### **Risks related to Covered Bonds generally**

#### ***Obligations to make payments when due on the Covered Bonds***

The Issuer is liable to make payments when due on the Covered Bonds. The obligations of the Issuer under the Covered Bonds are direct, unsecured, unconditional and unsubordinated obligations, ranking *pari passu* without any preference amongst themselves and equally with its other direct, unsecured, unconditional and unsubordinated obligations. Consequently, any claim directly against the Issuer in respect of the Covered Bonds will not benefit from any security or other preferential arrangement granted by the Issuer. The Covered Bond Guarantor has no obligation to pay the Guaranteed Amounts payable under the Covered Bond Guarantee until the service on the Covered Bond Guarantor of an Article 74 Notice to Pay (which has not been withdrawn) or a Notice to Pay. Failure by the Covered Bond Guarantor to pay amounts due under the Covered Bond Guarantee in respect of any Series or Tranche would constitute a Covered Bond Guarantor Event of Default which would entitle the Representative of the Covered Bondholders to serve a Covered Bond Guarantor Acceleration Notice and accelerate the obligations of the Covered Bond Guarantor under the Covered Bond Guarantee and entitle the Representative of the Covered Bondholders to enforce the Covered Bond Guarantee. The occurrence of an Issuer Event of Default does not constitute a Covered Bond Guarantor Event of Default.

The Covered Bonds will not represent an obligation or be the responsibility of any of the Dealers, the Arrangers, the Representative of the Covered Bondholders or any other party to the Transaction Documents, their officers, members, directors, employees, security holders or incorporators, other than the Issuer and, upon service of an Article 74 Notice to Pay (which has not been withdrawn) or a Notice to Pay, the Covered Bond Guarantor. The Issuer and the Covered Bond Guarantor will be liable solely in their corporate capacity and, as to the Covered Bond Guarantor, limited recourse to the Available Funds, for their obligations in

respect of the Covered Bonds and such obligations will not be the obligations of their respective officers, members, directors, employees, security holders or incorporators.

***Extendable obligations under the Covered Bond Guarantee***

With respect to the Series of Covered Bonds in respect of which the Extendable Maturity is specified in the relevant Final Terms, if the Covered Bond Guarantor is obliged under the Covered Bond Guarantee to pay a Guaranteed Amount and has insufficient funds available under the relevant Priority of Payments to pay such amount on the Maturity Date, then the obligation of the Covered Bond Guarantor to pay such Guaranteed Amounts shall automatically be deferred to the relevant Extended Maturity Date. However, to the extent the Covered Bond Guarantor has sufficient monies available to pay in part the Guaranteed Amount in respect of the relevant Series of Covered Bonds, the Covered Bond Guarantor shall make such partial payment in accordance with the relevant Priorities of Payments, as described in Condition 9 (*Redemption and Purchase*) on the relevant Maturity Date and any subsequent CB Payment Date falling prior to the relevant Extended Maturity Date. Payment of the unpaid amount shall be deferred automatically until the applicable Extended Maturity Date. Interest will continue to accrue and be payable on the unpaid Guaranteed Amount on the basis set out in the applicable Final Terms or, if not set out therein, in Condition 9 (*Redemption and Purchase*), *mutatis mutandis*. In these circumstances, except where the Covered Bond Guarantor has failed to apply money in accordance with the relevant Priorities of Payments in accordance with Condition 9 (*Redemption and Purchase*), failure by the Covered Bond Guarantor to pay the relevant Guaranteed Amount on the Maturity Date or any subsequent CB Payment Date falling prior to the Extended Maturity Date (or the relevant later date following any applicable grace period) shall not constitute a Covered Bond Guarantor Event of Default. However, failure by the Covered Bond Guarantor to pay any guaranteed amount or the balance thereof, as the case may be, on the relevant Extended Maturity Date and/or pay any other amount due under the Covered Bond Guarantee will (subject to any applicable grace period) constitute a Covered Bond Guarantor Event of Default.

***Risks related to the structure of a particular issue of Covered Bonds***

Covered Bonds issued under the Programme will either be fungible with an existing Series (in which case they will form part of such Series) or have different terms to an existing Series (in which case they will constitute a new Series). All Covered Bonds issued from time to time will rank *pari passu* with each other in all respects and will share equally in the security granted by the Covered Bond Guarantor under the Covered Bond Guarantee. If an Issuer Event of Default and/or a Covered Bond Guarantor Event of Default occurs and results in acceleration, all Covered Bonds of all Series will accelerate at the same time.

A wide range of Covered Bonds may be issued under the Programme. A number of these Covered Bonds may have features which contain particular risks for potential investors. Under no circumstances shall the interest payments for the Covered Bondholders be less than zero. Set out below is a description of the most common of such features:

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

An optional redemption feature of Covered Bonds is likely to limit their market value. During any period when the Issuer may elect to redeem Covered Bonds, the market value of those Covered Bonds generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Covered Bonds when its cost of borrowing is lower than the interest rate on the Covered Bonds. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Covered Bonds being redeemed and may only be able to do so at a significantly

lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

*(b) Zero Coupon Covered Bonds*

The Issuer may issue Covered Bonds which do not pay current interest but are issued at a discount from their nominal value or premium from their principal amount. Such Covered Bonds are characterised by the circumstance that the relevant covered bondholders, instead of benefitting from periodical interest payments, shall be granted an interest income consisting in the difference between the redemption price and the issue price, which difference shall reflect the market interest rate. A holder of a zero coupon covered bond is exposed to the risk that the price of such covered bond falls as a result of changes in the market interest rate. Prices of zero coupon Covered Bonds are more volatile than prices of fixed rate Covered Bonds and are likely to respond to a greater degree to market interest rate changes than interest bearing Covered Bonds with a similar maturity. Generally, the longer the remaining terms of such Covered Bonds, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

*(c) Fixed/Floating Rate Covered Bonds*

Fixed/Floating Rate Covered Bonds may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of the Covered Bonds since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Covered Bonds may be less favourable than then prevailing spreads on comparable Floating Rate Covered Bonds tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Covered Bonds. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Covered Bonds.

*(d) Partly-paid Covered Bonds*

The Issuer may issue Covered Bonds where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

*(e) Covered Bonds 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.

***Certain decisions of Representative of the Covered Bondholders taken without the consent or sanction of any of the Covered Bondholders***

Pursuant to the Rules of the Organisation of the Covered Bondholders, the Representative of the Covered Bondholders may, without the consent or sanction of any of the Covered Bondholders concur with the Issuer and/or the Covered Bond Guarantor and any other relevant parties in making or sanctioning any modifications to the Rules of the Organisation of the Covered Bondholders, the Conditions and/or the other Transaction Documents:

- provided that in the opinion of the Representative of the Covered Bondholders such modification is not materially prejudicial to the interests of any of the Covered Bondholders of any Series; or

- which in the opinion of the Representative of the Covered Bondholders are made to correct a manifest error or an error established as such to the satisfaction of the Representative of the Covered Bondholders or of a formal, minor or technical nature, or are made to comply with mandatory provisions of law.

In establishing whether an error is established as such, the Representative of the Covered Bondholders may have regard to any evidence on which the Representative of the Covered Bondholders considers reasonable to rely on, and may, but shall not be obliged to, have regard to all or any of the following:

- a certificate from a Relevant Dealer, stating the intention of the parties to the relevant Transaction Document, confirming nothing has been said to, or by, the investors or any other parties which is in any way inconsistent with such stated intention and stating the modification to the relevant Transaction Document that is required to reflect such intention;
- confirmation from the Rating Agency that, after giving effect to such modification, the Covered Bonds shall continue to have the same credit ratings as those assigned to them immediately prior to the modification.

#### ***Covered Bondholders are bound by Extraordinary Resolutions and Programme Resolutions***

A meeting of Covered Bondholders may be called to consider matters which affect the rights and interests of Covered Bondholders. These include (but are not limited to): (i) instructing the Representative of the Covered Bondholders to take enforcement action against the Issuer and/or the Covered Bond Guarantor; (ii) reduction or cancellation of the amount payable or, where applicable, modification of the method of calculating the amount payable or modification of the date of payment or, where applicable, modification of the method of calculating the date of payment in respect of any principal or interest in respect of the Covered Bonds; (iii) alteration of the currency in which payments under the Covered Bonds are to be made; (iv) alteration of the majority required to pass an Extraordinary Resolution; and (v) any amendments to the Covered Bond Guarantee or the Pledge Agreement (except in a manner determined by the Representative of the Covered Bondholders not to be materially prejudicial to the interests of the Covered Bondholders of any Series).

Certain decisions of Covered Bondholders shall be taken at a Programme level by means of Programme Resolution. A Programme Resolution will bind all Covered Bondholders, irrespective of whether they attended the meeting or voted in favour of the Programme Resolution. No Resolution, other than a Programme Resolution, passed by the holders of one Series of Covered Bonds will be effective in respect of another Series unless it is sanctioned by an Ordinary Resolution or an Extraordinary Resolution, as the case may require, of the holders of that other Series. Any Resolution passed at a meeting of the Covered Bondholders of a Series shall bind all other holders of that Series, irrespective of whether they attended the meeting and whether they voted in favour of the relevant Resolution.

It should also be noted that after the delivery of a Notice to Pay, the protection and exercise of the Covered Bondholders' rights against the Issuer will be exercised by the Covered Bond Guarantor (or the Representative of the Bondholders on its behalf). The rights and powers of the Covered Bondholders may only be exercised in accordance with the Rules of the Organisation of the Covered Bondholders. In addition, after the delivery of a Covered Bond Guarantor Acceleration Notice, the protection and exercise of the Covered Bondholders' rights against the Covered Bond Guarantor and the security under the Covered Bond Guarantee is one of the duties of the Representative of the Covered Bondholders. The

Conditions limit the ability of each individual Covered Bondholder to commence proceedings against the Covered Bond Guarantor by conferring on the meeting of the Covered Bondholders the power to determine in accordance with the Rules of the Organisation of the Covered Bondholders, whether any Covered Bondholder may commence any such individual actions.

***Representative of the Covered Bondholders' powers may affect the interests of the Covered Bondholders***

In the exercise of its powers, trusts, authorities and discretions the Representative of the Covered Bondholders shall only have regard to the interests of the Covered Bondholders and the other Secured Creditors but if, in the opinion of the Representative of the Covered Bondholders, there is a conflict between these interests, the Representative of the Covered Bondholders shall have regard solely to the interests of the Covered Bondholders.

If, in connection with the exercise of its powers, trusts, authorities or discretions, the Representative of the Covered Bondholders is of the opinion that the interests of the Covered Bondholders of any one or more Series would be materially prejudiced thereby, the Representative of the Covered Bondholders shall not exercise such power, trust, authority or discretion without the approval of such Covered Bondholders by Extraordinary Resolution or by a direction in writing of such Covered Bondholders of at least 25 per cent. of the Outstanding Principal Balance of the Covered Bonds of the relevant Series.

***Credit rating of the Covered Bonds may not reflect all risks***

The rating assigned to the Covered Bonds address, *inter alia*:

- (i) the likelihood of full and timely payment to Covered Bondholders of all payments of interest on each CB Payment Date;
- (ii) the likelihood of timely payment of principal in relation to the Hard Bullet Covered Bonds on the Maturity Date; and
- (iii) the likelihood of ultimate payment of principal in relation to Covered Bonds on (a) the Maturity Date thereof, or (b) if the Covered Bonds are subject to an Extended Maturity Date in accordance with the applicable Final Terms, the Extended Maturity Date thereof.

Whether or not a rating in relation to any Series of Covered Bonds will be issued by a credit rating agency established in the European Union and registered under the EU CRA Regulation will be disclosed in the relevant Final Terms. The credit ratings of the Covered Bonds included or referred to in this Base Prospectus have been issued by Moody's Italia S.r.l.. In general, EEA regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation or (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the EU CRA Regulation. In general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the UK and registered under the UK CRA Regulation or (1) the rating is provided by a credit rating agency not established in the UK but is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or (2) the rating is provided by a credit rating agency not established in the UK which is certified under the UK CRA Regulation. The European Securities and Markets Authority (the ESMA) is obliged to maintain on its website, <https://www.esma.europa.eu/page/List-registered-and-certified-CRAs>, a list of credit rating

agencies registered and certified in accordance with the EU CRA Regulation. The Financial Conduct Authority (the **FCA**) is obliged to maintain on its website, <https://register.fca.org.uk/s/search?q=fitch&type=Companies>), a list of credit rating agencies registered and certified in accordance with the UK CRA Regulation. Certain information with respect to the credit rating agencies and ratings will be disclosed in the Final Terms.

The expected rating of the Covered Bonds is set out in the relevant Final Terms for each Series of Covered Bonds. The Rating Agency may lower its ratings or withdraw its rating if, in its sole judgement, the credit quality of the Issuer or the Covered Bonds has declined or is in question, and the Issuer has not undertaken to maintain a rating. In addition, at any time the Rating Agency may revise its relevant rating methodology with the result that, amongst other things, any rating assigned to the Covered Bonds may be lowered. If any rating assigned to the Covered Bonds is lowered or withdrawn, the market value of the Covered Bonds may reduce.

A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. The ratings may not reflect the potential impact of all risks related to the structure, market, additional factors discussed above and other factors that may affect the value of the Covered Bonds.

***The return on an investment in Covered Bonds will be affected by charges incurred by investors***

An investor's total return on an investment in any Covered Bonds will be affected by the level of fees charged by the nominee service provider and/or clearing system used by the investor. Such a person or institution may charge fees for the opening and operation of one or more investment accounts, transfers of Covered Bonds, custody services and on payments of interest, principal and other amounts. Potential investors are therefore advised to investigate the basis on which any such fees will be charged on the relevant Covered Bonds. Certain information in that respect are available under the section headed "*General Information*".

***Law 130***

Law 130 was enacted in Italy in April 1999 and amended to allow for the issuance of covered bonds in 2005. Law 130 was further amended during the following years, including on 30 November 2021 by way of the Legislative Decree no. 190 of 5 November 2021 (the "**Decree 190/2021**") implementing Directive (EU) 2019/2162, which entered into force on December 1st, 2021.

As at the date of this Base Prospectus, no interpretation of the application of Law 130 as it relates to covered bonds has been issued by any Italian court or governmental or regulatory authority, except for (i) the BoI OBG Regulations and (ii) the clarifications, provided for by the Bank of Italy, to certain queries concerning the OBG Regulations submitted to such authority by Italian Banks and the Italian Banking Association (*Associazione Bancaria Italiana*). Consequently, it is possible that such or different authorities may issue further regulations relating to Law 130 or the interpretation thereof, the impact of which cannot be predicted by the Issuer as at the date of this Base Prospectus.

***Change of law***

The structure of the Programme and, *inter alia*, the issue of the Covered Bonds and the rating assigned to the Covered Bonds are based on the relevant law, tax and administrative practice in effect at the date of this Base Prospectus, and having due regard to the expected tax treatment of all relevant entities under such law and practice.

Except to the extent that any such changes represent a significant new factor or result in this Base Prospectus containing a material mistake or inaccuracy, in each case which is capable of

affecting the assessment of the Covered Bonds, the Issuer and the Covered Bond Guarantor will be under no obligation to update this Base Prospectus to reflect such changes.

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

- (i) Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of covered bonds and covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EU (the **Directive**); and
- (ii) Regulation (EU) 2019/2160 of the European Parliament and of the Council of 27 November 2019 amending Regulation (EU) No 575/2013 as regards exposures in the form of covered bonds (the **Regulation**).

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

Pursuant to the Directive, Member States had to transpose the Directive by 8 July 2021. The Regulation shall apply from 8 July 2022. The Issuer will need to implement the relevant measures by 8 July 2022, at the latest.

On 30 November 2021 the Decree 190/2021 implementing Directive (EU) 2019/2162 was published in the Official Gazette No. 285 of 30 November 2021 and entered into force on 1 December 2021. In this respect, it is worth mentioning that the national legislator chose to exercise the following options provided by Directive (EU) 2019/2162: (i) the possibility not to apply the liquidity requirement of the cover pool limited to the period covered by the liquidity requirement provided for in Delegated Regulation (EU) 2015/61; (ii) the possibility of allowing the issuance of covered bonds with extendable maturity structures; (iii) the possibility of allowing the calculation of the liquidity requirement of the cover pool in case of programs with extendable maturity by taking as a reference the final maturity date for the payment of principal.

Moreover, the Decree 190/2021 designates the Bank of Italy as the competent authority for the public supervision of the covered bonds, which is entrusted with the issuing of the implementing measures of the Title I-bis of Law 130, as amended, by 8 July 2022, in accordance with article 3, paragraph 2, of Legislative Decree 190/2021 (the “Implementing Measures”). In this respect, the provisions of Law 130, as amended by Decree 190/2021, apply to covered bonds issued starting from 8 July 2022, in certain cases subject to entry into force of the Implementing Measures as referred to under article 3, paragraph 2, of Decree 190/2021 by 8 July 2022.

On 30 March 2023, the Bank of Italy published the Implementing Measures which amended the the BoI OBG Regulations which entered into force on 31 March 2023.

The Implementing Measures amended the BoI OBG Regulations with regard to, *inter alia*, (i) the definition of the criteria for the assessment of the eligible assets and the conditions for including derivative contracts with hedging purposes among covered bonds eligible assets; (ii) the procedures for calculating hedging requirements; (iii) the conditions for issuing new issuance programmes; (iv) the possibility also for banks with credit rating 3 to act as counterparties of a derivative contract with hedging purposes; and (v) the conditions for issuing Covered Bonds under already existing programmes, as of the date of the entry into force of the Implementing Measures.



No assurance can be given as to the impact of any possible change to the law (including any change in regulation which may occur without a change in primary legislation), tax or administrative practice or its interpretation will not change after the Issue Date of any Series or that such change will not adversely impact the structure of the Programme and the treatment of the Covered Bonds.

For further details, see the section headed “*Regulatory Section*” and “*Covered Bond Legislative Package*”.

### ***Tax changes***

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

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

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

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

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

### ***The regulation and reform of “benchmarks” may adversely affect the value of Covered Bonds linked to such “benchmarks”***

The Euro Interbank Offered Rate (“**EURIBOR**”) and other interest rates or other types of rates and indices which are deemed to be “benchmarks” are the subject of ongoing national and international regulatory discussions and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented.

Regulation (EU) No. 2016/1011, as amended (the “**EU Benchmarks Regulation**”) applies subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the EU and it, among other things, (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed); and (ii) prevents certain uses by EU supervised entities (such as the Issuer) of “benchmarks” of administrators that are not authorised/registered (or, if non-EU based, deemed equivalent or recognised or endorsed). The Regulation (EU) No. 2016/1011 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the “**UK Benchmarks Regulation**”) applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the UK. Similarly, it prohibits the use in the UK by UK-supervised entities of benchmarks of administrators that are not authorised by the Financial Conduct Authority (“**FCA**”) or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation or the UK Benchmarks Regulation, as applicable, could have a material impact on any Covered Bonds linked to EURIBOR or another benchmark rate or

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

More broadly, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of “benchmarks”, could increase the costs and risks of administering or otherwise participating in the setting of a “benchmark” and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain “benchmarks,” trigger changes in the rules or methodologies used in certain “benchmarks” or lead to the discontinuance or unavailability of quotes of certain “benchmarks”.

As an example of such benchmark reforms, on 21 September 2017 the European Central Bank 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 the new Euro short-term rate (€STR) as the new risk-free rate for the euro area. The €STR was published for the first time on 2 October 2019. Although EURIBOR has subsequently been reformed in order to comply with the terms of the EU Benchmarks Regulation or the UK Benchmark Regulation, it remains uncertain as to how long it will continue in its current form, or whether it will be further reformed or replaced with €STR or an alternative benchmark.

It is not possible to predict with certainty whether, and to what extent, EURIBOR will continue to be supported going forwards. This may cause EURIBOR to perform differently than it has done in the past and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Covered Bond linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

The Terms and Conditions of the Covered Bonds provide that, if the Issuer (in consultation with the Calculation Agent) determines that a Benchmark Event (as defined in the Conditions) has occurred (including, but not limited to, a Reference Rate (as defined in the Conditions) ceasing to be provided or upon a material change of a Reference Rate), if applicable, then the Issuer shall use reasonable endeavours to appoint an Independent Adviser for the purposes of determining a Successor Rate or an Alternative Benchmark Rate (as further described in Condition 6(f) (*Fallback Provisions*) of the Terms and Conditions of the Covered Bonds and, if applicable, an Adjustment Spread. If the Issuer is unable to appoint an Independent Adviser or if the Independent Adviser and the Issuer cannot agree upon, or cannot select, the Successor Rate or Alternative Benchmark Rate, the Issuer may determine the replacement rate, provided that if the Issuer is unable or unwilling to determine the Successor Rate or

Alternative Benchmark Rate, the further fallbacks described in the Terms and Conditions of the Covered Bonds shall apply. In certain circumstances, including but not limited to where the Issuer is unable or unwilling to determine an Alternative Benchmark Rate and Alternative Relevant Screen Page, the ultimate fallback for the purposes of calculation of interest for a particular Interest Period may result in the rate of interest of the last preceding Interest Period being used. This may result in effective application of a fixed rate of interest for Covered Bonds initially designated to be Floating Rate Covered Bonds. In addition, due to the uncertainty concerning the availability of Successor Rates and Alternative Reference Rates and the involvement of an Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time.

The use of a Successor Rate or an Alternative Benchmark Rate may result in interest payments that are substantially lower than or that do not otherwise correlate over time with the payments that could have been made on the Covered Bonds if the relevant benchmark remained available in its current form. Furthermore, if the Issuer is unable to appoint an Independent Adviser or if the Issuer fails to agree a Successor Rate or an Alternative Benchmark Rate or adjustment spread, if applicable with the Independent Adviser, the Issuer may have to exercise its discretion to determine (or to elect not to determine) an Alternative Benchmark Rate or adjustment spread, if applicable in a situation in which it is presented with a conflict of interest. In addition, while any Adjustment Spread may be expected to be designed to eliminate or minimise any potential transfer of value between counterparties, the application of the Adjustment Spread to the Covered Bonds may not do so and may result in the Covered Bonds performing differently (which may include payment of a lower interest rate) than they would do if the Reference Rate were to continue to apply in its current form.

Investors should consult their own independent advisers and make their own assessment about the potential risks arising from any of the international or national reforms and the possible application of the benchmark replacement provisions of the Covered Bonds, investigations and licensing issues in making any investment decision with respect to the Covered Bonds linked to or referencing such a “benchmark”.

#### ***Controls over the transaction***

The BoI OBG Regulations require that certain controls shall be performed by the Issuer (see paragraph headed “*Controls over the transaction*” under the section headed “*Selected aspects of Italian law*”), aimed, *inter alia*, at mitigating the risk that any obligation of the Issuer or the Covered Bond Guarantor under the Covered Bonds is not complied with. Whilst the Issuer believes that it has implemented the appropriate policies and controls in compliance with the relevant requirements, investors should note that there is no assurance that such compliance ensures that the aforesaid controls are actually performed and that any failure to properly implement the relevant policies and controls could have an adverse effect on the Issuer’s or the Covered Bond Guarantor’s ability to perform their obligations under the Covered Bonds.

#### **Risks related to the Covered Bond Guarantor**

##### ***Covered Bond Guarantor only obliged to pay the Guaranteed Amounts on the Due for Payment Date***

The Covered Bond Guarantor has no obligation to pay the Guaranteed Amounts payable under the Covered Bond Guarantee until service by the Representative of the Covered Bondholders:

- (i) on the Covered Bond Guarantor, following the occurrence of an Article 74 Event or an Issuer Event of Default, respectively, of an Article 74 Notice to Pay (which has not been withdrawn) or a Notice to Pay; and
- (ii) following the occurrence of a Covered Bond Guarantor Event of Default, on the Covered Bond Guarantor of a Covered Bond Guarantor Acceleration Notice.

An Article 74 Notice to Pay can only be served if an Article 74 Event occurs and results in service by the Representative of the Covered Bondholders of an Article 74 Notice to Pay on the Issuer and the Covered Bond Guarantor. A Notice to Pay can only be served if an Issuer Event of Default occurs and results in service by the Representative of the Covered Bondholders of a Notice to Pay on the Issuer and the Covered Bond Guarantor. A Covered Bond Guarantor Acceleration Notice can only be served if a Covered Bond Guarantor Event of Default occurs.

Following service of an Article 74 Notice to Pay (which has not been withdrawn) or a Notice to Pay on the Covered Bond Guarantor (provided that (i) an Article 74 Event or an Issuer Event of Default has occurred and (ii) no Covered Bond Guarantor Acceleration Notice has been served) under the terms of the Covered Bond Guarantee, the Covered Bond Guarantor will be obliged to pay the Guaranteed Amounts as on the Due for Payment Date. Such payments will be subject to and will be made in accordance with the Post-Issuer Default Priority of Payments. In these circumstances, other than the Guaranteed Amounts, the Covered Bond Guarantor will not be obliged to pay any amount, for example in respect of broken funding indemnities, penalties, premiums, default interest or interest on interest which may accrue on or in respect of the Covered Bonds.

Pursuant to the Covered Bond Guarantee, following the occurrence of an Article 74 Event or an Issuer Event of Default and service, respectively, of an Article 74 Notice to Pay (which has not been withdrawn) or a Notice to Pay, but prior to the occurrence of any Covered Bond Guarantor Event of Default, the Covered Bond Guarantor shall substitute the Issuer in every and all obligations of the Issuer towards the Covered Bondholders, so that the rights of payment of the Covered Bondholders in such circumstance will only be the right to receive payments of the Scheduled Interest and the Scheduled Principal from the Covered Bond Guarantor on the Scheduled Due for Payment Date. In consideration of the substitution of the Covered Bond Guarantor in the performance of the payment obligations of the Issuer under the Covered Bonds, the Covered Bond Guarantor (directly or through the Representative of the Covered Bondholders) shall exercise, on an exclusive basis, the right of the Covered Bondholders *vis-à-vis* the Issuer and any amount recovered from the Issuer will be part of the Available Funds.

Furthermore, please note that the above restrictions are provided for by either Law 130 or contractual agreements between the parties of the Covered Bond Guarantee, and there is no case-law or other official interpretation on this issue. Therefore, we cannot exclude that a court might uphold a Covered Bondholder's right to act directly against the Issuer.

***Limited resources available to the Covered Bond Guarantor***

The Covered Bond Guarantor's ability to meet its obligations under the Covered Bond Guarantee will depend on the realisable value of the Portfolio, the amount of principal and revenue proceeds generated by the Portfolio and/or the Eligible Investments and the timing thereof and amounts received from the Hedging Counterparties and the Relevant Account Bank. The Covered Bond Guarantor will not have any other source of funds available to meet its obligations under the Covered Bond Guarantee.

If a Covered Bond Guarantor Event of Default occurs, the proceeds of the Portfolio, the Eligible Investments and the amounts received from the Hedging Counterparties and the

Relevant Account Bank, may not be sufficient to meet the claims of all the Secured Creditors, including the Covered Bondholders. If the Secured Creditors have not received the full amount due to them pursuant to the terms of the Transaction Documents, then they may still have an unsecured claim against the Issuer for the shortfall. There is no guarantee that the Issuer will have sufficient funds to pay that shortfall.

Covered Bondholders should note that the Nominal Value Test and the Amortisation Test have been structured to ensure that the Nominal Value of the Portfolio and the Amortisation Test Aggregate Portfolio Amount, as applicable, shall be greater than or equal to the Outstanding Principal Balance of the Covered Bonds. In addition, Law 130 provide for certain further tests aimed at ensuring that (a) the net present value of the Eligible Portfolio (net of certain costs) shall be greater than or equal to the net present value of the Covered Bonds; and (b) the amount of interest and other revenues generated by the Portfolio (net of certain costs) shall be greater than or equal to the interest and costs due by the Issuer under the Covered Bonds.

However there is no assurance that there will not be a shortfall in the amounts available to the Covered Bond Guarantor to meet its obligations under the Covered Bond Guarantee.

***Reliance of the Covered Bond Guarantor on third parties***

The Covered Bond Guarantor has entered into agreements with a number of third parties, which have agreed to perform services for the Covered Bond Guarantor. In particular, but without limitation, the Servicer and the Special Servicers have been appointed, in accordance with the terms of the Servicing Agreement as to their respective duties and obligations, to service the Receivables and the Securities included in the Portfolio and the Asset Monitor has been appointed to monitor compliance with the Tests. In the event that any of those parties fails to perform its obligations under the relevant agreement to which it is a party, the realisable value of the Portfolio or any part thereof may be affected, or, pending such realisation (if the Portfolio or any part thereof cannot be sold), the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee may be affected. For instance, if the Servicer has failed to adequately administer the Portfolio, this may lead to higher incidences of non-payment or default by Debtors. The Covered Bond Guarantor is also reliant on the Hedging Counterparties to provide it with the funds matching its obligations under the Covered Bond Guarantee.

If an event of default occurs in relation to the Servicer and/or any relevant Special Servicer pursuant to the terms of the Servicing Agreement, then the Covered Bond Guarantor, with the prior written consent of the Representative of the Covered Bondholders, will be entitled to terminate the appointment of the Servicer and/or the relevant Special Servicer (as the case may be) and appoint a Successor Servicer and/or a Successor Special Servicer (as the case may be). There can be no assurance that a successor with sufficient experience in carrying out the activities of the Servicer and/or the relevant Special Servicer would be found and would be willing and able to carry out the relevant activities on the terms of the Servicing Agreement. The ability of a Successor Servicer and/or a Successor Special Servicer to perform fully the required services would depend, among other things, on the information, software and records available at the time of the appointment. Any delay or inability to appoint a Successor Servicer and/or a Successor Special Servicer may affect the realisable value of the Portfolio or any part thereof, and/or the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee.

The Representative of the Covered Bondholders is not obliged in any circumstances to act as Servicer and/or Special Servicer nor shall the Representative of the Covered Bondholders be under any obligation to monitor or supervise the observance and performance by the Servicer

and/or the Special Servicers of their respective obligations under the Transaction Documents, pursuant to paragraph 28.2.2 of the Rules.

### ***Reliance on Hedging Counterparties***

To provide a hedge against interest rate risks and/or currency risk in respect of each Series of the Covered Bonds issued under the Programme, the Covered Bond Guarantor may enter into the Liability Swaps with the Liability Hedging Counterparty. Additionally, to provide a hedge against interest rate risk and/or currency risk on the Portfolio, the Covered Bond Guarantor entered into the Asset Swaps with the Asset Hedging Counterparty.

If the Covered Bond Guarantor fails to make timely payments of amounts due under any Swap Agreement, then it will (unless otherwise stated in the relevant Swap Agreement) have defaulted under that Swap Agreement. A Hedging Counterparty is (unless otherwise stated in the relevant Master Agreement) only obliged to make payments to the Covered Bond Guarantor as long as the Covered Bond Guarantor complies with its payment obligations under the relevant Swap Agreement. In circumstances where non-payment by the Covered Bond Guarantor under a Swap Agreement does not result in a default under that Swap Agreement, the Hedging Counterparty shall make payments to the Covered Bond Guarantor pursuant to the Master Agreement as if payment had been made by the Covered Bond Guarantor. Any amounts not paid by the Covered Bond Guarantor to a Hedging Counterparty may in such circumstances incur additional amounts of interest by the Covered Bond Guarantor, which would rank senior to amounts due on the Covered Bonds. If the Hedging Counterparty is not obliged to make payments or if it defaults in its obligations to make payments of amounts in the relevant currency equal to the full amount to be paid to the Covered Bond Guarantor on the payment date under the Master Agreement, the Covered Bond Guarantor will be exposed to changes in the relevant currency exchange rates to Euro and to any changes in the relevant rates of interest.

If a Swap Agreement terminates, then the Covered Bond Guarantor may be obliged to make a termination payment to the relevant Hedging Counterparty. There can be no assurance that the Covered Bond Guarantor will have sufficient funds available to make a termination payment under the relevant Swap Agreement, nor can there be any assurance that the Covered Bond Guarantor will be able to enter into a subsequent swap agreement.

If the Covered Bond Guarantor is obliged to pay a termination payment under any Master Agreement, such termination payment may rank ahead of amounts due on the Covered Bonds and with amounts due under the Covered Bond Guarantee. Accordingly, the obligation to pay a termination payment may adversely affect the ability of the Covered Bond Guarantor to meet its obligations under the Covered Bond Guarantee.

### ***No Gross-up for Taxes by the Covered Bond Guarantor***

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

### ***Value of the Portfolio***

The Covered Bond Guarantee granted by the Covered Bond Guarantor in respect of the Covered Bonds will be backed by the Portfolio and the recourse against the Covered Bond Guarantor will be limited to such assets. The value of the Covered Bond Guarantor's assets may decrease (for example if there is a general decline in property values). The Seller makes

no representation, warranty or guarantee that the value of a real estate asset will remain at the same level as it was on the date of the origination of the related Mortgage Loan or at any other time. If the residential and/or commercial property market in Italy experiences an overall decline in property values, the value of the Mortgage Loan could be significantly reduced and, ultimately, may result in losses to the Covered Bondholders if such security is required to be enforced.

### **Risks related to the underlying**

#### ***Limits to the integration***

Under the BoI OBG Regulations, any integration, whether through Eligible Assets, Integration Assets or through Liquid Assets shall be carried out in accordance with the modalities, and subject to the limits, set out in Law 130 and in the article 129 of the CRR.

More specifically, under the BoI OBG Regulations, integration is allowed exclusively for the purpose of (i) complying with the tests provided for under the article 7-*undecies* of Law 130; (ii) complying with the liquidity buffer requirements provided for under the article 7-*duodecies* of Law 130; (iii) complying with the limits set forth under article 129 of the CRR, including the statutory over-collateralization requirements provided for under the article 129, paragraph 3a, of the CRR; or (iv) complying with any contractual over-collateralisation requirements agreed by the parties to the relevant agreements.

Investors should note that the integration is not allowed in circumstances other than as set out in Law 130 and in the article 129 of the CRR and specified above.

#### ***Limited description of the Portfolio***

Covered Bondholders may not receive detailed statistics or information in relation to the Eligible Assets, Integration Assets and Liquid Assets included in the Portfolio, because it is expected that the constitution of the Portfolio will frequently change due to, for instance:

- (i) the Seller selling further Eligible Assets, Integration Assets and Liquid Assets;
- (ii) the Seller (for as long as it acts as the Servicer in the context of the Programme) being granted by the Covered Bond Guarantor with wide powers to renegotiate the terms and conditions of the Receivables and the Securities included in the Portfolio; and
- (iii) the Seller repurchasing certain Eligible Assets, Integration Assets and Liquid Assets in the limited circumstances provided for under the Master Transfer Agreement.

However, each Receivable and Security being, from time to time, part of the Portfolio, will be required to meet the Criteria and/or the characteristics (as applicable) set out in the Master Transfer Agreement and to conform to the representations and warranties granted by the Seller under the Master Transfer Agreement (see paragraph headed “*Master Transfer Agreement*” under the section headed “*Description of the Transaction Documents*”). In addition, the Tests are intended to ensure, *inter alia*, that the ratio of the Covered Bond Guarantor’s assets to the Covered Bonds is maintained at a certain minimum level and the Asset Cover Report to be provided by the Calculation Agent on each Calculation Date will set out, *inter alia*, certain information in relation to the Tests.

In accordance with the Portfolio Administration Agreement, an Additional Seller may sell to the Covered Bond Guarantor, and the latter shall purchase, Eligible Assets, Integration Assets and Liquid Assets, subject to, *inter alia*: (i) the execution of a master transfer agreement by such Additional Seller, substantially in the form of the Master Transfer Agreement, and (ii) the granting of a subordinated loan by such Additional Seller for the purpose of financing the purchase of Eligible Assets, Integration Assets or Liquid Assets from it, in accordance with

the provision of a subordinated loan agreement to be executed substantially in the form of the Subordinated Loan Agreement.

***Sale of Selected Assets, Integration Assets and Liquid Assets following the occurrence of an Article 74 Event or an Issuer Event of Default***

Following the service of an Article 74 Notice to Pay (which has not been withdrawn) or of a Notice to Pay and prior to the occurrence of a Covered Bond Guarantor Event of Default (if necessary in order to, *inter alia*, effect timely payments under the Covered Bonds, as resulting from the Payments Report) the Servicer, or any other third party appointed by the Representative of the Covered Bondholders, in the name and on behalf of the Covered Bond Guarantor, shall sell Selected Assets, Integration Assets and/or Liquid Assets (as applicable), in accordance with, and subject to, the terms of the Portfolio Administration Agreement.

There is no guarantee that a buyer will be found to acquire Selected Assets, Integration Assets and/or Liquid Assets at the times required and there can be no guarantee or assurance as to the price which may be able to be obtained for such Selected Assets, Integration Assets and/or Liquid Assets, which may affect payments under the Covered Bond Guarantee. However, the Selected Assets may not be sold by the Servicer, or any other third party appointed by the Representative of the Covered Bondholders, in the name and on behalf of the Covered Bond Guarantor for an amount lower than the Adjusted Required Redemption Amount for the relevant Series of Covered Bonds until 6 (six) months prior to the Maturity Date in respect of such Covered Bonds or (if the same is specified as applicable in the relevant Final Terms) the Extended Maturity Date in respect of such Covered Bonds. If, *inter alia*, Selected Assets have not been sold (in whole or in part) in an amount equal to the Adjusted Required Redemption Amount by the date which is 6 (six) months prior to the Maturity Date or Extended Maturity Date of a Series of Covered Bonds which are not Long Dated Covered Bonds, the Servicer, or any other third party appointed by the Representative of the Covered Bondholders, in the name and on behalf of the Covered Bond Guarantor, is obliged to sell the Selected Assets, for the best price reasonably available notwithstanding that such price may be less than the Adjusted Required Redemption Amount (see paragraph headed “*Portfolio Administration Agreement*” under the section headed “*Description of the Transaction Documents*”).

***Realisation of assets following the occurrence of a Covered Bond Guarantor Event of Default***

If a Covered Bond Guarantor Event of Default occurs and a Covered Bond Guarantor Acceleration Notice is served on the Covered Bond Guarantor, then the Representative of the Covered Bondholders shall, in the name and on behalf of the Covered Bond Guarantor, direct the Servicer, or any other third party appointed by the Representative of the Covered Bondholders, to sell the Selected Assets, Integration Assets and Liquid Assets, subject to any pre-emption right of the Seller and of the Additional Sellers (if any), as quickly as reasonably practicable taking into account the prevailing market conditions at that time (see paragraph headed “*Portfolio Administration Agreement*” under the section headed “*Description of the Transaction Documents*”).

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



***Factors that may affect the realisable value of the Portfolio or the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee***

Following the occurrence of an Issuer Event of Default, the service of a Notice to Pay on the Issuer and on the Covered Bond Guarantor, the realisable value of the assets included in the Portfolio may be reduced (which may affect the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee) by, *inter alia*:

- (i) default by the Debtors on amounts due in respect of Eligible Assets, Integration Assets and Liquid Assets;
- (ii) set-off risks in relation to some types of Eligible Assets, Integration Assets and Liquid Assets included in the Portfolio;
- (iii) limited recourse to the Covered Bond Guarantor;
- (iv) possible regulatory changes by the Bank of Italy, CONSOB and other regulatory authorities;
- (v) adverse movement of the interest rate;
- (vi) unwinding cost related to the hedging structure; and
- (vii) regulations in Italy that could lead to some terms of the Eligible Assets, Integration Assets and Liquid Assets being unenforceable.

Each of these factors is considered in more detail below. However, it should be noted that the Amortisation Test is intended to ensure that there will be an adequate amount of Eligible Assets, Integration Assets and Liquid Assets in the Portfolio and monies standing to the credit of the Accounts to enable the Covered Bond Guarantor to repay the Covered Bonds following an Issuer Event of Default, service of a Notice to Pay on the Issuer and on the Covered Bond Guarantor and, accordingly, it is expected (although there is no assurance) that Selected Assets and/or Integration Assets and/or Liquid Assets could be realised for sufficient values to enable the Covered Bond Guarantor to meet its obligations under the Covered Bond Guarantee.

***Default by Debtors in paying amounts due on Receivables or Securities***

Debtors may default on their obligations due under the Receivables or the Securities for a variety of reasons. The Eligible Assets, Integration Assets and Liquid Assets are affected by credit, liquidity and interest rate risks. Various factors influence delinquency rates, prepayment rates, repossession frequency and the ultimate payment of interest and principal, such as changes in the national or international economic climate, regional economic conditions, changes in tax laws, interest rates, inflation, the availability of financing, yields on alternative investments, political developments and government policies. Certain factors may lead to an increase in default by the Debtors and could ultimately have an adverse impact on the ability of the Debtors to repay the Receivables or the Securities.

***Changes to the lending criteria of the Seller***

The Receivables originated by the Seller will have been originated in accordance with its lending criteria at the time of origination. It is expected that the Seller's lending criteria will generally consider term of loan, indemnity guarantee policies, status of applicants and credit history. In the event of the sale or transfer of any Receivable to the Covered Bond Guarantor, the Seller will warrant that such Receivables were originated in accordance with the Seller's lending criteria applicable at the time of origination. The Seller retains the right to revise its lending criteria from time to time, subject to the terms of the Master Transfer Agreement. However, if such lending criteria change in a manner that affects the creditworthiness of the

Receivables, that may lead to increased defaults by Debtors and may affect the realisable value of the Portfolio and the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee. However, Defaulted Assets in the Portfolio will be given a zero weighting for the purposes of the calculation of the Tests.

### ***Mortgage Loans performance***

The Receivables which shall be included in the Portfolio will be performing as at the relevant Selection Date. There can be no guarantee that the relevant Debtors will not default under the Mortgage Loans and that they will therefore continue to perform. The recovery of amounts due in relation to non-performing loans will be subject to the effectiveness of enforcement proceedings in respect of the Mortgage Loans, which in the Republic of Italy can take a considerable time, depending on the type of action required and where such action is taken and on several other factors, including the following: proceedings in certain courts involved in the enforcement of the Mortgage Loans and the relevant mortgages may take longer than the national average; obtaining title deeds from land registries which are in the process of computerising their records can take up to two or three years; further time is required if it is necessary to obtain an injunction decree (*decreto ingiuntivo*) and if the relevant Debtor raises a defence or counterclaim to the proceedings. According to statistics published by the Ministry of Justice in 2013 with regard to data as at 2011, the recovery period for loans in respect of which recovery is by foreclosure proceedings on the related mortgaged real estate usually lasts three years and six months, although such period may vary significantly depending upon, *inter alia*, the type and location of the related mortgaged real estate and the other factors described above.

Recently, new legal provisions have been introduced in order to speed up legal proceedings. In particular, Law Decree no. 59 of 2 May 2016, as converted, with amendments into law by Law no. 119 of 30 June 2016, implemented new provisions, which interested:

- (i) the Italian Insolvency Law, by introducing the possibility of using electronic technologies for hearings and for meetings of creditors. Furthermore, failure to comply with the time limits for the proceedings, established in Article 110, Paragraph 1 of the Italian Insolvency Law, is envisaged as a fair reason for removing the receiver; and
- (ii) the Italian Code of Civil Procedure, providing for:
  - (a) the inadmissibility of opposing the forced sale once the sale or allocation of the asset has been decreed;
  - (b) the immediate enforceability of the judge's order when the debtor's opposition is not based on documentary proof;
  - (c) simplification of the procedure for the transfer of the property;
  - (d) the possibility for the debtor's assets to be allocated to a third party, yet to be nominated;
  - (e) the obligation to proceed with sales on the basis of electronic modalities, and the right for the judge, after three auctions without bidders, to lower the basic price up to a half;
  - (f) the possibility, for the judge and for the professionals entrusted with selling, to proceed with partial distributions of the sums obtained from the forced sales.

The above provisions are expected to reduce the length of the enforcement proceedings.

### ***Prepayment and renegotiations***

Debtors are generally entitled to prepay their loans at any time. In the case of *mutui fondiari* the right to prepay the loan is provided for by Article 40 of the Banking Law.

In addition, pursuant to Legislative Decree No. 141 enacted on 13 August 2010, Article 120-quater has been added to the Banking Law for the purposes of providing debtors with certain rights and benefits, including the right to prepay their loans at any time, funding such prepayment by a loan granted by another lender (bank or other financial intermediary) which will be subrogated pursuant to article 1202 of the Italian Civil Code, into the rights of the original lender (*surrogazione per volontà del debitore*). The subrogation is effective regardless of the fact that the credit is still not due or that a term of payment in favour of the original lender had been agreed between the debtor and the original lender itself. Further to the subrogation, the lender will automatically replace the original lender also in relation to all guarantees to the relevant loan and no costs and expenses may be charged on the debtor.

Article 120-quater of the Banking Law was subsequently amended by Article 8, paragraph 8 of Law Decree No. 70 of 13 May 2011, converted into Law No. 106 enacted on 12 July 2011, according to which the provisions of Article 120-quater apply to loan agreements entered into between the bank or other financial intermediary and individuals or small companies (*micro-imprese*). Article 120-quater was further amended by Law 24 March 2012, n. 27 and Law Decree No.179 of 18 October 2012, converted into Law No. 221 enacted on 17 December 2012, which respectively have introduced certain amendments (including, *inter alia*, to the timing for completion of the prepayment transactions and manner of calculating the penalty due by the bank).

### ***Legal risks relating to the Mortgage Loans***

The ability of the Covered Bond Guarantor to recover payments of interest and principal from the Mortgage Loans is subject to a number of legal risks. Further details on certain considerations in relation to the regulation of mortgages in Italy are set out in the section headed "*Selected Aspects of Italian law*" and certain specific risks are set out below:

*Mortgage borrower protection:* Certain legislations enacted in Italy, have given new rights and certain benefits to mortgage debtors and/or reinforced existing rights, including, *inter alia*, (i) the right of prepayment of the principal amount the mortgage loan, without incurring a penalty, (ii) the right to the substitution (*portabilità*) of a mortgage loan with another mortgage loan and (iii) the right to suspend instalment payments relating to mortgage loans. Further details are set out in the section headed "*Selected Aspects of Italian law – Mortgage Borrower protection*". These legislations constitute an adverse effect on the cover pool and, in particular, on any cash flow projections concerning the cover pool as well as on the over-collateralisation required. However, as this legislation is relatively new, as at the date of this Base Prospectus, the Issuer is not in a position to predict its impact.

*Mortgage Credit Directive:* Directive 2014/17/EU of the European Parliament and of the Council of 4 February 2014 on credit agreements for consumers relating to residential immovable property and amending Directives 2008/48/EC and 2013/36/EU and Regulation (EU) No 1093/2010 (the **Mortgage Credit Directive**) sets out a common framework for certain aspects of the laws, regulations and administrative provisions of the Member States concerning agreements covering credit for consumers secured by a mortgage or otherwise relating to residential immovable property. In Italy the Government has approved the Legislative Decree no. 72 of 21 April 2016, implementing the Mortgage Credit Directive and published on the Official Gazette of the Republic of Italy on 20 May 2016 (the **Mortgage Legislative Decree**), which, moreover, sets forth certain rules of correctness, diligence and transparency and information undertakings applicable to the lenders and intermediaries which offer loans to the consumers and provides that the parties may agree under the loan

agreements that in case of breach of the borrower's payment obligations under the agreement (i.e. non-payment of at least eighteen loan instalments due and payable by the debtor) the property of the debtor subject to security or the proceeds deriving from the sale thereof can be transferred to the creditor in discharge of the entire debt even if the value of the assets or the proceeds deriving from the sale of the assets is lower than the remaining amount due by the debtor in relation to the loan. Given the absence of any jurisprudential interpretation, the impact of such new legislation may not be predicted as at the date of this Base Prospectus. Further details are set out in the section headed "*Selected Aspects of Italian law –Mortgage Credit Directive*". No assurance can be given that the implementation of the Mortgage Legislative Decree will not adversely affect the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee.

*Patto Marciano*: On 4 May 2016, Law Decree 3 May 2016, no. 59 (**Decree 59**) came into force introducing, *inter alia*, a new article 48-bis into the Banking Law (**Article 48-bis**). The Decree 59 has been converted into Law No. 119 of 30 June 2016, as published in the Official Gazette of the Republic of Italy No. 153 of 2 July 2016. Pursuant to Article 48-bis, a loan agreement entered into between an entrepreneur and a bank, or another entity authorised to grant loans to the public pursuant to article 106 of the Banking Law, may be secured by transferring to the creditor (or to a company of the creditor's group authorised to purchase, hold, manage and transfer rights in rem in immovable property), the ownership of a property or of another immovable right of the entrepreneur or of a third party (which is not the main home of the owner, of the spouse or of his relatives and in-laws up to the third degree). Such transfer is subject to the condition precedent of the debtor defaulting (so-called "*Patto Marciano*", hereafter the **Covenant**). Given this legislation and the absence of any jurisprudential interpretation, the impact of Article 48-bis may not be predicted as at the date of this Base Prospectus. Further details are set out in the section headed "*Selected Aspects of Italian law – Patto Marciano*".

## **Risk related to the market**

### ***Limited secondary market***

Covered Bonds may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. In addition, the ability of the Dealers to make a market in the Covered Bonds may be impacted by changes in regulatory requirements applicable to the marketing, holding and trading of, and issuing quotations with respect to, the Covered Bonds. Therefore, investors may not be able to sell their Covered Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Covered Bonds that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies, are being issued to a single investor or a limited number of investor or have been structured to meet the investment requirements of limited categories of investors. These types of Covered Bonds generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Covered Bonds. In addition, Covered Bonds issued under the Programme might not be rated or 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 Covered Bonds may be adversely affected. In an illiquid market, an investor might not be able to sell his Covered Bonds at any time at fair market prices. The possibility to sell the Covered Bonds 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***

The Issuer will pay principal and interest on the Covered Bonds in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Covered Bonds, (2) the Investor's Currency equivalent value of the principal payable on the Covered Bonds and (3) the Investor's Currency equivalent market value of the Covered Bonds. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

### ***Legal investment considerations may restrict certain investments***

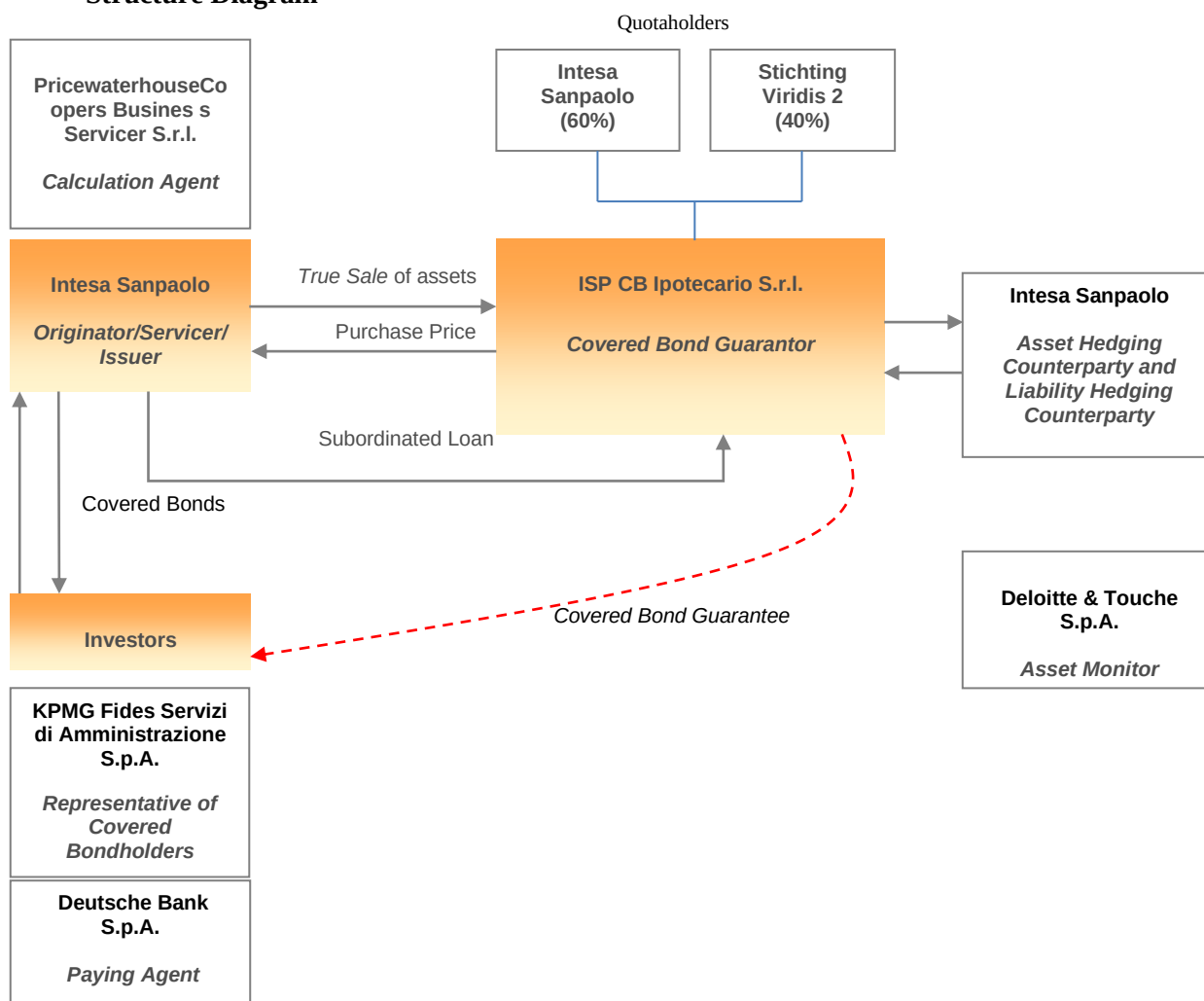
The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal and/or tax advisers to determine whether and to what extent (1) Covered Bonds are legal investments for it, (2) Covered Bonds can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Covered Bonds. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Covered Bonds under any applicable risk-based capital or similar rules.

## OVERVIEW OF THE PROGRAMME

Covered Bondholders should read the detailed information set out in the section headed “*Risk Factors*” which describes known material risks related to, *inter alia*, the Issuer, the Covered Bonds, the Covered Bond Guarantee and the underlying assets of the Covered Bond Guarantee and in the section headed “*Selected Aspects of Italian Law*” which describes certain aspect of Italian law relevant to the Portfolio and the transfer of the Portfolio.

Words and expressions defined elsewhere in this Base Prospectus shall have the same meaning in this overview. An index of certain defined terms is contained at the end of this Base Prospectus.

## Structure Diagram



## Structure Overview

## The Programme

Under this Euro 25,000,000,000 Covered Bond Programme (the **Programme**), the Issuer may from time to time issue Covered Bonds to one or more of the Dealers indicated on the cover page, and any additional Dealers appointed from time to time under the Programme by the

Issuer, in accordance with the Dealer Agreement (the **Dealers**), whose appointment may be for a specific issue or on an ongoing basis.

The maximum aggregate principal amount of all Covered Bonds outstanding at any time under the Programme will not exceed Euro 25,000,000,000 (or its equivalent in other currencies). The Issuer may, from time to time, increase the amount of the Programme in accordance with the terms of the Dealer Agreement.

The Covered Bonds will be issued on a continuing basis to one or more of the Dealers.

Covered Bonds may be distributed on a syndicated or non-syndicated basis, in each case only in accordance with the relevant selling restrictions. The method of distribution of each Series or Tranche will be stated in the relevant Final Terms.

Covered Bonds will be issued in Series, but on different terms from each other, and each Series may comprise one or more Tranches, subject to the terms set out in the relevant Final Terms in respect of such Series or Tranche.

#### *Status of the Covered Bonds*

The Covered Bonds will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer, guaranteed by the Covered Bond Guarantee and will rank *pari passu* without any preference among themselves, except in respect of maturities of each Series or Tranche, and (save for any applicable statutory provisions) at least equally with all other present and future unsecured, unsubordinated obligations of the Issuer having the same maturity of each Series or Tranche of the Covered Bonds, from time to time outstanding.

#### *The Covered Bond Guarantee and the Portfolio*

In accordance with Law 130, by virtue of the Covered Bond Guarantee, the Covered Bondholders will benefit from a guarantee issued by the Covered Bond Guarantor which will, in turn, hold a portfolio consisting primarily of some or all of the following assets:

- (a) loans secured by residential property (*mutui ipotecari residenziali*) up to the lesser of the principal amount of the liens that are, *inter alia*, combined with any prior liens and 80% of the value of the pledged properties, in accordance with Article 129, par. (1), letter (d) of the CRR and Article 7-novies of Law 130 and for which the hardening period with respect to the perfection of the relevant mortgage has elapsed;
- (b) loans secured by commercial immovable property (*mutui ipotecari commerciali*) up to the lesser of the principal amount of the liens that, *inter alia*, are combined with any prior liens and 60% of the value of the pledged properties from, in accordance with Article 129, par. (1), letter (f) of the CRR and Article 7-novies of Law 130 and for which the hardening period with respect to the perfection of the relevant mortgage has elapsed.

In addition, the Portfolio may comprise Integration Assets and/or Liquid Assets, having the characteristics described under the section headed “*Description of the Portfolio*”, subject to the limitations set out in Article 129, Paragraph 1a, lett. (a), (b), (c) e (d) of CRR (as applicable).

Under the terms of the Covered Bond Guarantee, if the Issuer defaults in the payment on the due date (subject to any applicable grace periods) of any monies due and payable under or pursuant to the Covered Bonds, or if any other Issuer Event of Default occurs, the Covered Bond Guarantor has agreed (subject to as described below) to pay, or procure to be paid, following service by the Representative of the Covered Bondholders of a Notice to Pay, unconditionally and irrevocably to the Covered Bondholders, any amounts due under the

Covered Bonds on the Due for Payment Date. The obligations of the Covered Bond Guarantor under the Covered Bond Guarantee constitute direct and (following the occurrence of an Issuer Event of Default, the service of a Notice to Pay on the Issuer and the Covered Bond Guarantor or, if earlier, the service on the Covered Bond Guarantor of a Covered Bond Guarantor Acceleration Notice) unconditional, unsubordinated and limited recourse obligations of the Covered Bond Guarantor, backed by the Portfolio, as provided under the OBG Regulations. Payments made by the Covered Bond Guarantor under the Covered Bond Guarantee will be made subject to, and in accordance with, the relevant Priority of Payments, as applicable.

#### *Subordinated Loan Agreement*

Pursuant to the Subordinated Loan Agreement, the Seller has granted to the Covered Bond Guarantor the Subordinated Loan with a maximum amount equal to the Programme Limit, plus any other amounts necessary to ensure that the Mandatory Tests, the Liquidity Buffer Target Amount and the Exposure Limit are met. Under the provisions of such agreement, upon the relevant disbursement notice being filed by the Covered Bond Guarantor, the Subordinated Loan Provider shall make advances to the Covered Bond Guarantor in amounts equal to (i) with respect to the first advance, the purchase price of the Initial Portfolio, and (ii) for any subsequent advance, the amount from time to time necessary to (a) purchase Further Portfolios transferred in the context of Integration Assignments (aimed at purchasing Eligible Assets and Integration Assets for curing a breach of the Mandatory Tests) and Issuance Collateralisation Assignments or (b) include in the Portfolio Liquid Assets or Integration Assets to satisfy the Liquidity Buffer Target Amount and/or the Exposure Limit if applicable.

Amounts owed to the Seller by the Covered Bond Guarantor under the Subordinated Loan Agreement will be subordinated to amounts owed by the Covered Bond Guarantor under the Covered Bond Guarantee. Any such amounts will be repaid on each Guarantor Payment Date prior to the delivery of a Notice to Pay according to the relevant Pre-Issuer Default Principal Priority of Payments and within the limits of the then Available Funds, provided that such repayment does not result in a breach of any of, *inter alia*, the Mandatory Tests. Following the service of a Notice to Pay, amounts owed under the Subordinated Loan Agreement shall be repaid within the limits of the Available Funds, in accordance with the relevant Priority of Payments.

#### *Servicing*

Under the terms of the Servicing Agreement (i) the Servicer has agreed to administer and service the Receivables (with the exception of the Defaulted Receivables classified as *in sofferenza*) and the Securities and to carry out the collection activities relating to the Receivables and the Securities, on behalf of the Covered Bond Guarantor; and (ii) the Special Servicer has agreed to administer and service the Defaulted Receivables classified as *in sofferenza*. Under the Servicing Agreement, the Servicer has agreed to be responsible for verifying that the transaction complies with the law and this Base Prospectus, in accordance with the requirements of Law 130.

#### *Cashflows*

Prior to service of a Notice to Pay on the Covered Bond Guarantor the Covered Bond Guarantor will:

- (a) apply Interest Available Funds to pay (subject to compliance with the Tests) interest due on the Subordinated Loan, but only after payment of certain items ranking higher in the Pre-Issuer Default Interest Priority of Payments (including, but not limited to, payments due to the Hedging Counterparties); and



- (b) apply Principal Available Funds towards (subject to compliance with the Tests) repaying the Subordinated Loan, but only after payment of certain items ranking higher in the relevant Pre-Issuer Default Principal Priority of Payments (including, but not limited to, payments, if any, due to the Hedging Counterparties).

For further details of the Pre-Issuer Default Interest Priority of Payments and the Pre-Issuer Default Principal Priority of Payments, see the section headed “*General Description of the Programme*” below.

Following service of a Notice to Pay on the Covered Bond Guarantor (but prior to a Covered Bond Guarantor Event of Default and service of a Covered Bond Guarantor Acceleration Notice on the Covered Bond Guarantor) the Covered Bond Guarantor will use all monies to pay the Guaranteed Amounts in respect of the Covered Bonds when due for payment subject to paying certain higher ranking obligations of the Covered Bond Guarantor in the Post-Issuer Default Priority of Payments. In such circumstances, the Seller will only be entitled to receive from the Covered Bond Guarantor payment of interest and repayment of principal under the Subordinated Loan after all amounts due under the Covered Bond Guarantee in respect of the Covered Bonds have been paid in full or have otherwise been provided for.

Following the occurrence of a Covered Bond Guarantor Event of Default and service of a Covered Bond Guarantor Acceleration Notice on the Covered Bond Guarantor, the Covered Bonds will become immediately due and repayable and Covered Bondholders will then have a claim against the Covered Bond Guarantor under the Covered Bond Guarantee for an amount equal to the Early Redemption Amount in respect of each Covered Bonds, together with accrued interest and any other amounts due under the Covered Bonds, and the Available Funds will be distributed according to the Post-Guarantor Default Priority of Payments.

#### *Mandatory Tests*

The Programme provides that the assets of the Covered Bond Guarantor are subject to the statutory tests provided for under Article 7-undecies of Law 130 (the **Mandatory Tests**), which are intended to ensure that the Covered Bond Guarantor can meet its obligations under the Covered Bond Guarantee. Accordingly, for so long as Covered Bonds remain outstanding, the Issuer must always ensure that the following tests are satisfied on each Calculation Date:

- (1) the Nominal Value Test;
- (2) the NPV Test; and
- (3) the Interest Coverage Test,

#### *Amortisation Test*

The Amortisation Test is intended to ensure that if, following the occurrence of an Issuer Event of Default and service of a Notice to Pay by the Representative of the Covered Bondholders, the assets of the Covered Bond Guarantor available to meet its obligations under the Covered Bond Guarantee fall to a level where Covered Bondholders may not be repaid, a Covered Bond Guarantor Event of Default will occur and all obligations owing under the Covered Bond Guarantee may be accelerated. Under the Portfolio Administration Agreement, the Covered Bond Guarantor must ensure that, on each Calculation Date following service of a Notice to Pay on the Issuer and the Covered Bond Guarantor, but prior to a Covered Bond Guarantor Event of Default and service of a Covered Bond Guarantor Acceleration Notice, the Amortisation Test Aggregate Portfolio Amount will be in an amount at least equal to the Outstanding Principal Balance of the Covered Bonds as calculated on the relevant Calculation Date.

#### *Liquidity Buffer Target Amount*

In accordance with, and pursuant to, article 7-*duodecies* of Law 130 and the BoI OBG Regulations, for so long as the Covered Bonds remain outstanding, the Issuer shall procure on a continuing basis and on each Calculation Date or on any other date on which the calculation of the Liquidity Buffer Target Amount is required to be met pursuant to the Transaction Documents, that the amount of Liquid Assets standing to the credit of the Accounts is equal to or higher than the maximum cumulative Net Cumulative Liquidity Outflow of the Programme (the **Liquidity Buffer Target Amount**).

In accordance with article 7-*undecies*, paragraph 2, letter (c), of Law 130, the Liquid Assets standing to the credit of the Accounts shall be considered to contribute to the Eligible Portfolio, provided that such liquid assets satisfy the requirements to qualify as eligible assets set forth in article 7-*novies*, paragraph 1, letter (a), of Law 130.

The verification of the Liquidity Buffer Target Amount is intended to verify that the amount of Liquid Assets standing to the credit of the Accounts is equal to or higher than the maximum Net Cumulative Liquidity Outflow of the Programme.

Pursuant to the Cash Management and Agency Agreement, the Calculation Agent shall verify that the Liquidity Buffer Target Amount is met on each Calculation Date and on any other date on which the verification of the Liquidity Buffer Target Amount is required pursuant to the Transaction Documents.

#### *Exposure Limit*

The Calculation Agent shall verify – on the basis of the information made available to it in accordance with the Transaction Documents – compliance with the Exposure Limit on each Calculation Date and on any other date on which the verification of the Exposure Limit is required pursuant to the Transaction Documents.

#### *Observed Eligible OC Amount*

The Calculation Agent shall verify – on the basis of the information made available to it in accordance with the Transaction Documents – that the Observed Eligible OC Amount is met on each Calculation Date and on any other date on which the verification of the Observed Eligible OC Amount is required pursuant to the Transaction Documents.

The verification of the Observed Eligible OC Amount is a verification of the minimum legal over-collateralization, that is carried out after an Issuer Event of Default for purposes of ensuring compliance with the over-collateralization requirements of Article 129 of CRR.

#### *Extendable obligations under the Covered Bond Guarantee*

An Extended Maturity Date may be specified as applying in relation to a Series of Covered Bonds in the applicable Final Terms. This means that if the Issuer fails to pay the Final Redemption Amount of the relevant Series of Covered Bonds on the relevant Maturity Date and if the Covered Bond Guarantor has, on the Extension Determination Date, insufficient Available Funds (in accordance with the Post-Issuer Default Priority of Payments) to pay in full the relevant Final Redemption Amount, then payment of the unpaid amount pursuant to the Covered Bond Guarantee shall be automatically deferred and shall become due and payable on the Extended Maturity Date. However, any amount representing the Final Redemption Amount due and remaining unpaid on the Extension Determination Date may be paid by the Covered Bond Guarantor on any CB Payment Date thereafter, up to (and including) the relevant Extended Maturity Date. Interest will continue to accrue on any unpaid amount and be payable on each CB Payment Date during such extended period up to (and including) the Extended Maturity Date or, if earlier, the CB Payment Date on which the Final

Redemption Amount is paid in full. In the event of extension of maturity or in case of *liquidazione coatta amministrativa* or resolution of the Issuer, the extension of the Final Maturity Date shall not affect the ranking or the sequencing of the Covered Bonds.

#### *Asset Monitoring*

Pursuant to an engagement letter entered into on or about the Programme Date, the Issuer has appointed the Asset Monitor in order to perform, subject to receipt of the relevant information from the Issuer, specific monitoring activities, concerning the compliance of the Programme with Title I-bis of Law 130 and the BoI OBG Regulations including, *inter alia*, (i) the fulfilment of the eligibility criteria set out under Law 130 with respect to the Eligible Assets, Integration Assets and Liquid Assets included in the Portfolio; (ii) the compliance with the limits to the transfer of the Eligible Assets, Integration Assets and Liquid Assets set out under the BoI OBG Regulations, Law 130 and Article 129 of the CRR; and (iii) the effectiveness and adequacy of the risk protection provided by any Swap Agreement entered into in the context of the Programme. Furthermore, under the terms of the Asset Monitor Agreement entered into between the Issuer, the Calculation Agent, the Asset Monitor, the Covered Bond Guarantor and the Representative of the Covered Bondholders, the Asset Monitor has agreed with the Issuer and, upon delivery of an Article 74 Notice to Pay (and until the date of its withdrawal) and a Notice to Pay, with the Covered Bond Guarantor, to verify, subject to due receipt of the information to be provided by the Calculation Agent to the Asset Monitor, the arithmetic accuracy of the calculations performed by the Calculation Agent under the Mandatory Tests, the Amortisation Test, the Liquidity Buffer Target Amount, the Exposure Limit and the Observed Eligible OC Amount, carried out pursuant to the Portfolio Administration Agreement, with a view to confirming whether such calculations are accurate.

#### *Further Information*

For a more detailed description of the transactions described above relating to the Covered Bonds, see, amongst other relevant sections of this Base Prospectus, the sections headed “Overview of the Programme”, “Terms and Conditions of the Covered Bonds”, “Description of the Transaction Documents”, “Credit Structure”, “Cashflows” and “The Portfolio”.

## DOCUMENTS INCORPORATED BY REFERENCE

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

- (a) the English translation of the unaudited condensed consolidated interim financial statements of the Intesa Sanpaolo Group as at and for the nine months ended 30 September 2023;

[https://group.intesasanpaolo.com/content/dam/portalgroup/repository-documenti/investor-relations/bilanci-relazioni-en/2023/30092023\\_Interim\\_statement.pdf](https://group.intesasanpaolo.com/content/dam/portalgroup/repository-documenti/investor-relations/bilanci-relazioni-en/2023/30092023_Interim_statement.pdf)

- (b) the English translation of the unaudited condensed consolidated half-yearly financial statements of the Intesa Sanpaolo Group as at and for the six months ended 30 June 2023, as shown in the Intesa Sanpaolo Group 2023 Half-yearly Report;

[https://group.intesasanpaolo.com/content/dam/portalgroup/repository-documenti/investor-relations/bilanci-relazioni-en/2023/30062023\\_Half-yearly\\_report.pdf](https://group.intesasanpaolo.com/content/dam/portalgroup/repository-documenti/investor-relations/bilanci-relazioni-en/2023/30062023_Half-yearly_report.pdf)

- (c) the English translation of the audited consolidated annual financial statements of the Intesa Sanpaolo Group as at and for the year ended 31 December 2022, as shown in the Intesa Sanpaolo Group 2022 Annual Report, available at the following website:

[https://group.intesasanpaolo.com/content/dam/portalgroup/repository-documenti/investor-relations/bilanci-relazioni-en/2022/2022\\_Annual\\_report.pdf](https://group.intesasanpaolo.com/content/dam/portalgroup/repository-documenti/investor-relations/bilanci-relazioni-en/2022/2022_Annual_report.pdf)

- (d) the English translation of the audited consolidated annual financial statements of the Intesa Sanpaolo Group as at and for the year ended 31 December 2021, as shown in the Intesa Sanpaolo Group 2021 Annual Report, available at the following website:

[https://group.intesasanpaolo.com/content/dam/portalgroup/repository-documenti/investor-relations/bilanci-relazioni-en/2021/2021\\_Annual\\_report.pdf](https://group.intesasanpaolo.com/content/dam/portalgroup/repository-documenti/investor-relations/bilanci-relazioni-en/2021/2021_Annual_report.pdf)

- (e) the English translation of Covered Bond Guarantor's audited annual financial statements, including the auditors' report thereon, in respect of the year ended on 31 December 2022, available at the following website:

[https://group.intesasanpaolo.com/content/dam/portalgroup/repository-documenti/investor-relations/Contenuti/RISORSE/Documenti%20PDF/en\\_prosp\\_obg/20230518\\_Annuale\\_2022\\_CBI\\_uk.pdf](https://group.intesasanpaolo.com/content/dam/portalgroup/repository-documenti/investor-relations/Contenuti/RISORSE/Documenti%20PDF/en_prosp_obg/20230518_Annuale_2022_CBI_uk.pdf)

- (f) the English translation of Covered Bond Guarantor's audited annual financial statements, including the auditors' report thereon, in respect of the year ended on 31 December 2021, available at the following website:

[https://group.intesasanpaolo.com/content/dam/portalgroup/repository-documenti/investor-relations/Contenuti/RISORSE/DocumentiPDF/en\\_prosp\\_obg/20221024\\_Annuale\\_2021-CBI\\_uk.pdf](https://group.intesasanpaolo.com/content/dam/portalgroup/repository-documenti/investor-relations/Contenuti/RISORSE/DocumentiPDF/en_prosp_obg/20221024_Annuale_2021-CBI_uk.pdf)

- (g) the terms and conditions of the Covered Bonds contained in the prospectus dated 22 June 2023, pages from 307 to 352 (both included), prepared by the Issuer in connection with the Programme;

[https://group.intesasanpaolo.com/content/dam/portalgroup/repository-documenti/investor-relations/Contenuti/RISORSE/Documenti%20PDF/prosp\\_obg/20230622\\_ISP\\_CB\\_IPO\\_TECARIO\\_BaseP.pdf](https://group.intesasanpaolo.com/content/dam/portalgroup/repository-documenti/investor-relations/Contenuti/RISORSE/Documenti%20PDF/prosp_obg/20230622_ISP_CB_IPO_TECARIO_BaseP.pdf)

Such documents shall be incorporated by reference into, and form part of, this Base Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus. Any part of the documents listed under items from (a) to (g) above not listed in cross reference list below but contained in such documents, is not incorporated by reference in this Base Prospectus and is either not relevant for the investor or it is covered elsewhere in this Base Prospectus.

Copies of documents incorporated by reference into this Base Prospectus may be obtained from the registered office of the Issuer or, for the audited consolidated annual financial statements of the Issuer as at and for the years ended 31 December 2022 and 31 December 2021, the unaudited condensed consolidated half-yearly financial statements of the Intesa Sanpaolo Group as at and for the six months ended 30 June 2023, the auditors' report for the Issuer for the financial years ended on 31 December 2022 and 31 December 2021 on the Issuer's website ([www.group.intesasanpaolo.com/scriptIsir0/si09/investor\\_relations/eng\\_bilanci\\_relazioni.jsp](http://www.group.intesasanpaolo.com/scriptIsir0/si09/investor_relations/eng_bilanci_relazioni.jsp)). This Base Prospectus and the documents incorporated by reference will also be available on the Luxembourg Stock Exchange's web site (<https://www.luxse.com/programme/Programme-IntesaSanPaolo/13734>).

The audited consolidated annual financial statements referred to above, together with the audit reports thereon, are available both in the original Italian language and in English language. The English language versions represent a direct translation from the Italian language documents. The Issuer and the Covered Bond Guarantor, as relevant, are responsible for the English translations of the financial reports incorporated by reference in this Base Prospectus and declare that such is an accurate and not misleading translation in all material respects of the Italian language version of the Issuer's and Covered Bond Guarantor's financial reports (as applicable).

### **Cross-reference List**

The following table shows where the information incorporated by reference into this Base Prospectus, including the information required under Annex 7 of the Prospectus Regulation (in respect of the Issuer and the Covered Bond Guarantor), can be found in the above-mentioned documents incorporated by reference into this Base Prospectus.

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### **Terms and Conditions of the Covered Bonds contained in previous Prospectus**

Terms and Conditions of the Covered Bonds contained in the prospectus dated 22 June 2023 **Pages 307 – 352**

The financial statements referred to above have been prepared in accordance with the accounting principles issued by the International Accounting Standards Board (IASB) and the relative interpretations of the International Financial Reporting Standards – Interpretations Committee (IFRS - IC), as endorsed by the European Union under Regulation (EC) 1606/2002.

The information not included in the cross-reference lists above is not incorporated by reference. Part of the documents in the cross-reference list above has not been incorporated by reference and is considered either not relevant for an investor or is otherwise covered elsewhere in this Base Prospectus.

## SUPPLEMENTS TO THE BASE PROSPECTUS, FINAL TERMS AND FURTHER PROSPECTUSES

The Issuer has undertaken with the Dealers to supplement this Base Prospectus or publish a new Base Prospectus if and when the information herein should become materially inaccurate or incomplete and has further agreed with the Dealers to furnish a supplement to the Base Prospectus in the event of any significant new factor, material mistake or material inaccuracy relating to the information included in this Base Prospectus which is capable of affecting the assessment of the Covered Bonds and which arises or is noted between the time when this Base Prospectus has been approved and the final closing of any Series or Tranche of Covered Bonds offered to the public or, as the case may be, when trading of any Series or Tranche of Covered Bonds on a regulated market begins, in respect of Covered Bonds issued on the basis of this Base Prospectus.

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

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

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

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

## DESCRIPTION OF THE ISSUER

### History and Organisation of the Intesa Sanpaolo Group

#### Intesa Sanpaolo Origins

Intesa Sanpaolo is the result of the merger by incorporation of Sanpaolo IMI S.p.A. with Banca Intesa S.p.A. (effective 1 January 2007).

#### Banca Intesa S.p.A.

Banca Intesa S.p.A. was originally established in 1925 under the name of La Centrale and invested in the business of the production and distribution of electricity. After the nationalisation of companies in this sector in the early 1960s, the company changed its name to La Centrale Finanziaria Generale, acquiring equity investments in various companies in the banking, insurance and publishing sector. The company merged by incorporation with Nuovo Banco Ambrosiano in 1985 and assumed its name and constitutional objects. Following the acquisition of Cassa di Risparmio delle Province Lombarde S.p.A. (**Cariplo**) in January 1998, the Intesa Sanpaolo Group's name was changed to Gruppo Banca Intesa. Then, in 2001, Banca Commerciale Italiana S.p.A. was merged into Gruppo Banca Intesa and the Intesa Sanpaolo Group's name was changed to "Banca Intesa Banca Commerciale Italiana S.p.A.". On 1 January 2003 the corporate name was changed to "Banca Intesa S.p.A."

#### Sanpaolo IMI S.p.A.

Sanpaolo IMI S.p.A. (**Sanpaolo IMI**) was formed in 1998 through the merger of Istituto Mobiliare Italiano S.p.A. (**IMI**) and Istituto Bancario San Paolo di Torino S.p.A. (**Sanpaolo**).

Sanpaolo originated from the "*Compagnia di San Paolo*" brotherhood, which was set up in 1563 to help the needy. The "*Compagnia di San Paolo*" began undertaking credit activities and progressively developed into a banking institution during the nineteenth century, becoming a public law credit institution (Istituto di Credito di Diritto Pubblico) in 1932. Between 1960 and 1990, Sanpaolo expanded its network nationwide through a number of acquisitions of local banks and medium-sized regional banks, ultimately reaching the level of a multifunctional group of national importance in 1991 after its acquisition of Crediop. On 31 December 1991, Sanpaolo became a stock corporation (*società per azioni*) with the name Istituto Bancario San Paolo di Torino Società per Azioni.

IMI was established as a public law entity in 1931 and during the 1980s it developed its specialist credit and investment banking services and, with Banca Fideuram, its professional asset management and financial consultancy services. IMI became a joint stock corporation (*società per azioni*) in 1991.

#### The merger between Banca Intesa and Sanpaolo IMI and the creation of Intesa Sanpaolo S.p.A.

The boards of directors of Banca Intesa and Sanpaolo IMI unanimously approved the merger of Sanpaolo IMI with Banca Intesa on 12 October 2006 and the merger became effective on 1 January 2007. The surviving entity changed its name to Intesa Sanpaolo S.p.A., the parent company of the Intesa Sanpaolo Group.

#### Merger of Banca IMI

Intesa Sanpaolo announced on 2 April 2020 that, following authorization given by the European Central Bank, the plan for the merger by incorporation of Banca IMI S.p.A. into Intesa Sanpaolo was filed with the Companies Register of Turin. The merger, which was approved by the Board of Directors of Intesa Sanpaolo on 5 May 2020 and by the shareholders' meeting of Banca IMI S.p.A., was completed on 20 July 2020.

## **UBI Banca S.p.A.**

Unione di Banche Italiane S.p.A. (**UBI Banca**) is the entity resulting from the merger by incorporation of Banca Lombarda e Piemontese S.p.A. into Banche Popolari Unite S.c.p.a. (the **Merger**). The Merger became legally effective on 1 April 2007, with the surviving entity, BPU, changing its name to UBI Banca. On 12 October 2015, UBI Banca was the first Italian *banca popolare* to become a Joint Stock Company (S.p.A.). On 12 April 2019, the ordinary shareholders' meeting of UBI Banca appointed a Board of Directors and a Management Control Committee for the three-year period 2019-2020-2021, implementing the one-tier governance model adopted on 19 October 2018 through the resolution of a shareholders' meeting in extraordinary session.

## **The merger between Intesa Sanpaolo and UBI Banca**

Intesa Sanpaolo acquired the control of UBI Banca on 5 August 2020 and merged it by incorporation on 12 April 2021.

## **Legal Status**

Intesa Sanpaolo is a company limited by shares, incorporated in 1925 under the laws of Italy and registered with the Companies' Registry of Turin under registration number 00799960158. It is also registered on the National Register of Banks under no. 5361 and is the parent company of "Gruppo Intesa Sanpaolo".

## **Registered Office**

Intesa Sanpaolo's registered office is at Piazza San Carlo, no. 156, 10121 – Turin (Italy) and its telephone number is +39 0115551. Intesa Sanpaolo's secondary office is at Via Monte di Pietà, no. 8, 20121 – Milan (Italy).

## **Website**

Intesa Sanpaolo's website is <https://group.intesasanpaolo.com>.

The information on the website does not form part of this Base Prospectus unless information contained therein is incorporated by reference into this Base Prospectus.

## **Intesa Sanpaolo mission**

The purpose of Intesa Sanpaolo is the deposit-taking and the carrying-on of all forms of lending activities, both directly and through its subsidiaries. Intesa Sanpaolo may, in compliance with laws and regulations applicable from time to time and subject to being granted the required authorisations, directly and through its subsidiaries, provide all banking and financial services, including the establishment and management of open-ended and closed-ended pension schemes, as well as carry out any other transactions that are instrumental for, or related to, the achievement of its corporate purpose.

## **Ratings**

The long-term credit ratings assigned to Intesa Sanpaolo, all with Stable Outlook/Trend, are the following:

- BBB (high) by DBRS Ratings GmbH (**DBRS Morningstar**);
- BBB by Fitch Ratings Ireland Limited (**Fitch Ratings**);
- Baa1 by Moody's Investors Service España S.A. (**Moody's España**); and
- BBB by S&P Global Ratings Europe Limited (**S&P Global Ratings**).

Each of DBRS Morningstar, Fitch Ratings, Moody's España and S&P Global Ratings is established in the EEA and registered under Regulation (EC) No 1060/2009, as amended (the **CRA Regulation**) and appears on the latest update of the list of registered credit rating agencies (as of 27 March 2023) on the ESMA website <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>.

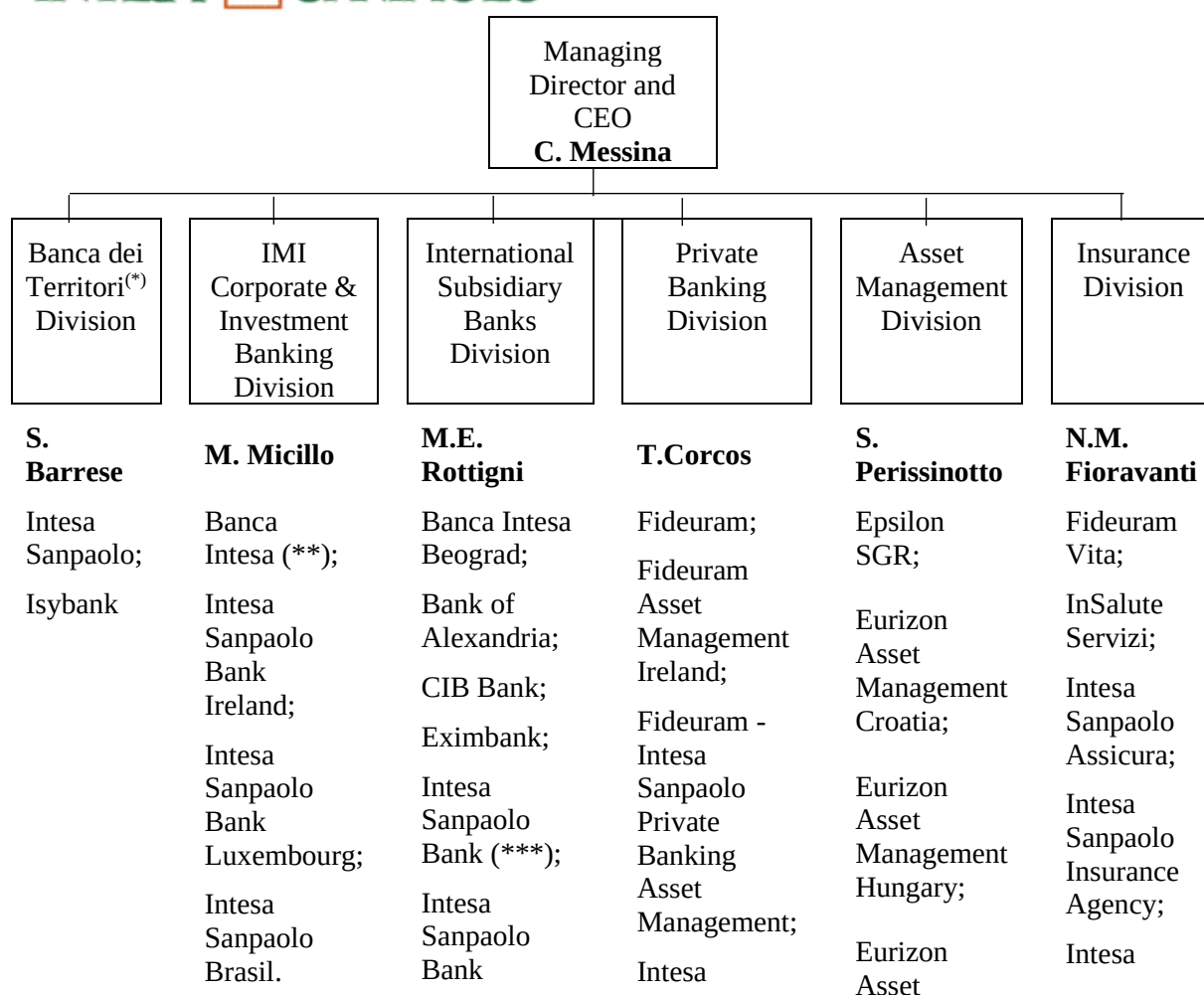
The rating Moody's Italia S.r.l. will give to the Covered Bonds is endorsed by Moody's Investors Service Ltd, which is established in the UK and registered under Regulation (EC) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the **UK CRA Regulation**).

### **Share Capital**

At September 2023 the subscribed and paid-in share capital of Intesa Sanpaolo's amounts €10,368,870,930.08, represented by 18,282,798,989 ordinary shares without nominal value.

The Issuer is not aware of any arrangements currently in place, the operation of which may at a subsequent date result in a change of control of the Issuer.

### **Organisational Structure of the Divisions (last updated on 1 December 2023)**



|              |              |               |          |
|--------------|--------------|---------------|----------|
| Albania;     | Sanpaolo     | Management    | Sanpaolo |
| Intesa       | Private      | Slovakia;     | RBM      |
| Sanpaolo     | Banking;     |               | Salute;  |
| Bank         |              | Eurizon       | Intesa   |
| Romania;     | Intesa       | Capital;      | Sanpaolo |
| Intesa       | Sanpaolo     | Eurizon       | Vita.    |
| Sanpaolo     | Wealth       | Capital Asia  |          |
| Banka Bosna  | Management;  | Limited;      |          |
| i            |              |               |          |
| Hercegovina; | IW Private   | Eurizon       |          |
| Pravex       | Investments; | Capital Real  |          |
| Bank;        | REYL Intesa  | Asset SGR;    |          |
| Privredna    | Sanpaolo;    |               |          |
| Banka        | SIREF        | Eurizon       |          |
| Zagreb;      | Fiduciaria.  | Capital S.A.; |          |
| VUB Banka.   |              | Eurizon SLJ   |          |
|              |              | Capital       |          |
|              |              | LTD.          |          |

(\*) *Domestic commercial banking*

(\*\*) *Russian Federation*

(\*\*\*) *Slovenia*

The Intesa Sanpaolo Group is one of the top banking groups in Europe with a significant ESG commitment, a world-class position in Social Impact and strong focus on climate.

The Intesa Sanpaolo Group is a banking group in Italy with 13.6 million customers and over 3,300 branches.

The Intesa Sanpaolo Group is a provider of financial products and services to both households and enterprises in Italy.

The Intesa Sanpaolo Group has a strategic international presence, with over 900 branches and 7.2 million customers. It is among the top players in several countries in Central Eastern Europe and in the Middle East and North Africa, through its local subsidiary banks: the Intesa Sanpaolo Group ranks first in Serbia, second in Croatia and Slovakia, fourth in Albania and Slovenia, sixth in Bosnia and Herzegovina and Egypt, seventh in Moldova and eighth in Hungary.

As at 30 September 2023, the Intesa Sanpaolo Group had total assets of €947,134 million, customer loans of €433,710 million, direct deposits from banking business of €557,884 million and direct deposits from insurance business of €167,975 million.

The Intesa Sanpaolo Group operates through six divisions:

- a) **The Banca dei Territori division:** focuses on the market and centrality of the territory for stronger relations with individuals, small and medium-sized enterprises and non-profit entities. The division includes the activities in industrial credit, leasing and factoring, as well as the digital bank Isybank (which also operates in instant banking through Mooney, the partnership with the ENEL Group).

- b) The **IMI Corporate & Investment Banking division**: a global partner which, taking a medium-long term view, supports corporates, financial institutions and public administration, both nationally and internationally. Its main activities include capital markets and investment banking. The division is present in 25 countries where it facilitates the cross-border activities of its customers through a specialist network made up of branches, representative offices and subsidiary banks focused on corporate banking.
- c) The **International Subsidiary Banks division**: includes the following commercial banking subsidiaries: Intesa Sanpaolo Bank Albania in Albania, Intesa Sanpaolo Banka Bosna i Hercegovina in Bosnia and Herzegovina, Privredna Banka Zagreb in Croatia, the Prague branch of VUB Banka in the Czech Republic, Bank of Alexandria in Egypt, Eximbank in Moldova, CIB Bank in Hungary, Intesa Sanpaolo Bank Romania in Romania, Banca Intesa Beograd in Serbia, VUB Banka in Slovakia, Intesa Sanpaolo Bank in Slovenia and Pravex Bank in Ukraine.
- d) The **Private Banking division**: serves the customer segment consisting of Private clients and High Net Worth Individuals with the offering of products and services tailored for this segment. The division includes Fideuram – Intesa Sanpaolo Private Banking with 6,722 private bankers.
- e) The **Asset Management division**: asset management solutions targeted at the Intesa Sanpaolo Group's customers, commercial networks outside the Intesa Sanpaolo Group, and institutional clientele. The division includes Eurizon with €301 billion of assets under management.
- f) The **Insurance division**: insurance and pension products tailored for the Intesa Sanpaolo Group's clients. The division holds direct deposits of €168 billion and includes Intesa Sanpaolo Vita - which controls Intesa Sanpaolo Assicura, Intesa Sanpaolo RBM Salute, Intesa Sanpaolo Insurance Agency and InSalute Servizi - and Fideuram Vita.

### **Intesa Sanpaolo in the last two years**

### **Intesa Sanpaolo in 2022 – Highlights**

#### ***Intesa Sanpaolo comfortably meets the capital requirement set by the ECB***

On 3 February 2022 Intesa Sanpaolo announced that it had received notification of the ECB's final decision concerning the capital requirement that Intesa Sanpaolo has to meet, on a consolidated basis, as of 1 March 2022, following the results of the Supervisory Review and Evaluation Process (SREP).

The overall capital requirement Intesa Sanpaolo has to meet in terms of Common Equity Tier 1 ratio is 8.81%.

This is the result of:

- a SREP requirement in terms of Total Capital ratio of 9.79% comprising a minimum Pillar 1 capital requirement of 8%, of which 4.5% is Common Equity Tier 1 ratio, and an additional Pillar 2 capital requirement of 1.79%, of which 1.01% is Common Equity Tier 1 ratio applying the regulatory amendment introduced by the ECB and effective from 12 March 2020;
- additional requirements, entirely in terms of Common Equity Tier 1 ratio, relating to:
  - a Capital Conservation Buffer of 2.5%,
  - an O-SII Buffer (Other Systemically Important Institutions Buffer) of 0.75%,



- a Countercyclical Capital Buffer of 0.05% <sup>(6)</sup>.

As announced on 3 February 2022 relating to the ECB final decision, Intesa Sanpaolo's capital ratios as at 30 September 2021 on a consolidated basis – after the deduction from capital of €1,932m of reserves distributed in October 2021, €2,804m of dividends accrued in 9M 2021 (of which €1,399m paid as an interim dividend in November 2021 <sup>(7)</sup>) and the coupons accrued on the Additional Tier 1 issues – were as follows:

- 14.3% in terms of Common Equity Tier 1 ratio,
- 19% in terms of Total Capital ratio,

calculated by applying the transitional arrangements for 2021;

- 13.8% in terms of Common Equity Tier 1 ratio,
- 18.8% in terms of Total Capital ratio, calculated on a fully loaded basis,
- 15.1% in terms of *pro-forma* Common Equity Tier 1 ratio calculated on a fully loaded basis <sup>(8)</sup>;
- 20.3% in terms of *pro-forma* Total Capital ratio calculated on a fully loaded basis.

### **Ordinary Shareholders' Meeting**

On 29 April 2022, the Shareholders' Meeting of Intesa Sanpaolo was held, validly constituted, on single call, to pass resolutions as those in attendance through the appointed representative – in accordance with Article 106, paragraph 4, of Law Decree 18 dated 17 March 2020, converted by Law 27 dated 24 April 2020, as subsequently amended – counted 2,901 holders of voting rights attached to no. 10,884,970,586 ordinary shares without nominal value equal to 56.02013% of the share capital. The Shareholders' Meeting voted in favour of all the items on the agenda.

In the ordinary session, the resolutions concerned the 2021 Financial Statements, the distribution of the dividend and part of the share premium reserve; the appointment of the members of the Board of Directors and of the Management Control Committee for the years 2022-2023-2024; the remuneration policies and incentive plans; and own share buybacks, to service the incentive plans and for market operations.

In the extraordinary session, the resolutions concerned the annulment of own shares without reducing the share capital and the consequent amendment of Article 5 (*Share Capital*) of the Articles of Association, as well as the mandate to the Board of Directors to approve a share capital increase without payment and with payment to service the approved incentive plans.

### **Long-Term incentive plans**

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<sup>6</sup> Calculated taking into account the exposure as at 30 September 2021 in the various countries where the Intesa Sanpaolo Group has a presence, as well as the respective requirements set by the competent national authorities and relating to 2023, where available, or the most recent update of the reference period (requirement was set at zero per cent in Italy for 1Q 2022).

<sup>7</sup> Net of the portion not distributed to own shares held by the Bank at the record date.

<sup>8</sup> Estimated by applying the fully loaded parameters to the financial statements as at 30 September 2021, taking into account the total absorption of deferred tax assets (DTAs) related to goodwill realignment, loan adjustments, the first time adoption of IFRS 9 and the non-taxable public cash contribution of €1,285m covering the integration and rationalisation charges relating to the acquisition of the Aggregate Set of Banca Popolare di Vicenza and Veneto Banca, as well as the expected absorption of DTAs on losses carried forward and DTAs on the acquisition of UBI Banca, and the expected distribution on the 9 months 2021 net income of insurance companies.

With specific regard to the delegated powers approved by the Shareholders' Meeting of 29 April 2022 for share capital increases to service the incentive plans authorised in the ordinary session, it should be noted that, in order to maximise the key role of the Intesa Sanpaolo Group's employees in achieving the objectives of the 2022-2025 Business Plan, approved by the Board of Directors of the Bank on 4 February 2022, through a broad-based shareholding in the capital of the Bank, on 15 February the Parent Company's Board of Directors had resolved to submit the following two long-term incentive plans to the Shareholders' Meeting, based on financial instruments of Intesa Sanpaolo and reserved for all Intesa Sanpaolo Group employees:

- the 2022-2025 Performance Share Plan, reserved for Intesa Sanpaolo Group's Management, which provides for the assignment of newly issued ordinary shares of Intesa Sanpaolo deriving from a share capital increase without payment, subject to performance conditions in relation to specific key objectives to be achieved over the course of the Business Plan;
- the 2022-2025 Leveraged Employee Co-Investment Plan LECOIP 3.0, reserved for employees of the Intesa Sanpaolo Group in Italy, belonging to the Professional clusters, which provides for: i) the assignment of newly issued ordinary shares of Intesa Sanpaolo deriving from a share capital increase without payment (*Free Shares*) for an amount equivalent to the Variable Result Bonus advance for 2022 (employees may opt to receive the advance in cash and, therefore, not to participate in LECOIP 3.0); ii) the assignment, free of charge, of additional shares in exchange for the same share capital increase without payment (*Matching Shares*) based on the role held and seniority; iii) the subscription, in set proportions with respect to the free shares received, of newly issued ordinary Intesa Sanpaolo shares deriving from a share capital increase with payment reserved for employees, at a discounted issue price (*Discounted Shares*) against market value.

On 13 June 2022, the period ended for exercising the right to withdraw from the subscription to the offer, expired on 30 May 2022, of the Certificates issued by J.P. Morgan and reserved for Professionals employed by the Intesa Sanpaolo Group in Italy under the 2022-2025 LECOIP 3.0 Plan. A total of 45,629 employees, corresponding to 66.43% of those eligible, have participated in LECOIP 3.0 for a countervalue of the assigned shares (*Free Shares and Matching Shares*) of €139,931,221.

On 21 June 2022, Intesa Sanpaolo's Board of Directors exercised the authority granted to it by the Shareholders' Meeting for capital increases in favour of the Intesa Sanpaolo Group's employees to service the implementation of the 2022-2025 LECOIP 3.0 Plan. More specifically, the following were approved:

- a share capital increase without payment for a maximum amount of €350,000,000, through the issue of a maximum number of no. 160,000,000 Intesa Sanpaolo ordinary shares, having the same characteristics as those already outstanding and with regular dividend entitlement;
- a share capital increase with payment, with the exclusion of the option right pursuant to Article 2441, paragraph 8, of the Italian Civil Code, for a maximum amount, net of a discount at issue, of €850,000,000, through the issue of a maximum number of no. 387,000,000 Intesa Sanpaolo ordinary shares, with the same characteristics as the shares already outstanding and with regular dividend entitlement, applying a maximum discount of 19.5% to the stock market price calculated as the average of the prices recorded in the 30 days prior to the issue date.

On 30 June 2022, on the basis of the average price of the shares of Intesa Sanpaolo recorded on each business day in the 30 preceding calendar days – equal to €1.9080 – a total of no. 33,745,462 Free Shares, no. 39,591,828 Matching Shares, and no. 386,972,658 Discounted Shares subscribed were assigned to the Intesa Sanpaolo Group's employees. Consequently, no. 73,337,290 Certificates issued by J.P. Morgan, i.e. financial instruments corresponding to the above-mentioned sum of Free Shares plus Matching Shares, were assigned to Intesa Sanpaolo Group employees.

The following was also carried out on the same day:

- the implementation of:
  - a share capital increase without payment – pursuant to Article 2349, paragraph 1 of the Italian Civil Code - for €83,200,000, through the issue of no. 160,000,000 Intesa Sanpaolo ordinary shares, using of the Extraordinary Reserve;
  - a share capital increase with payment, with the exclusion, pursuant to Article 2441, paragraph 8 of the Italian Civil Code, of the option right in favour of the Intesa Sanpaolo Group's employees, for an amount of €201,225,782.16, through the issue of no. 386,972,658 Intesa Sanpaolo ordinary shares at a price of €1.5671 (applying a discount of 17.867% to the above-mentioned arithmetic average of the VWAP recorded in the preceding 30 calendar days), of which €0.52 to be allocated to share capital and €1.0471 to share premium;
- for the Performance Share Plan, the assignment of rights to the managers that, at the end of the Plan, will accrue in Intesa Sanpaolo shares, subject to the satisfaction of the conditions envisaged in the related rules and in compliance with the number and value limits established by the Shareholders' Meeting of 29 April 2022.

A total of no. 546,972,658 ordinary Intesa Sanpaolo shares were therefore issued without nominal value, having regular entitlement as coupon 47. Intesa Sanpaolo's share capital consequently increased from €10,084,445,147.92 (represented by no. 19,430,463,305 ordinary shares) to €10,368,870,930.08, divided into no. 19,977,435,963 ordinary shares without nominal value.

The capital increase with payment led to an increase in the Intesa Sanpaolo Group's consolidated shareholders' equity of €606.4 million, of which €201.2 million in share capital and €405.2 million in share premium reserve.

***Intesa Sanpaolo launched buyback approved by the Shareholders' meeting of 29 April 2022 and authorized by the ECB***

On 24 June 2022, following the ECB decision, which authorises the purchase of own shares for annulment (*buyback*) for a maximum total outlay of €3,400 million and a number of shares not exceeding no. 2,615,384,615 Intesa Sanpaolo ordinary shares – as approved by the Shareholders' Meeting of 29 April 2022 and already disclosed to the market – the Board of Directors of Intesa Sanpaolo, made the resolution to execute the purchase carrying out an initial programme for an outlay of €1,700 million, and to defer to a subsequent date, by the time the results as at 31 December 2022, the decisions regarding the execution for the remaining authorised amount.

On the dates of 3 August, 7 September and 14 October 2022, the own shares purchased during the period from 4 July to 29 July 2022 (322,814,884 shares), 1 August to 2 September 2022 (387,343,682 shares) and 5 September to 11 October 2022 (278,474,237 shares), respectively, were annulled. As a result, the share capital (which before the launch of the programme was divided into 19,977,435,963 ordinary shares without nominal value) changed its composition,

due to the reduction in the number of shares constituting it, while its amount remained unchanged at € 10,368,870,930.08.

On 3 February 2023 the Board of Directors of Intesa Sanpaolo resolved to implement the execution of the remaining part of the programme for a maximum outlay of 1,700 million euro and a number of shares not exceeding 1,626,751,812.

The purchases started on 13 February 2023 and ended on 4 April 2023. During the period, a total of 706,004,171 shares were purchased, equal to around 3.72% of the share capital outstanding at the end of the programme, at an average purchase price of 2.4079 euro per share, for a total countervalue of € 1,699,999,999.33.

The transactions took place on the regulated market Euronext Milan managed by Borsa Italiana through the third-party intermediary appointed to execute the programme, in full independence and without any involvement of the Intesa Sanpaolo Group, in compliance with the terms authorised by the Intesa Sanpaolo Shareholders' Meeting of 29 April 2022.

The annulment of the shares took place on 2 May 2023. While the share capital remained unchanged at € 10,368,870,930.08, the number of ordinary shares with no nominal value decreased from 18,988,803,160 to 18,282,798,989. The Articles of Association amended to reflect said annulment were filed with the Turin Company Register on 3 May 2023.

***Intesa Sanpaolo launched ordinary share buy-back programme for free assignment to employees***

From 12 to 14 September 2022, on the other hand, a share buyback programme was implemented to service plans of assignment, free of charge, of Intesa Sanpaolo ordinary shares to the employees and the Financial Advisors of the Intesa Sanpaolo Group <sup>(9)</sup>. The purchases relate to: (i) the Intesa Sanpaolo Group share-based incentive plan for 2021 reserved for Risk Takers who accrue a bonus in excess of the so-called "*materiality threshold*" <sup>(10)</sup>, as well as for those who are paid a "*particularly high*" <sup>(11)</sup> amount, and for those who, among Middle Management or Professionals that are not Risk Takers, accrue "*relevant bonuses*" <sup>(12)</sup>; (ii) the Privredna Banka Zagreb (PBZ) Group share-based incentive plan for 2021 and the outstanding portions in financial instruments deriving from previous plans; (iii) the long-term incentive plans reserved for the Financial Advisors of the Networks of the Fideuram - Intesa Sanpaolo Private Banking Group. In addition, the programme is implemented in order to grant, when certain conditions occur, severance payments upon early termination of employment.

In the three days during which the programme was executed, a total of no. 46,216,652 Intesa Sanpaolo ordinary shares were purchased, through the IMI Corporate & Investment Banking Division. These represent around 0.24% of the share capital of the Parent Company. The average price was €1.8932 per share, for a total countervalue of €87,496,321.48. The Parent

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<sup>9</sup> During the period of execution of the programme, the purchases of own shares for annulment (buybacks) were suspended.

<sup>10</sup> Equal to €50 thousand or one third of the total remuneration (unless otherwise provided for by specific local regulations).

<sup>11</sup> Pursuant to the Group Remuneration and Incentive Policies, for the three-year period 2019-2021 a variable remuneration exceeding €400 thousand constitutes a "particularly high" amount.

<sup>12</sup> Exceeding €80 thousand (unless otherwise provided for by specific local regulations) and 100% of the fixed remuneration.

Company purchased no. 12,967,930 shares at an average price of €1.8938 per share, for a countervalue of €24,558,315.42.

The transactions were executed in compliance with provisions included in Articles 2357 and following and 2359-bis and following of the Italian Civil Code and within the limits determined in the resolutions passed by the competent corporate bodies. Specifically, in the case of the Parent Company Intesa Sanpaolo, in accordance with the terms approved by the Shareholders' Meeting of 29 April 2022.

Pursuant to Article 132 of the Consolidated Law on Finance and Article 144-bis of the Issuers' Regulation and subsequent amendments, purchases were executed on the regulated market Euronext Milan managed by Borsa Italiana in accordance with trading methods laid down in the market rules for these transactions.

Moreover, purchases were arranged in compliance with the conditions and the restrictions under Article 5 of Regulation (EU) no. 596/2014 of the European Parliament and of the Council of 16 April 2014, and Articles 2, 3, and 4 of Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016.

The number of shares purchased daily did not exceed 25% of the daily average volume of the Intesa Sanpaolo ordinary shares traded in August 2022, which was equal to no. 108.1 million shares, and 15% of the volume traded on the Euronext Milan market on each of the days when purchases were executed - in accordance with the constraint added in the programme to the above-mentioned regulatory conditions and restrictions.

#### **November 2022 Dividend**

On 4 November 2022, Intesa Sanpaolo decided to distribute an interim dividend on the 2022 results equal to €7.38 cents per share, before tax, corresponding to €1,401 million in aggregate. The decision was based on the absence of limitations to dividend distributions, including recommendations from the regulators regarding capital requirements applicable to Intesa Sanpaolo, as well as on the basis of Intesa Sanpaolo's capital ratios. No distribution will be made to own shares held by the Bank at the record date. The interim dividend was paid on 23 November 2022.

#### ***Intesa Sanpaolo comfortably meets the capital requirement set by the ECB***

On 15 December 2022, Intesa Sanpaolo announced that it had received notification of the ECB's final decision concerning the capital requirement that the Bank has to meet, on a consolidated basis, as of 1 January 2023, following the results of the Supervisory Review and Evaluation Process (**SREP**).

#### **The overall capital requirement the Bank has to meet in terms of Common Equity Tier 1 ratio is 8.88%.**

This is the result of:

- a SREP requirement in terms of Total Capital ratio of 9.72% comprising a minimum Pillar 1 capital requirement of 8%, of which 4.5% is Common Equity Tier 1 ratio, and an additional Pillar 2 capital requirement of 1.72%, of which 0.97% is Common Equity Tier 1 ratio applying the regulatory amendment introduced by the ECB and effective from 12 March 2020;
- additional requirements, entirely in terms of Common Equity Tier 1 ratio, relating to:
  - a Capital Conservation Buffer of 2.5%,

- an O-SII Buffer (Other Systemically Important Institutions Buffer) of 0.75%,
- a Countercyclical Capital Buffer of 0.16% <sup>(13)</sup>.

Intesa Sanpaolo's capital ratios as at 30 September 2022 on a consolidated basis - after the deduction from capital of €3.4bn of buyback<sup>14</sup>, €2,299m of dividends accrued in 9M 2022 (of which €1,400m paid as an interim dividend in November 2022<sup>15</sup>) and the coupons accrued on the Additional Tier 1 issues - were as follows:

- 12.6% in terms of Common Equity Tier 1 ratio,
- 17.5% in terms of Total Capital ratio,

calculated by applying the transitional arrangements for 2022;

- 12.4% in terms of Common Equity Tier 1 ratio,
- 17.5% in terms of Total Capital ratio,

calculated on a fully loaded basis;

- 13.6% in terms of pro-forma Common Equity Tier 1 ratio calculated on a fully loaded basis<sup>16</sup>,
- 18.9% in terms of pro-forma Total Capital ratio calculated on a fully loaded basis<sup>17</sup>.

## **Intesa Sanpaolo in 2023 – Highlights**

### **Exposure to Russia**

Intesa Sanpaolo has a direct presence in Russia, through its Russian subsidiary Banca Intesa Russia, which employs 881 people in 27 branches. In addition, Intesa Sanpaolo has cross-border exposures stemming from its corporate and investment banking activities. In particular, in its lending activities, the IMI Corporate & Investment Banking Division has over time financed counterparties resident in the Russian Federation. More than two-thirds of the loans to Russian customers disbursed before the outbreak of the conflict between Russia and Ukraine involved leading industrial groups, which have established commercial relationships

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<sup>13</sup> Calculated taking into account the exposure as at 30 September 2022 in the various countries where the Group has a presence, as well as the respective requirements set by the competent national authorities and relating to 2023, where available, or the most recent update of the reference period (requirement was set at zero per cent in Italy for 2022).

<sup>14</sup> Amount, approved by the Shareholders' Meeting and authorised by the ECB, equivalent to the 2019 suspended dividend.

<sup>15</sup> Net of the portion not distributed to own shares held by the Bank at the record date.

<sup>16</sup> Estimated by applying the fully loaded parameters to the financial statements as at 30 September 2022, taking into account the total absorption of deferred tax assets (DTAs) related to goodwill realignment, loan adjustments, the first time adoption of IFRS 9 and the non-taxable public cash contribution of €1,285m covering the integration and rationalisation charges relating to the acquisition of the Aggregate Set of Banca Popolare di Vicenza and Veneto Banca, as well as the expected absorption of DTAs on losses carried forward and DTAs on the acquisition of UBI Banca and the agreement with the trade unions of November 2021, and the expected distribution on the 9M 2022 net income of insurance companies.

<sup>17</sup> In this regard, see the information provided above.

with customers belonging to the main international supply chains, a significant amount of which are involved in commodity exports.

Prior to the outbreak of the conflict, loans to Russian customers represented approximately 1.0% of the Intesa Sanpaolo Group's total loans to customers (net of Export Credit Agency ("ECA") guarantees). During the year ended 31 December 2022, the Intesa Sanpaolo Group took active steps to significantly reduce the credit risks associated with the conflict between Russia and Ukraine. Specifically, the gross on-balance sheet exposure (i.e., customers, banks and securities) to counterparties resident in Russia and Ukraine decreased by €2,493 million (a decrease of 47% compared to 31 December 2021), mainly due to the final disposal of two major exposures, which consisted of a €2.2 billion disposal in the third quarter of 2022 and a €0.3 billion disposal in the fourth quarter of 2022. There was a reduction of €2,899 million (a decrease of 61% compared to 31 December 2021) in gross credit exposures to customers, only partly offset by the increase in Banca Intesa Russia's amounts due from banks in relation to the liquidity that has become available from the progressive repayment of loans to customers.

The significant de-risking maneuver and the major adjustments to the residual positions contributed to more than halving its overall net exposure (i.e., customers, banks and securities) to counterparties resident in Russia and Ukraine as of 31 December 2022. The reduction in its overall net exposure was equal to €3,087 million, or 59%, compared to 31 December 2021.

Further de-risking operations also continued in the first nine months of 2023, with the almost complete divestment of the portfolio, and with significant divestments / liquidations of cross-border positions, particularly with regard to certain non-performing exposures.

As of 30 September 2023, the remaining exposure amounted, in terms of gross values, to €217 million (€123 million net) for Banca Intesa Russia and €761 million (€608 million net) for cross-border exposure to customers resident in Russia (net of ECA guarantees). This was accompanied by exposure to banks of €745 million (€736 million net). The exposure to securities was minimal. As of 30 September 2023, there were also off-balance risks to customers of €52 million (€45 million net) at Banca Intesa Russia, €42 million (book value nil in net terms) in cross-border exposures to resident customers (net of ECA guarantees) and a total of €66 million (gross and net value) relating to positions with Russian banks.

At the same date, its exposure to Russian counterparties included in the OFAC Specially Designated Nationals and Blocked Persons List ("SDN") and/or EU asset freeze list amounted to €0.22 billion (compared to €0.38 billion as of 31 December 2022).

For Banca Intesa Russia, Intesa Sanpaolo adopted an approach to classify and measure performing loans that gives substantial weight to the geopolitical risk deriving from the ongoing crisis. Therefore, the assessments carried out as 30 September 2023, 30 June 2023 and 31 December 2022 on the loans of the subsidiary included a centrally determined prudent factor that takes into account the worsening of the domestic economic situation in light of the continuation of the conflict and the increased isolation of the Russian economy. As a result of the provisions made and the above-mentioned reduction in exposures, the total coverage of performing loans of the Russian subsidiary amounted to approximately 38% of their gross value, in line with the coverage as of 30 June 2023. Moreover, in light of the further progressive deterioration of relations between the main Intesa western countries (including Italy) and the Russian Federation, additional provisions were made when preparing the financial statements, mainly to confirm the write-down to zero of the equity of the subsidiary, as already applied in the financial statements as of 31 December 2021.

*Exposure to Ukraine*

Intesa Sanpaolo operate in Ukraine through its subsidiary Pravex Bank, which employs 713 people spread across 43 branches.

As of 30 September 2023, exposures to customers resident in Ukraine amounted to €201 million (€119 million net), of which €81 million (net book value nil) related to the subsidiary Pravex Bank (on the basis of the subsidiary's figures as of 30 June 2023 at the exchange rate as of 30 September 2023). These were accompanied by exposures to banks and in securities totalling €137 million (€133 million net).

With regard to the valuation choices, for Pravex Bank, the serious situation in all of Ukraine resulted in the definition, for the purpose of measuring the Bank's loan portfolio, of a specific approach in light of the continuation of the conflict and the consequent repercussions on the Ukrainian economy. For the purposes of the 2022 Annual Report, it was deemed appropriate to confirm the decision to fully write down Pravex Bank's on-balance sheet loans to customers, with consequent classification to Stage 3. As a result of that choice, for the purposes of the Intesa Sanpaolo Group's consolidated financial statements, the equity of the subsidiary has been reduced to zero. All valuation determinations set forth in the 2022 Annual Report were confirmed in the 2023 Half-Yearly Report and the Q3 Press Release Financials.

Any of the above could have a material adverse effect on its business, financial condition and results of operation.

### **Other highlights**

A description is provided below of the other significant events that occurred during the third quarter of 2023, together with several developments after the end of the period, while details regarding the events in the first half of the year are provided in the Half-yearly Report.

On 19 July 2023, the agreement was signed with the Trade Unions concerning the transfer of two business lines by the 100% controlling company Intesa Sanpaolo to Isybank, the Intesa Sanpaolo Group's new digital bank officially presented on 15 June, which represents a key project of the 2022-2025 Business Plan aimed at combining the solidity and commercial offering of a bank with simple, fast services typical of a fintech company. The new company is aimed at the Intesa Sanpaolo Group's customers who are mainly digital users of banking services and mobile banking-oriented, while maintaining the possibility of a direct relationship with the staff of the digital branch. The transfer, approved by the Parent Company on 30 March 2023, involves two separate business lines, each consisting of a set of assets and legal relations operationally organised for the management of private individual customers who primarily use digital channels.

On 11 October 2023, Isybank approved a share capital increase from 30 million to 31 million, to be carried out in two tranches and settled through the contributions in kind of the above-mentioned business lines, which were valued by Intesa Sanpaolo with the support of an independent third-party expert. On the weekend of 14-15 October 2023, the transfer was completed of the first business line consisting of around 300,000 Intesa Sanpaolo customers with simpler operational characteristics, identified based on specific criteria. The transfer took legal effect on 16 October 2023. The second transfer, which will involve customers with more complex characteristics than the previous transfer, is scheduled for March 2024, alongside the enhancement of the product catalogue, services and features, as well as new marketing and communication initiatives.

In line with the strong push towards digitalisation that characterises the Intesa Sanpaolo Group's 2022-2025 Business Plan, at the beginning of July Fideuram – Intesa Sanpaolo Private Banking officially presented Direct Advisory, the first digital financial advisory



service for investment management, which leverages a team of Direct Bankers, professionals enrolled in Italy's sole register of financial advisors, operating in fully remote form through digital solutions. This service enhances Fideuram Direct, the digital platform for those who want to operate independently on listed financial instruments and asset management products, offering itself in a complementary and synergistic way to traditional networks.

On 28 July, the results of the 2023 EU-Wide Stress Test were announced. The test was conducted by the European Banking Authority (EBA), in cooperation with the Single Supervisory Mechanism (SSM), the Bank of Italy, the European Central Bank (ECB) and the European Systemic Risk Board (ESRB) and involved also Intesa Sanpaolo for the scope of consolidation. The reference scenario covers a three-year horizon (2023-2025). The stress test has been carried out applying a static balance sheet assumption as of December 2022 and therefore does not take into account future business strategies and management actions. It is not a forecast of the Intesa Sanpaolo Group's profits. The Intesa Sanpaolo Group fully loaded CET1 ratio resulting from the stress test for 2025, the final year considered in the exercise, stood at 14.85% under the baseline scenario and 10.85% under the adverse scenario, compared to the starting-point figure of 13.53% as of 31 December 2022. These results highlight that Intesa Sanpaolo is able to confirm its solidity even in complex scenarios, thanks to its well-diversified and resilient business model.

In line with the proactive management of its the capital base, on 31 August 2023 Intesa Sanpaolo announced a cash tender offer for any and all of its perpetual "€750,000,000 6.25% Additional Tier 1 Notes" outstanding for the full nominal amount (ISIN XS1614415542, first call on 16 May 2024), at a price of 100.25% – an offer subject to the terms and conditions, as well as the offer and distribution restrictions, set out in the tender offer memorandum dated 31 August 2023 – and the accompanying launch of a new issue of fixed-rate reset perpetual Additional Tier 1 notes in a nominal amount of no less than 750,000,000 euro to be offered, subject to market conditions, to qualified investors, including holders of the notes subject of the offer. At the Offer Expiration, on 7 September 2023, the amount of the notes validly tendered amounted to 503,077,000 euro, equivalent to 67.08% of the nominal amount outstanding, which Intesa Sanpaolo agreed to repurchase. Accordingly, on the settlement date of 11 September 2023, it paid the purchase price consideration and the accrued interest amount to the holders that tendered the notes. The notes are now outstanding for the remaining amount of 246,923,000 euro and will be redeemed in full on the first call date (16 May 2024) as Intesa Sanpaolo has already received the necessary authorisation from the ECB. On 7 September, the settlement took place of the new perpetual "€1,250,000,000 9.125% Additional Tier 1 Notes" (ISIN XS2678939427), listed on the Luxembourg Stock Exchange, with first interest rate reset date on 7 March 2030 and every five years thereafter.

During the period from 11 September to 13 September 2023 an ordinary share buyback programme was implemented to service plans for the assignment, free of charge, of Intesa Sanpaolo ordinary shares to the employees and the Financial Advisors of the Intesa Sanpaolo Group, in relation to (i) mainly, the Intesa Sanpaolo Group share-based incentive plan for 2022; and (ii) to a lesser extent, the incentive plans of certain subsidiaries, also relating to 2022. These incentive plans are reserved for Risk Takers who accrue a bonus in excess of the so-called "materiality threshold"<sup>18</sup>, for those who are paid a "particularly high" amount<sup>19</sup> and

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<sup>18</sup> Equal to 50 thousand euro or one third of the total remuneration (unless otherwise provided for by specific local regulations).

<sup>19</sup> Pursuant to the Group Remuneration and Incentive Policies, for the three-year period 2022-2024 a variable remuneration exceeding 400 thousand euro constitutes a "particularly high" amount.

for those who, among Middle Management or Professionals that are not Risk Takers, accrue “relevant bonuses”<sup>20</sup>. In addition, the programme was implemented in order to grant, when certain conditions occur, severance payments upon early termination of employment. In the three days during which the programme was executed, a total of 32,000,000 Intesa Sanpaolo ordinary shares were purchased, through the IMI Corporate & Investment Banking Division, tasked with the programme execution. These represent around 0.18% of the share capital of the Parent Company. The average price was 2.4697 euro per share, for a total countervalue of 79,031,462.67 euro. The Parent Company purchased 20,200,547 shares at an average price of 2.4683 euro per share, for a countervalue of 49,861,766.11 euro. The transactions were executed in compliance with provisions included in Articles 2357 and following and 2359-bis and following of the Italian Civil Code and within the limits determined in the resolutions passed by the competent corporate bodies. Specifically, in the case of the Parent Company Intesa Sanpaolo, the transactions were executed in accordance with the terms approved by the Shareholders’ Meeting of 28 April 2023. Pursuant to Article 132 of the Consolidated Law on Finance and Article 144-bis of the Issuers’ Regulation and subsequent amendments, purchases were executed on the regulated market Euronext Milan managed by Borsa Italiana in accordance with trading methods laid down in the market rules for these transactions.

Moreover, purchases were arranged in compliance with the conditions and the restrictions under Article 5 of Regulation (EU) no. 596/2014 of the European Parliament and of the Council of 16 April 2014, and Articles 2, 3, and 4 of Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016. The number of shares purchased daily did not exceed 25% of the daily average volume of the Intesa Sanpaolo ordinary shares traded in August 2023, which was equal to 89.9 million shares, and 15% of the volume traded on the Euronext Milan market on each of the days when purchases were executed – in accordance with the constraint added in the programme to the above-mentioned regulatory conditions and restrictions.

On 12 September 2023, Intesa Sanpaolo, which offers real estate brokerage and advisory services through Intesa Sanpaolo Casa via a network of agencies in major Italian cities, together with Homepal a Better Place, a next-generation online real estate agency, which supports customers in the various stages of buying and selling real estate through a digital platform and real estate agents operating remotely, and BPER Banca, already a shareholder of Homepal, announced that they had reached an agreement for a strategic and commercial partnership to create a new player operating across the Italian market. The new entity will be able to draw on the complementary service models of Intesa Sanpaolo Casa and Homepal and leverage the Intesa Sanpaolo and BPER networks to meet customers’ property buying and selling needs through technological services, physical presence and the experience of their agents. The transaction was finalised on 23 October 2023 with Intesa Sanpaolo’s transfer of its 100% shareholding in Intesa Sanpaolo Casa to Homepal. Following the transaction, Intesa Sanpaolo has a 49% shareholding in Homepal, with the remaining 34% held by Homepal’s previous shareholders and 17% by BPER Banca. The value of the transfer of Intesa Sanpaolo Casa to Homepal was supported by a fairness opinion prepared by an independent expert in accordance with Article 2343 of the Italian Civil Code. Intesa Sanpaolo’s rights as a non-controlling shareholder and the governance of the company were also defined within the transaction. Based on the provisions of the agreements made, Intesa Sanpaolo’s shareholding

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<sup>20</sup> Namely, an amount exceeding the “materiality threshold” (for Middle Management and Professionals generally equal to 80 thousand euro, unless otherwise provided for by specific local regulations, it being understood that, for those working in the business functions of Intesa Sanpaolo Wealth Management and those belonging to the Reyl Group, the threshold is equal to 150 thousand euro) and 100% of fixed remuneration.

in Homepal has been classified under interests subject to significant influence pursuant to IAS 28. Given that the closing of the transaction took place after the end of the third quarter, and all the requirements of IFRS 5 had been met, as at 30 September 2023, the investment in Intesa Sanpaolo Casa was reclassified to assets held for sale and discontinued operations.

As is known, on 30 June 2023, an agreement was reached – through the signing of a number of non-binding termsheets – between parties comprising five leading Italian insurance companies (including Intesa Sanpaolo Vita), twenty-five distributor banks of Eurovita’s policies (including Fideuram – Intesa Sanpaolo Private Banking) and some of Italy’s leading banks (including Intesa Sanpaolo). The agreement involves a system-wide transaction aimed at protecting the policyholders of Eurovita, an insurance company that – particularly due to the recent and sudden increase in interest rates and the “structure” of its commitments to policyholders – has experienced a progressive deterioration of its solvency indicators and has subsequently been subject to an order establishing its extraordinary administration and the dissolution of the company’s management and control bodies. In this context, all surrender requests submitted during the period by the company’s customers were suspended until 30 June 2023 – a term that was then extended until the end of October 2023 – with the aim of avoiding further exacerbation of the company’s financial and economic distress. In this connection, a comprehensive system-wide discussion was conducted to identify a rescue scheme with the primary objective of ensuring the full protection of policyholders’ rights and restoring the ordinary course of insurance relations as soon as possible. In short, the agreements provide – on the one hand – for the sale, at a symbolic price, of the business line comprising almost all of Eurovita’s assets to a newco called Cronos Vita, whose capital is held by Intesa Sanpaolo Vita, Generali Italia, Poste Vita and UnipolSai, each for 22.5% and Allianz for the remaining 10%, through a dedicated capital increase, and – on the other hand – for the granting of lines of credit to Cronos Vita by the financial institutions that are currently distributors of Eurovita’s policies (assisted, moreover, by a pool of Banks for any further support required) to meet the potential surrenders of the Class I and V policies placed by each institution. Cronos Vita will act as a bridge-vehicle, and on completion of the transaction, which should take around 18 to 24 months, Eurovita’s insurance portfolio will be taken over by the five insurance groups mentioned above. Finally, the agreements signed envisage a specific fee framework, in addition to the existing distribution agreements, that the distributor banks will pay to Cronos Vita in exchange for performing servicing activities, aimed at preserving and reactivating the business relationships with the customers who have subscribed to the policies. Following the agreements at the end of June, Cronos Vita applied to IVASS on 28 September for authorisation to carry on insurance business, which after due examination was granted on 17 October 2023.

Lastly, on 31 October 2023, following the issue of the authorisation by IVASS for the sale of the business line by Eurovita to Cronos Vita and the signing of the final binding agreements, the transfer of the business line was completed together with the accompanying capital increase subscribed by the companies for 213 million euro, which represents the second and last tranche of a total capital increase of 220 million euro, whose fairness from an economic and financial standpoint was supported by a specific opinion issued by an independent expert. Within the framework described, the Intesa Sanpaolo Group’s overall involvement is therefore structured as follows:

- a) Intesa Sanpaolo Vita, through the acquisition of a non-controlling interest in Cronos Vita for an amount of around 50 million euro;
- b) Fideuram – Intesa Sanpaolo Private Banking, as “distributor”, through the granting of a loan at market conditions to Cronos Vita for an amount of around 205 million euro. Fideuram – Intesa Sanpaolo Private Banking, together with its subsidiary Intesa Sanpaolo Private Banking, will also be required to pay the above-mentioned fees;

- c) Intesa Sanpaolo (Parent Company), through the granting of a loan at market conditions to Cronos Vita for a maximum amount of around 300 million euro.

It is recalled that under the 2022-2025 Business Plan, the Intesa Sanpaolo Group intends to pursue a modular de-risking strategy which was mostly launched during the previous Business Plan, and which has placed it among the best in Europe in terms of non-performing loan ratio and stock, generating a net drop in the cost of risk. Indeed, the latter will always be maintained at a conservative level, due to the extensive reserves of provisions on loans and ongoing prudent credit management. Following the completion in March 2023 of the project activities concerning the non-performing loans classified as assets held for sale in the 2022 Annual Report, new de-risking initiatives were launched during the second quarter involving:

- a portfolio of non-performing loans of the Parent Company consisting of bad loans in the amount of around 0.3 billion euro in terms of GBV, which was sold in October;
- Stage 2 performing exposures of Intesa Sanpaolo for a value of around 0.8 billion euro in terms of GBV, partly measured at amortised cost and partly at fair value through profit or loss.

On the basis of the above, as at 30 September 2023, loans with a gross value of 0.7 billion euro (of which 0.3 billion euro related to non-performing exposures) and a net value of 0.2 billion euro, in line with the expected proceeds from the sales, were classified as assets held for sale.

Lastly, to complete the disclosure for the third quarter of 2023, the voluntary exits plan, in accordance with the trade union agreements of 29 September 2020 and 16 November 2021, is confirmed and still ongoing. In the three months under review, there were 888 voluntary exits, of which 855 effective from 1 July. There were a total of 2,190 voluntary exits in the first nine months of 2023 for a total of 7,049 exits from the beginning of 2021, against the 9,200 exits expected to take place by the first quarter of 2025 under the terms of the two above-mentioned trade union agreements. Since January 2023, there have been around 1,250 hires (of which around 350 in the third quarter) as part of those agreements, for a total of around 2,600 from the beginning of 2021 compared with the 4,600 planned by the end of 2025.

Within the Next Way of Working project, the real estate and technological interventions aimed at constructing new workspaces designed to enhance the moments of presence in the office are continuing as planned for 2023. The work is currently being completed on fitting out the interior spaces of the new complex in Via Melchiorre Gioia 22 in Milan (the entry of the Private Banking Division, the Insurance Division and Isybank has already been completed, while the transfer of the Asset Management Division has been underway since the second half of October). In Naples, Turin, Bergamo, Jesi, Bologna and Rome, the work is being carried out on the implementation of the new model, while the planning for Cuneo is still being finalised. The work in Como has been completed. The renovation of the spaces is continuing alongside the implementation of technological tools (release of the space booking function in the planning and reservation tool), together with specific targeted communication campaigns.

With reference to the one-off tax calculated on the increase in banks' net interest income, pursuant to Article 26 of Decree Law no. 104 of 10 August 2023 converted with amendments by Law no. 136 of 9 October 2023, and considering in particular the provision in paragraph 5-bis of that article allowing for the allocation of an amount to a non-distributable reserve, in lieu of payment of the tax envisaged, of no less than two and a half times the amount of the tax, the Board of Directors, in its meeting held on 25 October 2023, decided to propose to the Shareholders' Meeting, when approving the 2023 financial statements, net income allocation

and dividend distribution to shareholders, the allocation of 1,991,446,276.10 euro from the net income for the full year 2023 to a specific reserve, thus taking up the option provided by the above-mentioned measure. Should this reserve be distributed in the future, it shall be subject to payment of the tax calculated pursuant to paragraph 3 of Article 26, amounting to 796,578,510.44 euro, plus interest calculated based on the interest rate on deposits with the European Central Bank. Due to the amount of the freely distributable reserves not classed as suspended tax available to Intesa Sanpaolo as at 30 September 2023 (22,713 million euro) and the presence of additional freely distributable reserves classed as suspended tax (4,750 million euro), it is deemed highly unlikely that the above-mentioned tax shall be paid in the future.

In accordance with the instruction of the Parent Company, similar commitments were also made by the Boards of Directors of the subsidiary banks impacted by the measure: Fideuram – Intesa Sanpaolo Private Banking, Intesa Sanpaolo Private Banking and Isybank. In lieu of the one-off tax, a proposal will therefore be made to the Shareholders' Meetings, called to approve the 2023 Financial Statements, for the allocation to a specific reserve, pursuant to Article 26 of Decree Law no. 104/2023 converted with amendments by Law no. 136/2023, of a total amount at Intesa Sanpaolo Group level of 2,068.8 million euro, corresponding to 2.5 times the total tax amount of 827.5 million euro.

In line with its strategy focused on significant value creation for all stakeholders, Intesa Sanpaolo reaffirmed its commitment to continue supporting initiatives addressing social needs, fighting inequalities, and fostering financial, social, educational and cultural inclusion. Specifically, on 25 October 2023 the Bank announced its intention to contribute with a total amount expected to be equal to around 1.5 billion euro costs in the five-year period 2023-2027. This amount comprises around 1 billion euro from sums allocated to the above-mentioned initiatives, when identified, and around 500 million euro from structure costs for around 1,000 people devoted to supporting the initiatives and a new dedicated organisational unit called "ISP for Social" based in Brescia. These costs have already been taken into account, on a pro-rata basis, in the guidance on the outlook for the 2023-2025 net income.

Lastly, on 30 October 2023 Intesa Sanpaolo announced the acquisition of Romania's First Bank S.A. from US-based private investment fund J.C. Flowers & Co. Intesa Sanpaolo and JCF Tiger Holdings S.A.R.L., the controlling shareholder of First Bank S.A., have signed a share purchase agreement for the acquisition of 99.98% of the bank's shares. The transaction is expected to be closed by the first quarter of 2024, pending approval by the competent regulatory authorities. First Bank is a commercial bank with 40 branches in Romania focused on serving SMEs and retail customers. In recent years the bank has prioritised investment in digital technology, developing one of the market's best-regarded mobile banking apps. The transaction will strengthen the Intesa Sanpaolo Group's presence in Central and Eastern Europe, and in particular in Romania where it already operates through Intesa Sanpaolo Bank Romania, part of Intesa Sanpaolo's International Subsidiary Banks Division.

## **Recent Events**

### **November 2023 Dividend**

On 3 November 2023 Intesa Sanpaolo decided to distribute an interim dividend on the 2023 results equal to €14.40 cents per share, before tax, corresponding to € 2,633 million in aggregate. The decision was based on the absence of limitations to dividend distributions, including recommendations from the regulators regarding capital requirements applicable to Intesa Sanpaolo, as well as on the basis of Intesa Sanpaolo's capital ratios. No distribution will be made to own shares held by the Bank at the record date. The interim dividend was paid on 22 November 2023.

## **INTESA SANPAOLO comfortably meets the capital requirement set by the ECB**

On 30 November 2023 Intesa Sanpaolo announced that it had received notification of the ECB's final decision concerning the capital requirement that the Bank has to meet, on a consolidated basis, as of 1 January 2024, following the results of the Supervisory Review and Evaluation Process (SREP).

The overall capital requirement the Bank has to meet in terms of Common Equity Tier 1 ratio is 9.32%.

This is the result of:

- a SREP requirement in terms of Total Capital ratio of 9.50% comprising a minimum Pillar 1 capital requirement of 8%, of which 4.5% is Common Equity Tier 1 ratio, and an additional Pillar 2 capital requirement of 1.50%, of which 0.84% is Common Equity Tier 1 ratio applying the regulatory amendment introduced by the ECB and effective from 12 March 2020;
- additional requirements, entirely in terms of Common Equity Tier 1 ratio, relating to:
  - a Capital Conservation Buffer of 2.5%,
  - an O-SII Buffer (Other Systemically Important Institutions Buffer) of 1.25%,
  - a Countercyclical Capital Buffer of 0.23%<sup>21</sup>.

Intesa Sanpaolo's capital ratios as at 30 September 2023 on a consolidated basis - after the deduction from capital of around €4.3bn of dividends accrued in 9M 2023 (of which around €2.6bn paid as an interim dividend in November 2023) and the coupons accrued on the Additional Tier 1 issues - were as follows:

- 13.6% in terms of Common Equity Tier 1 ratio,
- 19.2% in terms of Total Capital ratio,

and pro-forma<sup>22</sup>:

- 14.9% in terms of Common Equity Tier 1 ratio,

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<sup>21</sup> Calculated taking into account the exposure as at 30 September 2023 in the various countries where the Group has a presence, as well as the respective requirements set by the competent national authorities and relating to 2025, where available, or the most recent update of the reference period (requirement was set at zero per cent in Italy for 2023).

<sup>22</sup> Estimated, on the basis of the financial statements as at 30 September 2023, taking into account the total absorption of deferred tax assets (DTAs) related to goodwill realignment, loan adjustments, the first time adoption of IFRS 9 and the non-taxable public cash contribution of €1,285m covering the integration and rationalisation charges relating to the acquisition of the Aggregate Set of Banca Popolare di Vicenza and Veneto Banca, as well as the expected absorption of DTAs on losses carried forward and DTAs on the acquisition of UBI Banca and the agreement with the trade unions of November 2021, and the expected distribution on the 9M 2023 net income of insurance companies.

- 20.7% in terms of Total Capital ratio.

### **Sovereign risk exposure**

As at 30 September 2023 Intesa Sanpaolo Group's exposure in securities to Italian sovereign debt – excluding the insurance business – amounted to € 24,345 million, in addition to loans for € 8,069 million. The security exposures decreased compared to € 27,781 million as at 30 June 2023.

### **Management**

#### **Board of Directors**

The composition of Intesa Sanpaolo's Board of Directors as at the date hereof is as set out below.

| <b>Member of the Board of Directors</b> | <b>Position</b>                                         | <b>Principal activities performed outside Intesa Sanpaolo S.p.A., where significant with respect to the Issuer's activities</b>                                |
|-----------------------------------------|---------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Gian Maria Gros-Pietro                  | Chair                                                   | Director of ABI Servizi S.p.A.                                                                                                                                 |
| Paolo Andrea Colombo<br>(#) (##)        | Deputy Chair                                            | Director of Colombo & Associati S.r.l.<br>Chair of the Board of Statutory Auditors of Humanitas S.p.A.                                                         |
| Carlo Messina (*)                       | Managing Director and CEO                               | None                                                                                                                                                           |
| Bruno Picca (#)                         | Director                                                | None                                                                                                                                                           |
| Livia Pomodoro (##)                     | Director                                                | Director of Febo S.p.A.<br>Chair of the Board of Directors of Sustainability and Inclusion for Food S.r.l.                                                     |
| Franco Ceruti                           | Director                                                | Chair of Intesa Sanpaolo Expo Institutional Contact S.r.l.<br>Director of Intesa Sanpaolo Private Banking S.p.A.<br>Chair of Società Benefit Cimarosa 1 S.p.A. |
| Daniele Zamboni (#)(1)<br>(##)          | Director                                                | None                                                                                                                                                           |
| Maria Mazzearella (##)(1)               | Director                                                | None                                                                                                                                                           |
| Milena Teresa Motta (#)<br>(##)         | Director and Member of the Management Control Committee | Director of Strategie & Innovazione S.r.l.                                                                                                                     |

| <b>Member of the Board of Directors</b> | <b>Position</b>                                         | <b>Principal activities performed outside Intesa Sanpaolo S.p.A., where significant with respect to the Issuer's activities</b>                                                                                                                                                                                                                                                                                     |
|-----------------------------------------|---------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Alberto Maria Pisani<br>(##) (1) (#)    | Chair of the Management Control Committee               | None                                                                                                                                                                                                                                                                                                                                                                                                                |
| Maria-Cristina Zoppo<br>(#) (##)        | Director and Member of the Management Control Committee | Director of Newlat Food S.p.A.<br>Standing Statutory Auditor of Michelin Italiana S.p.A. – SAMI<br>Chair of the Board of Statutory Auditors of Schoeller Allibert S.p.A.                                                                                                                                                                                                                                            |
| Luciano Nebbia                          | Director                                                | Deputy Chair of Equiter S.p.A.                                                                                                                                                                                                                                                                                                                                                                                      |
| Maria Alessandra Stefanelli<br>(##)     | Director                                                | None                                                                                                                                                                                                                                                                                                                                                                                                                |
| Anna Gatti (1) (##)                     | Director                                                | Director of WiZink Bank S.A.<br>Director of Wizz Air Holdings PLC                                                                                                                                                                                                                                                                                                                                                   |
| Fabrizio Mosca (#) (##)                 | Director and Member of the Management Control Committee | Chair of the Board of Statutory Auditors of Olivetti S.p.A.<br>Chair of the Board of Statutory Auditors of Aste Bolaffi S.p.A.,<br>Chair of the Board of Statutory Auditors of Bolaffi S.p.A.<br>Chair of the Board of Statutory Auditors of Bolaffi Metalli Preziosi S.p.A.,<br>Chair of the Board of Statutory Auditors of DiaSorin Italia S.p.A.<br>Chair of the Board of Statutory Auditors of Mindicity S.r.l. |
| Roberto Franchini (1) (#) (##)          | Director and Member of the Management Control Committee | None                                                                                                                                                                                                                                                                                                                                                                                                                |
| Bruno Maria Parigi (##)                 | Director                                                | None                                                                                                                                                                                                                                                                                                                                                                                                                |
| Liana Logiurato (##)                    | Director                                                | None                                                                                                                                                                                                                                                                                                                                                                                                                |



| <b>Member of the Board of Directors</b> | <b>Position</b> | <b>Principal activities performed outside Intesa Sanpaolo S.p.A., where significant with respect to the Issuer's activities</b> |
|-----------------------------------------|-----------------|---------------------------------------------------------------------------------------------------------------------------------|
| Paola Tagliavini <sup>(##)(#)</sup>     | Director        | Director of Saipem S.p.A.<br>Director of Rai Way S.p.A.                                                                         |

*(\*) Was appointed Managing Director and CEO by the Board of Directors on 29 April 2022. He is the only executive director on the Board.*

*(#) Is enrolled on the Register of Statutory Auditors and has practiced as an auditor or been a member of the supervisory body of a limited company.*

*(##) Meets the independence requirements pursuant to Article 13.4.3 of the Articles of Association, the Corporate Governance Code and Article 148, third paragraph, of Legislative Decree 24 February 1998 no. 58.*

*(1) is a representative of the Minority Slate*

The business address of each member of the Board of Directors is at the Issuer's registered office in Piazza San Carlo 156 – 10121 Turin (Italy).

### **Conflicts of Interest**

As at the date of this Base Prospectus and to Intesa Sanpaolo's knowledge, no member of the Board of Directors of Intesa Sanpaolo has potential conflicts of interest between any duties to the Issuer and their private interests and/or other duties.

The Issuer and its corporate bodies have adopted internal measures and procedures to guarantee compliance with the relevant regulation on board members conflicts of interest.

### **Principal Shareholders**

As of 8 December 2023, the shareholder structure of Intesa Sanpaolo was composed as follows (holders of shares exceeding 3% <sup>(1)(2)</sup>):

| <b>SHAREHOLDER</b>                | <b>ORDINARY SHARES</b> | <b>% OF ORDINARY SHARES</b> |
|-----------------------------------|------------------------|-----------------------------|
| Fondazione Compagnia di San Paolo | 1,188,947,304          | 6.503%                      |
| Fondazione Cariplo                | 961,333,900            | 5.258%                      |

*(1) Shareholders that are fund management companies may be exempted from disclosure up to the 5% threshold. BlackRock Inc. disclosed a 5.005% holding in the share capital of Intesa Sanpaolo, notified in Form 120 A dated 9 December 2020, as well as a 5.066% aggregate holding in the Bank's share capital, notified in Form 120 B dated 4 December 2020, and has not provided any update of these holdings following the subsequent changes in the number of shares into which the share capital of Intesa Sanpaolo is divided.*

*(2) The Goldman Sachs Group Inc. disclosed a 5.78% aggregate holding in share capital of Intesa Sanpaolo, notified in Form 120 B dated 8 December 2023.*

*Figures updated based on the results from the register of shareholders and the latest communications received.*

*The Italian regulations (Article 120 of the Consolidated Law on Finance "TUF") set forth that holdings exceeding 3% of the voting capital of a listed company should be communicated to both that company and CONSOB. Moreover, under Article 19 of the Consolidated Law on Banking "TUB", prior authorisation by the Bank of Italy is required for the acquisition of holdings of*

capital in banks that are either significant or make it possible to exercise significant influence, or confer a share of voting rights or capital equal to at least 10%.

The Italian regulations also set forth the obligation to disclose any agreements between shareholders.

Furthermore, Article 120, paragraph 4-bis, of the “TUF” sets forth the obligation for investors who acquire holdings in listed issuers with Italy as home Member State, equal to or above 10% of the relevant capital or a lower threshold as defined by CONSOB, to declare the objectives they are pursuing.

## **Legal Proceedings**

### ***Disputes relating to anatocism and other current account and credit facility conditions, as well as usury***

During 2022, the disputes of this type – which for many years have been a significant part of the civil litigation brought against the Italian banking industry – decreased both in number and in total value of claims made compared to the previous year. Overall, the number of disputes, including mediations, with likely risk amounted to around approximately 2,860. The remedy sought amounted to €491 million with provisions of €180 million. As is the case for the other civil disputes, the assessment of the risk related to this type of litigation is carried out individually, taking into account the claims made, the defences submitted, the progress of the proceedings and case-law decisions, for each dispute.

You are reminded that in 2014 and 2016, Article 120 of the Consolidated Law on Banking, which governs the compounding of interest in banking transactions, was amended with the establishment of the ban on anatocism and the delegation of the CICR (Interdepartmental Committee for Credit and Savings) to regulate this matter. In February 2017, the Italian Antitrust Authority initiated proceedings against Intesa Sanpaolo for alleged unfair business practices involving, among other things, the methods used to request the above-mentioned authorisation from customers for the charging of the interest to the account imposed by the new regulations introduced in 2016. The Authority completed the proceedings in October 2017, ruling that Intesa Sanpaolo had implemented an “aggressive” policy aimed at acquiring the authorisation, by soliciting customers to provide it through various means of communications and without putting them in a position to consider the consequences of that choice in terms of the interest calculation on the compounded debt interest. As a result, the Authority issued a fine of €2 million against Intesa Sanpaolo. Intesa Sanpaolo has submitted an appeal with the Lazio Regional Administrative Court, on the grounds that the ruling was unfounded. The proceedings are still pending. With ruling of 2 January 2023, the Regional Administrative Court confirmed the fine and the Bank will appeal to the Council of State.

### ***Disputes relating to investment services***

Also in this area, the disputes showed a slight downtrend in terms of number compared to the previous year. The most significant sub-group was disputes concerning derivatives. There were a total of around 350 disputes relating to investment services with likely risk. The total remedy sought amounted to around €242 million with provisions of €144 million. As is the case for the other civil disputes, the assessment of the risk related to this type of litigation is carried out individually, taking into account the claims made, the defences submitted, the progress of the proceedings and the case-law guidance, for each dispute. We also note approximately 154 disputes with a remedy sought of €142 million initiated by “wiped out” shareholders and subordinated bondholders of the former “Old Banks” of Banca delle Marche, Banca Popolare dell’Etruria e del Lazio and Cassa di Risparmio della Provincia di Chieti, deemed to be of possible risk. Those disputes are backed by the warranties and obligations to indemnify by the Seller (*National Resolution Fund*) for the benefit of the former UBI Banca, and now Intesa Sanpaolo, and therefore also cover any liabilities arising from the activities carried out by the Banks (the **Old Banks**) before they were subject to the resolution procedure, in relation to, inter alia, risks of a legal nature or generally related to ongoing or threatened disputes, or violations of the law and any potential liabilities.

## **Dispute regarding financial derivative instruments**

With regard to derivative transactions, the legal risks linked to legal proceedings with local authorities, their subsidiaries and individuals continue to be subject to careful monitoring.

Specifically, disputes are pending with 20 local authorities, with possible or probable risk, for total claims of €142 million, and disputes with 5 Companies controlled by public entities, with total claims of €66 million. Disputes with individuals, assessed as having possible or probable risk, total around 197, and of these, around 43 positions also regard requests for refunds of amounts on other accounts held with Intesa Sanpaolo. Net of those latter positions, the total value of the claims lodged in the proceedings regarding only derivatives amounts to around €84 million.

With regard to contracts entered into with local authorities, during 2022, 6 new disputes were initiated against Intesa Sanpaolo (Province of Catanzaro, Province of Varese, Province of Rovigo, Municipality of Marsciano, Municipality of Soriano del Cimino and Municipality of Servigliano) with total claims of €27 million.

In the same year, 4 rulings were issued relating to the following proceedings:

- Municipality of Faenza: with decision dated 1 February 2022, the Court of Appeal of Bologna confirmed that the contract was null and void. In execution of the first instance ruling, Intesa Sanpaolo paid €2.8 million. An appeal was lodged with the Court of Cassation.
- Municipality of Santa Maria Capua Vetere: the Court of Rome, in its ruling of 2 March 2022, rejected the claim of invalidity of the two derivative contracts, made by the Municipality and, instead upheld the claim for implicit costs not disclosed at the time of signing and ordered the Bank to pay €1.1 million plus interest and revaluation.
- Municipality of Vittorio Veneto: the Court of Venice, with non-final ruling of 29 March 2022, voided two contracts, referring to the final decision for the quantification of the restitutionary effects, whose potential risk amounts to €5.8 million.
- Province of Pavia: with decision dated 4 May 2022, the Court of Appeal of Milan confirmed that the contract was null and void. In execution of the first instance ruling, Intesa Sanpaolo had already paid €10.1 million. An appeal was lodged with the Court of Cassation.

A summary of the most significant disputes with local authorities is provided below:

- Municipality of Venice: the dispute regards a contract governed by the ISDA, with remedy sought of €71 million. With ruling of 14 October 2022, the High Court of Justice in London held that the Municipality did not have the capacity to enter into speculative derivative contracts involving debt. As a result, the High Court established that the Municipality was entitled to the restitution of the differentials paid to the Bank solely in the amount exceeding the outlays of the Bank incurred for the back-to-back hedging derivatives (at least until December 2020, the date on which the Municipality formally challenged the validity of the transaction). In this case, the application of that principle would significantly reduce the restitutionary obligation to the Municipality. The parties formalised the grounds for appeal by the set deadline of 3 February 2023. In a subsequent hearing of 6 February 2023, the request was upheld to defer to the outcome of the appeal the settlement of the credit/debit amounts between the parties (“*consequential hearing*”) due to the High Court’s ruling. The Bank was also ordered to pay 70% of the legal fees requested by the Municipality, of which 35%, equal to around 2 million GBP, to be paid by 20 February. With regard to

the second proceedings with the Municipality of Venice before the Italian court, regarding alleged breaches deriving from the mandate and investment services agreements, the Court has set a new hearing for 22 March 2023, “as it would be appropriate to hear testimony from the parties and obtain clarifications, given the likely settlement of the proceedings held in the UK.”

- Municipality of Perugia: at the end of 2020, the Municipality of Perugia served a summons relating to four derivative contracts entered into in 2006, asking for repayment of the amounts paid, to be quantified during the lawsuit. The Court permitted an expert’s report, adjourning to the hearing of 9 March 2023 for the examination of the expert witness report.

With regard to the contracts entered into with subsidiaries of local authorities, no new disputes were initiated, while 2 rulings were issued regarding the following proceedings:

- Azienda Socio Sanitaria territoriale Valle Olona: with ruling dated 6 April 2022, the Court of Busto Arsizio declared the contract null and void. In execution of the ruling, the Bank paid 1.8 million euro and lodged an appeal.
- Aler S.p.A.: with ruling dated 1 August 2022, the Court of Appeal of Milan confirmed that the contract entered into with the then Banca OPI was null and void. As a result of the first instance ruling, the Bank had paid 4.6 million euro. The possibility of filing an appeal with the Court of Cassation is being evaluated.

A summary of the most significant disputes with subsidiaries of local authorities is provided below:

- Terni Reti Sud S.r.l.: the dispute concerns a derivative contract entered into in August 2007 by the former Banca delle Marche <sup>(23)</sup> with Terni Reti Sud S.r.l., whose capital is 100% held by the Municipality di Terni. The opponent claims that the derivative is null and void due to failure to communicate the MTM and the probabilistic scenarios, and the breach of disclosure obligations, formulating a demand of €22 million. The Court ordered a court-appointed expert’s report and adjourned the case to 13 June 2023. The adverse party stated its willingness to reach an amicable settlement. The settlement was authorised by the Bank of Italy, as manager of the National Resolution Fund. To date, the complex decision-making process by the Company (wholly owned by the Municipality of Terni) is pending. If the outcome of this process is positive, since the dispute is part of the Good Banks (former UBI) disputes, the Fund will fully reimburse the Bank for the payment resulting from the settlement.
- EUR S.p.A.: in May 2021, a writ of summons was served by EUR S.p.A., a company held by the Ministry of the Economy and Finance and Roma Capitale. In addition to ISP, the company is also suing other intermediaries due to derivative contracts governed by the ISDA, entered into in relation to a syndicated loan granted. At the hearing of 8 November 2022, the Court deemed that the lawsuit was ready for a ruling

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<sup>23</sup> Note that those disputes are backed by the warranties and obligations to indemnify by the Seller (National Resolution Fund) for the benefit of UBI Banca in relation to the acquisition of the New Banks deriving from the resolution of Banca delle Marche, Banca Popolare dell’Etruria e del Lazio and Cassa di Risparmio della Provincia di Chieti and therefore also cover any liabilities arising from the activities carried out by the Banks (the “Old Banks”) before they were subject to the resolution procedure, in relation to, inter alia, risks of a legal nature or generally related to ongoing or threatened disputes, or violations of the law and any potential liabilities.

on the objection raised by the defendants regarding the lack of jurisdiction of the Italian court, and granted the terms for filing the closing briefs. Intesa Sanpaolo's risk amounts to €22 million. On 21 April 2023, the Court of Rome filed its ruling declaring the lack of jurisdiction of the Italian Court in favour of the English Court, with each party paying its own legal fees. The term for the appeal is pending. Intesa Sanpaolo's risk amounts to 22 million euro.

Disputes with individuals are decreasing, in terms of both stock and flows.

***Dispute relating to loans in CHF to the Croatian subsidiary Privredna Banka Zagreb Dd***

As already noted in the previous financial statements, Potrošač (Croatian Union of the Consumer Protection Association) initiated legal action against the subsidiary Privredna Banka Zagreb (**PBZ**) and seven other Croatian banks. According to the plaintiff, the defendant banks engaged in an unfair practice by allegedly using unfair contractual provisions on variable interest rate, which could be changed unilaterally by the bank and by denominating the loans granted in Swiss francs (or indexing them to Swiss francs) without allegedly appropriately informing the consumers of the risks prior to entering into the respective loan agreements.

In September 2019, the Croatian Supreme Court rendered a ruling in the collective action proceedings, rejecting the appeals filed by the sued banks against the High Commercial Court ruling from 2018 and confirming the position of courts of lower instance that banks had breached collective interests and rights of consumers by incorporating unfair and null and void provisions on the CHF currency clause. The decision of the Supreme Court was challenged by PBZ before the Constitutional Court, which rejected the claim at the beginning of 2021. The subsidiary thus lodged an appeal before the European Court of Human Rights, which was rejected near the end of 2022.

In connection with the mentioned proceedings for the protection of the collective interests of consumers, numerous individual proceedings have been brought by customers against PBZ, despite the fact that most of them voluntarily accepted the offer to convert their CHF loans into EUR denominated loans retroactively, in accordance with the Act on the Amendments to the Consumer Credit Act (Croatian Official Gazette 102/2015 (the **Conversion Law**)).

In March 2020, the Croatian Supreme Court, within a model case proceedings (a Supreme Court proceedings with obligatory effect on lower instance courts with the aim of unifying/harmonising case law), ruled that the conversion agreements concluded between banks and borrowers under the Croatian Conversion Law of 2015 produce legal effects and are valid even in the case when the provisions of the underlying loan agreements on variable interest rate and currency clause are null and void.

In May 2022, the EU Court of Justice, in proceedings regarding reference for a preliminary ruling involving another intermediary, established that the Court of Justice has jurisdiction over the conversion agreements concluded under the Conversion Law, as they occurred after Croatia joined the European Union, and that the EU Directive on unfair terms in consumer contracts does not apply to those conversion agreements, whose content reproduces provisions of national law.

On 20 December 2022, the Civil Law Department of the Croatian Supreme Court provided an interpretation of the legal effects of the agreements for the conversion of loan agreements from CHF to EUR and on consumers' rights. By virtue of that interpretation, the consumers that entered into a conversion agreement pursuant to the aforementioned Conversion Law of 2015 have the right to receive legal interest on excess amounts paid that the bank calculated on converting the loans, from the date of each single payment up to the date of conversion.

Once this judicial interpretation is recorded with the Court Practice Records Department, it will be final and binding for lower instance courts.

The number of new individual lawsuits filed against PBZ in 2023 was higher than those in 2022. At the end of 2023 the total pending cases still amounted to approximately 7,200.

### ***Dispute with the foreign subsidiary Banca Intesa Beograd (Serbia)***

The following areas of the mass disputes that have impacted the entire Serbian banking system shown below.

#### **1. Processing fees**

Legal dispute regarding processing fees applied by banks at the time of disbursing loans. The claimants, individuals and legal persons, are requesting the repayment of those charges, as they are deemed as not owed. The first claims arose in 2017, and a significant increase in lawsuits was recorded in the following years, though for modest amounts on average. Most of the courts accepted the customers' requests, based on an interpretation of regulations that the banks oppose. In September 2021, the Supreme Court of Serbia recognised the legitimacy of the costs and fees applied to loans at the time of their disbursement, provided they are indicated in the contract proposal. During 2023, the flows of new disputes significantly decreased compared to 2022, and several customers dropped pending disputes. Indeed, at the end of the year 2023, Banca Intesa Beograd had been summoned in around 15,000 lawsuits deemed as having possible or probable risk (at the end of 2022, these amounted to around 18,590); the related total amounts of principal requested to be repaid by the Bank came to around €1 million.

#### **2. NKOSK**

Legal dispute relating to real estate loans insured through the National Housing Loan Insurance Corporation (NKOSK), whose premium is paid by the borrowers. The borrowers deem that, as the bank is the beneficiary of the insurance, the premium should be paid by the bank. Most of the courts accepted the customers' requests, based on an interpretation of regulations that the banks oppose. In September 2021, the Supreme Court of Serbia recognised the legitimacy of requiring the insurance premium to be paid by the borrowers, provided that the obligation is clearly described to the borrowers during precontractual procedures. In 2023, the number of lawsuits slightly decreased compared to 2022. Indeed, at the end of the year 2023, Banca Intesa Beograd had been summoned in around 1,000 lawsuits deemed as having possible or probable risk (at the end of 2022, these amounted to around 1,100); the related total amounts requested to be repaid by the Bank came to around €1 million.

### ***Ruling of the EU Court of Justice of 11 September 2019 on credit agreements for consumers so-called Lexitor ruling***

Article 16, paragraph 1 of Directive 2008/48 on credit agreements for consumers states that in the event of early repayment of the loan the consumer is “entitled to a reduction in the total cost of the credit, such reduction consisting of the interest and the costs for the remaining duration of the contract”. According to the Lexitor ruling, this provision must be interpreted as meaning that the right to a reduction in the total cost of the credit includes all the costs incurred by the consumer and therefore also includes the costs relating to services prior to or connected with the signing of the contract (upfront costs such as processing costs or agency fees).

Article 16, paragraph 1 of Directive 2008/48 has been transposed in Italy through Article 125-sexies of the Consolidated Law on Banking, according to which in the event of early repayment “the consumer is entitled to a reduction in the total cost of the credit, equal to the

amount of interest and costs due for the remaining life of the contract”. On the basis of this rule, the Bank of Italy, the Financial Banking Arbitrator and case law have held that the obligation to repay only relates to the charges that have accrued during the course of the relationship (recurring costs) and have been paid in advance by the customer to the lender. In the event of early repayment, these costs must be repaid in the amount not yet accrued and the obligation to repay does not include the upfront costs.

Following the Lexitor judgment, the question has arisen as to whether Article 125-*sexies* of the Consolidated Law on Banking should be interpreted in accordance with the principle laid down therein or whether the new principle requires a legislative amendment. According to the EU principle of “consistent interpretation” national courts are required to interpret the rules in their own jurisdiction in a manner consistent with the European provisions. However, if the national rule has an unambiguous interpretation, it cannot be (re)interpreted by the court in order to bring it into line with the various provisions of a European directive: the principles recognised by European Union law prevent the national court from being required to make an interpretation that goes against the provisions of the domestic law. In this regard, we note that Article 125 *sexies* of the Consolidated Law on Banking has always been interpreted as meaning that, in the event of early repayment, the obligation to repay relates only to recurring costs and therefore does not include upfront costs.

In December 2019, following the Lexitor ruling, the Bank of Italy issued “guidance” for the implementation of the principle established by the EU Court of Justice, to the effect that all costs (including upfront costs) should be included among the costs to be refunded in the event of early repayment, both for new relationships and for existing relationships. Intesa Sanpaolo has decided to follow the Bank of Italy “guidance”, even though it believes that the legal arguments set out above regarding the fact that Article 125 *sexies* of the Consolidated Law on Banking cannot be interpreted in a manner that complies with the Lexitor ruling are well founded. A provision has therefore been made in the Allowance for Risks and Charges corresponding to the estimated higher charges resulting from the decision to follow the Bank of Italy “guidance”.

On 25 July 2021, Article 11-*octies* of Law 106/2021 took effect, which modified paragraph 1 of Article 125-*sexies* of the Consolidated Law on Banking, with the intention of resolving the situation of uncertainty caused by the Lexitor ruling, with the following provisions:

- (a) with regard to the rules on mortgage lending to consumers, removal of the reference to Article 125-*sexies* of the Consolidated Law on Banking and insertion of a specific provision on the early redemption of this type of loan, limiting repayment to only the interest and costs due for the remaining life of the loan agreement;
- (b) with regard to the rules on consumer credit, the text of Article 125-*sexies* of the Consolidated Law on Banking is modified so as to implement the principles of the Lexitor ruling, indicating, however, the amortised cost criterion as the preferred criterion for calculating repayment;
- (c) these provisions only apply to loan agreements signed after the entry into force of the law converting the decree. Loan agreements signed before that date are expressly to be governed by the provisions of law and by Supervisory Provisions previously in force.

The new rule does not have significant impacts on new contracts: for personal loans, the contractual clauses already comply with the rule, and for salary-backed loan products, the companies in the Intesa Sanpaolo Group have adopted the “*tutto TAN*” (All APR) model, which does not apply incidental costs to the customer, aside from interest. As regards consumer credit agreements concluded before the date of entry into force of the new rule, even if the agreements expired after that date, the repayment of the upfront costs could be limited to the amount established in the agreement.

The Coordination Board of the Banking and Financial Ombudsman (ABF), which was assigned the issue of repayment of the upfront costs following the entry into force of the “*Lexitor amendment*”, issued Decision no. 21676 on 15 October 2021, stating the following principle: in application of the legislative change pursuant to Article 11 octies, paragraph 2, last sentence of Law Decree No. 73 of 25 May 2021, converted into Law no. 106 of 23 July 2021, in the event of early repayment of a loan entered into before the entry into force of the specific regulatory provisions, there must be a distinction between costs relating to activities over the course of the contractual relationship (*recurring costs*) and costs relating to the fulfilment of preliminary obligations for granting the loan (*upfront costs*). This means that the former, but not the latter, can be repaid, limited to the portion not accrued due to the early repayment.

The guidance from the Coordination Board of the Banking and Financial Ombudsman continues to be followed by the single panels, which reject the requests for pro rata repayment of upfront costs. The decisions were not suspended even after the issue of the legitimacy of the legislative change was referred to the Constitutional Court. This will be explained further below. On 1 December 2021, the Bank of Italy also notified intermediaries that, as a result of the changes made by Law 106/2021 to Article 125 sexies of the Consolidated Law on Banking, its “guidelines” of 4 December 2019 are to be considered invalid. Those guidelines requested that, in the event of the early repayment of consumer credit loans, the reduction in the total cost of the loan be calculated, including all costs borne by the consumer (*recurring and upfront costs*), excluding taxes.

Conversely, ordinary case law is divided over the application of the new rule. Several judges have applied the new provision by rejecting the claimant’s request for *pro rata* repayment of upfront fees following early repayment. However, in a significant number of cases, particularly in disputes before Justices of Peace, the customer’s right to pro rata repayment of the upfront costs was recognised, deeming that – with varying, questionable grounds – the Lexitor principles should be applied also following the entry into force of the legislative change. Those rulings have generally been challenged by the Bank.

With ruling no. 263 of 22 December 2022, the Constitutional Court accepted the question of constitutionality raised by the Court of Turin in November 2021, in a lawsuit brought against an intermediary specialising in salary-backed loans, for repayment of the upfront costs, declaring only the section of Article 11 octies, paragraph 2 of Law Decree no. 73 of 25 May 2021, converted with amendments into Law no. 106 of 23 July 2021 with the wording “*and the secondary regulations contained in the transparency and supervisory provisions of the Bank of Italy*” to be unconstitutional.

In light of the ruling of the Constitutional Court, the Bank made an initial estimate of the potential charge connected with the effects of the partial declaration of unconstitutionality of Article 11 octies, paragraph 2 of Law Decree no. 73 of 25 May 2021, making a specific provision to the allowance for risks and charges.

On 9 February 2023, the European Court of Justice, within proceedings originating from a reference for a preliminary ruling from the Austrian Supreme Court, ruled on the applicability of the Lexitor principle to mortgage lending to consumers. The Austrian Court asked the European Court of Justice whether Directive 2014/17 on mortgage lending to consumers precluded national legislation providing that the right of the consumer to a reduction in the total cost of the credit in the event of early repayment of the credit covers only interest and costs that are dependent on the duration of the agreement. The Court declared that Directive 2014/17 does not preclude such legislation.

According to the Court, that right to reduction does not, therefore, include costs which, irrespective of the duration of the agreement, are payable by the consumer to either the



creditor or third parties for services previously rendered in their entirety at the time of early repayment (such as processing and appraisal fees). Moreover, in 2021 the European Commission launched the process for the revision of EU Directive no. 2008/48 on consumer credit, on which the Lexitor ruling had been handed down. Following the legislative proposal initially formulated by the Commission, the phase of involving the European Parliament and Council began and, in the last few months, these bodies defined their positions by publishing their respective proposals.

***Dispute between Intesa Sanpaolo Vita S.p.A. and RB Holding S.p.A. and the Favaretto family***

In May 2020, Intesa Sanpaolo Vita S.p.A. finalised an investment in RBM Assicurazioni Salute S.p.A., the leading Italian insurance company in the healthcare class held by RB Holding S.p.A. referring to the family of Roberto Favaretto, an operation that resulted in Intesa Vita S.p.A. currently controlling the insurance company, now named Intesa Sanpaolo RBM Salute S.p.A.

In May 2022, Intesa Sanpaolo Vita sent the minority shareholders RB Holding S.p.A. an indemnity request pursuant to and in accordance with the investment contract, in relation to the emerging situations that gave rise (or could give rise) to liabilities currently quantifiable at over €129 million, which substantially involve:

- the increase in the charges for claims concerning the mètaSalute Policy due to the elimination of unfair business practices subject to proceedings launched by the AGCM (Italian Competition Authority);
- credit positions (per ‘*premium settlements*’) posted to balance sheet assets at the time of closing and fully written down following the closing, due to their verified uncollectibility;
- penalties for delays in payments of claims relating to the ASDEP – Healthcare for Employees of Public Entities Policy.

RB Holding S.p.A. rejected all charges and, in the second decade of July 2022, along with the Favaretto family, submitted a petition to the Arbitration Chamber of Milan, claiming the invalidity of several clauses in the investment contract and shareholders’ agreement of 2020 (including those relating to the put and call options on the minority interest and the non-competition agreement), breaches by Intesa Sanpaolo Vita of contractual commitments (such as the consultation clause relating to the renewal of the MètaSalute contract and the termination of the relationship with the previous Managing Director), the breach by the latter of the rules of good faith and fairness, with a request for compensation for damages totalling €423.5 million.

Intesa Sanpaolo Vita S.p.A. filed its defence to the Arbitration Chamber by the assigned deadline of 5 September 2022, fully contesting the adverse party’s arguments and also making a counterclaim for the payment of a total amount of €129.4 million, for the breach, by RB Holding S.p.A., of the representations and warranties issued and commitments undertaken through the investment contract, as well as the obligation to act in accordance with fairness and good faith, making full reference to the claims set out in the indemnity request of May 2022.

In March 2023, ISP Vita, RB Holding S.p.A. and the Favaretto family reached an agreement, by which, in addition to regulating the immediate transfer by RB Holding S.p.A. of the residual shareholding in Intesa Sanpaolo RBM Salute in favour of ISP Vita, now 100% owner, the parties agreed to amicably resolve, without any admission of the claims mutually advanced, the Arbitration referred to above, agreeing to proceed to formalise the Milan

Chamber of Arbitration the waiver of the claims respectively introduced.

The waivers have been formalised and the arbitration proceedings have been closed.

***Disputes arising from the acquisition of certain assets, liabilities and legal relationships of Banca Popolare di Vicenza S.p.A. in compulsory administrative liquidation and Veneto Banca S.p.A. in compulsory administrative liquidation***

Preliminarily, the following is noted:

- a) based on the agreements between the two banks in compulsory administrative liquidation and Intesa Sanpaolo (Sale Contract of 26 June 2017 and Second Acknowledgement Agreement of 17 January 2018), two distinct categories of disputes have been identified (also relating to the subsidiaries of the former Venetian banks included in the sale):
  - the previous disputes, included among the liabilities of the aggregate set transferred to Intesa Sanpaolo, which include civil disputes relating to judgements already pending at 26 June 2017, with some exceptions, civil disputes relating to proceedings already pending at 26 June 2017, and in any case different from those included under the excluded disputes (see the point below);
  - the excluded disputes, which remain under the responsibility of the banks in compulsory administrative liquidation and which concern, among other things, disputes (even if already pending at 26 June 2017) brought by shareholders and convertible and/or subordinate bondholders of one of the two former Venetian banks including those deriving from so-called “operazioni baciate”, disputes relating to non-performing loans, disputes relating to relationships terminated at the date of the transfer, and all disputes (whatever their subject) arising after the sale and relating to acts or events occurring prior to the sale. The excluded disputes also include the disputes attributable to all the categories listed herein brought against Banca Nuova and Banca Apulia (or Intesa Sanpaolo as their absorbing company);
  - the relevant provisions were transferred to Intesa Sanpaolo along with the previous disputes; in any case, if the allowances transferred prove insufficient, Intesa Sanpaolo is entitled to be indemnified by the banks in compulsory administrative liquidation, at the terms provided for in the sale contract of 26 June 2017.
- b) after 26 June 2017, a number of lawsuits included within the excluded disputes were initiated or resumed against Intesa Sanpaolo. With regard to these lawsuits:
  - Intesa Sanpaolo is pleading and will plead its non-involvement and lack of capacity to be sued, both on the basis of the provisions of Law Decree 99/2017 (Article 3), and the agreements signed with the banks in compulsory administrative liquidation and in compliance with the European Commission provisions on State Aid (Decision C(2017) 4501 final and attachment B to the Sale Contract of 26 June 2017), which prohibit Intesa Sanpaolo from taking responsibility for any claims made by the shareholders and subordinated bondholders of the former Venetian banks;
  - if there were to be a ruling against Intesa Sanpaolo (and in any event for the charges incurred by Intesa Sanpaolo for any reason in relation to its involvement in any excluded disputes), it would have the right to be reimbursed by the banks in compulsory administrative liquidation, based on that set out in the Sale Contract and subsequent agreements. The banks in compulsory administrative liquidation have contractually acknowledged their capacity to be sued with respect to the excluded disputes, such that, they have entered appearances in various proceedings initiated (or re-initiated) by various shareholders and convertible and/or subordinate bondholders against Intesa Sanpaolo (or in any case included in the category of excluded disputes),

asking for the declaration of their exclusive capacity to be sued and the consequent exclusion of Intesa Sanpaolo from those proceedings.

All the obligations and liabilities for indemnity assumed by the Banks in compulsory administrative liquidation in relation to Intesa Sanpaolo are covered by a public guarantee (“Indemnification Guarantee”), whose issue was an essential prerequisite of the sale contract. This guarantee was formalised on 15 November 2022.

Over time, by virtue of the contractual obligations assumed by the two Venetian Banks in compulsory administrative liquidation, Intesa Sanpaolo has sent them several claims containing requests (or reserving the right to make requests) for reimbursement/indemnity relating to previously incurred or potential damage concerning previous disputes or excluded disputes, as well as the breach of representations and warranties regarding certain assets and liabilities transferred to Intesa Sanpaolo.

Pending the formalisation of the “*Indemnification Guarantee*”, on 14 October 2022, Intesa Sanpaolo and the two Venetian Banks in compulsory administrative liquidation negotiated and signed a “*Third Agreement*” to govern several aspects for the performance of the Sale Contract of 26 June 2017 (as occurred for two previous acknowledgement agreements signed in 2017 and in 2018). At that time, Intesa Sanpaolo and the two Venetian Banks in compulsory administrative liquidation:

- extended the duration of the loan agreements on the net debt of the sale and the sale of high-risk loans and their conditions, aligning the guarantees;
- specified, both regarding the claims already sent by Intesa Sanpaolo and for the future, several aspects concerning the timing and methods of managing the related requests for compensation, covered by the Indemnification Guarantee in favour of Intesa Sanpaolo; and
- agreed on several methods to effectively manage disputes in which Intesa Sanpaolo will be involved.

By order of 20 July 2021, in the proceedings relating to the excluded disputes brought for the alleged mis-selling of BPVi shares in which Intesa Sanpaolo (which claimed it lacks the capacity to be sued based on Law Decree 99/2017 and the sale contract) is also a party, the Court of Florence referred the question of the constitutionality of Law Decree 99/2017 to the Constitutional Court

This is the first case of referral to the Constitutional Court of issues relating to Law Decree 99/2017. To date, the numerous applications for referral to the Constitutional Court formulated by adverse parties in proceedings relating to the excluded disputes have always been rejected by judges, as they were deemed immaterial or clearly unfounded.

In filing an appearance in court, the Bank challenged the order of referral, claiming that it was inadmissible and unfounded; this, considering EU and Italian regulations on State aid as part of the operations on the Venetian Banks, correctly applied by the national legal system, and the absence of discriminatory effects against the shareholders and subordinated bondholders of the Venetian Banks. The Presidency of the Council of Ministers and BPVi in compulsory administrative liquidation (as well as the Bank of Italy, as *amicus curiae*) filed appearances in the proceedings, concluding in favour of the inadmissibility and lack of grounds of the issues of unconstitutionality raised.

With ruling no. 225 filed on 7 November 2022, accepting the defences of Intesa Sanpaolo, the Attorney General and Banca Popolare di Vicenza in compulsory administrative liquidation, the Court declared all the issues of unconstitutionality raised to be inadmissible, also taking a position on their lack of grounds, in line with the defences submitted by Intesa Sanpaolo.

In January 2018, as part of a criminal proceeding before the Court of Rome for the alleged market rigging and obstructing the Supervisory Authorities in the performance of their functions with respect to officers and executives of Veneto Banca, the preliminary hearing judge decided that Intesa Sanpaolo could be charged with civil liability, assuming that the exclusion from the sale to Intesa Sanpaolo of the debts, responsibilities and liabilities deriving from the sale of shares and subordinated bonds – envisaged by Law Decree 99/2017 – would not be objectionable by third parties, while Article 2560 of the Italian Civil Code would be applicable in the case in question and Intesa Sanpaolo should therefore take on those liabilities.

As a result of this decision, more than 3,800 civil plaintiffs holding Veneto Banca shares or subordinated bonds joined the proceedings. Intesa Sanpaolo, thus filed an appearance, requesting that it be excluded from the proceedings. In turn, Veneto Banca in compulsory administrative liquidation intervened voluntarily affirming its exclusive, substantial and procedural capacity to be sued.

In March 2018, the preliminary hearing judge declared his lack of territorial jurisdiction, transferring the files to the Public Prosecutor's Office of Treviso. The charge of civil liability and the joinders of the civil parties were therefore removed.

After the case documents were forwarded to the Public Prosecutor's Office of Treviso, the former Managing Director of Veneto Banca, Vincenzo Consoli, was committed to trial for the offences of market-rigging, obstructing banking supervisory authorities and financial reporting irregularities.

The Judge for the Preliminary Hearing rejected the motion to authorise the summons of Intesa Sanpaolo as civilly liable party.

A similar motion was rejected in the criminal proceedings before the Court of Vicenza against management board members and key function holders and executives of Banca Popolare di Vicenza.

### ***Disputes relating to bank guarantees***

This type of dispute derives from a decision of the Court of Cassation in 2017, based on a Bank of Italy measure of 2005 relating to a bank guarantee scheme submitted to it by the ABI (agreed with the main consumers' associations). The Bank of Italy deemed that three clauses in this scheme could have anti-competition effects if applied in a standard manner by banks. Referring to that measure, the Court of Cassation formulated the following new principle of law: once the existence of an unlawful, and therefore, null and void anticompetitive agreement has been ascertained, bank guarantees that constitute the application of the unlawful agreement shall also be deemed unlawful, even if issued prior to the verification of the agreement. As part of recovery proceedings managed by Italfondinario on behalf of the Bank, the issue relating to the consequences of the principle stated by the Court in 2017 on individual bank guarantees issued based on the Italian Banking Association (ABI) scheme was referred to the Joint Sections.

Specifically, they were asked to assess:

1. whether the inclusion of the unlawful clauses in the contract justifies the declaration that the contracts are null and void or exclusively legitimises the claim for damages;
2. in the event of nullity, what type of defect determines such nullity and which party is entitled to enforce it;

3. whether the partial nullity of the bank guarantee is admissible;
4. whether, in addition to verifying that the clauses match those deemed unlawful, the intention of the parties regarding the operation must be investigated and, that is, whether they would have gone ahead even knowing the clauses were unlawful.

On 30 December 2021, the Joint Sections declared the partial nullity of the bank guarantees drawn up based on the Italian Banking Association (ABI) template, in relation to clauses 2, 6 and 8.

The Joint Sections opted for an intermediate solution, excluding the other two possible solutions: on one side, they ruled out the full validity of the bank guarantee, a solution which would have exclusively permitted compensation for damages as the only remedy to be used by the guarantor (as suggested in the conclusions of the General Prosecutor prior to the hearing of 23 November 2021); on the other side, they ruled out the possibility of deeming the entire bank guarantee contract null and void.

Around one year since the ruling of the Joint Sections, there have been no increases in disputes, which, on the whole, are still a modest amount.

#### ***Andrea Abbà and 207***

This is a dispute pending before the Court of Milan, Business Section, initiated in 2019 by Mr. Abbà and 207 subordinated bondholders of Banca delle Marche <sup>(24)</sup>. The claimants seek a declaration voiding the bonds and compensation for the damages suffered. The claim has been quantified at approximately €31 million.

Intesa Sanpaolo filed its appearance, objecting that it lacked the capacity to be sued, arguing in particular that the bonds in question were outside the scope of the sale by the Bridge Entity to the former UBI Banca. The former UBI Banca also argued that the claimant's claims had become time barred and that the adverse parties lacked capacity, since they were not the “*first borrowers*” and thus by law were not entitled to claim that the original bonds were inherently flawed. Finally, the lack of grounds to void the bonds and of evidence of the causal relationship between the bank's conduct at issue and the damages was underscored.

As the manager of the National Resolution Fund, the Bank of Italy intervened in the proceedings, upholding the arguments and conclusions formulated by the former UBI Banca. Following its interruption due to the death of one of the claimants, the lawsuit was resumed. The Court of Milan granted the terms for filing preliminary briefs and scheduled the hearing for 28 March 2023.

#### ***AC Costruzioni s.r.l.***

Proceedings brought by AC Costruzioni S.r.l. (subsequently declared bankrupt) and Aurelio Cava (deceased during the trial) seeking a declaratory judgment establishing contractual and/or extracontractual liability of Intesa Sanpaolo for the revocation of the credit facilities in 1998 and a judgment ordering the bank to provide compensation for the damages resulting from revocation, quantified at a total of around €33 million.

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<sup>24</sup> See the previous note.

The adverse party's claims were rejected in full by both the Court of Cosenza and the Catanzaro Court of Appeal, which upheld the arguments made by Intesa Sanpaolo. The judgment of the second instance was appealed by Cava's heirs and then by the receiver to AC Costruzioni by counter-appeal and cross-appeal.

By order filed at the end of July 2022, the Court of Cassation rejected the appeals filed by the adverse parties in their entirety and ordered them to pay the cost to the bank. Therefore, the dispute has been definitively closed without any outlays.

### **Metropolitan City of Rome Capital (formerly the Province of Rome)**

Criminal proceedings are pending before the Rome Public Prosecutor's Office against a former Banca IMI manager for co-commission of aggravated fraud against the Metropolitan City of Rome Capital (formerly the Province of Rome).

The proceedings relate to the overall transaction for the purchase by the local authority, through the real estate fund Fondo Immobiliare Provincia di Roma (fully owned by the Province of Rome), of the new EUR premises.

The real-estate transaction received financing of €232 million from UniCredit, BNL and Banca IMI (each with 1/3).

The former Banca IMI employee is accused of having misled – with three other managers of the two other lending banks, seven managers of the asset management company that manages the provincial fund and two public officials – the fund's internal control bodies and representatives of the Province, allowing the lending banks to obtain an unjust profit and thus causing significant damages to the public authority. In addition, the Public Prosecutor claims that the lending banks and the Fund entered into a loan under different, more burdensome conditions than those provided for in the call for tenders held by the public entity for the transaction.

Intesa Sanpaolo (as the company that absorbed Banca IMI) is investigated in the criminal proceeding pursuant to Legislative Decree 231/01 together with the other two lending banks and the real-estate fund management company.

By measures dated 23 May 2022 and 14 June 2022, the Public Prosecutor's Office of Rome ordered the closure of the positions of both the former manager of Banca IMI and of Intesa Sanpaolo to request their dismissal. By order dated 27 June 2022, which became final in December, the Public Prosecutor's Office ordered the dismissal of the proceedings against the Bank. It is also expected that the request for dismissal be formalised also against the former manager of Banca IMI.

### ***Disputes regarding tax-collection companies***

In the context of the government's decision to re-assume responsibility for tax collection, Intesa Sanpaolo sold to Equitalia S.p.A., now the Italian Revenue Agency – Collections Division, full ownership of Gest Line and ETR/ESATRI, companies that managed tax-collection activities, undertaking to indemnify the buyer against any expenses associated with the collection activity carried out up to the time of purchase of the equity investments.

In particular, such expenses refer to liabilities for disputes with tax authorities, taxpayers and employees and out-of-period expenses and capital losses with respect to the financial situation at the time of the sale.

Overall, claims of around 74.9 million euro were made, later reduced to around 74.6 million euro, which were resolved by amicable settlement in the second quarter of 2023.

### ***Energy S.r.l.***

Energy s.r.l., to which the bankruptcy receiver of C.I.S.I. S.r.l. transferred all its rights towards third parties, brought a claim before the Court of Rome against Intesa Sanpaolo seeking to quash the revocation of the subsidised loan of approximately €22 million granted to C.I.S.I. S.r.l. in 1997 pursuant to Law 488/92 and a judgment ordering the Ministry of Economic Development, Intesa Sanpaolo (as the concessionaire for the procedural application process) and Vittoria Assicurazioni (guarantor of the payment of the second tranche of the loan), jointly and severally between them, to provide compensation for damages allegedly incurred, quantified at a total of approximately €53 million. The company justified its claim by citing a favourable judgment rendered in criminal proceedings originating from a complaint filed against C.I.S.I. and its director alleging grave irregularities and breach in the execution of the business plan to which the loan referred – proceedings that had led to the revocation of the subsidised loan. Intesa Sanpaolo entered its appearance, denying that there was any basis for the adverse parties' claims, arguing that all claims for compensation against Intesa Sanpaolo had become time barred, the claims were groundless on the merits and the damages had been represented inappropriately.

The trial process was begun and the usual briefings were exchanged without the preliminary investigation being carried out. On 10 December 2022, the Court filed its ruling rejecting Energy's claims. On 10 January 2023 Energy served its appeal.

### ***Engineering Service S.r.l.***

In 2015, Engineering Service S.r.l. brought a civil suit against the Ministry of Economic Development, BPER and the former UBI Banca regarding the granting of public subsidies to businesses. The claimant accuses Intesa Sanpaolo (and BPER) of delays in managing the approval procedure and disbursements – delays that allegedly resulted in a liquidity crisis for the company and the consequent loss of the public contribution.

A claim for damages for approximately €28 million was brought against Intesa Sanpaolo. The Bank's defence counsel argued that the approval times depended on BPER, to which it thus submitted a claim for indemnity.

Following the revocation of the order to carry out a court-appointed expert's report, the Court of Rome, with ruling dated 9 November 2021, fully rejected the claimant's application, ordering it to pay the legal fees of all the parties summoned. The ruling became final, due to lack of appeal within the terms set out by law.

### ***G.I.& E. Bankruptcy***

In November 2021, the G.I.& E. S.p.A. Bankruptcy Receiver initiated action for compensation of damages against Intesa Sanpaolo (as the absorbing company of Banca dell'Adriatico) and the former UBI Banca (as the absorbing company of Banca Marche and Popolare di Ancona), claiming that they were liable for having contributed, along with other banks and with the conduct of the directors and control bodies, to artificially keeping the company afloat and worsening its default.

The alleged damages claimed were quantified by the counterparty at around €22.5 million. Lifting the reservation assumed at the hearing of 16 December 2022, the Court ordered the court-appointed expert's report requested by the Bankruptcy Receiver to be carried out.

### ***Isoldi Holding Bankruptcy***

The Isoldi Bankruptcy receiver to sued the former UBI Banca (which absorbed Nuova Banca Etruria and Centrobanca), Intesa Sanpaolo and five other banks in June 2020, before the Court of Bologna, claiming that they were liable, jointly and severally with the management body of Isoldi Holding, for a series of acts of diversion of assets that are claimed to have contributed to the company's artificial survival in the period June 2011 – June 2013, due to conduct claimed to have been implemented by preparing a turnaround plan pursuant to Article 67, para. 3, letter (d), of the Bankruptcy Law based on unlawful acts and a connected agreement governing the disbursement of new finance, acts that are argued to have artificially deferred the company's crisis and concealed the irreversibility of its default.

The Isoldi Bankruptcy Receiver also formulated a joint claim against Intesa Sanpaolo (prior to the incorporation of UBI Banca) and MPS, claiming their liability, jointly with the Sole Director of Isoldi Holding, for allegedly unlawful conduct connected with the bail-in of Aedes, in which Isoldi Holding was interested in taking over the majority shareholding.

Intesa Sanpaolo and the former UBI Banca filed regular appearances and the assigned Court, with order dated 1 July 2021, declared that it lacked jurisdiction. The adverse party resumed the proceedings, submitting the same claims before the Court of Turin. Intesa Sanpaolo filed an appearance for the hearing scheduled for 3 March 2022. At the hearing of 16 February 2023, the judge reserved the decision on the preliminary objections. The total damages claimed by the adverse party do not seem to be accurately quantifiable as things stand, also taking account of the various conduct of the various banks challenged.

#### ***Società Italiana per le Condotte d'Acqua S.p.A. under Extraordinary Administration***

By writ of summons of 23 December 2022, Società Italiana per le Condotte d'Acqua S.p.A. (admitted to the "Marzano" proceedings by way of Italian Ministerial Decree of 6 August 2018) asked the Court of Rome to order for compensation for damages in the amount of 389.3 million euro (or a different amount that will arise during the proceedings), in addition to monetary revaluation, legal interest and expenses.

The claim has been filed, jointly, against Intesa Sanpaolo (also as the absorbing company of Medio Credito Italiano, Banca IMI and UBI Banca, as well as "the purchaser of" Veneto Banca and Banca Popolare di Vicenza), the members of the Management Board and the Supervisory Board of Condotte and numerous other banks and factoring companies. The claim is based on the alleged conduct engaged in for various reasons by the defendants, considered a source of harm to the company's assets and its creditors. Specifically, the banks and factoring companies are allegedly liable for having unlawfully granted to and/or maintained credit for Condotte, thereby contributing to the continuation of its business at a loss and the worsening of its default.

The first hearing has been scheduled for September 2023. As things stand, it is not possible to estimate the risk attributable to Intesa Sanpaolo, also taking account of the different conduct claimed against the numerous defendants. The Extraordinary Administration has also promoted against Intesa Sanpaolo three bankruptcy revocatory actions before the Court of Rome, with a request to reimburse amounts of around 16 million euro.

#### ***Fondazione Cassa di Risparmio di Pesaro***



In 2018, Fondazione Cassa di Risparmio di Pesaro brought a compensation claim against the former UBI Banca (as the alleged successor-in-interest to the issuer Banca Marche S.p.A. <sup>(25)</sup>) and PwC (the independent auditing firm that certified all the financial statements and the figures presented in the Base Prospectus) alleging that the defendants published data and information regarding the financial performance and position of Banca delle Marche S.p.A. that later proved to be totally incorrect and misleading. This information, contained in the financial statements as at 31 December 2010 and 30 June 2011 and included in the Prospectus, is claimed to have led the Foundation to subscribe for the bank's shares issued as part of the capital increase in March 2012. In later years, these shares went on to decline in value considerably, resulting in a loss quantified at approximately €52 million.

During the trial the Bank of Italy joined the suit, upholding the lack of capacity to be sued invoked by UBI, by virtue of the provisions of Legislative Decree 180/2015 governing the resolution procedure for Banca delle Marche. The Court rejected all preliminary applications filed and adjourned the case to 13 July 2021 for the entry of conclusions. After the entry of conclusions, the parties have filed their closing briefs.

The Court of Milan, in a ruling published in May 2023, having ascertained and declared the lack of capacity to be sued of ISP, as the company that absorbed UBI, rejected the Foundation's claim and ordered that each party pay its own legal fees. The deadline for the appeal is pending.

#### ***Fondazione Cassa di Risparmio di Jesi***

In January 2016, Fondazione Cassa di Risparmio di Jesi brought a compensation claim against UBI Banca (as the alleged successor-in-interest to the issuer Banca Marche S.p.A. <sup>(26)</sup>) and PwC (the independent auditors that certified all the financial statements and the figures presented in the Base Prospectus) alleging that the defendants published data and information regarding the financial performance and position of Banca delle Marche S.p.A. that later proved to be totally incorrect and misleading. This information, contained in the financial statements as at 31 December 2010 and 30 June 2011 and included in the Base Prospectus, is claimed to have led the Foundation to subscribe for the bank's shares issued as part of the capital increase in March 2012. The value of these shares then fell to zero, resulting in a loss quantified at approximately €25 million.

During the trial the Bank of Italy joined the suit, upholding the lack of capacity to be sued invoked by the former UBI Banca, by virtue of the provisions of Legislative Decree 180/2015 governing the resolution procedure for Banca delle Marche.

By a judgement rendered on 18 March 2020, the Court of Ancona granted the objection of lack of capacity to be sued raised by Intesa Sanpaolo, rejecting the claims lodged.

In the appeal brought by the Foundation, the Court of Appeal of Ancona, by judgment filed on 17 July 2023, rejected the appeal brought by the adverse party and upheld the first instance judgment, ordering the appellant to pay the costs of the proceedings to Intesa Sanpaolo. The deadline for an appeal is pending.

#### ***Alitalia Group: Claw-back actions***

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<sup>25</sup> See the previous note.

<sup>26</sup> See the previous note.

In August 2011, companies of the Alitalia Group under Extraordinary Administration – namely Alitalia Linee Aeree, Alitalia Servizi, Alitalia Airport and Alitalia Express – brought five bankruptcy claw-back proceedings against Intesa Sanpaolo before the Court of Rome (of which one against the former Cassa di Risparmio di Firenze), requesting the repayment of a total of €44.6 million.

When the proceedings were initiated, a line of defence was adopted based mainly on the grounds that the actions were invalid due to the vagueness of the claims, that the condition of knowledge of the Alitalia Group's state of insolvency (subject first of the Air France plan and then of the subsequent rescue conducted by the Italian Government) did not apply, and that the credited items were not eligible for claw back, due to the specific nature of the account movements.

As the initial attempts to reach a settlement agreement had failed, in March 2016, the Court of Rome upheld Alitalia Servizi's petition and ordered the Bank to repay around €17 million, plus accessory costs. In addition to being contestable on the merits, the ruling was issued before the deadline for filing of the final arguments. Accordingly, in the appeal subsequently lodged, a preliminary objection was made regarding the invalidity of the judgment, together with an application for suspension of its provisional enforceability, which was upheld by order of 15 July 2016 of the Court of Appeal. Conversely, Alitalia Linee Aeree and Alitalia Express lawsuits were won at first instance. The bankruptcy receivers filed an appeal, which, for Alitalia Express, was concluded in our favour, with the receivers subsequently submitting an appeal to the Court of Cassation.

For Alitalia Airport, which was also won at first instance, the favourable judgment has become final. The lawsuit brought against the former Cassa di Risparmio di Firenze was also won in the first two instances, with the adverse party filing an appeal to the Court of Cassation. The entire dispute, following long negotiations which were restarted in the meantime, was settled in November 2022, awarding the amount of 12.8 million euro to the adverse party.

### ***Elifani Group***

Lawsuit brought in 2009 by Edilizia Immobiliare San Giorgio 89 S.r.l. (now incorporated into Eselfin, which filed an appearance as its replacement), San Paolo Edilizia S.r.l., Hotel Cristallo S.r.l. and the guarantor-shareholder Mario Elifani seeking compensation for damages suffered due to alleged unlawful conduct by the Bank for having requested guarantees disproportionate to the credit granted, enforced pledge guarantees, applied usurious interest to mortgage loans and submitted erroneous reports to the Central Credit Register. The initially claimed amount was approximately €116 million and the dispute refers to the same circumstances mostly already cited in the disputes regarding anatocism and interest in excess of the legal amount brought by the aforementioned companies in 2004 and settled in early 2014. The lawsuit had a favourable outcome for Intesa Sanpaolo in both the first and second instances. By order of 27 December 2019, the Court of Cassation partially granted the adverse parties' petition, with referral of the matter. The adverse parties resumed the lawsuit before the Milan Court of Appeal, quantifying the claim at a total of approximately €100 million.

With a ruling of June 2022, the Court of Appeal of Milan, reviewing the case, rejected the claims made by the claimants, ordering them to pay the legal fees. This ruling was also appealed before the Court of Cassation by the adverse parties, with appeal served on 30 November 2022.

### ***Mariella Burani Fashion Group S.p.A. in liquidation and bankruptcy***

In January 2018 the receiver to Mariella Burani Fashion Group S.p.A. sued its former directors and statutory auditors, its independent auditors and the former UBI Banca (as the company that absorbed Centrobanca), seeking a judgment ordering compensation for alleged damages suffered due to the many acts of mismanagement of the company while in good standing.

According to the claimant's arguments, Centrobanca, which was merged into the former UBI Banca, provided financial support to the parent company of the bankrupt company (Mariella Burani Holding S.p.A.) in 2008, in an operation on its subsidiary, despite the signs of insolvency that the latter began to show in September 2007, causing damages quantified at approximately €92 million.

On a preliminary level, Intesa Sanpaolo argued that the receiver lacked capacity to sue since the disputed loan had been disbursed to the parent company of Mariella Burani Fashion Group S.p.A.; moreover, the alleged damages for which the receiver claims compensation were argued to have been in fact sustained by the company's creditors (and not by the procedure).

With regard to the merit of the claims, the bank stressed that it had acted properly and the borrower in good standing was solely liable since it bore exclusive responsibility for preparing the untrue financial statements, circulating the misinformation and continuing to operate the company in an alleged state of insolvency.

During the second quarter of 2023, the bank settled the dispute by means of disbursement covered by a previous provision and the subsequent waiver of the claims by the receiver.

### ***SIM Bankruptcy***

By writ of summons served in October 2022, the receiver to SIM S.p.A. summoned Intesa Sanpaolo (along with another 7 banks) before the Court of Catania, with the first hearing scheduled for 31 March 2023. This is a compensation claim brought for damages allegedly suffered by the company and its creditors due to conduct by the banks defined by the adverse party as "unlawful", which allegedly resulted in the unlawful granting of credit. The claim for damages has been quantified at around 47 million euro, requesting that the defendant banks be jointly ruled against.

### ***Offering of diamonds***

In October 2015, the Bank signed a partnership agreement with Diamond Private Investment (DPI)

governing how diamond offerings were made by DPI to the customers of Intesa Sanpaolo. The aim of this initiative was to provide customers with a diversification solution with the characteristics of a "safe haven asset" in which to allocate a marginal part of their assets over the long-term. Diamonds had already been sold for several years by other leading national banking networks.

This recommendation activity was carried out primarily in 2016, with a significant decline starting from the end of that year. A total of around 8,000 customers purchased diamonds, for a total of around €130 million. The marketing process was based on criteria of transparency, with safeguards progressively enhanced over time, including quality controls on the diamonds and the fairness of the prices applied by DPI.

In February 2017, the AGCM (*the Italian Competition Authority*) brought proceedings against companies that marketed diamonds, (DPI and other companies), for alleged conduct in breach of the provisions on unfair business practices.

In April, those proceedings were extended to the banks that carried out the recommendation of the services of those companies.

At the end of those proceedings, on 30 October 2017, the AGCM notified the penalties imposed for the alleged breach of the Consumer Code through the conduct of DPI and of the banks which the proceedings had been extended to, consisting – in short – of having provided partial, deceptive and misleading information on the characteristics of the diamond purchases, the methods used to calculate the price – presented as being the market price – and the performance of the market. The Authority issued a fine of €3 million against Intesa Sanpaolo, reduced from the initial fine of €3.5 million, after the Authority had recognised the value of the measures taken by Intesa Sanpaolo from 2016 to strengthen the safeguards on the offering process aimed, in particular, at ensuring proper information was provided to customers.

Following the order by the AGCM, Intesa Sanpaolo paid the amount of the fine and filed an appeal with the Lazio Regional Administrative Court against the order. With reference to that appeal, on 16 November 2022, the Regional Administrative Court confirmed the fine and the Bank will appeal to the Council of State.

From November 2017, Intesa Sanpaolo:

- terminated the partnership agreement with Diamond Private Investment (DPI) and ceased the activity, which had already been suspended in October 2017;
- started a process that provides for the payment to customers of the original cost incurred for the purchase of the diamonds and the withdrawal of the stones, in order to satisfy the customers' resale needs which, due to the illiquidity that had arisen in the market, are not met by DPI; and
- sent a communication in January 2018 to the diamond-holding customers reiterating the nature of the stones as durable goods, and also confirming Intesa Sanpaolo's willingness to intervene directly in relation to any realisation needs expressed by the customers and not met by DPI.

In 2022, 34 requests were received for around €0.5 million. At the end of the year, a total of 6,854 repurchase requests had been received from customers and met by the Bank, for a total value of €116.3 million. The valuation of the repurchased diamonds is carried out using the values provided by the IDEX Diamond Retail Benchmark, one of the main online trading platforms used in the main markets by over 7,000 traders.

In February 2019, an order for preventive criminal seizure of €11.1 million was served, corresponding to the fee and commission income paid by DPI to the Bank. The preliminary investigations initiated by the Public Prosecutor's Office of Milan also concern four other banks (more involved) and two companies that sell diamonds. In October 2019, the notice of conclusion of the investigation was served, which stated that two of the Bank's operators were currently under investigation for alleged aggravated fraud (in collusion with other parties to be identified) and other persons are being identified for allegations of self-laundering, while ISP is being charged with the administrative offence pursuant to Italian Legislative Decree 231/2001 in relation to this latter predicate offence.

In reaction to the latter claims, in July 2021, the hearing was held, in which the Preliminary Investigation Judge accepted the plea bargain request which Intesa Sanpaolo had submitted solely to bring to an end the lengthy legal proceedings and which had been supported by the Public Prosecutor's Office – issuing a ruling which ordered only a financial penalty of €100,000, and the confiscation of only the sums constituting the profit from the offence of self-laundering, calculated at €61,000.

Following the partial transfer of the proceedings to the Court of Rome, for reasons of territorial jurisdiction in August 2022 the revocation of the preventive seizure executed in

February 2019 regarding the profit from the alleged crime of fraud was served, with full restitution to the Bank of the amount of €11 million.

In January 2023 the filing was confirmed of the request to dismiss the case against the two relationship managers under investigation, on the grounds of “the act not constituting an offence”. The request for dismissal was also made in respect of two other employees, on the grounds of “not having committed the act”, as no evidence against them had emerged during the investigation. The Preliminary Investigation Judge will now need to rule on these requests for dismissal.

#### ***Private banker (Sanpaolo Invest)***

An inspection conducted by the Audit function identified serious irregularities by a private banker of the former Sanpaolo Invest SIM. The checks carried out revealed serious irregularities affecting several customers, including misappropriation of funds and reports with false incremental amounts. On 28 June 2019, the company terminated the agency contract with the private banker due to just cause and communicated the findings to the Judicial Authority and the Supervisory Body for financial advisors, which first suspended and then removed the private banker from the Register of Financial Advisors in December 2019.

Following the unlawful actions, the company received a total of no. 278 compensation claims (including complaints, mediation proceedings and lawsuits), for a total amount of approximately €62.9 million, mostly based on alleged embezzlement, losses due to disavowed transactions in financial instruments, false account statements and the debiting of fees relating to advisory service. There are currently 55 pending claims, with a present value of approximately €25.5 million, following the resolution of 223 positions.

The total amount of €6.4 million was recovered from the improperly credited customers (and already returned to the customers harmed) and there are pending attachments of approximately €42 million.

A precautionary attachment was ordered against the private banker for an amount equal to the balance found in the accounts and deposits held with credit institutions and the social-security position with Enasarco. In the ensuing case on the merits, the former private banker filed a counterclaim in the total amount of €0.6 million by way of non-payment of indemnity for termination of the relationship.

Another lawsuit was also brought against former private banker to recover the claims arising from withdrawal from the agency contract, in the total amount of €1.6 million, in addition to interest by way of indemnity in lieu of notice, penalty relating to a loan agreement and reimbursement of advances of bonuses.

Adequate provisions have been set aside for the risks associated with the unlawful conduct discussed above, mainly for the damages verified relating to compensation claims and pending lawsuits.

The above provisions do not consider the coverage envisaged by the specific insurance policy in force, under which the insurance company has already paid an initial advance of €744 thousand.

#### ***Reyl & Cie (Switzerland) – Proceedings pursuant to Legislative Decree 231/2001 of the Public Prosecutor’s Office of the Court of Milan***

The Public Prosecutor’s Office of Milan initiated criminal proceedings pursuant to Legislative Decree 231/2001 against Reyl & Cie (a Swiss subsidiary of Fideuram – Intesa Sanpaolo Private Banking) for the predicate offence of money laundering, allegedly committed by one of its former employees (dismissed in 2020), and ordered the seizure of securities owned by

Reyl for around 1.1 million Euro. The proceedings also involve the Swiss bank Cramer & Cie. Neither Fideuram ISPB nor ISP are currently involved in the proceedings. The circumstances alleged relate to events that took place in 2018, before Reyl & Cie joined the Intesa Sanpaolo Group in May 2021. According to the prosecution, the former employee, together with his brother, an employee of the bank Cramer & Cie, and an external advisor, allegedly engaged in practices aimed at facilitating tax evasion by Italian customers through the transfer of accounts from Switzerland to branches located in the Bahamas, in order to allow those customers to withdraw money from those accounts without the possibility of being traced by the Italian authorities. With regard to the measure notified by the Swiss judicial authorities, the appeal is currently being prepared, whose filing, in any event, will be subject to a separate assessment before it is formalized. Instead, with regard to the criminal proceedings pursuant to Legislative Decree 231/2001 pending in Italy, the possibility is being evaluated of filing a petition for the reduction the amount thereof. Indeed, an examination of the documents of the proceedings has revealed elements indicating that it may be considered reasonable that such a petition would be upheld. A request for disqualification from operating in Italy has not been made against Reyl & Cie, although investigations are still pending and it is not yet possible to access the related documents.

#### ***Tirrenia di Navigazione in A.S.: Claw-back actions***

In July 2013, Tirrenia di Navigazione in A.S. filed two bankruptcy claw-back actions before the Court of Rome against the former Cassa di Risparmio di Venezia for €2.7 million and against the former Banco di Napoli for €33.8 million.

The case against the former CR Venezia is now pending on appeal, filed by the Bank, following the order for payment of 2.8 million euro in 2016.

The lawsuit against the former Banco di Napoli is also pending on appeal against the order for payment of approximately 14.5 million euro, plus accessory costs, issued by the Court in 2021. That order was not suspended, and, in October 2022, the Bank paid 15.2 million euro, reserving the right to be refunded in case of favourable outcome of the appeal.

Against the appeal filed by the Bank, the adverse party filed an appearance, initiating a cross-appeal relating to the claim for return of the amount of 28 million euro deriving from a currency adjustment, a claim already rejected in the first instance and which is expected to also be rejected on appeal.

#### ***Lawsuit against two Hungarian subsidiaries of Intesa Sanpaolo***

The lawsuit is connected with a lease agreement terminated by one of the subsidiaries in 2010. During 2011, the tenant-initiated proceedings in civil court, and during 2021, it supplemented its initial claim, formulating new claims and, as a result, increasing the total of the claims to around €31 million.

In July 2022, the Court rejected all the plaintiff's claims, finding that it lacked standing. The plaintiff filed an appeal against that decision.

In December 2022, the Court of Appeal partially upheld the adverse party's appeal, ordering one of the two defendant companies to pay around €9.5 million. The relevant subsidiary filed an appeal before the Supreme Court, which suspended the enforcement of the challenged ruling.

A decision in favour of the subsidiary, upholding its arguments, was issued on April 2023. In the third quarter of 2023, plaintiff initiated proceedings before the Constitutional Court claiming violation of the Hungarian Charter of Fundamental Rights. The admissibility of the action is currently being examined.

Intesa Sanpaolo's subsidiaries took action in 2012 for the recognition of their receivables claimed against the tenant resulting from unpaid lease rentals. These proceedings are currently pending.

### ***Labour litigation***

In line with the situation as at 31 December 2022, as at 30 June 2023 there were no significant cases of labour litigation from either a qualitative or quantitative standpoint. In general, all labour litigation is covered by specific provisions adequate to meet any outlays.

### ***Contingent assets***

As for contingent assets, and the IMI/SIR dispute in particular, it should be recalled that following the final judgement establishing the criminal liability of the corrupt judge Metta (and his accomplices Rovelli, Acampora, Pacifico, and Previti), the defendants were ordered to pay compensation for damages, with the determination of those damages referred to the civil courts. Intesa Sanpaolo then brought a case before the Court of Rome to obtain an order of compensation for damages from those responsible.

In its ruling of May 2015, the Court of Rome quantified the financial and non-financial damages for Intesa Sanpaolo and ordered Acampora and Metta – the latter also jointly liable with the Prime Minister's Office (pursuant to Law no. 117/1988 on the accountability of the judiciary) – to pay Intesa Sanpaolo €173 million net of tax, plus legal interest accruing from 1 February 2015 to the date of final payment, plus legal expenses. The amount ordered took account of the amounts received in the meantime by Intesa Sanpaolo as part of the settlements with the Rovelli family and with the counterparties Previti and Pacifico.

In July 2016, the Rome Court of Appeal stayed the enforcement of the judgment of first instance with respect to the amount in excess of €130 million, in addition to ancillary charges and expenses, and adjourned the hearing of the final pleadings to June 2018. As a result of this decision, in December 2016 the Office of the President of the Council of Ministers credited Intesa Sanpaolo with the sum of €131,173,551.58 (corresponding to the €130 million of the order, in addition to legal interest and reimbursement of expenses). To avoid dispute, only the exact amount of the order, without applying the gross-up, was demanded and collected.

On 16 April 2020, the ruling of the Court of Appeal of Rome was filed, which essentially upheld the Court's ruling, while reducing the amount of non-financial damages to €8 million (compared to €77 million that had been quantified by the court of first instance), and set the amount to be paid at €108 million to be considered net of tax, plus legal interest and expenses.

In the second quarter of 2020 the Bank filed a petition for the correction of a material error contained in the finding regarding the calculation of the damages liquidated; the Court of Appeal rejected the Bank's petition by ruling filed on 7 December 2020.

In May 2021, Intesa Sanpaolo filed an appeal with the Court of Cassation against the Rome Court of Appeal's ruling of 16 April 2020. The appeal sets out two main grounds:

- the reduction to €8 million of the non-financial damages made by the Court of Appeal, compared to the €77 million recognised in the first instance ruling is arbitrary and devoid of any sound legal or logical reasoning;
- even accepting the reduction under point a), the Court made a miscalculation when redetermining the amount of total damages. That aspect was already the subject of an application for material correction filed in 2020, rejected by the Court as the Court deemed it an issue that could be remedied through appeal.

By ruling no. 5682/2023, the Court of Cassation, partially upheld the grounds of appeal filed by Acampora and the Prime Minister's Office, overturning the second instance ruling, in

relation to the claims upheld, and referring the case back to the Rome Court of Appeal for the application of the principles of law set forth in the ruling. The outcome differs both from the rulings made at the previous instances and from the conclusions, consistent with them, filed last December by the General Prosecutor at the Court of Cassation.

The Court applied a rule of pre-emption according to which the action for revocation, aimed at obtaining the return of the sums unduly paid, should precede the exercise of the action for damages, in clear conflict with the principles set out in the criminal proceedings in 2006 according to which the independence and dissimilarity of the two actions (the action for damages and the action for extraordinary revocation) “*rule out any interference between them and place each in its own sector, with the only limitation of not allowing the duplication of coinciding outcomes in terms of compensation and, therefore, undue enrichment*”. In addition, it introduced a further and unprecedented rule of a procedural nature according to which, without prejudice to the right to obtain lost earnings and non-pecuniary damage, in order to claim compensation from the perpetrators of the offence (i.e. Acampora, Metta and the Government) for the damage arising, the injured party, Intesa Sanpaolo, must prove that it had unsuccessfully enforced its claim against the party benefiting from the corrupt ruling.

After the investigations carried out and the opinions obtained from external professionals, the following legal initiatives were started.

#### 1. Resumption of proceedings before the Rome Court of Appeal

On 19 May, the Bank notified the other parties involved (Metta, the Prime Minister’s Office and Acampora) of the appeal, requesting: (i). as the main claim, on the merits, the award, in addition to the other damages, of the damage arising, subject to correction of the miscalculation made at the time by the Rome Court of Appeal, in consideration of the fact that the “prejudicial conditions” set out by the Court of Cassation had been met because the Bank had pursued the recovery, both in and out of court, of the sums paid to the beneficiary as a result of the revoked ruling. In the event that the main claim is not upheld, the Bank requested at least the award of the lost earnings and non-pecuniary damage; (ii). subordinately to the merits, a reference for a preliminary ruling to the Court of Justice of the European Union (CJEU) pursuant to Article 267 of the Treaty on the Functioning of the European Union (TFEU) for breach of the Treaty on European Union (TEU), highlighting the arbitrary limitation of the right to compensation provided for by the Special Law on damages caused by judges in the performance of their duties (Law 117/88) resulting from the application of the principles set out by the Court of Cassation in its recent ruling. The first hearing is scheduled for 31 October next.

#### 2. Appeal to the European Court of Human Rights (ECtHR) for breach of the European Convention on Human Rights (ECHR)

The Bank filed an appeal with the European Court of Human Rights against the Italian government on the grounds that the conditions set by the Court of Cassation for the Bank to bring an action for damages against those obliged to pay compensation appear to be contrary to the protections envisaged by the ECHR. The Registry of the European Court of Human Rights has communicated that the application lodged by the Bank has been registered, which implies that on initial summary examination, the grounds brought by the Bank have not been found to be manifestly inadmissible, as otherwise a single Judge would have immediately declared the application inadmissible pursuant to Article 27 of the European Convention on Human Rights. Although the ECHR may yet declare the application inadmissible at a later stage of the proceeding following a more thorough evaluation of the file, the fact that it has been registered is a positive initial signal, given that a very high percentage of applications (approximately 90%) are dismissed immediately without further investigation. There will now



be a second assessment of admissibility by the Judge-Rapporteur. If this is successful, the case on the merits will be established.

### 3. Appeal to the First Instance Tax Court

The Bank has brought proceedings before the Tax Court to obtain the credit claim of 33.2 million euro, at the time paid as withholding tax for overdue interest on the compensation for damages under the 1994 ruling paid to Mrs Battistella, as Nino Rovelli's heir.

#### ***Tax litigation***

The Intesa Sanpaolo Group's tax litigation risks are covered by adequate provisions to the allowances for risks and charges.

No new disputes of a significant amount involving Intesa Sanpaolo arose during the third quarter of 2023.

The size of pending disputes has decreased significantly, also thanks to the "tax truce" that both the Parent Company and Intesa Sanpaolo Private Banking (**ISPB**) made use of (lower claims of 13.2 million for ISP, of which 9.3 million in the quarter, and 47.4 million for ISPB).

#### ***Tax Proceedings related to the Issuer***

As at 30 September 2023, the Parent Company Intesa Sanpaolo had 431 proceedings pending (483 as at 30 June 2023) for a total amount claimed (taxes, penalties and interest) of €112.4 million (€125.4 million as at 30 June 2023), considering both administrative and judicial proceedings in both the lower and higher courts.

In relation to these proceedings, the actual risks were quantified for Intesa Sanpaolo at €45.6 million as at 30 September 2023 (€57.4 million as at 30 June 2023). Compared to 30 June 2022, the main events that influenced the reduction in the amount claimed (-13.0 million euro) were:

- an increase (around €5.3 million), due to: 4.6 million euro in respect of a long-standing claim by the Portuguese tax authorities on the discontinued Sanpaolo IMI Bank International S.A. (based in Madeira), which was charged with having failed to apply withholding taxes in 2002, 2003 and 2004 on interest paid to foreign bondholders. The increased provision was necessary in order to take into account the most recent certificate of pending tax liabilities issued by the Portuguese tax authorities, which for the first time sets forth the criteria for calculating interest on the principal tax claim; ii) 0.2 million euro in respect of municipal property tax (IMU) on property from terminated and current leasing contracts; iii) 0.2 million euro in respect of new disputes for registration tax on judicial documents, and iv) 0.3 million euro in interest accrued on pending litigation;
- a decrease (around €18.3 million), due to: i) 8.0 million in respect of the favourable final judgment of the Court of Cassation in July 2023 on the dispute on registration tax on the spin-off of a business line from Intesa Sanpaolo to State Street Bank, as the Court deemed that the transaction should not be reclassified a transfer of a going concern; ii) 0.1 million for the closure of disputes on registration tax, relating mainly to judicial documents; iii) 1.8 million for the closure of disputes on municipal property tax (IMU) on properties from both terminated and current leasing contracts, settled under the "tax truce" for 1.3 million; iv) 8.0 million for the closure of various disputes through a "tax truce"; v) 0.4 million for the closure of disputes relating to registration and cadastral and mortgage records taxes on the purchase of leased property.

In the three months ended September 30, 2023, 61 disputes were closed at the level of the Issuer for a total of €18.3 million with a disbursement of approximately €1.6 million.

### *Tax Proceedings related to Intesa Sanpaolo Group Companies*

With regard to Intesa Sanpaolo Group companies, the following developments occurred also during the nine months of 2023 in the tax proceedings in which we are a party. In all cases, we have determined the amounts not to be material and therefore have not made any specific provisions, unless otherwise stated below.

For **Banca Fideuram**, as a result of the Bank's appeal, three lawsuits are pending before the Court of Cassation concerning the failure to withhold 27% of the interest accrued in 2009, 2010 and 2011 on foreign bank accounts held at Intesa Sanpaolo Wealth Management S.A. (formerly Fideuram Bank (Luxembourg) S.A.) by two Luxembourg mutual funds (Fonditalia and Interfund SICAV), for which Banca Fideuram was only the placement bank and correspondent bank (total value of the disputes of €9.3 million). As the Bank lost in the second instance of all the proceedings, it was decided, after consultation with the consultant engaged to assist the bank in the cases pending before the Court of Cassation, to set up a provision for risks, including penalties and interest.

In addition to the parent company, **Intesa Sanpaolo Private Banking** ("ISPB") also made use of the settlement of disputes pursuant to Italian Law No. 197 of 29 December 2022 ("Budget Law 2023"), the "tax truce" with regard to 5 of the 7 pending disputes on IRES and IRAP tax assessments (notified solely for IRES purposes also to ISP as consolidating entity) for the years from 2011 to 2017. These tax assessments challenged the tax deduction of the amortisation of goodwill arising from contributions received by ISPB in 2009, 2010 and 2013 and released by ISPB by using the option for the realignment of tax values to balance sheet values pursuant to Article 15, paragraph 10, of Italian Law Decree No. 185/2008.

Although we are fully convinced of the soundness of the tax behaviour adopted over the years and of the defence arguments, in order to take advantage of the economic-financial opportunity offered by the tax truce, it was decided, in agreement with the consultant in charge of managing the litigation, to settle for the years 2011, 2013, 2014, 2015 and 2017. This choice was influenced by the following aspects: i) the fact that the total amount for taxes paid by way of substitute tax and provisional tax as well as for the settlement was for each of the aforementioned years lower than the higher tax assessed; ii) the non application of penalties and interest (amounting to approximately 26 million euro as at 30 September); iii) the right to deduct from the cost of the settlement the substitute tax of 16% paid at the time by ISPB as recognised by the same Italian Revenue Agency in its response to question No. 158 of 27 May 2019.

Said "tax truce" for ISPB led to a decrease in amount claimed for € 47.4 million with a disbursement of €5.9 million.

**Provis** is facing imminent or ongoing municipal property tax ("**IMU**") and municipal tax ("**TASI**") claim procedures, collectively valued at €3.8 million. The associated risk provision, including legal expenses, is estimated at €4.2 million.

**Eurizon Capital SGR** and then **Epsilon SGR** were audited by the Italian Revenue Agency, Lombardy Regional Directorate, Large Taxpayers Office, with regard to transfer prices charged in the relationships with Eurizon Capital SA Luxembourg.

It should be noted that the first claim dates back to the end of 2022 and concerned the year 2016 of Eurizon Capital SGR alone. The Office revised its initial position (higher Italian taxable income of €151.1 million, corresponding to higher taxes of €50 million, interest of 9.6 million euro and penalties of €45 million, for a total charge of €104.6 million) and formulated a settlement proposal - accepted in April 2023 - which provided for: (i) recognition of the CUP as a suitable method, with positioning of the benchmark in the third quartile and (ii) reduction of the higher Italian taxable income from €151.1 million to €26.8 million, the

consequent reduction of the higher taxes from €50 million to €8.8 million and of interest from 9.6 million euro to 1.8 million euro, and the non-application of penalties. Ultimately, the 2016 tax audit on Eurizon Capital SGR closed with a total disbursement of 10.6 million euro (about 10% of the initial total claim).

In the following months, discussions with the Office continued for the years 2017 and 2018 of both Eurizon Capital SGR and Epsilon SGR. In detail, these discussions were formally initiated: the Office's tax audit continued with the notification to Eurizon in June 2023 of a questionnaire for 2017 and with the start of the tax audit on Epsilon in April 2023 for tax year 2017, then extended in September 2023 for tax year 2018.

The Bank's position is aimed at obtaining (i) firstly, confirmation of the soundness of the CUP as a tax audit method and consequently the non-application of penalties (as is well known, in transfer pricing matters, the correctness of the method adopted ensures protection from penalties) and then (ii) the positioning of the benchmark on the first quartile or the median. There have been developments concerning foreign subsidiaries as well during the year.

**Cargeas Assicurazioni** – now merged into Intesa Sanpaolo Assicura – underwent a tax audit by the Italian Revenue Agency, Lombardy Regional Directorate, Large Taxpayers Office, aimed at verifying the correct application, for the years from 2010 to 2018, of the tax rules on private insurance and life annuity contracts pursuant to Law no. 1216 of 29 October 1961.

As a result of the audit, the authorities issued a claim against the company that redundancy insurance policies (which are mandatorily associated with salary-backed loans and optional with other mortgages, loans and consumer credit), should not be subject to tax on insurance premiums at a rate of 2.5%, but should, in the opinion of the Italian Revenue Agency, instead be classified as credit risk insurance policies, subject to a tax rate of 12.5%. In particular:

- on 25 May 2021, Cargeas received a notice of assessment for the year 2010 claiming a higher tax of 1.7 million euro, 0.6 million euro in interest and €3.4 million in penalties, for a total of 5.7 million euro. The notice was appealed in 2021 and by ruling no. 2396/2022 the Milan Provincial Tax Commission upheld Cargeas' appeal annulling the notice. In February 2023, the Italian Revenue Agency filed an appeal with the Lombardy Tax Court against the aforementioned ruling no. 2396/2022, in response to which counterclaims were filed by the absorbing company Intesa Sanpaolo Assicura S.p.A. in April 2023;

- on 6 June 2022, Cargeas received a notice of assessment for the year 2011 claiming a higher tax of 1.3 million euro, 0.5 million euro in interest and 2.8 million euro in penalties, for a total of 4.6 million euro. This notice was also appealed in 2022, and in its recent ruling no. 967 of 20 March 2023, the Milan First Instance Tax Court upheld the company's appeal annulling the notice. The term for the Office's appeal is pending;

- on 19 May 2023, the absorbing company Intesa Sanpaolo Assicura received a notice of assessment for the year 2012 claiming a higher tax of 0.2 million euro and penalties of 0.4 million euro, plus interest of 0.1 million euro. An appeal was filed in June 2023.

The company believes that the risk of a negative outcome is possible, but not probable. Accordingly, it has not made any provision for taxes, penalties and interest, except for the cost of legal fees, estimated at 0.16 million euro.

In addition, on 3 July 2023, the absorbing company Intesa Sanpaolo Assicura was notified by the Italian Revenue Agency of two measures of partial cancellation due to internal review, pursuant to Article 2 quater of Law Decree no. 564/94, converted by Law no. 656 of 30 November 1994, relating to the 2010 and 2011 notices of assessment. Following the cross-examination with the company and after having reviewed the documentation submitted, the Agency acknowledged that it was correct to classify this type of policy under the insurance contracts against redundancy risk subject to a reduced rate of 2.5% on the value of the

premiums, as provided for in Article 14 of the General Tariff (Law no. 1916 of 29 October 1961), and recalculated the tax authorities' claim as follows: a) for 2010, tax due of 1.5 million euro, penalty of 1 million euro and interest as at 30 June 2023 of 0.6 million euro, for a total of 3.1 million euro (a reduction of 2.6 million euro compared to the original 5.7 million euro); and b) for 2011, tax due of 1.1 million euro, penalty of 0.8 million euro and interest as at 30 June 2023 of 0.4 million euro, for a total of 2.3 million euro (a reduction of 2.3 million euro compared to the original 4.6 million euro).

Lastly, regarding the same case, it should be noted that **Intesa Sanpaolo Assicura** received the following two questionnaires in April 2021: a) one relating to 2012 and 2013 for the former Bentos Assicurazioni, merged into Intesa Sanpaolo Assicura in December 2013; b) the second for 2012 for Intesa Sanpaolo Assicura. As a result of these questionnaires, in May 2023, the Italian Revenue Agency served three notices of assessment of which two related to the former Bentos Assicurazioni for 2012 (tax of 5 thousand euro, penalties of 12 thousand euro, plus interest) and 2013 (tax of 30 thousand euro, penalties of 75 thousand euro, plus interest) and one related to Intesa Sanpaolo Assicura for 2012 (tax of 0.3 million euro, penalties of 0.8 million euro, plus interest of 0.1 million euro).

**Intesa Sanpaolo Bank Albania** is primarily involved in: (i) a dispute concerning unrecoverable loan write-offs, leading to a claimed unjustifiable reduction in the taxable amount for direct tax from 2003 to 2007 (€1.3 million sought); and (ii) a former Veneto Banka dispute regarding tax return errors for 2013 is pending (€33 thousand sought). A dispute relating to tax return errors for 2011 was settled with a payment of €1 million.

**Bank of Alexandria** is undergoing two tax audits for corporate income tax for 2018 and stamp duty for 2019. Additionally, a dispute regarding non-payment of stamp duty by bank branches, totaling €2.1 million for tax periods 1984 – 2008 (previously €5.8 million as of December 31, 2021), is ongoing. The reduction in the claimed amount and the allowance for risks (negative €3.7 million) derives from the settlement of a portion of the disputes, using the related allowance for risks.

A dispute involving the foreign subsidiary UBI Trustee S.A., a Luxembourg-resident trust company, 2014 and 2015 was concluded without liabilities following an agreement with the tax authorities.

Finally, audits are in progress for IMI Securities by the State of New York for income tax for the years 2015 to 2017, and for EXELIA for the tax periods 2016 and 2017. No findings have been made in either case.

Lastly, there is a dispute pending in Brazil in relation to the former subsidiary **Banco Sudameris Brasil** (now Banco Santander Brasil), sold in 2003 to ABN AMRO Brasil (now the Santander Group), whose economic charge falls on Intesa Sanpaolo due to the commitments entered into with the seller at the time, which was not established through the Settlement Agreement of 2019 with Banco Santander Brasil. The dispute is known as “Causa PDD1” and is based on the issue of taxes on income and social security contributions for 1995.

In 2021, an initial judgement was delivered by the ordinary civil judge in a dispute concerning Banco Sudameris Brasil, our former subsidiary. The judgement, despite acknowledging several of the bank's objections, generally favored the Brazilian tax authorities. This judgement was subsequently appealed and is now awaiting a hearing in the second instance court. The financial risk related to this dispute amounts to €41.6 million, based on the exchange rate as of December 2022 (this equates to €35 million as of December 31, 2021). This figure corresponds to the security deposit paid by the bank to engage in civil court proceedings (216 million Brazilian real), which is listed as an asset in the balance sheet.

Two significant developments occurred.

First, on 13 June 2022, Professor Tercio Sampaio Ferraz issued an opinion that upheld Intesa Sanpaolo's argument that the 1995 settlement with the Brazilian tax authorities, governed by specific local law (Art. 17 of Brazilian Law no. 9799/1999), cannot be revisited. According to local advisors, those arguments confirm that a negative ruling in relation to the interest component (approximately €25.6 million of the deposit posted under balance sheet assets) is remote. On taxes and penalties (equal to a total of €16 million of the deposit) we prudentially confirm the provisions of 50% of that amount, totalling €8 million (an increase of €1.2 million compared to December 31, 2021). The increase is due to the appreciation of the Brazilian currency against the euro, compared to the exchange rate recorded at the end of 2021 for the valuation of the dispute and the related risk.

The second change regards the notification in October 2022 from the Brazilian tax authorities of a payment order for the alleged failure of the taxpayer to provide a deposit by order of the court to cover the tax debt, which is still being challenged. In that regard, a brief was submitted opposing that order, highlighting that the Brazilian tax authorities incorrectly calculated the value of interest accrued on the deposit by order of the court, which, instead, would more than cover the claim of the tax authorities. The local advisors confirmed that the document does not change the estimates of risk expressed to date with regard to that pending dispute.

## FINANCIAL INFORMATION OF THE ISSUER – AN OVERVIEW

### Audited Consolidated Annual Financial Statements

The annual financial information below as at and for the years ended 31 December 2022 and 31 December 2021 has been derived respectively from the audited consolidated annual financial statements of the Intesa Sanpaolo Group as at and for the year ended 31 December 2022 (the **2022 Audited Financial Statements**) and from the consolidated annual financial statements of the Intesa Sanpaolo Group as at and for the year ended 31 December 2021 (the **2021 Audited Financial Statements**) presented for comparison in 2022.

### Half Yearly Financial Statements

The half-yearly financial information below as at and for the six months ended on 30 June 2023 and for the six months ended on 30 June 2022 has been derived respectively from the unaudited condensed consolidated half-yearly financial statements of the Intesa Sanpaolo Group as at and for the six months ended on 30 June 2023 (the **"2023 Half Yearly Unaudited Financial Statements"**) and from the unaudited condensed consolidated half-yearly financial statements of the Intesa Sanpaolo Group as at and for the six months ended on 30 June 2022 presented for comparison in 2023.

### Incorporation by Reference

Both the audited consolidated annual financial statements as at and for the years ended 31 December 2022 and 31 December 2021, and the unaudited consolidated half-yearly financial statements referred to above are incorporated by reference in this Base Prospectus (see *"Documents Incorporated by Reference"*). The financial information set out below forms only part of, should be read in conjunction with and is qualified in its entirety by reference to the above-mentioned audited consolidated annual and unaudited consolidated half-yearly financial statements, together with the accompanying notes and auditors' reports.

### Accounting Principles

The audited consolidated annual and unaudited consolidated half-yearly financial statements referred to above have been prepared in accordance with the accounting principles issued by the International Accounting Standards Board and the relative interpretations of the International Financial Reporting Interpretations Committee, otherwise known as International Accounting Standards and International Financial Reporting Standards (IAS/IFRS), as adopted by the European Union under Regulation (EC) 1606/2002. In particular, the half-yearly condensed consolidated financial statements referred to above have been prepared in compliance with the IAS/IFRS issued by the International Accounting Standards Board (IASB) and the relative interpretations of the International Financial Reporting Interpretations Committee (IFRIC) endorsed by the European Commission, as provided for by EU Regulation 1606 of 19 July 2002 and in force as at 30 June 2023.

In particular, the 2023 Half-Yearly Unaudited Financial Statements are prepared in accordance with IAS 34 requirements, which regulate interim financial reporting.

For the purpose of preparing the Half-yearly condensed consolidated financial statements as at 30 June 2023, in addition to the accounting standards specified with regard to the insurance assets and liabilities, the accounting standards adopted with regard to the classification, recognition, measurement and derecognition of the financial assets and liabilities in the balance sheet, and the recognition methods for revenues and costs, were updated compared to those adopted for the Intesa Sanpaolo Group 2022 Annual Report, to implement the entry into force of IFRS 17 and IFRS 9 for the insurance companies of the Intesa Sanpaolo Group. For

all other aspects of the accounting standards adopted by the Intesa Sanpaolo Group that were not modified, refer to that illustrated in the 2022 Financial Statements.

In addition, the indications provided by the authorities and the IASB, together with the application decisions made by Intesa Sanpaolo, as described in the chapter "The first half of 2023", should be consulted on the impact for the ISP Group of the military conflict between Russia and Ukraine, together with the update reported in the Intesa Sanpaolo Group 2023 Interim 3rd Quarter Report.

With regard to the changes in the accounting regulations, considering the significance for the Intesa Sanpaolo Group and, in particular, for the insurance companies, it is primarily noted that IFRS 17 Insurance Contracts, published by the IASB in May 2017 and subject to subsequent amendments, endorsed with Regulation (EU) no. 2036/2021 of 19 November 2021, is applicable from 1 January 2023.

The Interim Statement as at 31 March 2023 were the first financial statements drawn up in application of IFRS 17. At the same time, the Insurance Companies of the Intesa Sanpaolo Group also applied for the first time IFRS 9 Financial Instruments, the application of which was deferred by virtue of the application of the deferral approach<sup>27</sup>.

For further details on the first adoption of the new principle IFRS 17 and IFRS 9 for Group's insurance companies, including a complete illustration of the provisions of these standards, the Group's choices and the related impacts, please refer to the specific section "*Transition to IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments by the Group's insurance companies*" included in the Half-Yearly Report as at 30 June 2023.

A summary of the endorsing Regulations in force since 2021 is provided below (for more details please refer to "*Notes to the consolidated financial statements – Part A – Accounting policies*" of the 2021 Annual Report and the 2022 Annual Report and to "*Accounting Policies – General preparation principles*" of the Half-Yearly Report as at 30 June 2023).

Regulation endorsements in force since 1<sup>st</sup> January 2021:

- **Regulation 25/2021** of 13 January 2021 endorsing "Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16" published by the IASB on 27 August 2020 regarding phase two of the IASB's interest rate reform project. This relates to the developments concerning the revision or replacement of certain interest rate benchmarks used to set interest rates in various jurisdictions, such as LIBOR, based on the indications from the G20 and the Financial Stability Board. No impacts on the Intesa Sanpaolo Group are foreseen for the modifications with the characteristics envisaged by the standard, in line with the objective of the amendments introduced by the IASB aimed at preventing distortions in the financial statements as a result of the reform.
- **Regulation 2097/2020** of 15 December 2020, endorsing the extension of the temporary exemption from applying IFRS 9 (amendments to IFRS 4 Insurance Contracts) published by the IASB on 25 June 2020. In view of the IASB's decision to postpone the date of first-time adoption of IFRS 17 until 1 January 2023 – also made on 25 June 2020 – the authorisation to postpone the application of IFRS 9 (the "Deferral Approach") was also extended until 1 January 2023 in order to remedy the temporary accounting consequences

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<sup>27</sup>Note that, by virtue of the application of the Deferral Approach, the financial assets and liabilities of the subsidiary insurance companies continued to be recognised in accordance with the provisions of IAS 39, while awaiting the entry into force of the new international financial reporting standard on insurance contracts (IFRS 17).

of the mismatch between the date of entry into force of IFRS 9 - Financial Instruments and that of the future IFRS 17 - Insurance Contracts.

- **Regulation 1421/2021** of 30 August 2021 on “Covid-19-related rent concessions after 30 June 2021”, transposing the amendments published by the IASB on 31 March 2021. In response to the requests received from interested parties and the continuation of the COVID-19 pandemic, the IASB extended the application of the practical expedient – originally applied to concessions due by June 2021 - to cover concessions for rental payments originally due by 30 June 2022. The Intesa Sanpaolo Group has chosen not to apply this practical expedient, accordingly, these additional amendments are not relevant to the Group.

Regulation endorsement in force since 1<sup>st</sup> January 2022:

- **Regulation (EU) no. 1080/2021** of 28 June 2021, which implements several narrow-scope amendments, published by the IASB on 14 May 2020, to the international accounting standards IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets and IFRS 3 Business Combinations. None of the amendments is particularly significant for the Intesa Sanpaolo Group. The Regulation in question also endorses the Annual Improvements to IFRS Standards 2018-2020 Cycle. The Regulation introduces several changes and clarifications of little significance which, therefore, do not have significant impacts on the Group.

Regulation endorsement in force since 1<sup>st</sup> January 2023:

- **Regulation 357/2022** of 2 March 2022: this Regulation adopts several narrow-scope amendments and clarifications to support entities in applying materiality judgements in illustrating accounting policies (amendments to IAS 1) and distinguishing between accounting policies and estimates (amendments to IAS 8). Therefore, it doesn't have significant impacts on the Group, even though it could be a useful reference for analyses and for improving financial statement disclosure.
- **Regulation no. 1392/2022** of 11 August 2022: the European Commission adopted the amendment to IAS 12 Income Taxes “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”, published by the IASB on 7 May 2021. The amendments clarify how companies have to account for deferred taxes on transactions such as leases and decommissioning obligations and aim to reduce diversity in the reporting of deferred tax assets and liabilities on those transactions. These amendments don't have significant impacts on the Group.

The 2023 Half-Yearly Unaudited Financial Statements, drawn up in euro as the functional currency, are prepared in condensed form as permitted by IAS 34, and contain the consolidated Balance sheet at 30 June 2023, the consolidated Income statement, the Statement of consolidated comprehensive income, the Changes in consolidated shareholders' equity, the consolidated Statement of cash flows for the six month period then ended and the explanatory notes. They are also complemented by information on significant events which occurred in the period, on the main risks and uncertainties to be faced, as well as information on significant related party transactions. The amounts indicated in the financial statements and explanatory notes are expressed in millions of euro, unless otherwise specified. In addition to the amounts for the reporting period, the financial statements also indicate the corresponding comparison figures for the period ended 30 June 2022 for the Income statement and as at 31 December 2022 for the Balance sheet, amended, as indicated, with regard to the application of IFRS 17 and IFRS 9 by the Group's insurance companies. The Explanatory notes contain specific dedicated chapters that set out several detailed tables of the Income Statement and the Balance



Sheet in the format established by the 8th update to the Bank of Italy Circular 262/2005 (the “**New Bank of Italy’s Circular 262**”) on Notes to Annual Financial Statements, regarding the composition of the main financial statement captions concerning banking operations.

As reported in the “**2023 Half-Yearly Unaudited Financial Statements**” and taking into account the updated information published in the “Interim Statements at 30 September 2023, since the conditions pursuant to IFRS 5 have been met, the assets held for sale as at 30 September 2023 mainly include portfolios of non-performing loans and performing exposures classified as Stage 2 subject to de-risking initiatives launched during the second quarter, which are expected to be completed in the final months of the year. They also include the 100% equity investment in Intesa Sanpaolo Casa, which was transferred by Intesa Sanpaolo on 23 October 2023 to Homepal a Better Place – a next-generation online real estate agency – as part of the strategic partnership announced in September together with BPER Banca.

With regard to the assets classified as held for sale as at 31 December 2022, as already stated in the Half-yearly report as at 30 June 2023, the non-performing loans included in the 2021-2022 de-risking plans were sold in March, while the assets and liabilities pertaining to the PBZ Card business line dedicated to merchant acquiring and the investment in Zhong Ou Asset Management Co. Ltd were disposed of on 28 February and 16 May 2023, respectively.

The 2023 Half-Yearly Unaudited Financial Statements are complemented by certification of the Managing Director – CEO and the Manager responsible for preparing the Intesa Sanpaolo Group's financial reports pursuant to Article 154-*bis* of Legislative Decree 58/1998 (Consolidated Law on Finance) and have been subject to review by the Independent Auditors EY S.p.A.<sup>28</sup>.

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<sup>28</sup> *A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, as stated in the English translation of the EY S.p.A. review reports incorporated by reference in this Base Prospectus.*

**INTESA SANPAOLO S.p.A.**

**CONSOLIDATED ANNUAL BALANCE SHEET  
AS AT 31 DECEMBER 2022**

The annual financial information below includes comparative figures as at 31 December 2021.

|                                                                                                       | <b>31.12.2022</b>         | <b>31.12.2021</b> |
|-------------------------------------------------------------------------------------------------------|---------------------------|-------------------|
| <b>Assets</b>                                                                                         | <b>Audited</b>            | <b>Audited</b>    |
|                                                                                                       | <i>(in millions of €)</i> |                   |
| Cash and cash equivalents.....                                                                        | 112,924                   | 14,756            |
| Financial assets measured at fair value through profit or loss .....                                  | 47,577                    | 52,731            |
| a) financial assets held for trading.....                                                             | 42,522                    | 47,181            |
| b) financial assets designated at fair value .....                                                    | 1                         | 4                 |
| c) other financial assets mandatorily measured at fair value .....                                    | 5,054                     | 5,546             |
| Financial assets measured at fair value through other comprehensive income .....                      | 49,716                    | 67,580            |
| Financial assets pertaining to insurance companies, measured at fair value pursuant to IAS 39 .....   | 172,725                   | 206,800           |
| Financial assets measured at amortised cost.....                                                      | 528,078                   | 668,866           |
| a) due from banks.....                                                                                | 32,884                    | 163,937           |
| b) loans to customers .....                                                                           | 495,194                   | 504,929           |
| Financial assets pertaining to insurance companies measured at amortised cost pursuant to IAS 39..... | 80                        | 85                |
| Hedging derivatives .....                                                                             | 10,062                    | 1,732             |
| Fair value change of financial assets in hedged portfolios (+/-) .....                                | -9,752                    | 392               |
| Investments in associates and companies subject to joint control.....                                 | 2,013                     | 1,652             |
| Technical insurance reserves reassured with third parties .....                                       | 163                       | 208               |
| Property and equipment .....                                                                          | 10,505                    | 10,792            |
| Intangible assets.....                                                                                | 9,830                     | 9,342             |
| of which:                                                                                             |                           |                   |
| - goodwill .....                                                                                      | 3,626                     | 3,574             |
| Tax assets.....                                                                                       | 18,273                    | 18,808            |
| a) current .....                                                                                      | 3,520                     | 3,555             |
| b) deferred.....                                                                                      | 14,753                    | 15,253            |
| Non-current assets held for sale and discontinued operations .....                                    | 638                       | 1,422             |
| Other assets .....                                                                                    | 22,851                    | 13,837            |
| <b>Total Assets.....</b>                                                                              | <b>975,683</b>            | <b>1,069,003</b>  |

**INTESA SANPAOLO S.p.A.**  
**CONSOLIDATED ANNUAL BALANCE SHEET**  
**AS AT 31 DECEMBER 2022**

The annual financial information below includes comparative figures as at 31 December 2021.

|                                                                                                             | <b>31.12.2022</b>         | <b>31.12.2021</b> |
|-------------------------------------------------------------------------------------------------------------|---------------------------|-------------------|
| <b>Liabilities and Shareholders' Equity</b>                                                                 | <b>Audited</b>            | <b>Audited</b>    |
|                                                                                                             | <i>(in millions of €)</i> |                   |
| Financial liabilities measured at amortised cost .....                                                      | 667,586                   | 710,055           |
| <i>a) due to banks</i> .....                                                                                | 137,482                   | 165,258           |
| <i>b) due to customers</i> .....                                                                            | 454,025                   | 458,239           |
| <i>c) securities issued</i> .....                                                                           | 76,079                    | 86,558            |
| Financial liabilities pertaining to insurance companies measured at amortised cost pursuant to IAS 39 ..... | 2,550                     | 2,146             |
| Financial liabilities held for trading .....                                                                | 46,512                    | 56,306            |
| Financial liabilities designated at fair value .....                                                        | 8,795                     | 3,674             |
| Financial liabilities pertaining to insurance companies measured at fair value pursuant to IAS 39 .....     | 71,744                    | 84,770            |
| Hedging derivatives .....                                                                                   | 5,346                     | 4,868             |
| Fair value change of financial liabilities in hedged portfolios (+/-) .....                                 | -8,031                    | 53                |
| Tax liabilities .....                                                                                       | 2,306                     | 2,285             |
| <i>a) current</i> .....                                                                                     | 297                       | 363               |
| <i>b) deferred</i> .....                                                                                    | 2,009                     | 1,922             |
| Liabilities associated with non-current assets held for sale and discontinued operations .....              | 15                        | 30                |
| Other liabilities .....                                                                                     | 11,060                    | 15,639            |
| Employee termination indemnities .....                                                                      | 852                       | 1,099             |
| Allowances for risks and charges .....                                                                      | 5,010                     | 5,716             |
| <i>a) commitments and guarantees given</i> .....                                                            | 711                       | 508               |
| <i>b) post-employment benefits</i> .....                                                                    | 139                       | 290               |
| <i>c) other allowances for risks and charges</i> .....                                                      | 4,160                     | 4,918             |
| Technical reserves .....                                                                                    | 100,117                   | 118,296           |
| Valuation reserves .....                                                                                    | -1,939                    | -709              |
| Valuation reserves pertaining to insurance companies .....                                                  | -696                      | 476               |
| Redeemable shares .....                                                                                     | -                         | -                 |
| Equity instruments .....                                                                                    | 7,211                     | 6,282             |
| Reserves .....                                                                                              | 15,827                    | 17,706            |
| Interim dividend (-) .....                                                                                  | -1,400                    | -1,399            |
| Share premium reserve .....                                                                                 | 28,053                    | 27,286            |
| Share capital .....                                                                                         | 10,369                    | 10,084            |
| Treasury shares (-) .....                                                                                   | -124                      | -136              |
| Minority interests (+/-) .....                                                                              | 166                       | 291               |
| Net income (loss) (+/-) .....                                                                               | 4,354                     | 4,185             |
| <b>Total Liabilities and Shareholders' Equity</b> .....                                                     | <b>975,683</b>            | <b>1,069,003</b>  |

**INTESA SANPAOLO S.p.A.**

**CONSOLIDATED ANNUAL STATEMENT OF INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2022**

The annual financial information below includes comparative figures for the year ended 31 December 2021.

|                                                                                                                 | <b>31.12.2022</b>         | <b>31.12.2021</b> |
|-----------------------------------------------------------------------------------------------------------------|---------------------------|-------------------|
|                                                                                                                 | <b>Audited</b>            | <b>Audited</b>    |
|                                                                                                                 | <i>(in millions of €)</i> |                   |
| Interest and similar income .....                                                                               | 13,232                    | 10,473            |
| <i>of which: interest income calculated using the effective interest rate method .....</i>                      | <i>12,708</i>             | <i>10,039</i>     |
| Interest and similar expense .....                                                                              | -3,547                    | -2,480            |
| <b>Interest margin.....</b>                                                                                     | <b>9,685</b>              | <b>7,993</b>      |
| Fee and commission income .....                                                                                 | 11,285                    | 12,087            |
| Fee and commission expense .....                                                                                | -2,708                    | -2,723            |
| <b>Net fee and commission income.....</b>                                                                       | <b>8,577</b>              | <b>9,364</b>      |
| Dividend and similar income .....                                                                               | 225                       | 161               |
| Profits (Losses) on trading .....                                                                               | -149                      | 503               |
| Fair value adjustments in hedge accounting .....                                                                | 33                        | 36                |
| Profits (Losses) on disposal or repurchase of: .....                                                            | -48                       | 758               |
| <i>a) financial assets measured at amortised cost .....</i>                                                     | <i>167</i>                | <i>201</i>        |
| <i>b) financial assets measured at fair value through other comprehensive income.....</i>                       | <i>-243</i>               | <i>611</i>        |
| <i>c) financial liabilities .....</i>                                                                           | <i>28</i>                 | <i>-54</i>        |
| Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss .....  | 755                       | 71                |
| <i>a) financial assets and liabilities designated at fair value.....</i>                                        | <i>957</i>                | <i>-42</i>        |
| <i>b) other financial assets mandatorily measured at fair value.....</i>                                        | <i>-202</i>               | <i>113</i>        |
| Profits (Losses) on financial assets and liabilities pertaining to insurance companies pursuant to IAS 39 ..... | 1,234                     | 4,754             |
| <b>Net interest and other banking income.....</b>                                                               | <b>20,312</b>             | <b>23,640</b>     |
| Net losses/recoveries for credit risks associated with: .....                                                   | -2,624                    | -2,843            |
| <i>a) financial assets measured at amortised cost .....</i>                                                     | <i>-2,579</i>             | <i>-2,813</i>     |
| <i>b) financial assets measured at fair value through other comprehensive income.....</i>                       | <i>-45</i>                | <i>-30</i>        |
| Net losses/recoveries pertaining to insurance companies pursuant to IAS39 .....                                 | -160                      | -26               |
| Profits (Losses) on changes in contracts without derecognition .....                                            | -5                        | -29               |
| <b>Net income from banking activities .....</b>                                                                 | <b>17,523</b>             | <b>20,742</b>     |
| Net insurance premiums.....                                                                                     | 10,358                    | 10,557            |
| Other net insurance income (expense).....                                                                       | -9,398                    | -13,525           |
| <b>Net income from banking and insurance activities.....</b>                                                    | <b>18,483</b>             | <b>17,774</b>     |
| Administrative expenses: .....                                                                                  | -11,579                   | -12,012           |
| <i>a) personnel expenses .....</i>                                                                              | <i>-6,793</i>             | <i>-7,187</i>     |
| <i>b) other administrative expenses .....</i>                                                                   | <i>-4,786</i>             | <i>-4,825</i>     |
| Net provisions for risks and charges.....                                                                       | -349                      | -374              |
| <i>a) commitments and guarantees given .....</i>                                                                | <i>-209</i>               | <i>97</i>         |
| <i>b) other net provisions .....</i>                                                                            | <i>-140</i>               | <i>-471</i>       |
| Net adjustments to / recoveries on property and equipment .....                                                 | -700                      | -659              |
| Net adjustments to / recoveries on intangible assets.....                                                       | -984                      | -934              |
| Other operating expenses (income).....                                                                          | 934                       | 980               |
| <b>Operating expenses .....</b>                                                                                 | <b>-12,678</b>            | <b>-12,999</b>    |
| Profits (Losses) on investments in associates and companies subject to joint control .....                      | 232                       | 138               |
| Valuation differences on property, equipment and intangible assets measured at fair value .....                 | -46                       | -21               |
| Goodwill impairment .....                                                                                       | -                         | -                 |
| Profits (Losses) on disposal of investments.....                                                                | 16                        | 289               |
| <b>Income (Loss) before tax from continuing operations .....</b>                                                | <b>6,007</b>              | <b>5,181</b>      |
| Taxes on income from continuing operations.....                                                                 | -1,630                    | -1,138            |
| <b>Income (Loss) after tax from continuing operations .....</b>                                                 | <b>4,377</b>              | <b>4,043</b>      |
| Income (Loss) after tax from discontinued operations .....                                                      | -                         | -                 |
| <b>Net income (loss).....</b>                                                                                   | <b>4,377</b>              | <b>4,043</b>      |
| Minority interests .....                                                                                        | -23                       | 142               |
| <b>Parent Company's net income (loss).....</b>                                                                  | <b>4,354</b>              | <b>4,185</b>      |
| <b>Basic EPS – Euro.....</b>                                                                                    | <b>0.23</b>               | <b>0.22</b>       |
| <b>Diluted EPS – Euro .....</b>                                                                                 | <b>0.23</b>               | <b>0.22</b>       |

**INTESA SANPAOLO S.p.A.**  
**CONSOLIDATED HALF-YEARLY BALANCE SHEET**  
**AS AT 30 JUNE 2023**

The half-yearly financial information below includes comparative figures as at 31 December 2022 presented according to the New Bank of Italy's Circular 262 and adjusted for the application of IFRS 9 – IFRS 17 by the Insurance Companies of the Group. As a result, these comparative figures have been identified as unaudited.

|                                                                                  | <b>30.06.2023</b>         | <b>31.12.2022</b> |
|----------------------------------------------------------------------------------|---------------------------|-------------------|
|                                                                                  | <b>Unaudited</b>          | <b>Unaudited</b>  |
|                                                                                  | <i>(in millions of €)</i> |                   |
| <b>Assets</b>                                                                    |                           |                   |
| Cash and cash equivalents .....                                                  | 79,875                    | 112,924           |
| Financial assets measured at fair value through profit or loss .....             | 151,753                   | 150,616           |
| <i>a) financial assets held for trading .....</i>                                | <i>44,053</i>             | <i>42,607</i>     |
| <i>b) financial assets designated at fair value .....</i>                        | <i>1</i>                  | <i>1</i>          |
| <i>c) other financial assets mandatorily measured at fair value .....</i>        | <i>107,699</i>            | <i>108,008</i>    |
| Financial assets measured at fair value through other comprehensive income ..... | 132,166                   | 119,508           |
| Financial assets measured at amortised cost .....                                | 525,732                   | 528,081           |
| <i>a) due from banks .....</i>                                                   | <i>31,704</i>             | <i>32,884</i>     |
| <i>b) loans to customers .....</i>                                               | <i>494,028</i>            | <i>495,197</i>    |
| Hedging derivatives .....                                                        | 8,986                     | 10,075            |
| Fair value change of financial assets in hedged portfolios (+/-) .....           | -8,996                    | -9,752            |
| Investments in associates and companies subject to joint control .....           | 2,599                     | 2,013             |
| Insurance assets .....                                                           | 843                       | 151               |
| <i>a) insurance contracts issued that are assets .....</i>                       | <i>530</i>                | <i>18</i>         |
| <i>b) reinsurance contracts held that are assets .....</i>                       | <i>313</i>                | <i>133</i>        |
| Property and equipment .....                                                     | 9,700                     | 10,505            |
| Intangible assets .....                                                          | 9,192                     | 9,237             |
| <i>of which</i>                                                                  |                           |                   |
| - goodwill .....                                                                 | 3,668                     | 3,626             |
| Tax assets .....                                                                 | 16,080                    | 18,130            |
| <i>a) current .....</i>                                                          | <i>2,666</i>              | <i>3,520</i>      |
| <i>b) deferred .....</i>                                                         | <i>13,414</i>             | <i>14,610</i>     |
| Non-current assets held for sale and discontinued operations .....               | 614                       | 638               |
| Other assets .....                                                               | 26,661                    | 22,461            |
| <b>Total Assets .....</b>                                                        | <b>955,205</b>            | <b>974,587</b>    |

**INTESA SANPAOLO S.p.A.**  
**CONSOLIDATED HALF-YEARLY BALANCE SHEET**  
**AS AT 30 JUNE 2023**

The half-yearly financial information below includes comparative figures as at 31 December 2022 presented according to the New Bank of Italy's Circular 262 and adjusted for the application of IFRS 9 – IFRS 17 by the Insurance Companies of the Group. As a result, these comparative figures have been identified as unaudited.

|                                                                                                | <b>30.06.2023</b>         | <b>31.12.2022</b> |
|------------------------------------------------------------------------------------------------|---------------------------|-------------------|
|                                                                                                | <b>Unaudited</b>          | <b>Unaudited</b>  |
|                                                                                                | <i>(in millions of €)</i> |                   |
| <b>Liabilities and Shareholders' Equity</b>                                                    |                           |                   |
| Financial liabilities measured at amortised cost .....                                         | 630,131                   | 670,127           |
| <i>a) due to banks</i> .....                                                                   | 94,827                    | 138,132           |
| <i>b) due to customers</i> .....                                                               | 438,677                   | 454,595           |
| <i>c) securities issued</i> .....                                                              | 96,627                    | 77,400            |
| Financial liabilities held for trading .....                                                   | 47,648                    | 46,512            |
| Financial liabilities designated at fair value .....                                           | 66,768                    | 63,007            |
| Hedging derivatives .....                                                                      | 5,177                     | 5,517             |
| Fair value change of financial liabilities in hedged portfolios (+/-) .....                    | -7,414                    | -8,031            |
| Tax liabilities .....                                                                          | 2,938                     | 2,021             |
| <i>a) current</i> .....                                                                        | 500                       | 303               |
| <i>b) deferred</i> .....                                                                       | 2,438                     | 1,718             |
| Liabilities associated with non-current assets held for sale and discontinued operations ..... | -                         | 15                |
| Other liabilities .....                                                                        | 23,171                    | 10,763            |
| Employee termination indemnities .....                                                         | 775                       | 852               |
| Allowances for risks and charges .....                                                         | 4,169                     | 4,960             |
| <i>a) commitments and guarantees given</i> .....                                               | 539                       | 711               |
| <i>b) post employment benefits</i> .....                                                       | 81                        | 139               |
| <i>c) other allowances for risks and charges</i> .....                                         | 3,549                     | 4,110             |
| Insurance liabilities .....                                                                    | 119,381                   | 117,575           |
| <i>a) insurance contracts issued that are liabilities</i> .....                                | 119,311                   | 117,561           |
| <i>b) reinsurance contracts held that are liabilities</i> .....                                | 70                        | 14                |
| Valuation reserves .....                                                                       | -2,084                    | -2,458            |
| Redeemable shares .....                                                                        | -                         | -                 |
| Equity instruments .....                                                                       | 7,217                     | 7,211             |
| Reserves .....                                                                                 | 14,654                    | 15,073            |
| Interim dividend (-) .....                                                                     | -                         | -1,400            |
| Share premium reserve .....                                                                    | 28,001                    | 28,053            |
| Share capital .....                                                                            | 10,369                    | 10,369            |
| Treasury shares (-) .....                                                                      | -70                       | -124              |
| Minority interests (+/-) .....                                                                 | 152                       | 166               |
| Net income (loss) (+/-) .....                                                                  | 4,222                     | 4,379             |
| <b>Total Liabilities and Shareholders' Equity</b> .....                                        | <b>955,205</b>            | <b>974,587</b>    |

**INTESA SANPAOLO S.p.A.**  
**CONSOLIDATED HALF-YEARLY STATEMENT OF INCOME**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2023**

The half-yearly financial information below includes comparative figures for the six months ended 30 June 2022 presented according to the New Bank of Italy's Circular 262 and adjusted for the application of IFRS 9 – IFRS 17 by the Insurance Companies of the Group. As a result, these comparative figures have been identified as unaudited.

|                                                                                                                   | <b>First six<br/>months of<br/>2023</b> | <b>First six<br/>months of<br/>2022</b> |
|-------------------------------------------------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------|
|                                                                                                                   | <b>Unaudited</b>                        | <b>Unaudited</b>                        |
|                                                                                                                   | <i>(in millions of €)</i>               |                                         |
| Interest and similar income .....                                                                                 | 14,562                                  | 6,588                                   |
| <i>of which: interest income calculated using the effective interest rate method.....</i>                         | <i>13,031</i>                           | <i>6,254</i>                            |
| Interest and similar expense .....                                                                                | -6,630                                  | -1,428                                  |
| <b>Interest margin .....</b>                                                                                      | <b>7,932</b>                            | <b>5,160</b>                            |
| Fee and commission income .....                                                                                   | 5,306                                   | 5,759                                   |
| Fee and commission expense .....                                                                                  | -1,366                                  | -1,354                                  |
| <b>Net fee and commission income .....</b>                                                                        | <b>3,940</b>                            | <b>4,405</b>                            |
| Dividend and similar income .....                                                                                 | 359                                     | 356                                     |
| Profits (Losses) on trading .....                                                                                 | 69                                      | 179                                     |
| Fair value adjustments in hedge accounting .....                                                                  | -57                                     | 46                                      |
| Profits (Losses) on disposal or repurchase of .....                                                               | -97                                     | -50                                     |
| <i>a) financial assets measured at amortised cost .....</i>                                                       | <i>72</i>                               | <i>210</i>                              |
| <i>b) financial assets measured at fair value through other comprehensive income .....</i>                        | <i>-187</i>                             | <i>-252</i>                             |
| <i>c) financial liabilities .....</i>                                                                             | <i>18</i>                               | <i>-8</i>                               |
| Profits (Losses) on other financial assets and liabilities measured at fair value<br>through profit or loss ..... | 1,630                                   | -2,371                                  |
| <i>a) financial assets and liabilities designated at fair value .....</i>                                         | <i>-2,281</i>                           | <i>7,653</i>                            |
| <i>b) other financial assets mandatorily measured at fair value .....</i>                                         | <i>3,911</i>                            | <i>-10,024</i>                          |
| <b>Net interest and other banking income .....</b>                                                                | <b>13,776</b>                           | <b>7,725</b>                            |
| Net losses / recoveries for credit risks associated with: .....                                                   | -725                                    | -1,319                                  |
| <i>a) financial assets measured at amortised cost .....</i>                                                       | <i>-669</i>                             | <i>-1,217</i>                           |
| <i>b) financial assets measured at fair value through other comprehensive income .....</i>                        | <i>-56</i>                              | <i>-102</i>                             |
| Profits (Losses) on changes in contracts without derecognition .....                                              | 3                                       | -1                                      |
| <b>Net income from banking activities .....</b>                                                                   | <b>13,054</b>                           | <b>6,405</b>                            |
| Insurance service result .....                                                                                    | 1,064                                   | 836                                     |
| <i>a) insurance revenue arising from insurance contracts issued .....</i>                                         | <i>1,518</i>                            | <i>1,771</i>                            |
| <i>b) insurance service expenses arising from insurance contracts issued .....</i>                                | <i>-458</i>                             | <i>-871</i>                             |
| <i>c) insurance revenue arising from reinsurance contracts held .....</i>                                         | <i>73</i>                               | <i>69</i>                               |
| <i>d) insurance service expenses arising from reinsurance contracts held .....</i>                                | <i>-69</i>                              | <i>-133</i>                             |
| Balance of financial income and expenses related to insurance operations .....                                    | -2,648                                  | 1,787                                   |
| <i>a) net financial expenses/revenue related to insurance contracts issued .....</i>                              | <i>-2,652</i>                           | <i>1,787</i>                            |
| <i>b) net financial expenses/revenue related to reinsurance contracts held .....</i>                              | <i>4</i>                                | <i>-</i>                                |
| <b>Net income from banking and insurance activities .....</b>                                                     | <b>11,470</b>                           | <b>9,028</b>                            |
| Administrative expenses .....                                                                                     | -5,256                                  | -5,256                                  |
| <i>a) personnel expenses .....</i>                                                                                | <i>-3,067</i>                           | <i>-3,059</i>                           |
| <i>b) other administrative expenses .....</i>                                                                     | <i>-2,189</i>                           | <i>-2,197</i>                           |

|                                                                                                    | First six<br>months of<br>2023 | First six<br>months of<br>2022 |
|----------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|
|                                                                                                    | Unaudited                      | Unaudited                      |
|                                                                                                    | <i>(in millions of €)</i>      |                                |
| Net provisions for risks and charges.....                                                          | -130                           | -125                           |
| a) commitments and guarantees given.....                                                           | 32                             | -74                            |
| b) other net provisions.....                                                                       | -162                           | -51                            |
| Net adjustments to / recoveries on property and equipment.....                                     | -336                           | -326                           |
| Net adjustments to / recoveries on intangible assets.....                                          | -451                           | -389                           |
| Other operating expenses (income) .....                                                            | 462                            | 486                            |
| <b>Operating expenses .....</b>                                                                    | <b>-5,711</b>                  | <b>-5,610</b>                  |
| Profits (Losses) on investments in associates and companies subject to joint control               | 194                            | 204                            |
| Valuation differences on property, equipment and intangible assets measured at fair<br>value ..... | -22                            | -3                             |
| Goodwill impairment .....                                                                          | -                              | -                              |
| Profits (Losses) on disposal of investments .....                                                  | 160                            | 14                             |
| <b>Income (Loss) before tax from continuing operations .....</b>                                   | <b>6,091</b>                   | <b>3,633</b>                   |
| Taxes on income from continuing operations .....                                                   | -1,846                         | -1,282                         |
| <b>Income (Loss) after tax from continuing operations.....</b>                                     | <b>4,245</b>                   | <b>2,351</b>                   |
| Income (Loss) after tax from discontinued operations.....                                          | -                              | -                              |
| <b>Net income (loss) .....</b>                                                                     | <b>4,245</b>                   | <b>2,351</b>                   |
| Minority interests .....                                                                           | -23                            | -5                             |
| <b>Parent Company's net income (loss) .....</b>                                                    | <b>4,222</b>                   | <b>2,346</b>                   |
| <b>Basic EPS – Euro.....</b>                                                                       | <b>0.23</b>                    | <b>0.12</b>                    |
| <b>Diluted EPS – Euro .....</b>                                                                    | <b>0.23</b>                    | <b>0.12</b>                    |



## REGULATORY SECTION

### *Changes in regulatory framework*

The Intesa Sanpaolo Group is subject to extensive regulation and supervision by the Bank of Italy, the Italian Securities and Exchange Commission (**CONSOB**), the European Central Bank (the **ECB**) and the European System of Central Banks and is also subject to the authority of the Single Resolution Board (**SRB**). Certain entities within the Intesa Sanpaolo Group are also subject to supervision by the Italian Institute for the Supervision of Insurance and Intesa Sanpaolo is also subject to rules applicable to it as an issuer of shares listed on the Milan Stock Exchange. The banking laws to which the Intesa Sanpaolo Group is subject govern the activities in which banks may engage and are designed to maintain the safety and soundness of such institutions and limit their exposure to risk. In addition, the Intesa Sanpaolo Group must comply with financial services laws that govern its marketing and selling practices. New acts of legislation and regulations may be introduced in Italy and the European Union that may affect the Intesa Sanpaolo Group, including proposed regulatory initiatives that could significantly alter the Intesa Sanpaolo Group's capital requirements.

The rules applicable to banks and other entities in banking groups include implementation of measures consistent with the regulatory framework set out by the Basel Committee on Banking Supervision (the **Basel Committee**).

In accordance with the regulatory frameworks described above and consistent with the regulatory framework being implemented at the European Union level, the Intesa Sanpaolo Group has in place specific procedures and internal policies to monitor, among other things, liquidity levels and capital adequacy, the prevention and detection of money laundering, privacy protection, ensuring transparency and fairness in customer relations and registration and reporting obligations. Despite the existence of these procedures and policies, there can be no assurance that violations of regulations will not occur, which could adversely affect the Intesa Sanpaolo Group's results of operations, business and financial condition. In addition, as at the date of this Base Prospectus, certain laws and regulations have only been recently approved and the relevant implementation procedures are still in the process of being developed.

### *The CRD IV Package*

The Basel III framework began to be implemented in the EU from 1 January 2014 through 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 (the **CRD IV**) and 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 (the **CRR** and together with the CRD IV, the **CRD IV Package**), Delegated Regulation (EU) 2015/61 and its supplements and the Implementing Regulation (EU) 2016/313. The CRD IV Package has been subsequently updated by Regulation (EU) No. 2019/876 (**CRR II**) and Directive (EU) No. 2019/878 (**CRD V**).

Full implementation began on 1 January 2014, with particular elements being phased in over a period of time (the requirements were largely fully effective by 2019 and some minor transitional provisions provide for phase-in until 2024). Further details on the implementation of the EU Banking Reform Package (as defined below) are provided in the paragraph “*Revisions to the CRD IV Package*” below.

The provisions of the CRR are supplemented, in Luxembourg, by the CSSF Regulation N°18-03 on the implementation of certain discretions contained in the CRR and implementing Guideline (EU) 2017/697 of the European Central Bank of 4 April 2017 on the exercise of options and discretions available in Union law by national competent authorities in relation to less significant institutions and by technical regulatory and execution rules relating to the CRD IV and the CRR published through delegated regulations of the European Commission and guidelines of the EBA. The CRD IV was implemented in Luxembourg by the Luxembourg law of 5 April 1993 on the financial sector, as amended (the **Banking Act 1993**). The CSSF has supplemented the Banking Act 1993 by adopting certain regulations.

The provisions of the CRR are supplemented in Ireland by the European Union (*Capital Requirements*) (No. 2) Regulations 2014 of Ireland with respect to technical requirements and offences in order that the CRR can effectively operate in Irish law. The CRD IV was transposed into Irish law by the European Union (*Capital Requirements*) Regulations 2014 of Ireland. The CRR and CRD IV are also supplemented in Ireland by the document published by the Central Bank of Ireland in 2014 entitled “*Implementation of Competent Authority Discretions and Options in CRD IV and CRR*” (with respect to implementation in Ireland of certain discretions and options available to Member States under the CRD IV Package) and by technical rules relating to the CRD IV and the CRR published through delegated regulations of the European Commission and guidelines of the EBA.

In Italy the CRD IV was implemented by Legislative Decree no. 72 of 12 May 2015 which impacted, *inter alia*, on:

- (a) proposed acquirers of credit institutions' holdings, shareholders and members of the management body requirements (Articles 22, 23 and 91 CRD IV);
- (b) competent authorities' powers to intervene in cases of crisis management (Articles 102 and 104 CRD IV);
- (c) reporting of potential or actual breaches of national provisions (so-called whistleblowing, Article 71 CRD IV); and
- (d) administrative penalties and measures (Articles 64 and 65 CRD IV).

Moreover, the Bank of Italy published new supervisory regulations on banks in December 2013 (Circular of the Bank of Italy No. 285 of 17 December 2013 (the **Circular No. 285**)) which came into force on 1 January 2014, and has been amended over time in order to implement, *inter alia*, the

CRD IV Package, as amended by the EU Banking Reform Package (as defined below), and set out additional local prudential rules concerning matters not harmonised at EU level. Circular No. 285 has been constantly updated after its first issue, the last update being the 43<sup>rd</sup> update published on 5 December 2023. The CRD IV Package, as amended by the EU Banking Reform Package (as defined below), has also been supplemented in Italy by technical standards and guidelines relating to the CRD IV and the CRR finalized by the European Supervisory Authorities (ESAs), mainly the EBA and ESMA, and delegated regulations of the European Commission and guidelines of the EBA.

According to Article 92 of the CRR, institutions are required at all times to satisfy the following own funds requirements: (i) a Common Equity Tier 1 (**CET1**) capital ratio of 4.5%; (ii) a Tier 1 Capital ratio of 6%; (iii) a Total Capital Ratio of 8% and; (iv) a leverage ratio of 3%. According to Articles from 129 to 134 of CRD IV, these minimum ratios are complemented by the following capital buffers to be met with CET1 capital, reported below:

- *Capital conservation buffer*: set at 2.5 per cent from 1 January 2019 (pursuant to Article 129 of the CRD IV and Part I, Title II, Chapter I, Section II of Circular No. 285);
- *Counter-cyclical capital buffer (CCyB)*: set by the relevant competent authority between 0% - 2.5% of credit risk exposures towards counterparties each of the home Member State, other Member States and third countries (but may be set higher than 2.5 % where the competent authority considers that the conditions in the Member State justify this), with gradual introduction from 1 January 2016 and applying temporarily in the periods when the relevant national authorities judge the credit growth excessive (pursuant to Article 130 of the CRD IV and Part I, Title II, Chapter I, Section III of Circular No. 285). The Bank of Italy has set, and decided to maintain, the CCyB (relating to exposures towards Italian counterparties) at 0% for the fourth quarter of 2023;
- *Capital buffers for globally systemically important banks (G-SIBs)*: set as an "additional loss absorbency" buffer varying depending on the sub-categories on which the globally systemically important institutions ("G-SIIs") are divided into. The lowest sub-category shall be assigned a G-SII buffer of 1 % of the total risk exposure amount calculated in accordance with Article 92(3) of the CRR and the buffer assigned to each sub-category shall increase in gradients of at least 0.5 % of the total risk exposure amount calculated in accordance with Article 92(3) of the CRR. G-SIBs is determined according to specific indicators (size, interconnectedness, lack of substitutes for the services provided, global cross border activity and complexity); and being phased in from 1 January 2016 (pursuant to Article 131 of the CRD IV and Part I, Title II, Chapter I, Section IV of Circular No. 285), became fully effective on 1 January 2019. Based on the most recently updated list of G-SIIs published by the Financial Stability Board (**FSB**), neither the Issuer (nor any member of the Intesa Sanpaolo Group) is a G-SIB and therefore they do not need to comply with a G-SIB capital buffer requirement (or leverage ratio buffer); and
- *Capital buffers for other systemically important banks at a domestic level (O-SIIs)*: (the category to which Intesa Sanpaolo currently belongs): up to 3.0% as set by the relevant competent authority (reviewed at least annually), to compensate for the higher risk that such

banks represent to the financial system (pursuant to Article 131 of the CRD IV and Title II, Chapter 1, Section IV of Circular No. 285). Recently, the Bank of Italy identified Intesa Sanpaolo Group as an O-SII authorised to operate in Italy in 2024 and has imposed on the Intesa Sanpaolo Group a capital buffer for O-SII of 1.25%, to be applied from 1 January 2024.

In addition to the above listed capital buffers, under Article 133 of the CRD IV each Member State may introduce a systemic risk buffer in order to prevent and mitigate long term non-cyclical systemic or macro-prudential risks not covered by the CRD IV Package.

With update No. 38 of 22 February 2022, the Circular No. 285 of 17 December 2013 was amended in order to provide, inter alia, the introduction of:

- the possibility for the Bank of Italy to activate the systemic risk buffer (SyRB) for banks and banking groups authorised in Italy. In particular, the requirement to maintain a systemic risk buffer of Common Equity Tier 1 is intended to prevent and mitigate macro-prudential or systemic risks not otherwise covered with the macro-prudential instruments provided for by the CRR, the anti-cyclical capital buffer and the capital buffers for G-SII and for O-SII. The buffer ratio for systemic risk can be applied to all exposures or to a subset of exposures and to all banks or to one or more subsets of banks with similar risk profiles; and
- some macro-prudential instruments based on the characteristics of customers or loans (so-called "*borrower-based measures*"). Specifically, these are measures that are not harmonised at European level, which can be used to counter systemic risks deriving from developments in the real estate market and from high or rising levels of household and non-financial corporate debt.

Furthermore, with update No. 39 of 13 July 2022, the Circular 285 was amended in order to align its provisions with Articles 104 to 104c of the CRD V Directive. In particular, the amendments introduced to Part I, Chapter 1, Title III of the Circular 285 provide, inter alia, the introduction of:

- a clear differentiation between components of P2R estimated from an ordinary perspective and the Pillar 2 Guidance determined from a stressed perspective which supervisory authorities may require banks to hold; and
- the possibility for supervisory authorities to require additional capital in the presence of excessive leverage risk, under both ordinary and stressed conditions (P2R and Leverage Ratio and Pillar 2 Guidance Leverage Ratio).

Failure by an institution to comply with the buffer requirements described above (the **Combined Buffer Requirement**) may trigger restrictions on distributions by reference to the so-called Maximum Distributable Amounts (**MDA**) and the need for the bank to adopt a capital conservation plan and/or take remedial action (Articles 141 and 142 of the CRD IV). A further rule introduced by the CRR II, applicable in respect of liabilities issued before 27 June 2019, allows for the

“grandfathering” of instruments as, respectively, Additional Tier 1 instruments, Tier 2 instruments and eligible liabilities, even if they do not fully comply with certain requirements of the CRR II. This treatment is available until 28 June 2025 at the latest.

The CRD IV Package also introduced a Liquidity Coverage Ratio (the **LCR**). This is a stress liquidity measure based on modelled 30-day outflows. Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 supplementing the CRR with regard to liquidity coverage requirement for credit institutions (the **LCR Delegated Act**) was adopted in October 2014 and published in the Official Journal of the European Union in January 2015. On 20 May 2022, amendments to the LCR Delegated Act were published in the Official Journal (Commission Delegated Regulation (EU) 2022/786 of 10 February 2022) and applied as of July 2022. Most of these amendments were introduced to better allow the credit institutions issuing covered bonds to comply, on one hand, with the general liquidity coverage requirement for a 30 calendar day stress period and, on the other hand, with the cover pool liquidity buffer requirement, as laid down by Directive (EU) 2019/2162 of the European Parliament and of the Council (**Covered Bond Directive**).

The Net Stable Funding Ratio (**NSFR**) is part of the Basel III framework and aims to promote resilience over a longer time horizon (one year) by creating incentives for banks to fund their activities with more stable sources of funding on an on-going basis. The NSFR were introduced as a requirement in the CRR II published in June 2019 and is applicable from June 2021.

### ***Revisions to the CRD IV Package***

On 23 November 2016, the European Commission presented a comprehensive package of reforms to further strengthen the resilience of EU banks and investment firms (the **EU Banking Reform Package**). The EU Banking Reform Package amends many existing provisions set out in the CRD IV Package, the BRRD and the SRM Regulation (as such terms are defined below). These proposals were agreed by the European Parliament, the Council of the EU and the European Commission and were published in the Official Journal of the EU on 7 June 2019, entering into force 20 days after, even though most of the provisions are applicable as of 28 June 2021, allowing for a smooth implementation of the new provisions.

The EU Banking Reform Package includes:

- (a) revisions to the standardised approach for counterparty credit risk;
- (b) changes to the market risk rules which include the introduction first of a reporting requirement, pending the implementation in the EU of the latest changes to the FRTB (as defined below) published in January 2019 by the BCBS and then the application of own funds requirements as of 1 January 2023;
- (c) a binding leverage ratio (and related improved disclosure requirements) introduced as a backstop to risk-weighted capital requirements and set at 3% of an institution’s Tier 1 capital;

- (d) a binding 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). This means that the amount of available stable funding will be calculated by multiplying an institution's liabilities and regulatory capital by appropriate factors that reflect their degree of reliability over a year. The NSFR will be expressed as a percentage and set at a minimum level of 100%, indicating that an institution holds sufficient stable funding to meet its funding needs during a one-year period under both normal and stressed conditions. The NSFR will apply at a level of 100% at individual and a consolidated level starting from 28 June 2021, unless competent authorities waive the application of the NSFR on an individual basis as of two years after the date of entry into force of the EU Banking Reform Package;
- (e) changes to the large exposures limits, now calculated as the 25% of Tier 1; and
- (f) improved own funds calculation adjustments for exposures to SMEs and infrastructure projects.

In particular, on 7 June 2019, the legal acts of the "EU Banking Reform Package" regarding the banking sector have been published on the EU Official Journal. Such measures include, together with the amendments to the BRRD and to SRMR, (i) CRR II amending the CRR 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, and (ii) CRD V amending the CRD IV as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures. The amendments proposed better align the current regulatory framework to international developments in order to promote consistency and comparability among jurisdictions.

Such measures entered into force on 27 June 2019, while a) the CRR II is applicable from 28 June 2021, excluding some provisions with a different date of application (early or subsequent), b) the CRD V and BRRD 2 were to be implemented into national law by 28 December 2020 excluding some provisions entered into force subsequently.

On 30 November 2021, Legislative Decree no. 193 of 8 November 2021, implementing the BRRD 2, was published in the *Gazzetta Ufficiale* and entered into force on 1 December 2021.

Moreover, it is worth mentioning that the Basel Committee on Banking Supervision (**BCBS**) concluded the review process of the models (for credit risk, counterparty risk, operational risk and market risk) for the calculation of minimum capital requirements, including constraints on the use of internal models and introducing the so-called "output floor" (setting a minimum level of capital requirements calculated on the basis of internal models equal, when fully implemented, to 72.5 per cent. of those calculated on the basis of the standardised methods). The main purpose is to enhance consistency and comparability among banks. The new framework was finalised for market risk in 2016 and finally revised in January 2019. The new framework for credit risk and operational risk was completed in December 2017. Basel III and Basel IV (as defined below) should be fully implemented with the reform package proposed by the European Commission in October 2021.

On 27 October 2021, the European Commission published, as part of a legislative package that includes also amendments to CRD IV (the so-called **CRD VI**), the text of the proposal to amend the CRR II (**CRR III** and jointly with the CRD V the **2021 Banking Reform Package**). In particular, the 2021 Banking Reform Package aims at implementing in the EU the 2017 Basel Accord and further elements not included in such international framework contributing to financial stability and to the steady financing of the economy in the context of the post-COVID 19 crisis recovery. This general objective can be broken down in four more specific objectives:

- (i) to strengthen the risk-based capital framework, without significant increases in capital requirements overall;
- (ii) to enhance the focus on ESG risk in the prudential framework;
- (iii) to further harmonise supervisory powers and tools;
- (iv) to reduce institutions' administrative costs related to public disclosure and to improve access to institutions prudential data; and
- (v) to insert in the CRR a dedicated treatment for the indirect subscription of instruments eligible for internal MREL (i.e. "*daisy chain approach*").

In June 2023, the European Parliament and Council reached a provisional agreement on the 2021 Banking Reform Package. The new rules amending the CRR II are expected to apply from 1 January 2025 with certain elements of the regulation phasing in over the coming years. Changes to the CRD IV will have to be transposed by Member States by mid-2025. Once implemented in the Union, the regulatory changes brought by the 2021 Banking Reform Package will impact the entire banking system and consequently could determine changes in the capital calculation and increase capital requirements.

Regular monitoring exercise includes also a monitoring exercise to assess the impact of the Basel III framework on a sample of EU banks that the EBA conducts in coordination and in parallel with the BCBS (**Basel III Monitoring Exercise**). This exercise assesses the impact of the latest regulatory developments at BCBS level in the following area: (a) global regulatory framework for more resilient banks and banking systems; (b) the Liquidity Coverage Ratio and liquidity risk monitoring tools; (c) the leverage ratio framework and disclosure requirements; (d) the Net Stable Funding Ratio; and (e) the post-crisis reforms.

The impact of the Basel III is assessed using mostly the following measures:

- (i) percentage impact on minimum required Tier 1 capital (MRC);
- (ii) impact, in basis point, on the current actual Tier 1 capital ratio; and

- (iii) Tier 1 capital shortfall resulting from the full implementation of Basel III, namely the capital amount that banks need to fulfil the Basel III MCR.

According to EBA Decision no. EBA/DC/2021/373 concerning information required for the monitoring of Basel supervisory standards published on 18 February 2021, as subsequently amended, (**EBA Decision**), the Basel III Monitoring Exercise is mandatory, on an annual basis, for a representative set of EU and EEA credit institutions identified by the relevant competent authorities.

On 26 September 2023, EBA published its first mandatory Basel III Monitoring Report which assess the impact that Basel III full implementation will have on EU banks in 2028. According to this assessment, the full Basel III implementation would result in an average increase of 12.6% of the current Tier 1 minimum required capital. Thus, to comply with the new framework, banks would need EUR 0.6 billion of additional Tier 1 capital.

On 4 May 2020, EBA published its final draft technical standards on specific reporting requirements for market risk, in accordance with the mandate set out in the provisions of the CRR II.

In particular, the implementing technical standards (ITS) introduced uniform reporting templates, the template related instructions, the frequency and the dates of the reporting, the definitions and the IT solutions for the specific reporting for market risk. These ITS introduce the first elements of the Fundamental Review of the Trading Book (FRTB) into the EU prudential framework by means of a reporting requirement. Based on the ITS submitted by the EBA, the European Commission adopted the Implementing Regulation no. 2021/453/EU of 15 March 2021 which applied from 5 October 2021.

As a final note, on 12 October 2023, the EBA published a report on the role of environmental and social risks in the prudential framework of credit institutions and investment firms. Taking a risk-based approach, the report recommends targeted enhancements to accelerate the integration of environmental and social risks across the Pillar I. In particular, the EBA proposed to: (i) including environmental risk as part of stress testing programmes under both the internal ratings-based (IRB) and the internal model approaches (IMA) under the Fundamental Review of the Trading Book; (ii) encourage inclusion of environmental and social factors as part of external assessment by the credit rating agencies; (iii) encourage the inclusion of environmental and social factors as part of the due diligence requirements and evaluation of immovable property collateral; (iv) require institutions to identify whether environmental and social factors constitute triggers of operational risk losses; and (v) progressively develop environment-related concentration risk metrics as part of supervisory reporting.

### ***Revisions to the Basel III framework***

In December 2017, the Basel Committee published of its final set of amendments to its Basel III framework (known informally as **Basel IV**). Basel IV is expected to introduce a range of measures, including:



- (i) changes to the standardised approach for the calculation of credit risk;
- (ii) limitations to the use of IRB approaches, mainly banks will be allowed to use the F-IRB approach and the SA, only for specialised lending the A-IRB will be still used;
- (iii) a new framework for determining an institution's operational risk charge, which will be calculated only by using a new standardised approach;
- (iv) an amended set of rules in relation to credit valuation adjustment; and
- (v) an aggregate output capital floor that ensures that an institution's total risk weighted assets (**RWA**) generated by IRB models are no lower than 72.5% of those generated by the standardised approach.

According to the Basel Committee, Basel IV should be introduced as a global standard from January 2022, with the output capital floor being phased-in (starting at 50% from 1 January 2022 and reaching 72.5% as of 1 January 2025). In this occasion, the Basel Committee postponed the suggested implementation date for the Fundamental Review of the Trading Book (**FRTB**) has been postponed by the Basel Committee to January 2025 to allow it to finalise the remaining elements of the framework and align the implementation date with the other Basel IV reforms.

#### ***Additional reforms to the banking and financial services sector***

In addition to the substantial changes in capital and liquidity requirements introduced by Basel IV and the EU Banking Reform Package there are several other initiatives, in various stages of finalisation, which represent additional regulatory pressure over the medium term and have the potential to impact the Intesa Sanpaolo Group's business and operations. These initiatives include, amongst others, a revised EU securitisation framework. On 12 December 2017, the European Parliament adopted the Regulation (EU) 2017/2402 (the **Securitisation Regulation**) which entered into force in January 2019, while a number of underlying regulatory and implementing technical standards delivered by the EBA and ESMA are being adopted. The Securitisation Regulation introduced changes to the existing securitisation framework in relation to the nature of the risk retention obligation and due diligence requirements, the introduction of an adverse selection test for certain assets and a new framework for so-called "*simple transparent and standardised securitisations*" which will receive preferential capital treatment subject to a number of conditions.

On 9 November 2015 the Financial Stability Board (**FSB**) published its final Total Loss-Absorbing Capacity (**TLAC**) Principles and Term Sheet, proposing that G-SIBs maintain significant minimum amounts of liabilities that are subordinated (by law, contract or structurally) to liabilities excluded from TLAC, such as guaranteed insured deposits, derivatives, etc. and which forms a new standard for G-SIBs. The TLAC Principles and Term Sheet contains a set of principles on loss absorbing and recapitalisation capacity of G-SIBs in resolution and a term sheet for the implementation of these principles in the form of an internationally agreed standard. The TLAC Principles and Term Sheet

require a minimum TLAC requirement for each G-SIB at the greater of (a) 16% of RWA (as of 1 January 2019) and 18% of RWA (as of 1 January 2022), and (b) 6% of the Basel III Tier 1 leverage ratio requirement (as of 1 January 2019), and 6.75 % (as of 1 January 2022). Liabilities that are eligible for TLAC include capital instruments and instruments that are contractually, statutorily or structurally subordinated to certain "excluded liabilities" (including insured deposits and liabilities that cannot be effectively written down or converted into equity by relevant authorities) in a manner that does not give rise to a material risk of compensation claims or successful legal challenges.

With a view to ensuring full implementation of the TLAC standard in the EU, the EU Banking Reform Package and the BRRD2 introduce minimum requirements for own funds and eligible liabilities (**MREL**), which apply to EU credit institutions, including G-SIIs (global systematically important institutions). Consistent with the TLAC standard, MREL requirements allow resolution authorities, on the basis of bank-specific assessments, to require that G-SIIs comply with a supplementary MREL requirement strictly linked to the resolvability analysis of a given G-SII. Based on the most recently updated list of G-SIIs published by the FSB on 27 November 2023, neither the relevant Issuer nor any member of the Intesa Sanpaolo Group has been identified as a G-SIB in the 2023.

The BRRD2 includes important changes as it introduces a new category of banks, the so-called top-tier banks, being banks which are resolution entities that are not G-SIIs but are part of a resolution group whose total assets exceed €100 billion. ISP is a top-tier bank for this purpose. At the same time, the BRRD2 introduces a minimum harmonised MREL requirement (also referred to as a **Pillar 1 MREL requirement**) which applies to G-SIIs and top-tier banks. In addition, resolution authorities will be able, on the basis of bank-specific assessments, to require that G-SIIs and top-tier banks comply with a supplementary MREL requirement (a **Pillar 2 MREL requirement**). A subordination requirement is also generally required for MREL eligible liabilities under BRRD2, but exceptions apply.

In order to ensure compliance with MREL requirements, and in line with the FSB standard on TLAC, the BRRD2 provides that in case a bank does not have sufficient eligible liabilities to comply with its MREL requirements, the resultant shortfall is automatically filled up with CET1 Capital that would otherwise be counted towards meeting the combined capital buffer requirement. However, under certain circumstances, BRRD2 envisages a nine-month grace period before restrictions to discretionary payments to the holders of regulatory capital instruments, senior management of the bank and employees take effect due to a breach of the combined capital buffer requirement.

Delegated regulation 2021/763 (EU), applicable since 28 June 2021, lays down implementing technical standards for the application of Regulation (EU) No 575/2013 of the European Parliament and of the Council and Directive 2014/59/EU of the European Parliament and of the Council with regard to the supervisory reporting and public disclosure of the minimum requirement for own funds and eligible liabilities.

On 12 March 2018, the Commission published a proposal for a directive on covered bonds (the **CB Directive Proposal**) laying down the conditions that these bonds have to respect in order to be recognised under EU law and a proposal for amendments to Article 129 of the CRR, concerning the

prudential treatment of covered bonds. The CB Directive Proposal together with amendments to Article 129 of the CRR have been approved and published in the Official Journal on 18 December 2019. Member States have an 18 month period to implement the directive. The Covered Bond Directive was transposed into the Italian legal framework by means of Legislative Decree 5 November 2021, no. 190 which modified Law 30 April 1999, no. 130 and entered into force on December 1<sup>st</sup>, 2021.

With reference to the recent amendments and updates to the regulatory framework relating to Covered Bonds, please refer to “*Covered Bonds Legislative Package*” below.

### ***ECB Single Supervisory Mechanism***

On 15 October 2013, the Council of the European Union adopted Council Regulation (EU) No. 1024/2013 conferring specific tasks on the ECB concerning policies relating to the prudential supervision of credit institutions (the **SSM Regulation**) for the establishment of a single supervisory mechanism (the **Single Supervisory Mechanism** or **SSM**). The SSM Regulation provides the ECB, in conjunction with the national competent authorities of the Eurozone and participating Member States, with direct supervisory responsibility over "banks of significant importance" in those Member States. "Banks of significant importance" include any Eurozone bank in relation to which (i) the total value of its assets exceeds €30 billion or – unless the total value of its assets is below €5 billion – the ratio of its total assets over the national gross domestic product exceeds 20%; (ii) is one of the three most significant credit institutions established in a Member State; (iii) has requested, or is a recipient of, direct assistance from the European Financial Stability Facility or the European Stability Mechanism and/or (iv) is considered by the ECB to be of significant relevance where it has established banking subsidiaries in more than one participating Member State and its cross-border assets/liabilities represent a significant part of its total assets/liabilities. Intesa Sanpaolo S.p.A. and the Intesa Sanpaolo Group have been classified, respectively, as a significant supervised entity and a significant supervised group pursuant to the SSM Regulation and Regulation (EU) No. 468/2014 of the European Central Bank of 16 April 2014 (the **SSM Framework Regulation**) and, as such, are subject to direct prudential supervision by the ECB.

The relevant national competent authorities continue to be responsible, in respect of Intesa Sanpaolo and its subsidiaries, for supervisory functions not conferred on the ECB, such as consumer protection, money laundering, payment services, and supervision over branches of third country banks. The ECB is exclusively responsible for the prudential supervision of Intesa Sanpaolo Group, which includes, *inter alia*, the power to: (i) authorise and withdraw authorisation; (ii) assess acquisition and disposal of holdings; (iii) ensure compliance with all prudential requirements laid down in general EU banking rules; (iv) set, where necessary, higher prudential requirements to protect financial stability under the conditions provided by EU law; (v) ensure compliance with robust corporate governance practices and internal capital adequacy assessment controls and (vi) intervene at the early stages when risks to the viability of a bank exist, in coordination with the relevant resolution authorities. The ECB may exercise options and discretions under the SSM and SSM Framework Regulation in relation to the Intesa Sanpaolo Group.

***The Intesa Sanpaolo Group is subject to the provisions of the EU Bank Recovery and Resolution Directive***

On 2 July 2014, the directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (Directive 2014/59/EU) (the **BRRD**) entered into force. The BRRD is designed to provide authorities with a credible set of tools to intervene sufficiently early and quickly in an institution that is failing or likely to fail so as to ensure the continuity of the institution's critical financial and economic functions, while 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 (except for the asset separation tool) 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 into shares or other instruments of ownership (i.e. 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**). Such shares or other instruments of ownership could also be subject to any exercise of such powers by a resolution authority under the BRRD.

In addition to the general bail-in tool, the BRRD provides for resolution authorities to have the further power to permanently write-down/convert into shares or other instruments of ownership at the point of non-viability and before any other resolution action is taken (**non-viability loss absorption**). The point of non-viability under the BRRD is the point at which the relevant authority determines that the institution meets the conditions for resolution (but no resolution action has yet been taken) or that the institution 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.

Resolution authorities have the power to amend or alter the maturity of certain debt instruments issued by an institution under resolution, amend the amount of interest payable under such instruments, the date on which the interest becomes payable (including by suspending payment for a temporary period) and to restrict the termination rights of holders of such instruments. The BRRD also provides for a Member State, after having assessed and exhausted the above resolution tools to the maximum extent possible whilst maintaining financial stability, to be able to provide extraordinary public financial support through additional financial stabilisation tools. Resolution authorities may provide public equity support to an institution and/or take the institution into public ownership. Such measures must be taken in accordance with the EU state aid framework and will

require a contribution to loss absorption from shareholders and creditors via write-down, conversion or otherwise, in an amount equal to at least 8 % of total liabilities (including own funds).

As an exemption from these principles, the BRRD allows for three kinds of extraordinary public support to be provided to a solvent institution without triggering resolution: 1) a State guarantee to back liquidity facilities provided by central banks according to the central banks' conditions; 2) a State guarantee of newly issued liabilities; or 3) an injection of own funds in the form of precautionary recapitalisation. In the case of precautionary recapitalization EU state aid rules require that shareholders and junior bond holders contribute to the costs of restructuring.

The SRM provides for the setting up of a Single Resolution Fund in the relevant Member State (the **SRF** or the **Fund**), established under the control of the SRB, as of 1 January 2016 in which the national resolution funds had been pooled together. The SRF is intended to ensure the availability of funding support while a bank is resolved and will contribute to resolution if, and only after, at least 8% of the total liabilities (including own funds) of the bank have been subject to bail-in. The SRF is expected to reach a target of around €80 billion (the basis being 1 per cent. of the covered deposits in the financial institutions of the Eurozone). Once this target level is reached, in principle, institutions will have to contribute only if the resources of the SRF are used up in order to deal with resolution action taken by the relevant authorities. The BRRD has been implemented in Italy through the adoption of two Legislative Decrees by the Italian Government, namely, Legislative Decrees No. 180/2015 and 181/2015 (together, the **BRRD Decrees**), both of which were published in the Italian Official Gazette (*Gazzetta Ufficiale*) on 16 November 2015. Legislative Decree No. 180/2015 is a stand-alone law which implements the provisions of BRRD relating to resolution actions, while Legislative Decree No. 181/2015 amends the existing Banking Law (Legislative Decree No. 385 of 1 September 1993, as amended) and deals principally with recovery plans, early intervention and changes to the creditor hierarchy. The BRRD Decrees entered into force on 16 November, 2015, save that: (i) the bail-in tool applied from 1 January 2016; and (ii) a "depositor preference" granted for deposits other than those protected by the deposit guarantee scheme and excess deposits of individuals and SME's applied from 1 January 2019.

It is important to note that, pursuant to Article 49 of Legislative Decree No. 180/2015, resolution authorities may not exercise the bail-in 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, pledge, lien or collateral against which it is secured. The BRRD specifically contemplates that *pari passu* ranking liabilities may be treated unequally.

Certain categories of liability are subject to the mandatory exclusions from bail-in foreseen in Article 44(2)(g) of the BRRD. For instance, most forms of liability for taxes, social security contributions or to employees benefit from privilege under Italian law and as such are preferred to ordinary senior unsecured creditors in the context of liquidation proceedings. 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 BRRD 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 has amended the creditor hierarchy in the case of admission of Italian banks and investment firms to resolution as well as compulsory liquidation procedures 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 will 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. On 25 October 2017 the European Parliament, the Council and the European Commission agreed on elements of the review of the BRRD. As part of this process Article 108 of the was amended by Directive (EU) 2017/2399. Member States were required to adopt and publish relevant laws, regulations and administrative provisions necessary to comply with the amendment to the creditor hierarchy by 29 December 2018. The recognition of the new class of so-called "*senior non-preferred debt*" has been implemented in the EU through the Directive (EU) 2017/2399 of the European Parliament and of the Council of 12 December 2017 amending BRRD as regards the ranking of unsecured debt instruments in insolvency hierarchy. In Italy, the Directive has been implemented with the law No. 205/2017, modifying article 12bis of the Consolidated Banking Act.

Legislative Decree No. 181/2015 has also introduced strict limitations on the exercise of the statutory rights of set-off normally available under Italian insolvency laws, in effect prohibiting set-off by any creditor in the absence of an express agreement to the contrary. The powers set out in the BRRD will impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors.

The BRRD also established that institutions shall meet, at all times, their MREL requirement. Under Article 45 of the BRRD, MREL is to be calculated as the amount of own funds and eligible liabilities expressed as a percentage of total liabilities and own funds of the institution or based on the leverage ratio exposure measure, according to Article 429 and 429a of the CRR II.

### ***Revisions to the BRRD framework***

The EU Banking Reform Package included Directive (EU) 2019/879, which provides for a number of significant revisions to the BRRD (known as **BRRD2**). BRRD2 provides that Member States are required to ensure implementation into local law by 28 December 2020 with certain requirements relating to the implementation of the TLAC standard applying from January 2022 while the transitional period for full compliance with MREL requirements is foreseen until 1 January 2024, with interim targets for a linear build-up of MREL set at 1 January 2022. The EU Banking Reform Package includes, amongst other things:

- (a) full implementation of the FSB's TLAC standard in the EU and revisions to the existing MREL regime. Additional changes to the MREL framework include changes to the calculation methodology for MREL, criteria for the eligible liabilities which can be considered as MREL, the introduction of internal MREL and additional reporting and disclosure requirements on institutions;

- (b) introduction of a new category of "top-tier" banks, being banks which are resolution entities that are not G-SIIs but are part of a resolution group whose total assets exceed €100 billion;
- (c) the introduction of a new moratorium power for resolution authorities and requirements on the contractual stays in resolution; and
- (d) amendments to the article 55 regime in respect of the contractual recognition of bail-in.

Changes to the BRRD under BRRD2 will impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors.

On 1 December 2021, Legislative Decree no. 193 of 8 November 2021 (**Decree No. 193**), implementing the BRRD2 into the Italian jurisdiction, entered into force, amending Legislative Decree no. 180/2015 (**Decree no. 180**) and the Banking Law.

The amendments introduced to Legislative Decree no. 180/2015 aligned the Italian regulatory framework regulating MREL, and the criteria according to which it is determined, to the provisions set forth in BRRD2.

In particular, the amended version of Decree No. 180 clearly envisages that MREL shall be determined by the Bank of Italy on the basis of the following criteria:

- (a) the need to ensure that the application of the resolution tools to the resolution entity is adequate to meet the resolution's objectives;
- (b) the need to ensure that the resolution entity and its subsidiaries belonging to the same corporate group subject to resolution have sufficient own funds and eligible assets to ensure that, if the bail-in tool or write-down or conversion powers, respectively, were to be applied to them, losses could be absorbed and that it is possible to restore the total capital ratio and, as applicable, the leverage ratio to a level necessary to enable them to continue to comply with the conditions for authorisation, according to the regulatory framework currently in force, even if the resolution plan envisages the possibility for certain classes of eligible liabilities to be excluded from bail-in or to be transferred in full to a recipient under a partial transfer;
- (c) the size, the business model, the funding model and the risk profile of the entity; and
- (d) the extent to which the failure of the entity would have an adverse effect on financial stability, due to the interconnectedness of the entity with other institutions or entities or with the rest of the financial system.

***Intesa Sanpaolo Group is subject to the provisions of the Regulation establishing the Single Resolution Mechanism***

On 19 August 2014, the Regulation (EU) No. 806/2014 establishing a Single Resolution Mechanism (the **SRM Regulation**) entered into force. The SRM Regulation became operational on 1 January 2016. There are, however, certain provisions including those concerning the preparation of resolution plans and provisions relating to the cooperation of the SRB with national resolution authorities, which entered into force on 1 January 2015. The SRM Regulation was subsequently updated with the EU Banking Reform Package in June 2019. The SRM Regulation, which complements the SSM (as defined above), applies to all banks supervised by the SSM. It will mainly consist of the SRB and the SRF.

Regulation (EU) No. 2019/877 of the European Parliament and of the Council of 20 May 2019 (**SRM II Regulation**) amends the SRM Regulation as regards the loss-absorbing and recapitalization of credit institutions and investment firms.

The Single Resolution Mechanism framework ensures that, instead of national resolution authorities, there will be a single authority – i.e. the SRB – which takes all relevant decisions for the resolution of banks being supervised by the SSM and part of the Eurozone. In line with the changes to BRRD2 described above, revisions to the provisions of the SRM Regulation (in relation to MREL) are due to change in due course. In this context, as mentioned above, it is also worth mentioning that, as part of the CMDI Reform, amendments to the SRM, have been recently proposed by the European co-legislator. The main purpose of this legislative reform is to build on the objectives of the crisis management framework and to ensure a more consistent approach to resolution so that any bank in crisis can exit the market in an orderly manner, while preserving the financial stability, taxpayer money and ensuring deposit confidence.

### ***Regulatory and supervisory framework on non-performing exposures***

Among the measures adopted at European level in order to reduce the amount of non-performing exposures in bank's balance sheets within adequate levels, the following are worth mentioning:

Guidance to banks on non-performing loans published by ECB on 20 March 2017 and Addendum to the Guidance to banks on non-performing loans published by ECB on 15 March 2018: the NPL guidance contains recommendations and lays out the bank's approach, processes and objectives regarding the effective management of the exposures. The guidance addresses all non-performing exposures (NPEs), as well as foreclosed assets, and touches on performing exposures with an elevated risk of turning non-performing, such as "watch-list" exposures and performing forborne exposures. According to the guidance, the banks need to establish a strategy to optimize their management of NPLs based on a self assessment of the internal capabilities to effectively manage; the external conditions and operating environment; and the impaired portfolios specifications.

On 15 March 2018, the ECB published the Addendum to the Guidance on NPL which sets out supervisory expectations for the provisioning of exposures reclassified from performing to nonperforming exposures (NPEs) after 1 April 2018 (the ECB Addendum). In addition, the ECB's bank-specific supervisory expectations for the provisioning of the stock of NPLs (before 31 March 2018), was set out in its 2018 supervisory review and evaluation process (SREP) letters and the ECB will discuss any divergences from these prudential provisioning expectations with institutions as part of future SREP exercises.



On 22 August 2019, the ECB decided to revise its supervisory expectations for prudential provisioning of new non-performing exposures. The decision was made after taking into account the adoption of Regulation (EU) 2019/630 amending the CRR (Regulation (EU) No 575/2013) as regards minimum loss coverage for non-performing exposures published in the Official Journal of the EU on 25 April 2019, also known as the “*Pillar 1 backstop Regulation*”, which introduces Pillar 1 provisioning requirements, following principles similar to those already guiding the finalisation of the ECB Addendum.

The initiatives that originate from the ECB are strictly supervisory (Pillar II) in nature. In contrast, the European Commission’s requirement is legally binding (Pillar I). Therefore, the above-mentioned guidelines result in three “buckets” of NPEs based on the date of the exposure’s origination and the date of NPE’s classification:

- Loans classified as NPEs before 31 March 2018 (Pillar II - Stock): 2/7 years vintage buckets for unsecured/secured NPEs, subject to supervisory coverage recommendations and phase-in paths as communicated in SREP letters;
- Loans originated before 26 April 2019 (Pillar II – ECB Flows) and classified as NPEs after 31 March 2018: 3/7/9 years vintage buckets for unsecured/secured other than by immovable property/secured by immovable property, progressive path to 100%. NPEs guaranteed or insured by an official export credit agency are subject to a special treatment, i.e. coverage expectation of 100% is applicable to export credit exposures after more than 7 years of NPE status;
- Loans originated on or after 26 April 2019 (Pillar I – CRR Flows) and then classified as NPEs: 3/7/9 years vintage buckets for unsecured/secured other than by immovable property/secured by immovable property, progressive path to 100%. NPEs guaranteed or insured by an official export credit agency are subject to a special treatment, i.e. coverage expectation of 100% is applicable to export credit exposures after more than 7 years of NPE status.

Action plan to address the problem of non-performing loans in the European banking sector published by the European Council on 11 July 2017: the action plan outlines an approach based on a mix of four policy actions: the bank supervision; the reform of insolvency and debt recovery frameworks; the development of secondary markets for NPLs; promotion of the banking industry restructuring. An updated Action Plan was published in December 2020

Guidelines on management of non-performing and forborne exposures published by the EBA on 31 October 2018: the Guidelines aim to ensure that credit institutions have adequate tools and frameworks in place to manage effectively their non-performing exposures (NPEs) and to substantially reduce the presence of NPEs on the balance sheet. Only for credit institutions with a gross NPL ratio above 5%, the EBA asked to introduce specific strategies, in order to achieve a reduction of NPEs, and governance and operational requirements to support them.

Guidelines on disclosure of non-performing and forborne exposures published by the EBA on 17 December 2018 (as amended on 12 October 2022): in force since 31 December 2019, the Guidelines set enhanced disclosure requirements and uniform disclosure formats applicable to credit institutions' public disclosure of information regarding nonperforming exposures, forborne exposures and

foreclosed assets. The amending Guidelines published on 12 October 2022 will apply from 31 December 2022.

Regulation (EU) 2019/630 amending CRR as regards minimum loss coverage for non-performing exposures: the Regulation establishes, in the context of Pillar I, the prudential treatment of the non-performing exposures for loans originated prior to 26 April 2019, requiring a deduction from own funds where NPEs are not sufficiently covered by provisions or other adjustments. The Regulation's purpose is to encourage a timely and proactive management of the NPEs. Loans are divided in vintage buckets of 3/7/9 years and a progressive coverage path is applied for each bucket. A 100% coverage is applicable to: (i) unsecured exposures from the third year after the classification as NPE, (ii) exposures secured by immovable collateral and residential loans guaranteed by an eligible protection provider as defined in CRR, from the ninth year after the classification as NPE; and (iii) secured exposures, from the seventh year after the classification as NPE.

Directive (EU) 2021/2167 on credit servicers, credit purchasers and the recovery of collateral (COM/2018/0135): the proposal is aimed to achieve (i) a better management of NPLs by increasing the efficiency of debt recovery procedures through the availability of a distinct common accelerated extrajudicial collateral enforcement procedure (**AECE**); (ii) the development of secondary markets for NPLs in the EU's markets by harmonising the regulatory regime for credit servicers and credit purchasers. The European Commission finalised and published on 8 December 2021, in the Official Journal of the European Union, the Directive No. 2021/2167 on credit services and credit purchasers (**NPLs Directive**). The NPLs Directive entered into force on the twentieth day following that of its publication in the Official Journal (i.e. 28 December 2021) and is expected to be implemented by the Member States by 29 December 2023. The part of the Directive related to the AECE mechanism remains not adopted.

Opinion on the regulatory treatment of non-performing exposure securitisations published by the EBA on 23 October 2019: the Opinion recommends to adapt the CRR and the Regulation (EU) 2017/2401 (**Securitisation Regulation**) to the particular characteristics of NPEs by removing certain constraints imposed by the regulatory framework on credit institutions using securitisation technology to dispose of NPE holdings. In preparing its proposal to the European Commission, the EBA outlined the fact that the securitisations can be used to enhance the overall market capacity to absorb NPEs at a faster pace and larger rate than otherwise possible through bilateral sales only, as a consequence of securitisations' structure in tranches of notes with various risk profiles and returns, which may attract a more diverse investor pool with a different Risk Appetite.

On 24 July 2020, as part of the Capital Markets Recovery Package, the European Commission presented amendments to review, *inter alia*, some regulatory constraints in order to facilitate the securitisation of non-performing loans (i.e. increasing the risk sensitivity for NPE securitisations by assigning different risk weights to senior tranche). After the approval by the European Parliament at the end of March, on 6 April 2021, Regulation (EU) 2021/557 which introduces amendments to the Securitisation Regulation and Regulation (EU) 2021/558 amending Regulation (EU) 2013/575 as regards adjustments to the securitisation framework to support the economic recovery in response to the COVID-19 crisis were published on the Official Journal of the European Union. Both Regulations entered into force on 9 April 2021.

In addition, the European Commission published in December 2020 a new Action plan on tackling NPLs. In order to prevent a renewed build-up of NPLs on banks' balance sheets as a result of the

Covid-19 Pandemic, the European Commission proposed a series of actions with four main goals: (i) further develop secondary markets for distressed assets (in particular by finalizing the Directive on credit servicers, credit purchasers and the recovery of collateral; establishing a data hub at European level and reviewing the EBA templates to be used during the disposal of NPLs); (ii) reform the EU's corporate insolvency and debt recovery legislation; (iii) support the establishment and cooperation of national asset management companies at EU level; (iv) introduce precautionary public support measures, where needed, to ensure the continued funding of the real economy under the EU's Bank Recovery and Resolution Directive and State aid frameworks. As a result, the European Commission published on 18 October 2022 the Communication on the guidelines for a best-execution process for sales of non-performing loans on secondary markets. The main objectives of such communication are to (i) encourage good sell and buy-side processes for NPL transactions in EU secondary markets and, in particular, (ii) to help sellers and buyers that may have less experience with secondary market transactions throughout the sale process.

To further improve the transparency and efficiency of secondary market for NPLs, on 16 June 2021 the European Commission released a public consultation aimed at identifying and gathering information on remaining obstacles to the proper functioning of secondary markets for NPLs as well as possible enabling actions that could be taken to foster these markets by improving the quantity, quality and comparability of NPL data. The public consultation ended on 8 September 2021.

#### ***Measures to counter the impact of the "COVID-19" virus***

European and national authorities have undertaken several measures to support the banking and financial market to counter the economic effects of COVID-19.

On 10 March 2020, through an addendum to the 2019 credit agreement between the Italian Banking Association (ABI) and the Business Associations, the possibility of requesting suspension or extension was extended to loans granted until 31 January 2020. The moratorium refers to loans to micro, small and medium-sized companies affected by the COVID-19 outbreak. The capital portion of loan repayment instalments may be requested to be suspended for up to one year, later extended until 30 June 2021. The suspension is applicable to medium/long-term loans (mortgages), including those concluded through the issue of agricultural loans, and to property or business assets leasing transactions. In the latter case, the suspension concerns the implicit capital instalments of the leasing. On 21 April 2020, through an agreement entered into with the consumer associations, the moratorium was extended to credit to households, including the suspension of the principal portion of mortgage-backed loans and unsecured loans repayable in instalments.

The ECB, at its monetary policy meeting held on 12 March 2020, decided to adopt a comprehensive set of monetary policy measures, consisting of three key elements: first, safeguarding liquidity conditions in the banking system through a series of favourably-priced longer-term refinancing operations (LTROs); second, protecting the continued flow of credit to the real economy through a fundamental recalibration of targeted longer-term refinancing operations (TLTROs); and, third, preventing tightening of financing conditions for the economy in a pro-cyclical way via an increase in the asset purchase programme (APP).

As regards TLTRO, the Governing Council decided to apply considerably more favourable terms during the period from June 2020 to June 2022 to all TLTRO III operations outstanding during that time. Throughout this period, the interest rate on these TLTRO III operations will be 50 basis points below the average rate applied in the Eurosystem's main refinancing operations.

Recently, a significant upward revision in the outlook for medium-term inflation (since the end of 2021) as well as in 2022 an unexpected high increase of energy costs, supply deficiencies and trade disruption, mainly due to the Russian invasion of Ukraine, caused a material rise in inflation which call for a reassessment of the appropriate monetary policy stance.

As part of this re-evaluation package, on 27 October 2022, the Governing Council adopted decision no. 2022/2128 (**ECB Decision No. 2128**), whereby it decided that from 23 November 2022 until the maturity date or early repayment date of each outstanding TLTRO III operations (**TLTRO III Operations**), the interest rate on TLTRO III Operations will be indexed to the average applicable key ECB interest rates over this period and no longer over the entire life of the program tranche. The measures laid down by ECB Decision No. 2128 have modified the TLTRO III program in a more restrictive way by removing almost all remuneration incentives and resulted in a sharp worsening of the funding rate and thus ECB introduced a new early repayment window on the date of the change effectiveness to allow banks to exit the program before relative conditions change.

The Governing Council also added a temporary envelope of additional net asset purchases of Euro 120 billion until the end of 2020, ensuring a strong contribution from the private sector purchase programmes. On 18 March 2020 this was followed by the announcement of the Euro 750 billion Pandemic Emergency Purchase Program (**PEPP**), increased with a further Euro 600 billion on 4 June 2020. The Governing Council intends to reinvest the principal payments from maturing securities purchased under the PEPP until at least the end of 2024. In any case, the future roll-off of the PEPP portfolio will be managed to avoid interference with the appropriate monetary policy stance. Among the various measures adopted by the Italian government to address the epidemiological emergency due to COVID-19 outbreak, on 17 March 2020 Law Decree No. 18 (Cura Italia Decree) was adopted. The Cura Italia Decree has introduced special measures derogating from the ordinary proceeding of the Guarantee Fund for SMEs in order to simplify the requirements for access to the guarantee and strengthen the intervention of the Guarantee Fund for SMEs itself, as well as the possibility of transforming the DTA relating to losses that can be carried forward but not yet deducted and to the amount of the ACE ("Aiuto alla Crescita Economica") notional return exceeding the total net income, to the extent of 20 per cent. of the impaired loans sold by 31 December 2020.

On 27 March 2020, the Basel Committee's oversight body, the Group of Central Bank Governors and Heads of Supervision (GHOS), has deferred Basel III implementation to increase operational capacity of banks and supervisors to respond to the immediate financial stability priorities resulting from the impact of the COVID-19 on the global banking system.

The measures endorsed by the GHOS comprise the following changes to the implementation timeline of the outstanding Basel III standards:

- the implementation date of the Basel III standards finalised in December 2017 has been deferred by one year to 1 January 2023. The accompanying transitional arrangements for the output floor has also been extended by one year to 1 January 2028.
- the implementation date of the revised market risk framework finalised in January 2019 has been deferred by one year to 1 January 2023.
- the implementation date of the revised Pillar 3 disclosure requirements finalised in December 2018 has been deferred by one year to 1 January 2023.

In continuity with the Cura Italia Decree, Law Decree no. 23 of 8 April 2020 (Liquidity Decree) was issued, a further measure deemed necessary to support Italian entrepreneurship. The Liquidity Decree, in addition to providing an additional guarantee managed by SACE Simest (SACE), a company of the Cassa Depositi e Prestiti group, aims to further strengthen the Guarantee Fund for SMEs by redrawing its rules for accessing, by including also companies with no more than 499 employees and professionals, as well as increasing the guarantee coverage percentages already provided by Article 49 of the Cura Italia Decree (provision that is repealed). In the wake of the latter provision, the Liquidity Decree makes further exceptions to the ordinary rules of the Guarantee Fund for SMEs, which will be applicable until 31 December 2020. The Government is going to extend such measures until 31 December 2021 (the prorogation will be provided by the Law Decree of the end of April 2021).

On 19 May 2020, the Law Decree No. 34 of 19 May 2020 (the so-called "Decreto Rilancio") was published in the Official Journal, introducing urgent measures in the areas of healthcare, work and economic support, as well as social policies, related to the epidemiological emergency caused by COVID-19.

Such decree has been signed in the Law No. 77/2020. It introduced some provisions (valid until 31 December 2020) which are aimed at strengthening SME's capital, thus preventing their insolvency risk. Particular reference is made to two public tools: "Patrimonio PMI" fund, which is aimed at subscribing new bonds issued by SME corporates with €10 million turnover, which have been impacted by COVID-19 a turnover reduction of 33 per cent. in April and May 2020 (two tax credits are granted to other investors <20 per cent. of the investment> in such corporates, and to the corporates above indicated which have suffered losses <50 per cent. of the losses which exceed the 10 per cent. of the Net worth, but in the limit of the 30 per cent. of the capital increase>); and the so called "Patrimonio rilancio" (Dedicated assets within CDP) which is aimed at subscribing new bonds (mainly convertible bonds) and shares in order to support the real economy.

In August 2020 the Government approved the Law Decree "August" (Law Decree 14 August 2020, No. 104, converted into Law 13 October 2020, No. 126) containing several urgent measures in support of health, work and economy, linked to the COVID-19 emergency. The measures introduced by the Law regard the extension of the moratorium for SME until 31 January 2021 (formerly 30 September 2020) and, for tourist sector, until 31 March 2021. Such prorogation operates automatically, unless expressly waived by the beneficiary company. They also provide technical changes to the possibility (Article 55, Law Decree Cura Italia No. 18/2020) to convert the DTAs into tax credits (application to special regimes, such as consolidated and transparency). The decree above-mentioned also widens the scope of the public guarantee, too, extending the FCG guarantee scope to companies which already got a prorogation of the guarantee due to temporary difficulties of the beneficiary and including financial intermediation and holding financial assets activities in the 30k guaranteed loans. It also extends SACE guarantee scope also to companies admitted to the arrangement procedure with business continuity (or certified plans and restructuring agreements) if their exposures are not classifiable as non-performing exposures (at the date of submission of the application), they don't present amounts in arrears and the lender can reasonably assume the full repayment of the exposure at maturity.

### ***Sustainable Finance Regulation***

The banking system needs to be able to collect high quality data on companies' sustainable activities and projects to contribute to the radical transformation towards climate neutrality and sustainability, which are the basis for green finance decision-making and necessary to ensure that the banks shall comply with the regulations on the disclosure of financial and non-financial information.

The EBA Action plan on the implementation of the ESG risks in the prudential framework aims to amend the European legislation not before 2025. In May 2018, the European Commission published a package of legislative measures in order to promote a sustainable finance in line with the objectives of its action plan of March 2018. In such context, the European Commission has started preparatory works in order to amend MiFID II. In such regard, ESMA submitted technical advice on sustainable finance to the European Commission.

The Non-Financial Reporting Directive (Directive (EU) 2014/95 – NFRD), came into effect on 1 January 2017. It requires listed large corporates, banks, and insurance companies with more than 500 employees to publicly report on ESG matters including employment, board diversity, human rights, anti-corruption and bribery. On 20 February 2020, the European Commission launched a public consultation with a view to align the non-financial reporting requirements with the EU legislation in the area of ESG disclosure (e.g. Sustainable Finance Disclosure Regulation (as defined below) and the EU Taxonomy Regulation). On 21 April 2021, the Commission published a proposal for the review of the NFRD. The new Corporate Sustainability Reporting Directive (CSRD) proposes to extend the scope to listed SMEs (excluding listed microundertakings) and to not listed large companies; introduces the requirement to report according to common EU sustainability reporting standards envisaging specific standards for listed SMEs while non-listed SMEs may decide to use those standard on a voluntary basis, and a transition period of three years since the application of the Directive; requires mandatory assurance of the reported information that should be published as part of the company's management report and in machine readable format. On November 2022 the CSRD text has been adopted by both the co-legislators and entered into force on 5 January 2023. On the 31st of July 2023, the European Commission adopted the final Delegated Act (DA) (Annex I including standards and Annex II including glossary) on the European Sustainability Reporting Standards (ESRS) mandated under the CSRD.

On 9 December 2019, Regulation (EU) 2019/2088 on sustainability - related disclosures in the financial services sector (SFDR - Sustainable Finance Disclosure Regulation) has been published, which lays down harmonised rules for financial market participants and financial advisers on transparency.

On 25 July 2022, the European Commission published, in the Official Journal of the European Union, the Delegated Regulation 2022/1288, which sets out certain regulatory technical standards supplementing the SFDR. The Delegated Regulation 2022/1288 entered into force on 14 August 2022 and is applicable from 1 January 2023.

In particular, the Delegated Regulation 2022/1288 contains the regulatory technical standards specifying the details of the content, methodologies and presentation of the information in relation to the principle of “do no significant harm”, sustainability indicators and adverse sustainability impacts as well as the promotion of the environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and periodic reports. The European Commission in April 2022 has mandated the Joint Committee of the ESAs to review and revise

Delegated Regulation 2022/1288. A Final Report on draft Regulatory Technical Standards on the review of PAI and financial product disclosures in the SFDR Delegated Regulation has been published in December 2023 and is currently at the attention of the European Commission.

On 9 March 2020, the European Commission Technical Expert Group on Sustainable Finance (TEG) published its final report on the taxonomy, following the public consultation launched after the publication of the June 2019 report. The EU Taxonomy Regulation, which is part of the Action 1 of the Action Plan on financing sustainable growth published on 8 March 2018 by the Commission, aims to establish a unique classification system for the economic activities which can be classified as sustainable. The EU Taxonomy Regulation was published in the Official Journal of the European Union on 22 June 2020 and entered into force on 12 July 2020. So far five delegated acts under the EU Taxonomy Regulation have been adopted by the European Commission: a first delegated act on technical screening criteria on climate change mitigation and adaptation objectives has been adopted in April 2021; a second delegated act, supplementing Article 8 of the EU Taxonomy Regulation, on taxonomy-related disclosures has been adopted in July 2021 (specifying the content, methodology and presentation of information to be disclosed by financial and non-financial undertakings concerning the proportion of environmentally sustainable economic activities in their business, investments or lending activities); a third delegated act, complementary to the first, including technical screening criteria on nuclear and gas energy activities has been adopted in February 2022; a fourth delegated act establishing the technical screening criteria on the four environmental objectives (sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control and protection and restoration of biodiversity and ecosystems); a fifth delegated act amending the first delegated act on climate change mitigation and adaptation.

Together with EU Taxonomy final report, TEG has released a guide for how to use the EU's Green Bond Standard (EU GBS). The document incorporates several updates related to the political agreement on Taxonomy reached in December 2019 by the Commission, Council and European Parliament, and the Green Deal launched by the Commission. The EU GBS regulation is included in Commission's initiatives set out in Action 2 of the Action Plan, which envisages to create standards and labels for green financial products. In July 2021, the European Commission adopted a legislative proposal for EU GBS, which has been adopted by co-legislators and published in the EU Official Journal was approved by the European Parliament on 5 October 2023 and by the Council on 23 October 2023. Finally, on 30 November 2023, the regulation on the "European Green Bonds and optional disclosures for bonds marketed as environmentally sustainable and for sustainability-linked bonds" was published in the Official Journal and will enter into force on the 20 December 2023; the regulation will be applicable from 21 December 2024.

On 12 March 2020, CONSOB has drawn attention to the current investor protection safeguards applicable to intermediaries that provide investment services, when they address clients with an offer characterized as sustainable.

On 8 April 2020, European Commission launched a public consultation to collect opinions in relation to the Commissions renewed strategy on sustainable finance, until now based on the Action Plan on financing sustainable growth published on 8 March 2018. On 6 July the European Commission adopted its long awaited Renewed Sustainable Finance Strategy, entitled "Strategy for financing the transition to a sustainable economy" (attached). The renewed Strategy aims to integrate the objectives of the European Green Deal into the financial system and outlines four main areas

where further action is needed: i) financing the path to sustainability; ii) inclusiveness; iii) resilience and contribution of the financial sector; and iv) global cooperation.

On 20 January 2021, the European Commission opened a targeted consultation on the establishment of a European single access point (ESAP) for financial and non-financial information publicly disclosed by companies. The establishment of ESAP is the first point of the new action plan on the Capital Markets Union 2020 aiming to create a register of ESG data at EU level to provide easily accessible, comparable and machine readable information through standardization of formats to remove the difficulties encountered by the various stakeholders in accessing, comparing and using companies' financial and sustainability related information. The consultation closed on 12 March 2021. On 27 November 2023, the Council of the European Union adopted the final texts of the ESAP legislative package. The final texts are expected to be published in the Official Journal of the European Union by the end of 2023 or at the beginning of January 2024.

On 21 April 2021, the European Commission published a package of measures on Sustainable Finance, which included proposals for inclusion of ESG into the existing MiFID II. The financial advisors are required to gather information about ESG preferences of clients and take them into consideration when providing advice or propose financial products. Additionally, the financial institutions are requested to integrate sustainability factors, risks and preferences into organizational and operational processes. The delegated acts, namely Commission Delegated Regulation (EU) 2021/1253 and Commission Delegated Regulation 2021/1269, were published in the Official Journal of the European Union on 2 August 2021 and applied from 22 November 2022.

### ***Covered Bond Legislative Package***

On 18 December 2019, Directive (EU) 2019/2162 and Regulation (EU) 2019/2160 amending the CRR have been published in the Official Journal of the European Union and apply starting from 8 July 2022.

Directive (EU) 2019/2162 lays down rules on the issuance requirements, structural features, public supervision and publication obligations for covered bonds. Compared with the UCITS, Directive (EU) 2019/2162 provides for a number of more complex structural requirements, such as the dual recourse and the bankruptcy remoteness tools. The Directive at hand also establishes specific requirements for a liquidity reserve and introduces the possibility of joint funding and intragroup pooled covered bond structures in order to facilitate the issuance of covered bonds by small credit institutions. Moreover, the Directive (EU) 2019/2162 provides the authorities of the Member States with the task of monitoring compliance of covered bond issuances with the abovementioned requirements and regulates the conditions for obtaining the authorisation to carry out the activity of issuance of covered bonds in the context of a covered bond programme.

Regulation (EU) 2019/2160 introduces some amendments to Article 129 of the CRR, providing for additional requirements for covered bonds to be eligible for the relevant preferential treatment. In particular, the Regulation introduces a rule allowing exposures to credit institutions rated in credit quality step 2 up to a maximum of 10% of the total exposure of the nominal amount of outstanding covered bonds of the issuing institution, without the need to consult the EBA. The Regulation (EU) 2019/2160 also requires a minimum level of over-collateralization in order to mitigate the most relevant risks arising in the case of the issuer's insolvency or resolution.



Moreover, several additional changes to the LCR Delegated Regulation has been proposed in order to align the LCR Delegated Regulation with Article 129 of the CRR, as amended by Regulation (EU) 2019/2160. The consultation remained opened until 24 November 2020.

On 8 May 2021, the European Delegated Law 2019 has entered into force. It delegates the Italian Government to implement – *inter alia* – Directive (EU) 2019/2162. According to the European Delegated Law 2019:

- the Bank of Italy is the competent authority for the supervision on covered bonds;
- the implementing provisions shall provide for the exercise of the option granted by Article 17 of Directive (EU) 2019/2162, allowing for the issue of covered bonds with extendable maturity structures; and
- the implementing provisions shall grant the Bank of Italy with the power to exercise the option to set for covered bonds a minimum level of over-collateralization lower than the thresholds set out under Article 1 of Regulation (EU) 2019/2162 (i.e. 2% or 5% depending on the assets included in the cover pool).

The Covered Bond Directive was transposed into the Italian legal framework by means of Legislative Decree 5 November 2021, n. 190 which modified Law dated 30 April 1999, n.130 and entered into force on December 1<sup>st</sup> 2021.

On 30 November 2021 the Legislative Decree no. 190 of 5 November 2021 (the **Decree 190/2021**) implementing Directive (EU) 2019/2162 was published in the Official Gazette No. 285 of 30 November 2021 and entered into force on 1 December 2021. In this respect, it is worth mentioning that the national legislator chose to exercise the following options provided by Directive (EU) 2019/2162: (i) the possibility not to apply the liquidity requirement of the cover pool limited to the period covered by the liquidity requirement provided for in Delegated Regulation (EU) 2015/61; (ii) the possibility of allowing the issuance of covered bonds with extendable maturity structures; (iii) the possibility of allowing the calculation of the liquidity requirement of the cover pool in case of programs with extendable maturity by taking as a reference the final maturity date for the payment of principal.

Moreover, the Decree 190/2021 designates the Bank of Italy as the competent authority for the public supervision of the covered bonds, which was entrusted with the issuing of the implementing regulations by 8 July 2022. In accordance to such regulations, the Bank of Italy had been entrusted also to assess whether to exercise the option provided for in the Directive that allows Member States to lower the threshold of the minimum level of overcollateralization.

The national legislator chose to exercise the following options provided by Directive (EU) 2019/2162: (i) the possibility not to apply the liquidity requirement of the cover pool limited to the period covered by the liquidity requirement provided for in Delegated Regulation (EU) 2015/61; (ii) the possibility of allowing the issuance of covered bonds with extendable maturity structures; (iii) the possibility of allowing the calculation of the liquidity requirement of the cover pool in case of programs with extendable maturity by taking as a reference the final maturity date for the payment of principal.

The Decree 190/2021 repealed Articles 7-*bis*, 7-*ter* and 7-*quater* of the Italian Law No. 130 of 30 April 1999 (as applicable until the entry into force of the BoI OBG Regulations) and introduced the

new Title I-*bis* of Law 130, which sets out the legislative framework applicable to covered bonds issued as of the adoption by the Bank of Italy of new the supervisory instructions set out in Part III, Chapter 3 of the “*Disposizioni di Vigilanza per le Banche*” dated 30 March 2023 (Circolare No. 285 of 17 December 2013), as amended from time to time (the **BoI OBG Regulation**). In accordance with the Decree 190/2021:

- until the entry into force of the BoI OBG Regulations (i.e., 31 March 2023), covered bonds have been issued pursuant to article 7-*bis* of the Law No. 130 of 30 April 1999 as applicable until the entry into force of the BoI OBG Regulations, the Decree of the Ministry of Economy and Finance of 14 December 2006, No. 310, the previous version of the Bank of Italy “*Disposizioni di Vigilanza per le Banche*” dated 17 December 2013 (Circolare No. 285 of 17 December 2013) and the previous version of article 129 of the CRR; and
- as of the entry into force of the BoI OBG Regulations (i.e., 31 March 2023), covered bonds will be issued pursuant to the provisions of Title I-*bis* of Law 130, the BoI OBG Regulations and the Article 129 of the CRR as amended by the Covered Bond Regulation.

## DESCRIPTION OF THE COVERED BOND GUARANTOR

**ISP CB Ipotecario S.r.l. has been established as a special purpose vehicle for the purpose of guaranteeing the Covered Bonds.**

ISP CB Ipotecario S.r.l. was incorporated in the Republic of Italy as a limited liability company (*società a responsabilità limitata*) pursuant to Law 130, with fiscal code and registration number with the Companies' Register of Milano-Monza-Brianza-Lodi No. 05936180966.

ISP CB Ipotecario S.r.l. belongs to the Intesa Sanpaolo Group and is subject to the direction and coordination (*direzione e coordinamento*), pursuant to Article 2497-bis of the Italian Civil Code, of Intesa Sanpaolo S.p.A., with the 60 per cent. of the quota capital controls ISP CB Ipotecario S.r.l.

ISP CB Ipotecario S.r.l. was incorporated on 14 November 2007 and its duration shall be until 31 December 2100.

ISP CB Ipotecario S.r.l. has its registered office at Via Monte di Pietà 8, 20121 Milan, Italy.

The authorised, issued and paid in quota capital of the Issuer is Euro 120,000.00.

The legal entity identifier (LEI) of the Covered Bond Guarantor is 81560064FFDF9E189E07.

### **Business Overview**

The exclusive purpose of ISP CB Ipotecario S.r.l. is to purchase from banks, against payment, assets which are eligible for the purposes of Article 7-bis of Law 130, as applicable until the 31 March 2023 (the **Implementation Date**) (which has been replaced by Title I-bis of Law 130), and the relevant implementing regulations, and in compliance with the provisions thereof, by means of subordinated loans granted or guaranteed also by the selling banks, as well as to issue guarantees for the covered bonds issued by such banks or other entities.

ISP CB Ipotecario S.r.l. has granted the Covered Bond Guarantee to the benefit of the Covered Bondholders, of the counterparts of derivatives contracts entered into with the purpose to cover the risks inherent the purchased credits and securities and of the counterparts of other ancillary contracts, as well as to the benefit of the payment of the other costs of the transaction, with priority in respect of the reimbursement of the other loans, pursuant to paragraph 1 of Article 7-bis of Law 130 and Article 4 of the MEF Decree as applicable until the Implementation Date, and to Articles 7-sexies, Paragraph 1, letter (c) and 7-quaterdecies of Law 130 as applicable from the Implementation Date.

Within the limits allowed by the provisions of Law 130, ISP CB Ipotecario S.r.l. can carry out the ancillary transactions to be stipulated in view of the performance of the guarantee and the successful conclusion of the issue of covered bonds in which it participates or, however, auxiliary to the aim of its purpose, as well as the re-investment in other financial activities of the assets deriving from the management of the credits and the securities purchased, but not immediately invested for the satisfaction of the Covered Bondholders' rights.

Since the date of its incorporation, ISP CB Ipotecario S.r.l. has not engaged in any business other than the purchase of the Portfolio and the entering into of the Transaction Documents and other ancillary documents.

So long as any of the Covered Bonds remain outstanding, ISP CB Ipotecario S.r.l. shall not, without the consent of the Representative of the Covered Bondholders, incur any other indebtedness for borrowed monies or engage in any business (other than acquiring and holding the assets backing the Covered Bond Guarantee, assuming the Subordinated Loan, issuing the Covered Bond Guarantee and entering into the Transaction Documents to which it is a party), pay any dividends, repay or otherwise return any equity capital, have any subsidiaries, employees or premises, consolidate or merge with any other person or convey or transfer its property or assets to any person (otherwise than as contemplated in the Conditions or the Intercreditor Agreement) or guarantee any additional quota.

ISP CB Ipotecario S.r.l. will covenant to observe, *inter alia*, those restrictions which are detailed in the Intercreditor Agreement.

#### **Administrative, Management and Supervisory Bodies**

The directors of the Covered Bond Guarantor are:

| <b><i>Director</i></b> | <b><i>Position</i></b> | <b><i>Principal activities performed outside Intesa Sanpaolo Group</i></b>                                                                                                                                                               |
|------------------------|------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mario Masini           | Chair                  | Director of Mediolanum Gestione Fondi S.G.R.p.A.;<br>Director of ILME S.p.A.;<br>Director of IMAC S.p.A.;<br>Member of Supervisory Board (ODV) in E.ON CDNE S.p.A.;<br>Member of Supervisory Board (ODV) in RWE Renewables Italia S.r.l. |
| Andrea Calamanti       | Director               | None                                                                                                                                                                                                                                     |
| Vanessa Gemmo          | Director               | Professor of Organization Science and Information Systems at IULM University, Department of Business, Law, Economics and Consumer Behaviour, Milan.                                                                                      |

The statutory auditors of the Covered Bond Guarantor are:

| <b><i>Statutory Auditor</i></b> | <b><i>Position</i></b> | <b><i>Principal activities performed outside Intesa Sanpaolo Group</i></b>      |
|---------------------------------|------------------------|---------------------------------------------------------------------------------|
| Lodovico Tommaseo<br>Ponzetta   | Chair                  | Chartered accountant and auditor;<br>Chair of the Statutory Auditors in Sintesi |

| <b>Statutory Auditor</b> | <b>Position</b>             | <b>Principal activities performed outside Intesa Sanpaolo Group</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|--------------------------|-----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                          |                             | <p>S.p.A.;</p> <p>Chair of the Statutory Auditors in 55.11 S.p.A.;</p> <p>Chair of the Statutory Auditors in David S.p.A.;</p> <p>Chair of the Statutory Auditors in Stampiave S.r.l.;</p> <p>Chair of the Statutory Auditors in Consvif S.r.l.;</p> <p>Statutory auditor (regular) in Körber Technologies S.p.A.;</p> <p>Statutory auditor (regular) in David Capital S.p.A.;</p> <p>Statutory auditor (regular) in Ecofin S.r.l.;</p> <p>Statutory auditor (regular) in Logica 22 S.p.A.;</p> <p>Statutory auditor (regular) in Legnox S.p.A.;</p> <p>Statutory auditor (regular) in Automobili Vendramini S.r.l. SU;</p> <p>Sole Director of Ginestra Investimenti S.r.l.</p> |
| Elena Fornara            | Statutory auditor (regular) | <p>Chartered accountant and auditor;</p> <p>Adjunct Professor School of Economics C. Cattaneo University – LIUC, Castellanza (Varese);</p> <p>Statutory auditor (regular) in Gruppo Lactalis Italia S.r.l.;</p> <p>Statutory auditor (regular) in Lactalis Italia S.p.A.;</p> <p>Statutory auditor (single) Italatte S.r.l.;</p> <p>Statutory auditor (single) BPA Italia S.r.l.;</p>                                                                                                                                                                                                                                                                                            |

| <b>Statutory Auditor</b> | <b>Position</b>             | <b>Principal activities performed outside Intesa Sanpaolo Group</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|--------------------------|-----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                          |                             | <p>Statutory auditor (regular) in Brera Sec S.r.l.;</p> <p>Statutory auditor (regular) Clara SEC S.r.l.;</p> <p>Statutory auditor (single) Sprintitaly Holding S.r.l.</p> <p>Statutory auditor (regular) in Sprintitaly S.p.A.</p> <p>Statutory auditor (regular) in Addivision SIM S.p.A</p> <p>Statutory auditor (regular) in PGA S.p.A.</p> <p>Statutory auditor (regular) in Secam S.p.A.;</p> <p>Member of the Supervisory Board (ODV) Interpump Hydraulics S.p.A.</p> <p>Member of the Supervisory Board (ODV) Stoccaggi Gas Italia S.p.A.;</p> <p>Member of the Supervisory Board (ODV) GNL Italia S.p.A.</p> |
| Enrico Rossi             | Statutory auditor (regular) | <p>Chartered accountant and auditor;</p> <p>Chair of the Statutory Auditors in Somi S.p.A.;</p> <p>Chair of the Statutory Auditors in Officine Riva S.p.A.;</p> <p>Chair of the Statutory Auditors in I.F.P. S.p.A.;</p> <p>Chair of the Statutory Auditors in Future Electronics S.r.l.;</p> <p>Chair of the Statutory Auditors in CEL General Contractor S.p.A.;</p> <p>Statutory auditor (regular) in Novatex Italia S.p.A.</p> <p>Statutory auditor (regular) in Metallurgica Alta Brianza S.p.A.;</p> <p>Statutory auditor (regular) in SCI Maro S.r.l.;</p> <p>Statutory auditor (regular) in Futura</p>       |

| <b>Statutory Auditor</b> | <b>Position</b> | <b>Principal activities performed outside Intesa Sanpaolo Group</b> |
|--------------------------|-----------------|---------------------------------------------------------------------|
|                          |                 | Invest S.p.A.;                                                      |

All the statutory auditors are registered with the Register of the Statutory Auditors (*Registro dei Revisori Legali*).

The business address of each member of the Board of Directors and the Board of Statutory Auditors is ISP CB Ipotecario S.r.l., Via Monte di Pietà 8, 20121 Milan.

### **Conflicts of interest**

There are no potential conflicts of interest between the duties of the directors and their private interest and or other duties.

### **Quotaholders**

The Quotaholders are as follows:

|                     |                                    |
|---------------------|------------------------------------|
| Intesa Sanpaolo     | 60 per cent. of the quota capital; |
| Stichting Viridis 2 | 40 per cent. of the quota capital. |

Intesa Sanpaolo, with the 60 per cent. of the quota capital controls the Covered Bond Guarantor, which belongs to the Intesa Sanpaolo Group. In order to avoid any abuse, certain mitigants have been inserted in the Quotaholders' Agreement, as better described below.

### **The Quotaholders' Agreement**

The Quotaholders' Agreement contains, *inter alia*, a call option in favour of Intesa Sanpaolo to purchase from Stichting Viridis 2, and a put option in favour of Stichting Viridis 2 to sell to Intesa Sanpaolo, the quota of the Covered Bond Guarantor held by Stichting Viridis 2 and provisions in relation to the management of the Covered Bond Guarantor. Each option may only be exercised from the day on which all the Covered Bonds have been redeemed in full or cancelled.

In addition, the Quotaholders' Agreement provides that no Quotaholder of the Covered Bond Guarantor will approve the payments of any dividends or any repayment or return of capital by the Covered Bond Guarantor prior to the date on which all amounts of principal and interest on the Covered Bonds and any amount due to the Other Creditors have been paid in full.

### **The Covered Bond Guarantor's Assets and Liabilities, Financial Position, and Profits and Losses**

The financial information of the Covered Bond Guarantor derives from the statutory financial statements of the Covered Bond Guarantor as at and for the years ended on 31 December 2022 and 31 December 2021. The statutory financial statements of the Covered Bond Guarantor as at and for the years ended on 31 December 2022 and 2021 have been prepared in accordance with IFRS. EY S.p.A. issued the independent auditors' reports on the statutory financial statements of ISP CB Ipotecario, the Covered Bond Guarantor, as at and for the years ended on 31 December 2022 and

2021, respectively on 16 March 2023 and 14 March 2022. The English translation of such financial statements, together with the English translation of the independent auditors' reports of EY S.p.A., are incorporated by reference into this Base Prospectus (see the section headed "*Documents incorporated by reference*").

### **Capitalisation and Indebtedness Statement**

The capitalisation of the Covered Bond Guarantor as at the date of this Base Prospectus is as follows:

#### **Quota capital Issued and authorised**

Intesa Sanpaolo has a quota of Euro 72,000 and Stichting Viridis 2 has a quota of Euro 48,000, each fully paid up.

#### **Total capitalisation and indebtedness**

Save for the foregoing and for the Covered Bond Guarantee and the Subordinated Loan, in accordance with the Subordinated Loan Agreement, at the date of this document, the Covered Bond Guarantor has no borrowings or indebtedness in the nature of borrowings (including loan capital issued or created but unissued), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities.

### **Documents on Display**

For the life of the Base Prospectus the following documents may be inspected at the specified offices of the Administrative Services Provider and the Luxembourg Listing Agent:

- (a) the memorandum and articles of association of the Covered Bond Guarantor (also available on the following website: <https://group.intesasanpaolo.com/it/investor-relations/prospetti/emissioni-internazionali/obbligazioni-bancarie/programma-obg-mutui-ipotecari-isp/programma-obg-mutui-ipotecari-isp> and <https://group.intesasanpaolo.com/en/investor-relations/prospectus/international-issue-documents/covered-bonds/intesa-sanpaolo-obg-mortgage-programme--originator-intesa-sanpao/obg-mortgage>);
- (b) copies of the audited annual financial statements of the Covered Bond Guarantor for each financial year;
- (c) all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the Covered Bond Guarantor's request any part of which is included or referred to in the Base Prospectus;
- (d) the historical financial information of the Covered Bond Guarantor for each of the two financial years preceding the publication of the Base Prospectus.



## DESCRIPTION OF THE ASSET MONITOR

Article 7-*sexiesdecies* of Law 130 and the BoI OBG Regulations require that the Issuer appoints a qualified entity to be the asset monitor to carry out specific controls on the regularity of the transaction, the integrity of the Covered Bond Guarantee and, following the latest amendments to the BoI OBG Regulations introduced by way of the Third Part, Chapter 3 (*Obbligazioni Bancarie Garantite*) in Bank of Italy's Circular No 285 of 17 December 2013 (as amended and replaced by the Implementing Provisions), the information provided to investors.

Pursuant to Article 7-*sexiesdecies* of Law 130 and the BoI OBG Regulations, the asset monitor must be an independent auditor, enrolled with the Register of Certified Auditors held by the Ministry for Economy and Finance pursuant to Legislative Decree No. 39 of 27 January 2010 and the related regulations issued by the Ministry for Economy and Finance and shall not be the audit firm of the Issuer or of the Covered Bond Guarantor.

Based upon controls carried out, the asset monitor shall prepare annual reports, to be addressed to the Board of Directors of the Issuer.

Further to the relevant appointment dated 30 December 2011, the Asset Monitor is Deloitte & Touche S.p.A., a joint stock company incorporated under the laws of the Republic of Italy (an affiliated of Deloitte Central Mediterranean S.r.l. the affiliate for the territories of Italy, Greece and Malta of Deloitte NSE LLP, a member firm of Deloitte Touche Tohmatsu Limited), having its registered office at Via Tortona 25, 20144 Milan, fiscal code and enrolment with the companies' register of Milan-Monza-Brianza-Lodi No. 03049560166, and enrolled under No. 132587 with the register of accounting firms held by *Ministero dell'Economia e delle Finanze* pursuant to article 2 of the Italian Legislative Decree No. 39 of 27 January 2010 and related regulations issued by *Ministero dell'Economia e delle Finanze*.

Pursuant to an engagement letter entered into on or about the Programme Date, as subsequently amended, between the Issuer and the Asset Monitor, the Issuer has appointed the Asset Monitor in order to perform, subject to receipt of the relevant information from the Issuer, specific monitoring activities concerning the compliance of the Programme with Title I-*bis* of Law 130 and the BoI OBG Regulations including, *inter alia*, (i) the compliance with the eligibility criteria set out under Law 130 with respect to the Eligible Assets, Integration Assets and/or Liquid Assets included in the Portfolios; (ii) the compliance with the limits on the transfer of Eligible Assets, Integration Assets and/or Liquid Assets set out under the BoI OBG Regulations, Law 130 and Article 129 of the CRR; (iii) the compliance of the calculation performed by the Calculation Agent with the Mandatory Tests, the Liquidity Buffer Target Amount, the Exposure Limit and the Observed Eligible OC Amount; (iv) the effectiveness and adequacy of the risk protection provided by any swap agreement entered into in the context of the Programme; and (v) the completeness, truthfulness and timeliness of the information provided to investors pursuant to Law 130 and the BoI OBG Regulations.

The engagement letter has been amended from time to time in order (i) to reflect latest amendments made to the BoI OBG Regulations and to be in line with the provisions contained therein in relation to the reports to be prepared and submitted by the Asset Monitor to the Board of Directors of the Issuer and (ii) in order to specify in details the carrying out of certain procedures.

The engagement letter provides for certain matters such as the payment of fees and expenses by the Issuer to the Asset Monitor and the resignation of the Asset Monitor.

The engagement letter is governed by Italian law.

Furthermore, on the Programme Date, the Issuer, the Calculation Agent, the Asset Monitor, the Covered Bond Guarantor and the Representative of the Covered Bondholders entered into the Asset Monitor Agreement, as more fully described under “*Description of the Transaction Documents — Asset Monitor Agreement*”.

## DESCRIPTION OF THE PORTFOLIO

The Portfolio consists primarily of receivables deriving from residential or commercial loan agreements pursuant to Article 129, Paragraph 1, lett. (d) and (f) of the CRR and Article 7-*novies* of Law 130.

In addition, the Portfolio may comprise (i) Integration Assets (being (a) the assets referred to in Article 129, Paragraph 1, letter (c) which meet the requirements of Article 129, Paragraph 1, letter (a) of the CRR and of the art. 7-*novies* of Law 130, and (b) any debt securities or other exposures referred to in Article 129, Paragraph 1, letters (a) and (b) of the CRR) and (ii) Liquid Assets (being the assets referred to in Article 7-*duodecies*, paragraph 2, letters (a) and (b) of Law 130, provided that such assets meet the requirements to qualify as eligible assets under Article 129 of the CRR and Law 130 also in the form of substitution assets).

Under the Master Transfer Agreement, the Seller and the Covered Bond Guarantor have agreed that the following criteria shall be applied on the relevant Selection Date in selecting the assets that will be transferred to the Covered Bond Guarantor in accordance with the provisions thereof.

### *Criteria applicable to the Receivables*

Each of the Receivables included in any Further Portfolio shall comply, as of the relevant Selection Date, with the following criteria (the **General Criteria**):

- (a) in case of Receivables arising from residential mortgage loans (*mutui ipotecari residenziali*):
  - (i) receivables deriving from loans secured by residential property up to the lesser of the principal amount of the liens that are combined with any prior liens and 80% of the value of the pledged properties, in accordance with Article 129, par. 1, letter (d) of the CRR;
  - (ii) receivables in respect of which the hardening period (*periodo di consolidamento*) applicable to the relevant mortgage has elapsed and the relevant mortgage is not capable of being challenged pursuant to Article 67 of the Insolvency Law, or Article 166 of Crisis Code or, to the extent applicable, Article 39, Paragraph 4, of the Banking Law;
  - (iii) receivables arising from loans granted by Intesa Sanpaolo or a bank being part of the Intesa Sanpaolo Group at the time of the relevant assignment;
  - (iv) receivables arising from mortgage loans which are governed by Italian law;
  - (v) receivables which are not qualified as defaulted (*in sofferenza*), “*unlikely-to-pay*” or past due instalments (*esposizioni scadute e/o sconfinanti deteriorate*) within the meaning ascribed to such term under the Bank of Italy Circolare no. 272 dated 30 July 2008 (*Matrice dei Conti*);
  - (vi) receivables arising from mortgage loans which provide for the payment by the debtor of monthly, quarterly or semi-annual instalments;
  - (vii) receivables arising from mortgage loans which have been granted to consumer - producer households (*famiglie produttrici o consumatrici*) (also acting in the form of informal partnership (*società semplice and società di fatto*) or individual concerns (*impresa individuale*));
  - (viii) receivables arising from mortgage loans which are fully disbursed;

- (ix) receivables arising from mortgage loans which do not provide for any subsidy or other benefit in relation to principal or interest (*mutui agevolati*);
- (x) receivables arising from mortgage loans which have not been granted to employees of companies being part of the Intesa Sanpaolo Group, or jointly (*in cointestazione*) with them;
- (b) in case of Receivables arising from commercial mortgage loans (*mutui ipotecari commerciali*):
  - (i) receivables deriving from loans secured by commercial immovable property up to the lesser of the principal amount of the liens that are combined with any prior liens and 60% of the value of the pledged properties from, in accordance with Article 129, par. 1, letter (f) of the CRR;
  - (ii) receivables in respect of which the hardening period (*periodo di consolidamento*) applicable to the relevant mortgage has elapsed and the relevant mortgage is not capable of being challenged pursuant to Article 67 of the Insolvency Law or Article 166 of the Crisis Code and, to the extent applicable, of Article 39, Paragraph 4, of the Banking Law;
  - (iii) receivables arising from loans granted by Intesa Sanpaolo or a bank being part of the Intesa Sanpaolo Group at the time of the relevant assignment;
  - (iv) receivables arising from loans which are governed by Italian law;
  - (v) receivables which are not qualified as defaulted (*in sofferenza*), “unlikely-to-pay” or past due instalments (*esposizioni scadute e/o sconfinanti deteriorate*) within the meaning ascribed to such term under the Bank of Italy Circolare no. 272 dated 30 July 2008 (*Matrice dei Conti*);
  - (vi) receivables arising from loans which provide for the payment by the debtor of monthly, quarterly or semi-annual instalments;
  - (vii) receivables arising from loans which are fully disbursed;
  - (viii) receivables arising from loans which do not provide for any subsidy or other benefit in relation to principal or interest (*mutui agevolati*);
  - (ix) receivables arising from mortgage loans which have not been granted to employees of companies which are part of the Intesa Sanpaolo Group, or jointly (*in cointestazione*) with them.

All Receivables included in any relevant Portfolio shall also comply with the Specific Criteria set out under the relevant Transfer Agreement.

#### *Characteristics applicable to the Securities*

Each of the Securities included in any Portfolio shall comply, as of the relevant Selection Date, with all of the following characteristics:

- (a) until the Implementation Date, in case of securities deriving from securitisation transactions, the relevant Portfolio shall be constituted, for at least 95 per cent., of receivables or securities indicated under Article 2, Paragraph 1 (a) and (b) of the MEF Decree or issued in the context of a securitisation transaction which fulfils the requirements as set out (i) in article 80 of the Guidelines (EU) 2015/510 of the European Central Bank of 19 December 2014 on the implementation of the Eurosystem monetary policy framework (ECB/2014/60); (ii) in the regulation 575/2013/CE, in

relation to covered bonds; and (iii) in the BoI OBG Regulations, (each of them, as amended and/or replaced from time to time),

(b) until the Implementation Date in case of securities issued by a bank, (i) such bank shall have its registered office in an Eligible State or in a State which attract a risk weight factor equal to 0 per cent. under the “*standardised approach*” to credit risk measurement and (ii) such securities shall have a residual maturity not longer than one year;

(c) securities issued by central governments meeting the requirements of, (i) until the Implementation Date, Article 2, Paragraph 1, letter (c) of the MEF Decree, as amended and/or replaced from time to time; and (ii) from the Implementation Date, Article 129, Paragraph 1, lett. (a) of the CRR and Article 7-*novies* of Law 130.

**Eligible States** shall mean any States belonging to the European Economic Space and Switzerland.

**standardised approach** is the approach to credit risk measurements as defined under Directive 2006/48/EC.

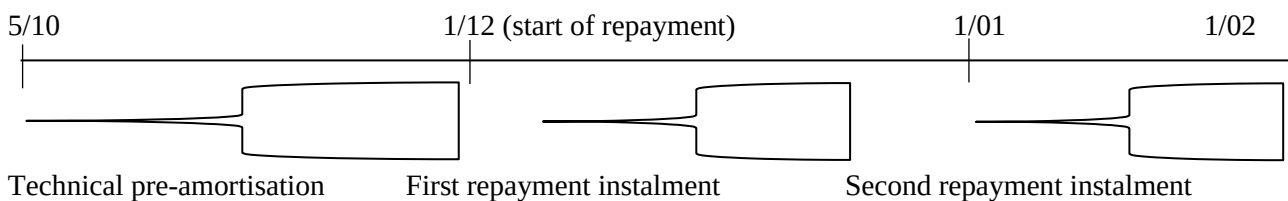
## COLLECTION AND RECOVERY PROCEDURES

### 1. PAYMENT SYSTEMS FOR LOANS

#### Payment systems and recording of collections

The repayment of almost all loans starts on the first day of the second month following the date of signing of the agreement (unless full pre-amortisation periods are contractually provided for). From the signing date to the repayment start date the customer is in a pre-amortisation period and only pays interest, which is usually received together with the first repayment instalment.

By way of example, in the case of a loan with monthly repayment entered into on 5/10:



For this type of loans, the repayment generally begins with the first full repayment instalment following disbursement, depending on the frequency of the instalment (monthly, quarterly, half-yearly or annual). A pre-amortisation period may also be envisaged, in addition to the above-mentioned technical pre-amortisation, the duration of which, set at the time of approval of the loan, is in line with the duration, type and purpose of the loan.

The payment methods for the outstanding loan instalments are essentially:

- automatic debit to the borrower's current account opened at any Branch of the Bank
- payment from the borrower on the basis of an instalment payment notice by means of a deposit slip (MAV) to be made at the branches of the Bank or of another credit institution participating in the MAV circuit;
- automatic debit to the borrower's current account opened at another bank (SDD Mandate);
- payment through a branch of the Bank and/or bank transfer made through another bank.

For loans in line with past instalment payments, where the payments are made after the instalment due date but within the month prior to the next due date, the Bank adopts the practice of allowing default interest to be charged on the next due date or on the first accounting event for the loan (see repayment).

### **1.1 Payment by automatic debit to current account**

For loans subject to this system of payment, the procedure identifies all instalments due on a given day and debits the amount to the current account (on that day). Where the account does not have a balance or only a partially sufficient balance, the system still debits the account, sending a list to each Branch (on each instalment due date) of the instalments whose debit has caused an overdraft on the current accounts. The Branch concerned has the option of reversing the instalments debited automatically by the system.

Any default is recorded in the Bank's information system in real time, but the operator is still able to check the loan's accounting situation at any time.

In the case of instalments that are even only partially unpaid, the loan is not taken into account for the preparation of the next instalment debit flow.

Every week, a recovery of unpaid instalments in arrears is automatically ordered, verifying the balances available in the customers' accounts, in order to progressively reduce the arrears.

### **1.2 Payment by pre-authorised debit**

In order to improve operations and offer customers services increasingly aimed at meeting their expectations, the Bank offers the possibility of making instalment payments by means of pre-authorised debits from current accounts at other credit institutions.

The pre-authorised debit order with other banks, to be used only at the explicit request of customers, is an alternative to debits to a current account opened with the Bank. This option is useful for managing customers residing outside the Bank's area of operations and for those that operate with other credit institutions. The service helps to reduce loans that do not have an associated current account.

Several days before the instalment due date, currently 8 business days, for all instalments collectable by SDD mandate, the debit flow is automatically set up and forwarded to the paying banks.

On the due date of the debit orders, the IT procedure credits the collections "subject to verification and collection" to a transit account and on the same day the "Loans" procedure debits the amount of the instalments due from the same account offsetting the amount credited.

Unpaid orders returned by the correspondent banks are debited by the procedure from the transit account.

Reversals of payments made by SDD mandate and referring to defaults are automatically executed by the procedure, and the Operating Points are also informed of the event. In view of the time taken by the banks to return the sums credited "subject to verification and collection" and the subsequent processing times, the actual collection (or default) can only be verified after around twenty business days. After the twentieth day, the receipts are processed and sent to the customers.

In the event of a default, the debit subject to verification and collection is only guaranteed if the loan returns to performing status before the next instalment debit flow is set up.

### **1.3 Payment by deposit slip (MAV)**

To enable speedier recording of the amounts paid, in relation to loan instalments at other credit institutions and to automate the related flow, an instalment due date form has been produced, in standard interbank format, which allows the use of the electronic bank MAV circuit for the credit to the Bank of the amounts collected.

The MAV is a deposit slip that can be paid at any bank participating in the MAV circuit (essentially almost all Italian banks).

The Bank sends the slip to the customer around 30 days in advance of the instalment due date for loans that have half-yearly or quarterly repayments, and 20 days for those with monthly repayments. If the payment is made at one of the Bank's branches, the related recording in the loans procedure is made in real time. If the customer makes the payment at another bank, an electronic data flow with all the payment details is sent via the portfolio procedure.

In addition to the speed of transmission of the data and consequent timelier updating of the loans ledger, this method minimises the manual allocation of payments.

Usually, the outcome of a payment at another bank (electronic flow) is received within 3 days after the payment has been made.

If the customer does not make an instalment payment, a reminder MAV is sent for loans with half-yearly and quarterly repayments.

For the other due dates and for all the payment methods, a reminder letter is sent monthly, summarising all the amounts owed by the customers.

### **1.4 Collection by cheque or money order**

Instalments may also be paid subject to verification and collection by banker's drafts, bank cheques and postal money orders.

Also in this case, the deadline for payment without default is the date indicated on the notice of instalment due date, which is only produced if the payment method is not by direct debit (MAV).

Cheques and money orders must be issued to the order of the Bank. However, solely for customers known to the Branch, credit instruments with one or more endorsements may be accepted, in any event in compliance with the applicable regulations. In such case, the last endorsement must always correspond to that of the presenting customer.

In the event of return of unpaid or rejected cheques/money orders, the regulations require the Branch:



- to seek to recover from the transferor the amount of the unpaid/rejected cheque and related charges plus late payment interest from the instalment due date until the date of recovery;
- if the recovery is not possible, to reverse the payment in the procedure, following the withdrawal of any receipts issued.

### **1.5. Collection by bank transfer**

If the customer makes an instalment payment by bank transfer, the collection in the procedure is made directly by the Operating Point. Any credits received by the MLT Loans Office are routed to the Branch responsible for the loan.

If the customer goes to a Group bank other than the one where the loan is established, the collection of an instalment and/or the completion of an early repayment is settled centrally at the Group's back office structures. With the new business plan, this case is no longer significant, and any credits are passed on to the branches concerned.

The collections must be made with the value date applied to the correspondent bank.

### **1.6. Collection and management for securities**

#### **Collection**

#### **1.6.1. Payment to the Securities Principal Collections Account and the Securities Interest Collections Account**

The Parties acknowledge that all sums by way of repayment of principal, payment of interest and other amounts due for any reason in respect of the Securities will be paid by Monte Titoli or Clearstream (as applicable) to the custodian bank, on the securities account in the name of the Transferee, through the specific segregated settlement account specifically opened in Monte Titoli or Clearstream. The custodian bank will automatically and promptly pay the sums collected:

- as repayment of principal to the Securities Principal Collections Account;
- as payment of interest to the Securities Interest Collections Account.

#### **1.6.2 Other payments**

If, for whatever reason, the Servicer receives Collections other than those referred to in point 1.8.1, the Servicer will carry out the reconciliation of the received Collections within 20 (twenty) calendar days from the receipt of those amounts by the Borrowers and will credit the related Securities Collections Account, according to whether they relate to principal or interest, with the amounts received and reconciled within 3 (three) Business Days from the date of reconciliation and with value date equal to the date of collection by the Servicer.

#### **1.6.3 Verification of payment of collections**

Subsequent to each payment date of the Securities, in accordance with the provisions of the respective Supporting Documents of the Securities, the Servicer must verify that the amounts due in respect of principal, interest and for any other reason in relation to the Securities have been credited in full to the related Securities Collections Account, according to whether they relate to principal or interest, with value date equal to the related payment date of the Securities in accordance with the provisions of the respective Supporting Documents of the Securities.

### **1.7 Tolerance periods for payments**

The payment deadline for all the types of loan (monthly, quarterly, half-yearly, annual) is the instalment due date, regardless of the payment method used by the customer.

If that day is a public holiday, the due date is postponed to the next business day.

## **2. MANAGEMENT OF LOANS WITHOUT MISSED PAYMENTS**

### **2.1 Loan renegotiation policies**

In recent years, the loan market has seen a significant increase in the granting of “replacement/renegotiation” loans.

This increase has been favoured both by structural elements, such as the liberalisation of the market resulting from the legislative changes introduced by the Bersani Law Decree (Law Decree no. 7 of 31 January 2007, converted by Law no. 40 of 2 April 2007, so-called “loan portability”, and elimination/reduction of full repayment penalties) – now Law Decree no. 70 of 13 May 2011, converted with amendments by Law no. 106 of 12 July 2011 – and by cyclical factors connected with the trend in interest rates.

In view of these changes in the regulatory and economic framework and the increasingly competitive mortgage loan market, the Bank, in compliance with its legal obligations, decided to undertake commercial initiatives aimed primarily at increasing its attention to the needs of existing customers, offering them competitive conditions and, ultimately, establishing the conditions for their retention. As a result, the Branches will be able to undertake retention actions to protect their portfolios, by renegotiating loans, without the access to those offers requiring proof of (i) problems with the position or (ii) clear difficulty in servicing the debt or (iii) the decision to fully repay the loan thanks to the new opportunities offered by the market under the loan portability rules. The renegotiation is authorised within the limits of the existing delegated powers.

The possible solutions consist of:

- a) extension of the duration of floating-rate and fixed-rate loans: the end date of the repayment plan cannot exceed a duration of 40 years and, solely for Retail customers, the borrower cannot be more than 75 years old (or any different limits in force from time to time under the Parent Company’s policy) and subject to the cases identified in point e) below;

- b) change in the indexation parameter or transformation of the loan from a floating-rate to a fixed-rate loan and vice versa, with possible change in the frequency of the instalments, usually at the standard catalogue conditions in force at the time for the type of counterparty;
- c) renegotiation of the spread and/or fixed rate;
- d) shortening of the duration (only for Retail customers);
- e) possibility of suspending the payment of instalments on the basis of:
  - statutory or regulatory provisions, such as:
    - a) the provisions contained in the Implementing Regulation (adopted by Ministerial Decree no. 132 of 21 June 2010) for the “Solidarity Fund” (so-called Gasparrini Fund) for loans for the purchase of a first home established by Article 2, paragraph 475 et seq. of Law no. 244/2007 (2008 Budget Act);
    - b) measures for natural disasters or humanitarian emergencies;
  - initiatives undertaken from time to time by the Intesa Sanpaolo Group in favour of customers or in support of credit quality;
  - contractual clauses.

Suspensions normally have a maximum duration of 12 months, save for different terms specified in the agreement or on the basis of different statutory or regulatory provisions (see, for example, “Solidarity Fund”) with a postponement in the repayment plan and consequent extension of the final duration of the loan for a period corresponding to the duration of the suspension.

The suspension may concern:

- the entire instalment (principal and interest amount), in which case the interest accruing during the suspension will be paid, without default interest, upon resumption of the loan repayment according to the terms agreed with the borrower;
- the principal amount only, in which case the borrower, during the suspension period, continues to pay interest calculated in accordance with the contractually agreed terms.

Depending on the type of suspension, unpaid instalments in arrears may or may not be included. Specifically:

- Domus contractual suspensions cannot be initiated if there are unpaid instalments;
- suspensions for natural disasters envisage the inclusion of unpaid instalments in arrears from the date of the event, while the unpaid instalments prior to the event remain in arrears and accrue default interest;
- the suspensions granted by the Bank include all the unpaid instalments in arrears and default interest will not be due.

The Branch – in accordance with the policy adopted from time to time by the Bank – may also propose to replace the loan with a new loan that meets the customer’s needs, with the option of subrogation in favour of Intesa Sanpaolo.

## **2.2 Other exposures with forbearance measures - Forbearance policies on performing loans**

When the conditions are met, for regulatory and operational purposes, this category includes other credit exposures falling into the category of “Forborne performing exposures”, as defined, relating to performing counterparties.

“Exposures with forbearance measures” are defined as loans whose original contractual terms have been modified and/or provide for the partial or total refinancing of the debt due to the customer experiencing financial difficulties that would not allow for the original contractual terms to be met.

The concept of “exposures with forbearance measures” is transversal with respect to the classifications of non-performing and performing loans and constitutes a further element for defining the credit quality of the customer, supplementing and not superimposing the classifications in use.

A very important aspect is the minimum period of "monitoring" to which a forborne exposure is subject to. This period, which differs according to the administrative risk status assigned to the counterparty, is 24 months in the case of performing positions (“probation period”). This calculation starts from the date the forbearance measures are applied. At the end of the period the forborne attribute may lapse, provided that the following conditions are met:

- the borrower has paid a significant amount of principal and interest<sup>29</sup>;
- the position is not more than 30 days past due on the account or on one of the accounts comprising the monitored loan (at NDG/Clone level), applying the tolerance thresholds set of 200 euro (retail) or 500 euro (all other segments).

Should the forbearance measure (or the set of repeated forbearance measures on the same credit line) granted to a performing counterparty result in a loss, in terms of Net Present Value (NPV), that exceeds the 1% threshold, the counterparty is automatically classified as non-performing<sup>30</sup>.

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<sup>29</sup> A payment is considered "significant" when the following materiality thresholds are met:

- Instalment-based loans:  $((D - N) + I) / D * 100 > 5\%$ , where  $I$  = interest paid from the finalisation date to the observation date at 12/24 month maturity (depending on whether the position relates to performing or non-performing positions);  $D$  = outstanding principal at the finalisation date;  $N$  = outstanding principal at the observation date (expiry of the 24 months). NOTE: retail mortgages are not subject to the “more than insignificant” calculation
- Non instalment-based loans: Utilisation (absolute value) at time  $T$  (finalisation date) - Utilisation (absolute value) at time  $T1$  (observation date)  $> 0$   
The calculation is done automatically by the dedicated application.

<sup>30</sup> The calculation is made by comparing the Net Present Value before and after renegotiation.

The forbore performing from non-performing exposures require special attention. If, during the probation period, the exposure:

- is subject to additional forbearance measures
- is past due by more than 30 days

the exposure automatically reverts back to “forborne non-performing”, and the counterparty is consequently reclassified as Non-Performing.

### **3. MANAGEMENT PROCESS FOR PROACTIVE CREDIT AND NON-PERFORMING LOANS**

#### **3.1. Proactive Credit**

Proactive Credit is defined as the series of processes that refer to loans to customers that have potential problem issues, that have not yet openly manifested themselves, but could, if not promptly resolved, later lead to contractual default with consequent deterioration in the quality of the risks undertaken by the Bank. If the default occurs, depending on its seriousness and duration, it could subsequently result in a classification of the whole position as Non-Performing Loan.

##### **3.1.1 Proactive Credit Management Processes**

The processes for managing Proactive Credit represent the model dedicated to the management of customers that present potential problems, and aim to identify and promptly intervene in respect of these anomalies when they first become apparent. This model is based on certain guiding principles:

- making the Branch responsible for controlling positions;
- differentiating processes in relation to the regulatory segment;
- the establishment of both peripheral and central dedicated Structures, which intervene in the process based on the increasing seriousness of the risk represented;
- rendering processes and credit management more efficient with the consequent simplification of the workflow and required activities, focusing on a practicable solution for the anomalies detected;
- revision of detection criteria to ensure greater efficiency and effectiveness in the new processes, wherever possible anticipating the identification of events that could result in positions' deteriorating;
- revision of the detection systems from the perspective of fully automating both the input and output from the process, thus reducing subjective assessment to a minimum;
- integrating processes with Early Warning (EW) detection systems to make detection more predictive and anticipate the intervention even further;

- the use of rating to support decision-making activities;
- the use of a dedicated structure, for customers belonging to the Retail (RE) regulatory segment, that has instruments and processes for the independent offering of negotiated solutions and the use of external companies specialised in recovery.

As mentioned, in order to manage detected customers, Proactive Credit relies on dedicated structures at the Lending departments of the Regional Governance Centres of the BdT (Banca dei Territori) Division and CLO (Chief Lending Officer) Area, with the task of providing support to the Network in managing customers that present the first signs of difficulty.

The objective of the processes included in the scope of Proactive Credit is to manage detected customers promptly and optimally. These are broken down according to the regulatory segment as follows:

- Corporate and Corporate SME Process (extended to Retail SME positions under the responsibility of the CLO area and to Banks and Non-Banking Financial Institutions Process);
- Retail SME Process (positions under the responsibility of the Regional Governance Centres);
- Retail Process.

The detection system is guided by the Early Warning system, which uses the calculation of a series of indicators to classify credit positions in relation to the counterparty's deterioration status; this status is represented/summarised using colour coding (traffic light signalling). The outputs from the calculation engine are differentiated according to the type of model:

- Green, pale green, yellow, orange, red for counterparties with regulatory segment Corporate and Corporate SME; and
  - Green, pale green, orange, red for the remaining counterparties.
- In both cases are also present the light blue and dark blue results.

The counterparties detected in the Proactive Credit process are:

- for the Retail (RE) regulatory segment, counterparties with a Red light with “evident critical issues” module<sup>31</sup>;
- for the Retail SME regulatory segment, counterparties with an Orange and Red light generated by “evident” critical issues;
- for the Banking and Non-Banking Financial Institutions regulatory segments, counterparties with Orange and Red light;
- for the Corporate and Corporate SME regulatory segment, counterparties with Pale green, Yellow, Orange and Red.

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<sup>31</sup> Evident critical issues refer to an unpaid past due (instalment in arrears) or overdraft on the current account.

It should be noted that Retail SME, Corporate, Banks and Non-Banking Financial Institutions customers, with a Forborne approval certified by the competent head-office structures of the CLO Area, are handled under Proactive Management.

### **3.1.2 Proactive Credit management phases**

The Proactive Credit processes are broken down into management phases, which also differ according to the type of process/customer segment.

**A) For Corporate, Corporate SME, Retail SME (under the responsibility of the CLO Area), and Banks and Non-Banking Financial Institutions customers, the process involves two different types of management paths:**

- the “Proactive and Overdrawn – Branch” workflow, which is activated in the event of EWS system outcome Pale Green and Yellow (Corporate and SME Corporate segments), Orange with clear critical issues (SME Retail segment) and Orange (other segments), i.e. counterparties with less serious signals risk;
- the “Proactive and Overdrawn” workflow (specialist management), which is activated in the event of EWS system outcome being Orange or Red (Corporate and SME Corporate segments), Red with clear critical issues (SME Retail segment) and Red (other segments).

In the first case:

- the branch/relationship manager has the task of analysing the position and contacting the customer with the aim of defining the reasons underlying the detection of the position and the most effective strategy for regularizing the position, possibly through the identification of a specific negotiated solution (in this case the relevant proposal and approval process starts);
- the specialist of the credit structure (Regional Management or CLO Area based on the perimeter assigned) must support the branch/manager (if necessary) in defining the strategy and he may also decide to manage the position directly; the manager also has the task of monitoring the execution of the actions initiated and the measures adopted, with the possibility of modifying the strategy, restarting the process or evaluating the transition of the positions to a worsening risk state.

In the second case:

- the branch/relationship manager must analyse the position and contact the customer, collect the necessary documentation for managing the position and propose, within 30 days of interception, an adequate strategy for resolving the identified problems;
- the specialist of the credit structure (Regional Management or CLO Area based on the assigned perimeter) must analyse the manager's proposal through the information/documentary set provided in support, validate or modify the proposed strategy and manage the implementation of the action undertaken; the specialist must then also monitor the actions initiated and the measures adopted,

with the possibility of modifying the strategy, restarting the process or evaluating the transition of the positions to a worsening risk state.

The credit structure involved in the process is identified as follows:

- exposures of less than 15 million euros of RWA: the positions fall within the scope of the Regional Directorates of the BdT Division (Credit Value Protection structure);
- exposures exceeding 15 million euros of RWA: the positions fall within the scope of the Central Credit Value Management Department of the CLO Area (for customers of the Corporate & Investment Banking Division the activities are always carried out by the dedicated structures of the Area CLO).

The goal of both these management paths is to eliminate any critical issues from the perspective of continuing relations with the counterparty, and assisting the latter to avoid sliding into non-performing status.

Positions that are not regularised remain classified under their status until a subjective classification assessment is made to move them to a higher risk status, with the relevant request submitted to the competent management functions. Positions also exit their status with worsening risk should objective deterioration conditions become evident (condition for classification as Non-performing past due exposures, recording a dark blue prejudicial reading etc.), resulting in the automatic classification to past due or unlikely to pay.

Consequently, performing positions that are automatically assigned a high risk level that is confirmed over time or that present early predictive signs of potential difficulties, are promptly and automatically detected in the Proactive Management processes.

For the purposes of credit quality, these positions are to all effects classified as "performing" and the responsibility for their management remains with the organisational structure that the counterparty is assigned to.

The initiation and exit of proactive credit processes mainly occur automatically,; but it also exist the possibility to manually classify positions to "Proactive Management" status if critical issues not automatically intercepted are detected.

**B) For the Retail SME customers under the responsibility of the Regional Governance Centres,** in view of their lower complexity and the higher number of counterparties involved, the process involves a more systematic approach with a guided operational workflow and direct involvement of the specialist "Retail SME Remediation" structures established within the Regional Governance Centres.

The process involves:



- the allocation to the “Branch Management” phase (“first processing”) of positions with an “evident” EWS Orange light;
- the allocation to the centralised “Specialist Management” phase (“direct remediation”) of positions with an “evident” EWS Red light.

In the first case:

- the Branch/manager responsible for the commercial relationship is tasked with analysing the position and contacting the customer with the aim of defining, where possible, the regularisation of the position, where applicable using a negotiated solution (in which case the relationship manager initiates the approval process in coordination with the specialist structure of the Regional Governance Centre, which monitors its progress);
- positions for which it is not possible to identify a solution or the assessment/proposal phase is not completed within 30 days of detection, are automatically transferred by the system to “Specialist Management” (“second processing”) for centralised management.

In the second case, the competent structure of the Regional Governance Centre centrally manages the position, carrying out the analysis, acquiring the necessary supporting documentation, and contacting the customer to identify the most appropriate negotiated solution (in which case the related approval process is carried out) or, where applicable, to move the position to a higher risk status. Thereafter, the position remains in a specific monitoring phase in order to verify the effectiveness of the solution adopted.

**C) For Retail customers**, a specific “Retail Positions Management” Process (also known as “Pulse”) has been developed and progressively implemented by the Chief Lending Officer Governance Area.

The process manages customers in the Retail segment with predefined characteristics transversally, developing uniform and specialist methods for contact and proposal of negotiated regularisation measures.

The scope managed includes both performing counterparties detected by the EWS scoring engine at the first signs of difficulties (overdue amounts and/or arrears in debt repayment) and those that have subsequently “slid” into non-performing status (Past Due or Unlikely to Pay).

The main features of the Retail Management Process are:

- **differentiated process for Retail customers** (RE segment) depending on the characteristics of the position and the customer, also using external resources
- use of advanced **routing** based on the **EWS Retail** model
- **structured, centralised and highly automated management process**, with actions differentiated according to the risk level of the position, defined on the basis of management guidelines, with governance by a specialist unit

- **progressive customer contact actions**, i.e. telephone reminders and collection activities at the customer's premises
- overall management of all **customer relationships at Group level**
- extensive use of negotiated solutions for customer regularisation, for positions considered "eligible", implemented by a dedicated structure of the Bank
- **integrated**, single and, where possible, automated and outsourced **procedures**
- continuous **monitoring** of the management through dedicated reporting
- **continuous interaction of counterparties** with the Bank's internal specialist structures
- **dedicated workflows** and differentiated contact tools, with decision-making engines and standardisable supporting products
- customer **clustering** from a management perspective
- an **algorithm for selecting** the most appropriate **negotiated solution**
- provision of a **single management platform** with integration and interaction between the management and recovery features within the new tool

The governance of the Retail Management Process is the responsibility of the Retail Management Support function, which oversees and monitors the activities carried out by Pulse, the Outsourcers and Remediation, and provides cross-functional strategic support and coordination of all the structures. The process and the information exchanges with the Partners are managed through the Retail Management Portal (PGR), which is the application that the detected relationships flow into and that establishes the transitions between the various operational and management phases and incorporates the results of the activities carried out through the service platforms (Collection and Formalisation).

Based on predefined rules relating to the characteristics of the customer, the products owned and the objective critical issues detected (risk level), an evolved algorithm (the Routing Engine) allocates the counterparties to the various players in the process, including the relationship Branches.

This activity is transversal with respect to the administrative status of the customers (i.e. regardless of whether the position is classified as performing or non-performing).

The credit granting and management powers are centralised in the Remediation function of the Credit Value Control Head Office Department, while customer relations through telephone contacts (Phone Collection) are mainly entrusted to the corresponding Pulse Function and to external suppliers, the Outsourcers specialised in the collection from borrowers, which also carry out home visits (Home Collection).

The Remediation function then:

- **carries out the end-to-end management of the most critical positions** (i.e. from contact with the customer and identification of the negotiated solution to the assessment and approval)
- **processes the assigned portfolio** according to predefined management phases, focusing on renegotiation and the exercise of the credit powers
- carries out the **credit assessment and approval** for the negotiated solutions proposed by Pulse or the Branches

- carries out the **classification** (also on a bulk basis) to Unlikely to Pay or Bad Loan status of positions that cannot be regularised.

The **Retail Management Support** function, in addition to overseeing and monitoring the entire process:

- collects and routes the proposals for negotiated solutions channelled by the Outsourcers (both to the ordinary platform and to the Formalisation Platform);
- monitors the finalisation of the negotiated solutions agreed by the other players in the process and channelled onto the Bank's ordinary platforms, and manages the **centralised finalisation of the negotiated solutions** (suspensions and renegotiations) established in the Formalisation Platform by the Pulse and Remediation functions.

One of the players in the process is a phone collection and assessment unit within the Bank called **Pulse**, which maintains “direct contact with customers, according to standardised processing cycles (e.g., assignment to specific profiles in the collection unit) focused on proposed solutions for normalising loans”, using specifically developed workflows, tools, decision-making engines and products.

Pulse then carries out the following:

- first telephone contact and interview with customers
- identification and simulation of negotiated solutions
- sustainability check of identified solutions
- preparation and sending of restructuring/suspension applications
- updating of data on the basis of documentation received.

To carry out their activities, both Pulse and Remediation use a number of dedicated applications that allow them to promptly identify possible situations of financial difficulty of Retail customers and centrally manage a large part of any restructuring operations, reducing the involvement of the Sales Network.

Commercial partnerships have also been initiated with the aim of outsourcing the collection activities to **partners specialised** in both telephone and home credit recovery, in order to improve the efficiency of the management of customers with past due amounts and/or in arrears (as detailed in the next chapter).

The outsourcing of these activities has been declared an Important Operational Function (ICF), also in light of the Bank of Italy guidelines.

The allocations are made based on batches created daily by the procedure, and the duration of the management depends on the different recovery phases (30 to 90 days).

With regard to the positions allocated, and up to the end of the assignment, the External Partner takes care of:

- the **regular** and frequent **contact** with the customer based on the instructions provided by the internal structure
- the **recovery activities**
- **gathering customer interest** in renegotiating, restructuring or consolidating loans in the later phases of the process
- **providing daily feedback** on the outcomes of the activities carried out.

The Outsourcers do not directly negotiate and/or propose restructuring products, but only gather customer interest in possible negotiated solutions that are established and approved by the Remediation Function.

The agreement type adopted complies with the provisions of Bank of Italy Circular 285/2013 and, based on the activity carried out, all the Partners are subject to the regulations pursuant to Article 115 of the Consolidated Law on Public Safety (TULPS), are licensed by the Police Commissioner and are supervised by the Ministry of the Interior. Their operations are regulated, in terms of form and procedures, by the code of ethics of the industry (UNIREC) and by national privacy regulations.

The **Branch Relationship Manager** also plays a role in the process:

- providing **support** to the contact unit for the in-depth customer analysis
- **maintaining customer relations** for special cases (e.g. personal)
- working with customers, leveraging their **view over all the management phases** of their branch, both internal or outsourced, and liaising with the specialist for the actions to be taken in the branch (e.g. meetings with customers)
- formalising the negotiated solutions adopted.

### 3.1.3 “Retail Positions Management” Process - Outsourced Management

As mentioned above, for the out-of-court recovery of Proactive Credit and Non-Performing Loans not in bad loan status, and specifically for the process known as “Retail Positions Management” (RE regulatory segment), Intesa Sanpaolo not only uses the Bank’s competent internal structures, but also specialist external companies that meet the necessary regulatory requirements.

The partnership is governed by separate contractual conditions, as described in detail in the commercial partnership agreement (“Partnership Agreement”) signed with the external companies. In general, the external company carries out the services incumbent on it, organising and managing, at its own expense and as part of its independent management, all factors and productive resources.

Subject to the provisions of the Partnership Agreement, the external company represents and warrants that it has – and will have for the entire duration of the Partnership Agreement – the necessary authorisations, licences and permits for carrying out its business activities and that it will perform its obligations with the utmost professionalism and diligence and in accordance with the regulations in force from time to time, as well as the agreed “General and Specific Terms and Conditions”.

The Service specifically involves the following activities:

- **Phone Collection:** understood as out-of-court credit recovery activities carried out through contacts by telephone.

This activity is divided into two consecutive phases (Phone Collection 1 and Phone Collection 2), depending on the criticality of the customer. The mandate for the management of the cases, for the recovery activities, lasts thirty days starting from the date of the assignment, except for extensions concerning the individual cases assigned, which must be agreed upon from time to time.

The assignment period may then be changed, on an exceptional basis, upon assessment by the Bank, which will notify the external company specifically stating the new end date of the assignment, also by means of a specific entry within the Management Portal.

The activities that the external company performs in the Phone Collection phase include but are not limited to the following:

- a) notification of the problem to the customer;
  - b) request for regularisation and guidance on how to accomplish it;
  - c) notification of the possibility of a negotiated solution, subject to creditworthiness assessment by the Bank;
  - d) gathering an expression of interest from the customer to identify a regularisation strategy with the Bank;
  - e) directing the customer to the Bank's structure responsible for implementing the negotiated solution.
- **Home Collection:** understood as out-of-court credit recovery activities that include a home visit by the external company to the third-party borrower. This activity is divided into three consecutive phases (Home Collection 1, Home Collection 2, and Home Collection 3), depending on the criticality of the customer. The mandate for the management of the cases, for the recovery activities, lasts sixty days for the Home Collection 1 and Home Collection 2 phases and ninety days for the Home Collection 3 phase, starting from the date of the assignment, except for extensions concerning the individual cases assigned, which must be agreed upon from time to time.

The assignment period may then be changed, on an exceptional basis, upon assessment and order by the Bank, which will notify the external company specifically stating the new end date of the assignment, also by means of a specific entry within the Management Portal.

The activities that the external company performs in the Home Collection phases include but are not limited to the following:

- a. notification of the problem to the customer;
- b. request for regularisation and guidance on how to accomplish it;
- c. notification of the possibility of accessing negotiated solutions, subject to creditworthiness assessment by the Bank;
- d. gathering an expression of interest from the customer to identify a regularisation strategy with the Bank;
- e. directing the customer to the Bank's structure responsible for implementing the negotiated solution.

The Service consists of performing the Phone Collection and/or Home Collection activities for the out-of-court recovery of unpaid amounts falling into the following categories:

- amounts due relating to past due and unpaid instalments;
- past due and unpaid amounts;

- amounts due relating to default interest;
- amounts due referring to current account drawdowns without a credit line or exceeding the credit line granted;
- amounts due for expenses and ancillary costs and any other amount payable with regard to the outstanding credits, for which the assignment has been awarded.

The mandate granting process, and therefore the creation of the assignment batches that allocate the mandate to operate, takes place on a daily basis, and the management process is also supported by a dedicated IT procedure that, also on a daily basis, provides details of the recovery actions implemented by the external companies and specific monitoring of the progress of the positions outsourced for collection.

The partnership agreement for the provision of out-of-court credit recovery activities, signed with the external companies, includes the establishment of specific operational SLAs and management KPIs.

In particular, the service levels are distinguished between “High Importance” and “Medium Importance”.

The main “High Importance” service levels concern:

- Misappropriation/delay in delivery of securities
- Substantiated complaints/disputes regarding privacy and anti-money laundering breaches
- Failure to comply with the rules laid down by the Data Protection Authority
- Alleged aggressive behaviour towards customers

The main “Medium Importance” service levels concern:

- Timely initiation of telephone and home recovery activities
- Timely completion of activities
- Timely issuance of invoices according to the operational instructions given

Failure to comply with the Service Levels may result in the application of specific penalties/actions that differ based on both the type of Service Level not met and the extent of the breach.

In addition, the Bank, over the time necessary for the governance of the outsourced process, will constantly monitor the performance indicators (management KPIs) that underpin the commission model and form the basis for assigning the positions to the different phases, including but not limited to:

- net performance (amounts collected/amounts assigned): the ratio of the volumes of amounts collected (excluding amounts of expected collections, due beyond the mandate) relating to all the relationships within the scope to the volumes of past due amounts for that scope of relationships;

- regularisations: for instalment-based products, number of agreements that have no past due and unpaid instalments at the end of the assignment; for current account overdrafts, agreements with a final overdraft amount of zero;
- redemption: percentage of cases with fewer past due and unpaid instalments at the end of the assignment than at the beginning of the assignment out of the total number of cases assigned;
- management duration: average duration of the management of cases.

### 3.2 Non-Performing Loans

The tenth update to Bank of Italy Circular No. 272 (hereinafter “Circular 272”) introduced further clarifications of the definitions and types of “non-performing financial assets” to implement the provisions of the EBA Guidelines 2016/07 of 18/01/2017 (“EBA DoD Guidelines”) on the application of the definition of default under Art. 178 of Regulation 575/2013 (the Capital Requirements Regulation).

The different types of credit status that come under the above-mentioned category of “non-performing financial assets”, with reference to the borrower’s overall exposure, are discussed below.

“Non-performing financial assets” consist of on-balance-sheet assets (loans and debt securities) and off-balance-sheet assets<sup>32</sup> (guarantees provided, irrevocable and revocable commitments to disburse funds, etc.) with borrowers:

- 1) which present material exposures which are more than 90 days past due, or
- 2) for which payment of the credit obligations in full without the enforcement of guarantees is considered unlikely, regardless of the existence of any past due amount or of the number of days past due.

This is irrespective of whether there are any (collateral or personal) guarantees securing the assets. “Non-performing financial assets” do not include financial instruments within the “Financial assets held for trading” portfolio and derivatives.

The Bank has chosen to adopt a “Single Borrower” approach for the identification of non-performing loans.

“Non-performing financial assets” are classified into the following categories, based on the principle of increasing severity:

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<sup>32</sup> An “off-balance-sheet” transaction is considered non-performing if, when used, it can give rise to an exposure that has the risk of not being fully repaid, while complying with the contractual conditions. In any event, the guarantees must be classified as non-performing if the guaranteed exposure meets the conditions for being classified as non-performing.

- Non-performing past due exposures;
- Unlikely to Pay;
- Bad Loans.

For the purposes of the classification as default, the recent European provisions on the subject (the “new definition of default”) will be applied, with reference, in particular, to the EBA guidelines on the application of the definition of default under Article 178 of Regulation (EU) No 575/2013.

Once again in accordance with regulations, the definition of “Non-performing exposures with forbearance measures” was added to provide detail on the categories of non-performing loans at the level of specific exposure.

Non-performing financial assets are subject to measurement for financial reporting, analytical-statistical or analytical purposes.

The measurement process for non-performing loans held by counterparties and classified as Past Due Exposures, Unlikely to Pay and Bad Loans, in accordance with reference accounting standards and the regulatory framework, results from the presence of objective signs of impairment, that support the view that the amount contractually expected from each asset is not fully recoverable.

Generally, the loans classified:

- among the Non-Performing Past Due (regardless of the exposure amount) and those classified under Unlikely to Pay and Bad Loans (for an amount not exceeding the predefined relevance threshold, currently at 2,000,000 euro), are subject to analytical-statistical measurement. This measurement is based on the application of specific Loss Given Default statistical tables to which the different Add-on components are added to take into account the management variables and forward-looking information relating to macroeconomic scenarios and the continuation of the risk status;
- among the Unlikely to Pay and Bad Loans (both above the relevance threshold of 2,000,000 euro), are subject to an analytical-specific measurement process based on a quali-quantitative analysis of the counterparty’s economic, asset and financial position. The loss forecasts are formulated analytically by type of exposure, on the basis of the implied risk level of the type of financing provided and of the correlated level of dependence on possible mitigating factors (guarantees).

### **3.2.1 Non-Performing Past Due Exposures**

This category includes the on-balance sheet exposures other than those subsequently defined as bad loans or unlikely to pay, which at the reference reporting date, were past due for over 90 days.

The total exposure to a borrower must be recognised as past due if, at the reference reporting date, the amount of the principal, interest and/or fees not paid when due exceeds both of the following thresholds (hereinafter, collectively, the “Relevance Thresholds”):



- a) the absolute limit of 100 euro for retail exposures and of 500 euro for non-retail exposures (the “Absolute Threshold”), to be compared with the total amount past due from the borrower;
- b) the relative limit of 1%, to be compared with the ratio of the total amount past due to the total amount of all recognised exposures to the same borrower<sup>33</sup> (the “Relative Threshold”).

Classification to this status occurs automatically, at the level of the Banking Group, when a situation of past due exposure above the Relevance Thresholds persists over a period of over 90 consecutive days.

Classification to this status also occurs automatically due to the contagion of the default status from joint account holders to the jointly held account or from the jointly held account to joint account holders according to specific rules as explained in the related paragraph.

### **3.2.2 Unlikely to Pay**

This category includes all of a borrower's on-balance sheet and off-balance sheet exposures, when in the bank's opinion it is unlikely that the borrower will be able to fully meet the credit obligations (for principal and/or interest), without recourse to action such as the enforcement of the guarantees. This assessment is independent of the presence of any past due or unpaid amounts (or instalments).

It is therefore not necessary to wait for an explicit symptom of a problem (for example, the default), when there are factors that point towards a situation of risk of default by the borrower (for example, a crisis in the borrower's industry sector). The combination of the on-balance sheet and off-balance sheet exposures in respect of the same borrower in the above-mentioned situation is referred to as "unlikely to pay", unless the conditions apply for the borrower to be classified under bad loans.

Unlikely to pay positions also include the overall exposures to issuers that have not duly honoured their payment commitments (principal and/or interest) in relation to listed debt securities. To this end, the "grace period" stipulated in the contract is recognised or failing this, the period recognised for the listed securities market.

The unlikely to pay category also includes the overall exposures to borrowers that have submitted an application for arrangement with creditors with rights reserved to file ancillary documents at a later date (Article 44, paragraph 1, letter a) of the Business Crisis and Insolvency Code), which must be reported from the date of submission of the application and until the outcome of the request is known. This is without prejudice to the fact that the exposures in question are classified under bad loans when: a) new objective elements arise that lead the intermediaries based on their independent

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<sup>33</sup> When calculating the relative limit, account must be taken, in both the numerator and denominator, of exposures sold but not derecognised for financial reporting purposes to the same borrower of the bank and intermediaries included in the prudential scope of consolidation. Equity exposures are excluded.

responsibility, to classify the borrower in this category; b) the exposures were already under bad loans at the time the application was submitted.

The same criteria apply in the case of an application for an arrangement with creditors with the business continuing as a going concern (Article 84 of the Business Crisis and Insolvency Code), from the date of the application's submission until the outcome of the application is known (non-approval or approval). In the case of the latter, the exposure's classification is changed according to the ordinary rules.

If the arrangement with creditors with the business continuing as a going concern is implemented with the sale of the enterprise in operation or it is transferred to one or more companies (including newly-established companies) that do not belong to the borrower's economic group, the exposure is reclassified under performing assets.

This option is precluded however in the case of a sale or transfer to a company belonging to the borrower's same economic group, on the presumption that the parent/holding company was involved in the decision-making process resulting in the latter submitting the application for an arrangement with creditors in the interests of the entire group. In this situation, the exposure to the transferring company continues to be recorded under non-performing assets; it is also recognised under non-performing exposures with forbearance measures.

Positions classified as Unlikely to Pay are divided into:

- positions under internal management, i.e. in portfolios held at the Intesa Sanpaolo Group's organisational units and managed by the competent management structures;
- positions under joint management, i.e. in portfolios held at the Intesa Sanpaolo Group's organisational units and assigned under joint management to the CLO Area contact structures and to a third-party company.

The processing phases for the positions classified as Unlikely to Pay, regardless of the competent management structure, are supported and tracked through a specific application.

The following positions automatically fall under "Unlikely to Pay":

- in the "Expiring Past Due" status, when the expiry of that status has been exceeded and the related materiality threshold has become greater than 5%;
- positions presenting a group administrative status that for more than 30 consecutive days is at "Unlikely to Pay" or "Bad Loan" and with exposure classified under one of the above, equal to or above 20% of the total exposure at banking group level (excluding positions that at single Bank/Group Company level present an exposure below 1,000 euro);
- positions with the status "Forborne Unlikely to Pay" with the lapsing of the 90 consecutive days of past due above the threshold;

- which have one of the following prejudicial events, namely judicial liquidation, arrangement with creditors, arrangement with minor creditors, extraordinary administration, compulsory administrative liquidation, arrangement in judicial liquidation proceedings, controlled receivership, and insolvency proceedings;
- due to the contagion of the default status from joint account holders to the jointly held account or from the jointly held account to joint account holders according to specific rules as detailed in the related paragraph.

For management purposes, the Bank has established an additional unlikely to pay category called “Forborne Unlikely to Pay”<sup>34</sup>, which includes counterparties that have at least one exposure subject to duly observed forbearance measures or that remain in the risk status pending the completion of the legally imposed Cure Period (minimum of 12 months).

The following positions automatically fall under "Forborne Unlikely to Pay":

- Performing Forborne positions, transferred from non-performing status, subject to subsequent forbearance measures on the same credit line of the previous intervention during the Probation Period;
- Performing Forborne positions, transferred from non-performing status, with past due amount not subject to reporting for over 30 consecutive days (applying a minimum tolerance threshold and with verification conducted on the forborne line) occurring during the Probation Period;
- Forborne flagged positions, transferred from Bad Loan status closed with residual existing credit lines/drawdowns;
- Non-performing past due exposures, where forbearance measures were granted with the past due brought down to zero or for less than 30 days or under the threshold;
- positions presenting a group administrative status that for more than 30 consecutive days is at “Forborne Unlikely to Pay” and with exposure classified under said status equal to or above 20% of the total exposure at banking group level (excluding positions that at single Bank/Group Company level present an exposure below 1,000 euro);
- performing counterparties, if the calculation of the Diminished Obligation (in the case of a new forborne classification) – at the time of the transaction is completed on the reference legacy application – produces a value above a threshold set at 1%.

The Decision-Making Body can undertake a manual classification to "Unlikely to Pay" at any time if in accordance with regulations, this classification best represents the deterioration in the borrower's

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<sup>34</sup> Status where the LGD tables are applied adjusted to the exposures' risk levels.

creditworthiness. In addition, the manual classification also takes place if the relevance threshold (5%) of the overall economic loss related to the sale of a credit obligation is exceeded.

### **3.2.3 Observation period for non-performing past due exposures and unlikely-to-pay exposures**

Non-performing exposures must continue to be classified as such until at least three months have elapsed (the Probation Period) from the moment they no longer meet the conditions to be classified among non-performing past due exposures or unlikely-to-pay exposures, as the case may be.

Counterparties classified to the “Forborne Unlikely to Pay” category represent an exception: for such counterparties, the application of the 12-month Cure Period, during which they will be prevented from being reclassified as performing even if they have overcome their financial difficulties, prevails.

During the Probation Period, the counterparty's behaviour must be assessed in the light of its financial situation (in particular by verifying the absence of past due amounts exceeding the Relevance Thresholds<sup>35</sup>).

### **3.2.4 Effect of classification on other parties**

Any contagion effects must be taken into consideration when the occurrence of an event that results in classification to a worse risk status of a counterparty belonging to a group may have repercussions in terms of the potential default for other parties within the same group.

In the light of the consequences (in terms of materiality) that the classification of a counterparty may have on the ability of other group entities to discharge their debt, it is determined whether the event is to be considered a negative symptom or a detrimental event, with the related consequences.

Any consequences of the classification of a counterparty for other parties therefore presuppose a distinct legal and financial separation between them. Specifically, in the event of relationships formed with a sole partnership and the natural person that operates it, given the absence of distinct legal personality, classification to non-performing loans will apply to the overall exposure.

With exclusive reference to counterparties included among retail exposures (Retail and Retail SME segments) that are connected to counterparties classified as unlikely to pay or non-performing past due exposures, automatic classification criteria apply where accounts are jointly held and certain conditions have been met.

In particular, in the case of the classification of a jointly held account among non-performing exposures, the exposures of the individual joint account holders will also be classified automatically, unless at least one of the following conditions is met:

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<sup>35</sup> In particular, if a past due amount exceeds 5 consecutive days, calculated from the date when both Relevance Thresholds are exceeded, the number of days in the Probation Period is reduced to zero. The count of the three months of the Probation Period will resume on the first day on which the past due amount returns below at least one of the two Relevance Thresholds.

- a) the delay in payment is the consequence of a dispute between the joint account holders that has been presented to a judge or has been raised in other out-of-court mediation proceedings whose outcome will result in a binding decision and there are no concerns regarding the individual joint account holders' financial situations.
- b) the credit obligation attributable to the jointly held account represents an insignificant portion<sup>36</sup> of the joint account holder's total exposure.

Vice-versa, in the event of classification among the non-performing loans of all individual joint obligors, the joint obligation is automatically classified as Non Performing.

Except for the foregoing cases of automatic classification, it will nonetheless be necessary to assess the effects that classification of a jointly held account as non-performing may have on the individual joint account holders and on any other relationships jointly held with third parties attributable to them.

### **3.3 Non-performing exposures with forbearance measures - Forbearance policies on non-performing loans**

Individual on-balance sheet exposures and revocable and irrevocable commitments to disburse funds that, according to the circumstances, come under the bad loans, unlikely-to-pay exposures or non-performing past due exposures categories, and that are subject to forbearance measures are referred to as "Non-performing exposures with forbearance measures".

Such exposures do not form an independent category of non-performing assets, but are included in one of the classifications of non-performing loans, as the case may be.

Forbearance measures do not include arrangements – reached between the borrower and a pool of lending banks – as a result of which the existing credit lines are temporarily "frozen" with a view to being formally restructured.

For restructuring operations carried out by a pool of banks, those who do not subscribe to the restructuring agreement are required to verify whether the conditions are met for classifying their exposure under bad loans or unlikely-to-pay exposures.

Exposures to borrowers that have submitted an application for arrangement with creditors with rights reserved to file ancillary documents at a later date must be classified under non-performing exposures with forbearance measures when the application for the arrangement with creditors has been converted into a debt restructuring arrangement pursuant to Article 57 of the Business Crisis and Insolvency Code.

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<sup>36</sup> The term "insignificant portion of the joint account holder's total exposure" refers to the circumstance in which the jointly held account exposure does not exceed 20% of the joint account holder's exposure for a period of at least 10 consecutive days.

Also in the event of approval of an application for an arrangement with creditors with the business continuing as a going concern, the exposure must be recognised under non-performing exposures with forbearance measures, except for the cases described above of sale of the enterprise in operation or its transfer into one or more companies (including newly-established companies) that do not belong to the borrower's economic group, where the exposure must be reclassified under performing assets, provided that the buyer/transferee is not already classified under the non-performing exposures at the time of the sale/transfer.

Before the forbore classification of non-performing counterparty exposures with forbearance measures can be removed, a minimum period of 36 months must elapse for positions classified as non-performing, consisting of:

- a minimum period of 12-month Cure Period, calculated from the date the forbearance measure is applied or, if later, from the date the status becomes non-performing. It should be noted that if the restructuring agreement classified as a forbearance measure provides for a Grace Period during which payments are suspended, the calculation of the days in the Cure Period will start from the date the customer resumes making payments (i.e. the date the suspension or Grace Period ends). During the Cure Period, the counterparty will be prevented from being reclassified as performing even if they have overcome their financial difficulties. During the Cure Period a check must be done to verify that the scheduled payments on the credit line covered by the forbearance measure are regularly being made by looking for any continuous past due payments. If a past due amount exceeds 30 consecutive days calculated from the date when both of the following materiality thresholds are exceeded:
  - a) Absolute thresholds: 100 euro for Retail (RE segment) positions and 500 euro for all other segments
  - b) Relative threshold: 1% of the exposure of the credit line being monitored

the number of accumulated monitoring days at that date is reset to zero. The count will resume on the first day on which the past due amount returns below at least one of the two thresholds referred to in points a) and b).

At the end of the 12 months, the position may be reclassified as performing (by means of a specific resolution), provided that:

- the borrower does not have any past due amounts
- the borrower has paid a significant amount of principal and interest<sup>37</sup>

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<sup>37</sup> A payment is considered "significant" when the following materiality thresholds are met:

- Instalment-based loans:  $((D - N) + I) / D * 100 > 5\%$ , where  $I$  = interest paid from the finalisation date to the observation date at 12/24 month maturity (depending on whether the position relates to performing or non-performing positions);  $D$  = outstanding principal at the finalisation date;  $N$  = outstanding principal at the observation date (expiry of the 24 months). NOTE: counterparties

- more in general, the criteria for counterparties to return to performing status have been met
- an additional 24-month Probation Period, starting from the date the counterparty is reclassified to performing status. During this period, exposures are identified in a special category called “*forborne performing from non-performing*”. At the end of the 24-month Probation Period, the exposure may exit from monitoring – and thus the forborne classification may be removed – provided that the above conditions are met (to summarise, payment of a more than insignificant amount and no exposures more than 30 days past due on the account or on one of the accounts constituting the loan being monitored at NDG level, applying the tolerance thresholds of 200 euro for the retail segment or 500 euro for all other segments).

### **3.4 Renegotiation policies for loans not in line with payments**

#### **3.4.1 Renegotiation of loans with payments in arrears – Retail**

Customers holding mortgage loans/unsecured loans that present at least one arrear in payment may request the renegotiation of the interest rate and/or duration of the repayment plan.

With regard to positions classified as Proactive Credit, Non-performing past due exposures, Unlikely to Pay and Forborne Unlikely to Pay, the option to propose to the customer the renegotiation of the mortgage loan/loan requires prior agreement from the competent Credit Value Control and/or Management function based on the relevant lending or management authority.

Renegotiation makes it possible to bring the loan in line and promotes its future sustainability by reformulating the repayment plan for the residual debt with the possible extension on the duration, so that the commitment corresponds more closely to the customer's effective available cash flows.

The renegotiation operation must be decided by the structure with competence for lending, regardless of the position's status. Where the renegotiation also involves a waiver, the position must first be classified under Unlikely to Pay, and the operation must be decided by the structure with competence in terms of lending and management powers.

For the positions detected in the “Retail Positions Management” process, the renegotiation is managed centrally through Pulse or the Outsourcers and approved at the minimum level of the Remediation Specialist within the Credit Value Control Head Office Department.

The characteristics of this intervention are as follows:

- 
- belonging to the “RE” regulatory segment are not subject to the “more than insignificant” calculation*
- *Non instalment-based loans: Utilisation (absolute value) at time T (finalisation date) - Utilisation (absolute value) at time T1 (observation date) > 0*
- The calculation is done automatically by the dedicated application.*

- only with regard to positions classified as Proactive Credit, Past Due or Unlikely to Pay/Forborne Unlikely to Pay is it possible to have a pre-amortisation period not exceeding 36 months, during which only interest instalments will be paid, with specific authorisation at the minimum level of the Remediation Specialist within the Credit Value Control Head Office Department or Credit Specialist for credit management at the Regional Governance Centre, solely for Retail counterparties;
- for all customer types, interest accrued in the last 6 months and default interest can be extended and deferred on the renegotiated loan. In this case, the extension can be for up to a maximum of 36 months, and cannot in any case, exceed the residual duration of the renegotiated loan. These items are non-interest bearing, not subject to default even in the event of subsequent bankruptcy, and will be collected on an instalment-basis as from the first instalment after the ones referring only to interest (in the case of pre-amortisation period).

This solution has significant implications, because:

- ✓ it makes it possible to reformulate the repayment on the loan by extending the residual duration, thus making the payment of the related instalments more sustainable and in keeping with the effective spending capacity, in addition to being characterised by its simplicity and flexibility;
- ✓ it enables the problem positions to be regularised in compliance with current rules and with special reference to the recent legislation introduced by the EU Regulator on Forborne exposures.

Given the numerous types of loans and possibilities of renegotiation, the specific interventions are assessed and decided on a case-by-case basis, taking into account especially the borrower's creditworthiness and the specific nature of the individual loan contracts.

In addition to the usual options to change the duration and type of repayment plan, it is also permitted:

**- for positions classified as Past due, Unlikely to Pay and Forborne Unlikely to Pay, to renegotiate the real estate mortgage loans/mortgages with the payment of part of the principal on the expiry of the last repayment instalment (“balloon plan”);**

Using a balloon plan makes it possible to customise the repayment plan based on the customer's current and prospective cash flows; the repayment plan with the final balloon portion therefore requires that part of the principal be paid on the last instalment of the repayment plan. The interest generated periodically by the balloon portion will be repaid together with the instalment for the loan portion instalment.

The renegotiation operation with a balloon option is decided solely by the Remediation Specialist of the Credit Value Control Head Office Department or by the BdT Credit Head Office Department.

**- for positions classified as Unlikely to Pay/Forborne Unlikely to Pay, to renegotiate the real estate mortgage loans/mortgages with the partial write-off of the credit:**



- if the position is subject to an analytical-specific measurement, the write-off is permitted within the limit of the value adjustments already applied to the position, and without prejudice to the management power limitations relating to waiving credits;
- if the position is subject to a statistical analytical measurement, the write-off is permitted within the limit of the value adjustments already applied automatically on the position, without prejudice to the management power limitations relating to waiving credits;
- as a priority, the write-off must always refer to the default interest component; the reduction rules referring to any additional written off amounts follow the accounting rules for instalment collection;
- the LTV ratio of the loan subject to renegotiation must be over 70%.

The renegotiation operation with a write-off can be decided at the minimum level of the Remediation Specialist of the Credit Value Control Head Office Department or Credit Specialist for credit management at the Regional Governance Centre.

#### **3.4.2 Renegotiation of loans to Retail Companies and Businesses (SME) in arrears**

Customers holding mortgage loans/unsecured loans that present at least one arrear in payment may request the renegotiation of the interest rate and/or duration of the repayment plan.

With regard to positions classified as Proactive Credit, Non-performing past due exposures, Unlikely to Pay and Forborne Unlikely to Pay, the option to propose to the customer the renegotiation of the mortgage loan/loan requires prior agreement from the competent Credit Value Control and/or Management function (namely the Retail SME Remediation function of the Regional Governance Centre within the specific proactive management process referred to above) based on the relevant lending or management authority.

Renegotiation makes it possible to bring the loan in line and promotes its future sustainability by reformulating the repayment plan for the residual debt with the possible extension on the duration, so that the commitment corresponds more closely to the customer's effective available cash flows.

The renegotiation operation must be decided by the structure with competence for lending, regardless of the position's status. Where the renegotiation also involves a waiver, the position must first be classified under Unlikely to Pay, and the operation must be decided by the structure with competence in terms of lending and management powers.

The characteristics of this intervention are as follows:

- possibility to reincorporate the amount for the past due and unpaid instalments together with the residual debt, reformulating the repayment plan; the customer has the option of extending the loan's duration up to an additional 10 years on the original expiry, with a total residual duration including the extension of not more than 30 years;
- the renegotiation can be proposed up to a maximum of twice over the course of the loan's life cycle with a total residual duration including the extension of not more than 30 years. The second renegotiation is only considered in the event of a further deterioration in the

customer's repayment capacity, and is authorised at a minimum level by the II Tier Credit Specialist of the Regional Governance Centre of the Banca dei Territori Division/ I Tier Credit Specialist of the BdT Division Bank;

- it is possible to have a pre-amortisation period not exceeding 36 months (including the extension granted), during which only interest instalments will be paid. Decision-making powers are at the minimum level of the Credit Specialist for the Regional Governance Centre of the Banca dei Territori Division/Credit Specialist of the BdT Division Bank;
- as a priority, without prejudice to the requirement to collect at the same time as the renegotiation, the accrued interest from the last past due instalment until the transaction date, as well as the contract-based interest accrued on the past due instalments over the last six months and all the default interest, with specific authorisation at the minimum level of the Regional Governance Centre of the BdT Division; and with regard only to positions classified as Non-performing past due exposures, Unlikely to Pay or Forborne Unlikely to Pay, the last two items (interest accrued in the last 6 months and default interest) can be extended and deferred on the renegotiated loan. In this case, the extension can be for up to a maximum of 36 months, and cannot in any case, exceed the residual duration of the renegotiated loan. These items are non-interest bearing, not subject to default even in the event of subsequent bankruptcy, and will be collected on an instalment-basis as from the first instalment after the ones referring only to interest (in the case of pre-amortisation period). There is no exception permitted regarding collections on performing and Proactive Credit positions;
- the renegotiation is subject to confirmation of the guarantees that support the transaction.

#### **4. MANAGEMENT OF BAD LOANS**

##### **4.1 Reclassification to bad loans**

As a general rule, in accordance with regulations (Central Credit Register – Instructions for Participating Intermediaries of the Supervisory Authority), the reclassification to bad loans implies that the intermediary has assessed the customer's overall financial position, and is not automatically triggered by the customer simply delaying the payment of a debt. A claim in respect of the credit is not in itself sufficient reason to move over to bad loans.

On and off-balance sheet exposures in respect of insolvent customers (even if not established in court) or in situations that are essentially comparable fall into the Bad Loan category, in accordance with Bank of Italy Circular no. 272 of 30 July 2008, regardless of any loss forecasts formulated by the company. Therefore, this is irrespective of whether there are any (collateral or personal) guarantees securing the exposures. Exposures where the problem situation refers to profiles pertinent to country risk are excluded.

Also included are:

- a) exposures in respect of Local Entities (Municipalities and Provinces) under financial distress for the portion subject to the pertinent liquidation procedure;
- b) receivables acquired from third parties with the principal borrowers classified under bad loans, regardless of the accounting allocation portfolio;
- c) exposures in respect of parties to whom the conditions for classification under bad loans are applicable and who have one or more credit lines that meet the definition for “Non-performing exposures with forbearance measures” as per Annex V, Part 2, paragraph 262, of the ITS.

A customer is classified under the bad loan category:

- in any case:
  - a) whenever judicial liquidation or compulsory administrative liquidation has been ordered, or any other court order has been issued establishing a state of insolvency;
  - b) normally at the start of legal proceedings by the Bank according to current regulations;
- after detailed assessment, if the following events have occurred:
  - a) admission to extraordinary administration proceedings, in the case of there being no material prospects for recovery in the business' economic-financial and asset balance;
  - b) legal proceedings initiated by third parties;
  - c) discontinuation of the business activity;
  - d) voluntary liquidation;
  - e) application for/admission to a composition, for a simplified liquidation arrangement, or an over-indebtedness procedure where a crisis status can, in fact, be considered to coincide with a state of insolvency;
  - f) admission of the debtor to the controlled liquidation procedure for over-indebted parties envisaged in Article 268 of the Business Crisis and Insolvency Code;
  - g) filing by the insolvent debtor of an application requesting debt discharge in accordance with Article 283 of the Business Crisis and Insolvency Code;
  - h) when the number of unpaid instalments in arrears exceeds the objective limits (12 monthly instalments unpaid or equivalent delays for instalments with different frequencies for all loan types) in respect of counterparties with instalment-based loans, without prejudice to any out-of-court agreement and/or formalised remediation plans.

It should be noted that when an application for “arrangement with creditors with rights reserved to file ancillary documents at a later date” or “arrangement with creditors with the business continuing as a going concern” is filed by the customer company, or in the case of procedures for compounding

of the crisis from over-indebtedness without liquidation purposes envisaged by the Business Crisis and Insolvency Code (in particular consumer debt restructuring and arrangement with minor creditors initiated by the borrower), classification as a bad loan should only be made if: a) new objective elements emerge that would lead to such classification; b) the exposures were already classified as bad at the time the application was filed.

For the purposes of the Transaction, **Defaulted Loans** will be loans classified as bad loans or those with an **Arrears Ratio** greater than or equal to:

⇒ 10, for loans with monthly instalments;

⇒ 4, for loans with quarterly instalments;

⇒ 2, for loans with half-yearly instalments.

Also in the context of the Transaction and this Collection Policy, the **Arrears Ratio** indicates the ratio between the following at the end of each reporting month: (a) all the amounts due and unpaid in respect of principal and interest (excluding default interest) in relation to the Loan, and (b) the amount of the instalment relating to the Loan due immediately prior to the month-end date. The classification as **Defaulted Loan** is reversible.

#### **4.2 MANAGEMENT OF BAD LOANS BY THE FIRST SPECIAL SERVICER**

Once classified as bad loans, the positions are taken over by the designated credit recovery structure, either internal or external, which immediately initiates the most appropriate recovery measures.

When deciding the procedures aimed at recovery, a careful cost-benefit analysis is made regarding the in-court and out-of-court solutions, whilst also taking into consideration the financial effect associated with the estimated recovery times.

The analysis is carried out based on all the information available, and more specifically:

- checking that the contract certifying the credit relationship with the customer has been correctly formalised (both credit and guarantees properly completed);
- risks of claw-back/invalid guarantees and/or payments;
- updated value of guarantees;
- customer's financial and economic-asset position and possible guarantors;
- outcome of any initiatives undertaken by the Bank to liaise with customers (meetings, responses to any written communications);
- outcome of insolvency proceedings.

The extent of the powers conferred, especially with regard to settlements, to the Head of the NPE Head Office Department and the Heads of the structures reporting to the latter, as well as the

Servicer (for positions managed externally), allows for flexible and effective management of the recovery process.

Legal actions for the recovery of bad loans are carried out:

- as far as possible, directly for ex parte deeds (timely submission of proof of debt, declarations of claims in insolvency proceedings, etc.);

as well as

- through the appointment of external lawyers chosen from among the lawyers included in the specifically approved Register of Lawyers.

The choice of appointing an external lawyer is, in principle, the responsibility of the Heads of the competent structures. In general, each new assignment can only be awarded to registered lawyers and signatories of the most recent agreement.

In addition, for positions with significant amounts, and in the case of higher instances of proceedings than the first instance, specific authorisations are required for both the choice of external lawyers and the procedural strategy to be implemented.

Relations with external lawyers (also regulated, in terms of the economic aspects, by an agreement) envisage (i) frequent updating based on documentation and information on the main aspects of interest to the Bank (e.g. borrower's interest in an amicable solution of the dispute or submitting the credit as a claim) as well as (ii) monitoring in respect of their work by those responsible for legal matters, under the supervision and with the assistance of their Heads of structure.

With specific reference to the typical recovery activities for positions with significant amounts, when taking charge of the position, the latter is immediately examined and all the necessary and urgent actions are implemented so as to optimise the possibilities of recovery, including by way of acquiring new guarantees (e.g. judicial mortgages).

An assessment is also made as to whether to submit an urgent application for the opening of judicial liquidation proceedings, should this be appropriate to prevent the consolidation of guarantees or deeds (e.g. payments) by the borrower in favour of third parties.

After the first phase dedicated to the most urgent actions required to protect the credit, the best operating strategy is then formulated so as to maximise the credit recovery in the shortest time possible.

From this perspective, it could be decided to:

- proceed with the direct recovery of the single loan (by in or out-of-court procedures);
- proceed with the sale without recourse of portfolios either en bloc or single loans for significant amounts, to primary national and international operators.

Choosing one of these solutions does not obviously preclude seeking possible recourse to the others.

With regard to the possible sale without recourse of non-performing or mixed loan portfolios or individual non-performing positions of significant amounts, the CFO Area maintains ongoing relations with the main investors operating in the Non-Performing Loans (NPLs) acquisition sector and keeps a list of possible investors. This knowledge of the market makes it possible to conclude the sales contract very quickly and under the best conditions, even in the case of selling individual loans.

With regard to the possible sale without recourse of individual bad loan positions of smaller amounts, which in any case will have to be carried out in the interest of the holders of the securities, the parties appointed by the Servicer maintain ongoing relations with the main investors – mostly foreign – operating in the Non-Performing Loans (NPLs) acquisition sector. This knowledge of the market makes it possible to conclude the sales contract very quickly and under the best conditions, even in the case of selling individual loans.

If on the other hand it is deemed preferable and more appropriate to directly recover the loan, the following options are available as applicable:

- out-of-court proceedings;

or

- court proceedings (aiming for individual and/or insolvency enforcement).

With regard to loans of significant amounts, it can often happen that out-of-court solutions - which do not however exclude concurrent recourse to court proceedings - are proposed by the borrower itself to all banking creditors.

During these meetings, the Parent Company policy generally aims to avoid recourse to "new financing", always preferring solutions that would allow - wherever possible also with the support of third-party financial means - to arrive at a swift settlement of the outstanding amount, given that the credit recovery time obviously represents a burden for the Group's banks.

If an out-of-court recovery is not deemed possible or appropriate, an assessment is made as to whether to undertake individual enforcement or bankruptcy proceedings according to the case in hand (risks of claw-back, guarantees and/or payment or expediency of opening judicial liquidation proceedings to avoid the consolidation of guarantees acquired by third parties).

Should the route of individual enforcement be decided, all the necessary activities are put in place (by also assigning the enforced sale to a notary or other professional) to ensure that assets are swiftly disposed of.

In the case of insolvency proceedings, the timing is not controlled as easily, but in these cases, an attempt is made, to the extent permitted by the provisions of the Business Crisis and Insolvency Code, to accelerate the disposal and distribution of assets.

For the management of the bad loans entrusted to the First Special Servicer, ISP CB Ipotecario s.r.l. grants the powers to be exercised autonomously within the scope of the delegated powers set out below, including initiating or bringing any type of legal action.

The First Special Servicer will have the power to carry out part of its activities also through Intesa Sanpaolo's structures.

#### ***Collections on loans insured by AmTrust International Ltd***

The payment of compensation by the insurance company AmTrust International Ltd in relation to high LTV loans (LTV from 80.01% to 100% at the time of the loan disbursement) covered by an insurance policy is normally only requested by the Servicer once all the activities aimed at recovering the loans concerned have been carried out (such as, but not limited to, enforcement actions on the assets covered by the real estate collateral, enforcement of any other additional guarantees, and cases relating to the compensation of other insured damages and related disputes).

#### **4.2.1 First Home Guarantee Fund**

The Servicer may make a request to enforce the guarantee and adopt the other measures envisaged in the *First Home Guarantee Fund*, pursuant to Article 1, paragraph 48, letter (c) of Law no. 147 of 27 December 2013, by the Inter-ministerial Decree of 31 July 2014 and by the *Memorandum of Understanding* of 8 October 2014 between the Ministry of the Economy and Finance and the Italian Banking Association (ABI), that Intesa Sanpaolo has signed up to.

#### **Delegated powers granted to the First Special Servicer on bad loans assigned to ISP CB Ipotecario s.r.l.**

##### **A) Delegated powers in relation to settlements and waivers of irrecoverable loans**

The First Special Servicer shall have the power, through its own structures and its own employees specifically appointed by it, even when seconded by companies of the Intesa Sanpaolo Group, to:

- authorise, with regard to the individual loans, write-offs of irrecoverable loans and settlements involving cash or non-cash collections (non-cash settlements are defined as those involving releasing credit takeovers) provided that the waiver (gross amount of the loan less expected collections, including any financial effect of discounting of repayment plans/moratoria) does not exceed 200,000 (two hundred thousand) euro. This condition will not apply in the case of write-offs of uncollectible loans following the closure of individual proceedings within the scope of already approved value adjustments, which may be authorised without limits of amount.

All of the foregoing will take place by authorising:

- waivers under any conditions, up to the limits stated above (including by means of the assignment of loans to third parties according to any terms and conditions), terminations of loans, participation in arrangements with creditors and arrangements in judicial liquidation proceedings, extraordinary administration and debt restructuring agreements, including those envisaged in Article 57 of the Business Crisis and Insolvency Code, agreements for certified

financial rehabilitation plans pursuant to Article 56 of the Business Crisis and Insolvency Code, as well as debt restructuring agreements and payment deferrals/moratoria, or the application of favourable rates (including zero rates);

- waivers of enforcement acts, subrogations, cancellations, deferrals, reductions, restrictions, division into shares of loans and splitting of the pertinent mortgages, with the reduction of guarantees, all other formalities relating to mortgages, transcriptions, including attachments, and liens, even where the loan has not been extinguished and authorisation has not been rendered contingent on extinguishment of the loan in full;
- repayment of sums as a required act;
- waivers of the gross value of loans (sum of the amount recognised, gross of any write-downs), such as disbursements to be made to settle third-party claims and the recognition of sums of the nature of out-of-period expenses and/or non-existence of the loan, when it is not a required act.

#### **B) Delegated powers in relation to value adjustments**

The First Special Servicer shall have the power, through its own structures and its own employees specifically appointed by it, even when seconded by companies of the Intesa Sanpaolo Group, to authorise value adjustments to Bad Loans in accordance with the delegated powers granted from time to time by the Assignor to Intesa Sanpaolo.

#### **C) Delegated powers in relation to the recognition of losses in connection with tax compliance, court proceedings and out-of-court settlements**

The First Special Servicer shall have the power, through its own structures and the employees specifically appointed by it, to:

- recognise provisions in the financial statements in relation to court and out-of-court claims brought by third parties or in any case in relation to risks of loss, up to a maximum amount, per individual dispute, of 200,000.00 (two hundred thousand) euro;
- negotiate the amicable settlement of disputes in and out-of-court, or to avoid such disputes, by authorising disbursements in settlement of third-party claims and recognise contingent liabilities or the waiver of the associated loans (without prejudice to the powers concerning settlements and waivers of irrecoverable loans) up to a maximum amount per individual dispute – inclusive of interest, legal fees and ancillary costs – of 1,000,000.00 (one million) euro;
- order payments relating to the above-mentioned charges due as a result of measures taken by judicial, administrative or tax authorities up to a maximum amount of 10,000,000.00 (ten million) euro per individual item.

#### **D) Delegated powers pertaining to the payment of taxes and duties**



The First Special Servicer shall have the power, through its own structures and the employees specifically appointed by it, even when seconded by companies of the Intesa Sanpaolo Group, to order payments in favour of the tax authorities for indirect taxes connected to bad loans.

#### **E) Additional delegated powers**

The First Special Servicer is also granted the power to authorise any and all legal, administrative and enforcement actions, in all competent venues and at all instances of proceedings, with the power to abandon such actions, discontinue legal transactions and actions and accept such discontinuation or waiver by other parties to the proceedings, with all of the resulting authority, and, more generally to do all that is necessary – in all venues – to ensure the best protection, including judicial protection, of loans.

#### **F) Delegated powers in relation to legal fees**

The First Special Servicer may establish spending allocations up to a limit of 60,000.00 (sixty thousand) euro per individual customer.

### **4.3 MANAGEMENT OF BAD LOANS BY THE SECOND SPECIAL SERVICER (WHERE APPOINTED)**

Within this covered bond issuance programme, the Second Special Servicer (where appointed) will have as its objective the full recovery of the bad loans.

The purpose of any waivers of loans made will be to enable recovery to be performed more quickly and for a greater amount than would be possible in the event of compulsory recovery.

The powers of the Second Special Servicer (where appointed) in relation to the bad loans managed by it will be the same as those granted to it at individual customer level under any agreements between Intesa Sanpaolo and the Second Special Servicer. These powers shall be considered to be changed from time to time in the event of subsequent agreements between the First Special Servicer and the Second Special Servicer, on the understanding that these management powers are not, and will not be, broader than those of the First Special Servicer as set out in this Collection Policy. In the event of any change in the above-mentioned powers, the First Special Servicer will promptly inform ISP CB Ipotecario s.r.l. and the Covered Bondholders' Representative.

### **4.4 MANAGEMENT OF SECURITIES IN DEFAULT BY INTESA SANPAOLO S.P.A.**

#### **Securities in Default – Monitoring of Default Events**

The Security will be classified as a Security in Default (i) if the related issuer is classified as being in default, or (ii) if there are any principal and/or interest payments outstanding for a period of more than 30 Business Days from the related due dates envisaged in the related Supporting Documents of the Securities, or (iii) in accordance with the rules governing the securities applicable to that Security and provided that an acceleration notice with respect to the redemption of the Security has been sent by the related trustee or bondholders' representative.

The Servicer must monitor the financial performance of the Securities and the fulfilment of the Borrowers' obligations in respect of the Securities on an ongoing basis.

## CREDIT STRUCTURE

The Covered Bonds (*obbligazioni bancarie garantite*) will be direct, unsecured, unconditional obligations of the Issuer guaranteed by the Covered Bond Guarantor. The Covered Bond Guarantor has no obligation to pay the Guaranteed Amounts under the Covered Bond Guarantee until (i) the occurrence of an Article 74 Event or an Issuer Event of Default, service by the Representative of the Covered Bondholders on the Covered Bond Guarantor of either an Article 74 Notice to Pay (which has not been withdrawn) or a Notice to Pay, or (ii) the occurrence of a Covered Bond Guarantor Event of Default and service by the Representative of the Covered Bondholders of a Covered Bond Guarantor Acceleration Notice on the Covered Bond Guarantor. The Issuer will not be relying on payments by the Covered Bond Guarantor under the Subordinated Loan in order to pay interest or repay principal under the Covered Bonds.

There are a number of features of the Programme which enhance the likelihood of timely and, as applicable, ultimate payments to Covered Bondholders:

- (i) the Covered Bond Guarantee provides credit support to the Issuer;
- (ii) the Tests are intended to ensure that the Portfolio is sufficient to repay the Covered Bonds at all times;
- (iii) among the Tests: (i) the Nominal Value Test is intended to maintain the sufficiency of the Covered Bond Guarantor's assets in respect of the Covered Bonds and (ii) the Amortisation Test is intended to test the sufficiency of the Covered Bond Guarantor's assets in respect of the Covered Bonds following the occurrence of an Issuer Event of Default and service of a Notice to Pay on the Covered Bond Guarantor;
- (iv) the verification of the Liquidity Buffer Target Amount is intended to verify that the amount of Liquid Assets standing to the credit of the Accounts is equal to or higher than the maximum Net Cumulative Liquidity Outflow of the Programme;
- (v) the verification of the Exposure Limit is intended to verify that the aggregate amount of the Integration Assets and the Liquidity Assets shall comply with the exposure limits set forth in Article 129, paragraph 1a, lett. (a), (b), (c) e (d) of CRR;
- (vi) the verification of the Observed Eligible OC Amount is a verification of the minimum legal over-collateralization, that is carried out after an Issuer Event of Default for purposes of ensuring compliance with the over-collateralization requirements of Article 129 of CRR.
- (vii) the Pre-Maturity Liquidity Test is intended to trigger the provision of liquidity for Hard Bullet Covered Bonds when the Issuer's credit ratings fall below a certain level;
- (viii) extendable maturity provisions are applicable to all Series of Covered Bonds other than Hard Bullet Covered Bonds as specified in the relevant Final Terms.

Certain of these factors are considered in more detail in the remainder of this section.

### **Covered Bond Guarantee**

The Covered Bond Guarantee provided by the Covered Bond Guarantor guarantees payment of the Guaranteed Amounts on the Due for Payment Date in respect of all Covered Bonds issued under the

Programme. The Covered Bond Guarantee will not guarantee any other amount payable in respect of the Covered Bonds for any other reason, including any accelerated payment following the occurrence of an Issuer Event of Default or an Article 74 Event. In this circumstance (and until a Covered Bond Guarantor Event of Default occurs and a Covered Bond Guarantor Acceleration Notice is served), the Covered Bond Guarantor's obligations will only be to pay the Guaranteed Amounts on the Due for Payment Date.

See paragraph headed "*Covered Bond Guarantee*" under the section headed "*Description of the Transaction Documents*", as regards the terms of the Covered Bond Guarantee.

Under the terms of the Portfolio Administration Agreement, the Issuer must ensure that the Portfolio is in compliance with the Tests, the Liquidity Buffer Target Amount, the Exposure Limit and the Observed Eligible OC Amount described below on each Calculation Date or on any other date on which the verification of the Tests, the Liquidity Buffer Target Amount, the Exposure Limit and the Observed Eligible OC Amount is required pursuant to the Transaction Documents.

If on any Calculation Date the Portfolio is not in compliance with:

- (i) the Mandatory Tests, then the Seller and, should the Seller fail to do so, any Additional Sellers, provided that the conditions indicated under the relevant Master Transfer Agreement are met, shall sell Eligible Assets or Integration Assets or Liquid Assets to the Covered Bond Guarantor in an amount sufficient to allow the Mandatory Tests to be met as soon as possible, in accordance with the relevant Master Transfer Agreement. To facilitate such a sale, the Seller and/or any Additional Seller shall grant additional amounts under the relevant Subordinated Loan for the purposes of funding the purchase of Eligible Assets or Integration Assets or Liquid Assets. If a breach of the Mandatory Tests is not remedied and for so long as such breach is continuing, no further Series of Covered Bonds will be issued and no payments under the Subordinated Loan will be effected;
- (ii) the Liquidity Buffer Target Amount, if the Mandatory Tests are not breached and the Issuer event of Default has not occurred, then the Issuer (as Seller) shall sell, as soon as possible, upon receipt of a written notice in accordance to the Portfolio Administration Agreement, Eligible Assets, Integration Assets and/or Liquid Assets to the Covered Bond Guarantor in accordance with the Master Transfer Agreement or/by granting to the Covered Bond Guarantor funds under the Subordinated Loan Agreement if needed in an aggregate amount sufficient to ensure that the Liquidity Buffer Target Amount is reached as soon as practicable, in accordance with the Portfolio Administration Agreement. If after an Issuer Event of Default and delivery of a Notice to Pay, the Liquidity Buffer Target Amount is not reached, and the Mandatory Tests are not breached, then the Representative of the Covered Bondholders shall instruct the Portfolio Manager to sell a sufficient amount of assets necessary to reach the Liquidity Buffer Target Amount, provided that such sale should not cause a breach of the Mandatory Test at the following Calculation Date. If a breach of the Liquidity Buffer Target Amount is not remedied within the Calculation Date immediately following the notification of such breach as confirmed by the Asset Monitor Report, the Issuer shall not issue further series of Covered Bonds compliant with Law 130 and the Covered Bond Directive;
- (iii) the Exposure Limit, if, on any date until the occurrence of the Issuer event of Default and if the Mandatory Tests are not breached, then the Issuer shall, alternatively, (1) in its capacity

as Seller, sell sufficient Assets, Integration Assets or Liquid Assets to the Covered Bond Guarantor in accordance with the Master Transfer Agreement, and/or (2) in its capacity as Subordinated Loan Provider, request the Covered Bond Guarantor to reimburse the Subordinated Loan in accordance with the Subordinated Loan Agreement; and/or (3) in its capacity as Cash Manager, invest part of the Liquid Assets in excess of the Exposure Limit in form of Securities eligible under Article 129, Paragraph 1, letters (a) and (b) of the CRR, in an aggregate amount sufficient to ensure that the Exposure Limit is complied with as soon as practicable in accordance with the Portfolio Administration Agreement. After the occurrence of an Issuer Event of Default and if the Amortisation Test is not breached, if the Exposure Limit is breached, the Calculation Agent shall give notice to the Issuer and the Representative of the Covered Bondholders on the basis of the Asset Cover Report shall give instructions to the Cash Manager to invest all or part of the amounts standing on the Investment Account in Liquid Assets in form of securities eligible under Article 129 Paragraph 1, letters (a) and (b) of the CRR;

- (iv) the Observed Eligible OC Amount, then (1) the Representative of the Covered Bondholders shall give instructions to the Cash Manager to invest all or part of the amounts standing on the Investment Account in Liquid Assets in form of securities eligible under Article 129 Paragraph 1, letters (a) and (b) of the CRR, and/or (2) instruct the Portfolio Manager to sell a sufficient amount of non-eligible assets (if any) necessary to reach the Observed Eligible OC Amount.

## Tests

For so long as any Covered Bond remains outstanding and provided that no Issuer Event of Default has occurred, the Issuer shall procure that, on a continuing basis (provided that such obligation shall be deemed to be complied with if the following mandatory tests are satisfied on each Calculation Date and/or on each other date on which those mandatory tests are to be carried out pursuant to the provisions of the Portfolio Administration Agreement and the other Transaction Documents), the following mandatory tests are satisfied and verified on each Calculation Date or any other date on which the verification of the Mandatory Tests is required pursuant to the Transaction Documents.

The calculations of the Mandatory Tests are performed consistently with the provisions set out in the Article 7-*undecies*, Paragraph 2, of Law 130.

### 1. **Nominal Value Test**

Prior to the occurrence of an Issuer Event of Default, the Nominal Value of the Portfolio shall be greater than or equal to the aggregate Outstanding Principal Balance of all Series of Covered Bonds (the **Nominal Value Test**).

**Nominal Value of the Portfolio** will be an amount calculated on each Calculation Date by applying the following formula (without double-counting):

$$A * P + B + EI2 + D - Y - Z$$

where,

"A" stands for the aggregate **Adjusted Outstanding Principal Balance** of each Mortgage Loan, which shall be the lower of:

- (i) the Outstanding Principal Balance of the relevant Mortgage Loan as calculated by reference to the relevant Collection Date; and
- (ii) the Latest Valuation relating to the Real Estate Asset of the relevant Mortgage Loan multiplied by M,

where

- (a) for all Residential Mortgage Loans that are not Defaulted Loans,  $M = 0.80$ ;
- (b) for all Commercial Mortgage Loans that are not Defaulted Loans,  $M = 0.60$ , subject in any case to the Aggregate Percentage Limitation (as defined under "D" below); and
- (c) for all Mortgage Loans that are Defaulted Loans  $M = 0$ ;

*minus*

the aggregate sum of the following reductions to the aggregate Adjusted Outstanding Principal Balance of the Mortgage Loans in the Portfolio:

- (1) a Mortgage Loan (or any Security relating thereto) in relation to which a breach of the representations and warranties contained in the relevant Agreement has occurred and has not been remedied or which is subject to any indemnity and/or repurchase obligation of the Seller or any relevant Additional Seller, and in each case the Seller or any relevant Additional Seller, has not repurchased the Mortgage Loan or Mortgage Loans (each an **Affected Loan**) of the relevant Debtor, to the extent required by the terms of the relevant Master Transfer Agreement. In this event, the aggregate Adjusted Outstanding Principal Balance of the Mortgage Loans in the Portfolio (as calculated on the relevant Calculation Date) will be deemed to be reduced by an amount equal to the Adjusted Outstanding Principal Balance of the relevant Affected Loan or Affected Loans (as calculated on the relevant Calculation Date); and/or
- (2) the Seller or any Additional Seller is in breach of any other material warranty under the relevant Master Transfer Agreement and/or the Servicer is in breach of a material term of the Servicing Agreement. In this event, the aggregate Adjusted Outstanding Principal Balance of the Mortgage Loans in the Portfolio (as calculated on the relevant Calculation Date) will be deemed to be reduced by an amount equal to the resulting financial loss incurred by the Covered Bond Guarantor (such financial loss to be calculated by the Covered Bond Guarantor or on its behalf by the Calculation Agent without double counting and to be reduced by any amount paid (in cash or in kind) to the Covered Bond Guarantor by the Issuer, the Seller, any Additional Seller and/or the Servicer to indemnify the Covered Bond Guarantor for such financial loss);

**“P”** stands for the Asset Percentage;

**"B"** stands for the aggregate of:

(i) the principal amounts standing to the credit of each Relevant Investment Account and the Liquidity Buffer Account; plus

(ii) “EI1” (as defined below); plus

(iii) “C” (as defined below); plus

(iv) “X” (as defined below),

provided that the above aggregate amount shall be calculated in compliance with and subject to Article 129, Paragraph 1, letter (a), of the CRR and in any case up to the Exposure Limit (unless with respect to the Integration Assets and/or Liquid Assets necessary to remedy a breach of the Nominal Value Test, in which the case the Exposure Limit shall not apply as stated by the paragraph 3(a) of the CRR).

**"C"** stands for Integration Assets and/or Liquid Assets in the form of deposits according to Article 129, Paragraph 1(c), item (i), of the CRR; such item shall be considered for the purpose of calculation of “B” above, 2;

**"D"** stands for the Integration Assets and/or Liquid Assets (in form other than deposits according to Article 129, Paragraph 1(c), item (i), of the CRR);

**"EI1"** stands for the aggregate amount of all Eligible Investments in the form of deposits according to Article 129, Paragraph 1(c), item (i), of the CRR; such item shall be considered for the purpose of calculation of “B” above (for the avoidance of any doubt these amounts constitute exposure towards financial institutions);

**"EI2"** stands for the aggregate amount of all Eligible Investments in form of exposures according to Article 129, Paragraph 1, letters (a) e (b) of the CRR (for the avoidance of any doubt not triggering any exposure towards financial institutions);

**“X”** stands for an amount equal to the Supplemental Liquidity Reserve Amount (if any);

**“Y”** is equal to (i) nil, if (a) the portfolio consists of Securities only, and (b) in the event that the Portfolio includes Mortgage Loans, the Issuer’s ratings are at least “P-2/Baa2” by Moody’s, or (ii) the Potential Set-Off Amount; and

**“Z”** stands for the weighted average remaining maturity (expressed in years) of all Covered Bonds then outstanding multiplied by the aggregate Outstanding Principal Balance of the Covered Bonds multiplied by the Negative Carry Factor.

**Negative Carry Factor** means a percentage (which will never be less than 0.5%) calculated by the Calculation Agent on each Calculation Date or any other date on which the verification of the Mandatory Tests is required pursuant to the Transaction Documents, with reference to the weighted average margin of the Covered Bonds.

2. ***Net Present Value (NPV) Test***

The aggregate Net Present Value of (i) the Eligible Portfolio (taking into account any Integration Assets and/or Liquid Assets in excess of the Exposure Limit transferred pursuant to the Master Transfer Agreement for purposes of complying with the Nominal Value Test) and (ii) each Asset Swap and Liability Swap, net of the Excluded Swaps and the transaction costs to be borne by the Covered Bond Guarantor (including the payments of any nature expected to be borne or due with respect to any Swap Agreement) shall be greater than or equal to the Net Present Value of all Series of the outstanding Covered Bonds (the **NPV Test**).

**Discount Factor** means the discount rate, implied in the relevant Swap Curve, calculated by the Servicer.

**Net Present Value** means, as of any relevant date, (i) in respect of (a) the Eligible Portfolio, (b) each Asset Swap and Liability Swap and (c) the transaction costs to be borne by the Covered Bond Guarantor, an amount equal to the algebraic sum of the product of each relevant Discount Factor and expected payments (or Euro Equivalent of the expected payments) to be received or to be effected by the Covered Bond Guarantor (including the Liquidation Costs); and (ii) in respect of all Series of the outstanding Covered Bonds, an amount equal to the sum of the product of each relevant Discount Factor and expected interest and principal payments (or Euro Equivalent of such expected payments) to be effected in respect of such Series of outstanding Covered Bonds.

**Swap Curve** means the term structure of interest rates used by the Servicer in accordance with the best market practice and calculated based on market instruments.

3. ***Interest Coverage Test***

The Net Interest Collections from the Eligible Portfolio (taking into account any Integration Assets and/or Liquid Assets in excess of the Exposure Limit transferred pursuant to the Master Transfer Agreement for purposes of complying with the Nominal Value Test) shall be greater than or equal to the Interest Payments (the **Interest Coverage Test**).

**Euro Equivalent** means at any date, in relation to any amount or payment referred to a loan, a bond, an agreement or any other asset the amount or payment referred to such loan, bond, agreement or asset at such date denominated in Euro where the exchange rate corresponds to (i) the current exchange rate fixed by the Servicer in accordance with its usual practice at that time for calculating that equivalent should any currency hedging agreement be not in place or (ii) the exchange rate indicated in the relevant currency hedging agreement be in place.

**Expected Floating Payments** means the amount (or the Euro Equivalent amount), determined on the basis of the Swap Curve, of expected principal and interest payments from the Floating Component of the Eligible Portfolio, the expected Swap Agreements floating leg payments, or the expected interest payments on outstanding Series of floating rate Covered Bonds, as the case may be.

**Fixed Component of the Eligible Portfolio** means the Eligible Assets or Integration Assets or Liquid Assets being part of the Eligible Portfolio remunerated on the basis of a fixed rate of interest.

**Floating Component of the Eligible Portfolio** means the Eligible Assets or Integration Assets or Liquid Assets being part of the Eligible Portfolio remunerated on the basis of a floating rate of interest.

**Interest Payments** means, as of a Calculation Date or any other relevant date, with reference to all following Guarantor Interest Periods up to the last Maturity Date, or Extended Maturity Date, as the case may be, an amount equal to the aggregate of (a) expected interest payments (or the Euro Equivalent of the expected interest payments) in respect of the outstanding Series of Covered Bonds (other than floating rate Covered Bonds) and (b) Expected Floating Payments in respect of interest on floating rate Covered Bonds.

**Net Interest Collections from the Eligible Portfolio** means, as of a Calculation Date or any other relevant date with reference to all (x) following Guarantor Payment Dates, or (y) the relevant Guarantor Interest Periods, and (z) the relevant Collection Periods, as the case may be, up to the last Maturity Date or Extended Maturity Date of any Series of Covered Bonds, as the case may be, an amount equal to the difference between (i) and (ii), where:

(i) is equal to the sum of:

(a) interest payments (or the Euro Equivalent of the interest payments) from the Fixed Component of the Eligible Portfolio and payments and Expected Floating Payments in respect of interest from the Floating Component of the Eligible Portfolio received or expected to be received;

(b) any amount expected to be received by the Covered Bond Guarantor as payments under the Asset Swaps (which are not Excluded Swaps);

(c) any amount (or the Euro Equivalent of any amount) expected to be received by the Covered Bond Guarantor as payments under the Liability Swaps (which are not Excluded Swaps); and

(ii) is equal to the payments (or the Euro Equivalent of the payments) to be effected in accordance with the relevant Priority of Payments, by the Covered Bond Guarantor in priority to, and including, payments under the Swap Agreements (which are not Excluded Swaps).



For the avoidance of doubt, items under (i) (a) above shall include interest expected to be received from the investment, into Eligible Investments, of principal collections arising from the expected amortisation of the Eligible Portfolio.

The Nominal Value Test, the NPV Test and the Interest Coverage Test are jointly defined as the **Mandatory Tests**.

#### 4. ***Amortisation Test and OC Verification***

In accordance with the Portfolio Administration Agreement, for so long as any Covered Bond remains outstanding and following the occurrence of an Issuer Event of Default, and service of a Notice to Pay by the Representative of the Covered Bondholders, the Issuer shall procure that on a continuing basis (provided that such obligation shall be deemed to be complied with if the following test is satisfied on each Calculation Date and/or on each other date on which that test is to be carried out pursuant to the provisions of the Portfolio Administration Agreement and the other Transaction Documents), the following test and the following verifications are satisfied and verified on each Calculation Date.

The Amortisation Test Aggregate Portfolio Amount shall be greater than or equal to the Outstanding Principal Balance of the Covered Bonds (the **Amortisation Test** and, together with the Mandatory Tests, the **Tests**) and the Observed Eligible OC Amount shall be greater than or equal to the Outstanding Principal Balance of the Covered Bonds (the **OC Verification**):

**Amortisation Test Aggregate Portfolio Amount** will be an amount calculated on each Calculation Date by applying the following formula (without double-counting):

$$A + B + EI2 + D - Y - Z$$

where A, B, EI1, D, Y and Z parameters have the same definition and calculation method of the Mandatory Tests (par. 1 above) and

**Observed Eligible OC Amount** will be an amount calculated on each Calculation Date by applying the following formula (without double-counting):

$$A * MP + B + EI2 + D$$

where A, B, EI1, D parameters have the same definition and calculation method of the Mandatory Tests (par. 2.1 above)

and

“**MP**” stands for the ratio between 1 to K, expressed as a percentage and rounded down to the second decimal place,

where

K = 1 + the minimum legal OC (expressed in percentage) required at the date of the calculation pursuant to OBG Regulations.

The Tests are fulfilled in accordance with the Portfolio Administration Agreement. In particular, the Amortisation Test will be run only following the occurrence of an Issuer Event of Default, provided that such test is structured to ensure that the Portfolio contains sufficient assets to enable the Covered Bond Guarantor to meet its obligations under the Covered Bond Guarantee.

Compliance with the Tests will be verified by the Calculation Agent and internal risk management functions of the Intesa Sanpaolo Group (under the supervision of the management body (*organo con funzione di gestione*) of the Issuer) on each Calculation Date and on any other date on which the verification of the Tests is required pursuant to the Transaction Documents, and subsequently checked by the Asset Monitor on a semi-annual basis.

In addition to the above, following the occurrence of a breach of the Mandatory Tests, based on the information provided by the Servicer with reference to the last day of each preceding calendar month (starting from the date on which such breach has been notified, and until 6 (six) months after the date on which such breach has been cured), the Calculation Agent shall verify compliance with the Mandatory Tests not later than the thirty-fifth calendar day following the end of each preceding calendar month. In addition to the terms defined above, for the purposes of this section:

**Asset Percentage** means the lower of (i) 93%, (ii) such other percentage figure as determined by the Issuer on behalf of the Covered Bond Guarantor in accordance with the Rating Agency's methodologies (after procuring the required level of over-collateralisation), and notified to the Representative of the Covered Bondholders, the Servicer, the Calculation Agent, the Asset Monitor and the Rating Agency, and (iii) 95.23% in accordance with the Portfolio Administration Agreement. Any adjustment of the Asset Percentage from that previously notified will appear in the relevant Investor Report as the new Asset Percentage as determined in accordance with the Portfolio Administration Agreement.

**Calculation Agent** means the entity acting as calculation agent of the Tests, the Liquidity Buffer Target Amount and the Exposure Limit, as appointed from time to time by the Covered Bond Guarantor pursuant to the Cash Management and Agency Agreement.

**Calculation Date** means, with respect to the Mandatory Tests, the Exposure Limit and the Liquidity Buffer Target Amount, 7 January, 7 April, 7 July and 7 October in each calendar year or, if such date is not a Business Day, the following Business Day, provided that the first Calculation Date will be 7 January 2011.

**Defaulted Assets** means any Mortgage Loan which has been classified by the Servicer on behalf of the Covered Bond Guarantor as a Defaulted Loan and/or any Security which have been classified by the Servicer on behalf of the Covered Bond Guarantor as a Defaulted Security.

**Defaulted Securities** means the Securities which may be classified as defaulted in accordance with the provisions of the Collection Policies.

**Defaulted Loan** means a Mortgage Loan in relation to which the relevant Receivable is a Defaulted Receivable.

**Defaulted Receivable** means a Receivable classified as defaulted in accordance with the provisions of the Collection Policies, as applied in compliance with the provisions of the Bank of Italy's supervisory regulations (*Istruzioni di Vigilanza della Banca d'Italia*) and in accordance with a prudent management of the Receivables carried out with the highest professional standards; as at the

date hereof, a Receivable is classified as defaulted if it is classified as *in sofferenza* in accordance with the provisions of the Bank of Italy's supervisory regulations (*Istruzioni di Vigilanza della Banca d'Italia*) and with the provisions of the Collection Policies when the Arrears Ratio is at least equal to (i) 10, in case of Mortgage Loans providing for monthly instalments, (ii) 4, in case of Mortgage Loans providing for quarterly instalments and (iii) 2, in case of Mortgage Loans providing for semi-annual instalments. For the purposes of this definition, **Arrears Ratio** means, at the end of each monthly reference period, the ratio between (a) all amounts due and unpaid as principal and/or interest (excluding any default interest) in relation to the relevant Receivable and (b) the amount of the instalment of the relevant Receivable which was due immediately prior to the end of that month.

**Eligible Portfolio** means the aggregate of Eligible Assets, Integration Assets and Liquid Assets, without any double counting (including any sum standing to the credit of the Accounts (other than the Expenses Account, the Corporate Account and the Quota Capital Account), and the Eligible Investments), *excluding* (a) any Defaulted Assets and those Eligible Assets, Integration Assets and Liquid Assets in relation to which a breach of any of the representations and warranties contained in the relevant Master Transfer Agreement has occurred and has not been remedied, (b) any Eligible Asset, Integration Asset and/or Liquid Assets included in the Portfolio consisting of receivables indicated under Article 129, Paragraph 1 (f) of the CRR) exceeds 10% of the aggregate Outstanding Principal Balance of the assets included in the Portfolio, (c) the aggregate of Integration Assets and/or Liquid Assets in excess of the Exposure Limit; (d) unsecured receivables, in case a default pursuant to article 178 of the CRR occurs, as provided by article 7-*undecies*, paragraph 2, letter (a) of Law 130.

**Liquidation Costs** means any potential operational and administrative cost affecting the Guarantor following the Issuer Event of Default and related to the liquidation of the cover pool underlying the Programme. Such amount is estimated by multiplying the number of existing Covered Bonds maturing in different Guarantor Interest Periods for the estimated operational and administrative costs related to the potential sale of the underlying assets occurring at each Guarantor Interest Period where at least one Covered Bond is maturing. Unless different communication is provided by the Servicer this amount is set at Euro 300,000.00 for each affected Guarantor Interest Period.

**Exposure Limit** means the limits set forth in Article 129, Paragraph 1a, lett. (a), (b), (c) and (d) of CRR, provided that pursuant to Article 129 paragraph 3a (3-bis) of CRR such limits shall not apply to "*cessioni di ripristino*" pursuant to the Master Transfer Agreement for purposes of complying with the Nominal Value Test.

**Latest Valuation** means, at any time with respect to any Real Estate Asset, the value given to the relevant Real Estate Asset by the most recent valuation (to be performed in accordance with the requirements provided for under the Bank of Italy prudential regulations for banks issued by the Bank of Italy on 27 December 2006 with Circular no. 263 (as amended and supplemented from time to time)) addressed to the Issuer or obtained from an independently maintained valuation model, acceptable to reasonable and prudent institutional mortgage lenders in Italy.

**Net Deposit** means, for each Debtor under a Mortgage Loan, an amount, as calculated by reference to the last day of the immediately preceding Collection Period, equal to the lower of (i) the Outstanding Principal Balance of the assets included in the Portfolio in relation to which such Debtor is a debtor, and (ii) the aggregate amount of cash or saving accounts deposited by such Debtor with the Seller, as of the date on which all the formalities relating to the assignment of the assets relating

to such Debtor, as provided for under the Master Transfer Agreement, have been complied with, as calculated by reference to the last day of the immediately preceding Collection Period and as reduced from time to time following the satisfaction by the Seller of such Debtor's claims.

**Net Liquidity Outflow** means all payment inflows falling due one day from the assets segregated in the SPV (including any payment expected to be received under the swap agreement) net of all payment outflows falling on the same day (including any payment due to the swap counterparty and costs), calculated in accordance with article 7-*duodecies* of Law 130 and Section III, paragraph 3 of the BoI OBG Regulation, it being understood that when a Series is subject to extension of the relevant Maturity Date, the Principal Amount Outstanding of such Series to be taken into account shall be based on the relevant Extended Maturity Date.

**Net Cumulative Liquidity Outflow** means the cumulative value, if negative, of the Net Liquidity Outflow calculated on each temporal bucket set out in the paragraph 3 of the BoI OBG Regulation and according to the methodology calculation indicated by the same law.

**Outstanding Principal Balance** means, at any date, in relation to a loan, a bond, a Series or Tranche of Covered Bonds or any other asset the aggregate nominal principal amount outstanding of such loan, bond, Series or Tranche of Covered Bonds or asset at such date.

**Potential Set-Off Amount** means, with reference to Eligible Assets consisting of Receivables only, the aggregate Outstanding Principal Balance of such assets included in the Portfolio that could potentially be set-off by the relevant Debtors against any credit owed by any such Debtor towards Intesa Sanpaolo. Such amount, which, subject to the provision below, will never be lower than the Net Deposits, will be calculated by the Calculation Agent (based on the aggregate information provided by the Servicer) on each Calculation Date and/or on each other date on which the Nominal Value Test is to be carried out pursuant to the provisions of this Agreement and the other Transaction Documents, provided that when the Issuer's ratings are at least "P-2/Baa2" by Moody's, the Potential Set-Off Amount shall be equal to 0 (zero).

#### **Liquidity Buffer Target Amount**

In accordance with, and pursuant to, article 7-*duodecies* of Law 130 and the BoI OBG Regulations, for so long as the Covered Bonds remain outstanding, the Issuer shall procure on a continuing basis and on each Calculation Date or on any other date on which the calculation of the Liquidity Buffer Target Amount is required to be met pursuant to the Transaction Documents, that the amount of Liquid Assets standing to the credit of the Accounts is equal to or higher than the maximum Net Cumulative Liquidity Outflow of the Programme (the **Liquidity Buffer Target Amount**).

In accordance with article 7-*undecies*, paragraph 2, letter (c), of Law 130, the Liquid Assets standing to the credit of the Accounts shall be considered to contribute to the Eligible Portfolio, provided that such liquid assets satisfy the requirements to qualify as eligible assets set forth in article 7-*novies*, paragraph 1, letter (a), of Law 130.

In accordance with the Portfolio Administration Agreement, the Calculation Agent shall verify – on the basis of the information made available to it in accordance with the Transaction Documents – that the Liquidity Buffer Target Amount is met on each Calculation Date and on any other date on which the verification of the Liquidity Buffer Target Amount is required pursuant to the Transaction Documents.

### **Exposure Limit**

In accordance with the Portfolio Administration Agreement, the Calculation Agent shall verify – on the basis of the information made available to it in accordance with the Transaction Documents – that the aggregate amount of the Integration Assets and the Liquidity Assets shall comply with the Exposure Limit on each Calculation Date and on any other date on which the verification of the Exposure Limit is required pursuant to the Transaction Documents.

### **Observed Eligible OC Amount**

In accordance with the Portfolio Administration Agreement, the Calculation Agent shall verify – on the basis of the information made available to it in accordance with the Transaction Documents – that the Observed Eligible OC Amount is met on each Calculation Date and on any other date on which the verification of the Observed Eligible OC Amount is required pursuant to the Transaction Documents.

### **Pre-Maturity Liquidity Test**

The Pre-Maturity Liquidity Test is intended to provide liquidity for Hard Bullet Covered Bonds when the Issuer's long-term credit ratings fall below the Pre-Maturity Liquidity Required Rating.

On any Business Day falling during the Pre-Maturity Rating Period prior to the occurrence of an Issuer Event of Default (each a **Pre-Maturity Liquidity Test Date**), the Calculation Agent will determine if the Pre-Maturity Liquidity Test has been breached, and if so, it shall immediately notify the Issuer, the Seller, the Hedging Counterparties and the Representative of the Covered Bondholders.

For the purpose of this paragraph the **Pre-Maturity Liquidity Test** is complied with on any Pre-Maturity Liquidity Test Date if, during the Pre-Maturity Rating Period, the Issuer's credit rating is greater than or equal to the Pre-Maturity Liquidity Required Rating.

**Pre-Maturity Rating Period** means the period preceding the Maturity Date of any Series or Tranche of Hard Bullet Covered Bonds which may be required by the Rating Agency from time to time, being, as at the date of this Base Prospectus, 12 months.

Following a breach of the Pre-Maturity Liquidity Test in respect of a Series of Hard Bullet Covered Bonds:

- (i) the Issuer shall:
  - (a) make a cash deposit in an amount equal to the Required Redemption Amount of the Series or Tranche of Hard Bullet Covered Bonds to which such Pre-Maturity Liquidity Test relates on the Pre-Maturity Liquidity Account, opened in its name with a bank whose ratings are at least equal to the Minimum Required Account Bank Rating provided for under the Transaction Documents and pledged in favour of the Covered Bondholders; or
  - (b) obtain a first demand, autonomous guarantee (meeting the criteria set forth by the Rating Agency) for an amount equal to the Required Redemption Amount of the Series or Tranche of Hard Bullet Covered Bonds to which such Pre-Maturity Liquidity

Test relates, by an eligible entity whose ratings are at least equal to the Minimum Required Pre-Maturity Liquidity Guarantor Rating; or

- (c) take action in the form of a combination of the foregoing which in aggregate add up to an amount equal to the Required Redemption Amount of the Series or Tranche of Hard Bullet Covered Bonds to which such Pre-Maturity Liquidity Test relates;

and/or

- (ii) the Servicer, or any other third party appointed by the Representative of the Covered Bondholders, on behalf of the Covered Bond Guarantor, shall sell, subject to any pre-emption right of the Seller or any Additional Seller (as the case may be) pursuant to the relevant Master Transfer Agreement, Selected Assets and Integration Assets in accordance with the procedures set out in the Portfolio Administration Agreement, for an amount equal to the Adjusted Required Redemption Amount of the Series or Tranche of Hard Bullet Covered Bonds to which such Pre-Maturity Liquidity Test relates.

If the Pre-Maturity Liquidity Test in respect of any Series of Hard Bullet Covered Bonds is breached and the Issuer or the Servicer (on behalf of the Covered Bond Guarantor) has not taken the required actions (as described above) following the breach by the earlier to occur of:

- (a) 20 Business days from the date on which the Issuer is notified of the breach of the Pre-Maturity Liquidity Test; and
- (b) the Maturity Date of that Series of Covered Bonds,

an Issuer Event of Default shall occur and the Representative of the Covered Bondholders will serve a Notice to Pay to the Issuer and the Covered Bond Guarantor.

For the purposes of this section:

**Adjusted Required Redemption Amount** which is an amount equal to the Required Redemption Amount of the Earliest Maturing Covered Bonds *plus* or *minus* any swap termination amounts payable respectively by or to the Covered Bond Guarantor *less* amounts standing to the credit of the Accounts (excluding the Expense Account, the Corporate Account and the Quota Capital Account and all the amounts required to repay any Series of Covered Bonds which mature prior to or on the same date as the relevant Series of Covered Bonds and all the amounts to be applied on the following Guarantor Payment Date to repay higher ranking amounts in the relevant Priorities of Payments) *less* the Outstanding Principal Balance of any Eligible Investments.

#### **Set-Off Risk**

Pursuant to the Portfolio Administration Agreement, the Servicer has undertaken, upon occurrence of an Issuer Downgrade Event, to notify the Rating Agency, the Covered Bond Guarantor, the Calculation Agent and the Representative of the Covered Bondholders of such events. Further to such downgrade, and for so long as the rating is not re-established above such levels, the Potential Set-Off Amount will be calculated and factored for the purposes of the Nominal Value Test. Upon occurrence of an Issuer Downgrade Event, the Calculation Agent shall notify the Rating Agency of the Potential Set-Off Amount on a quarterly basis.

## ACCOUNTS AND CASH FLOWS

### PART A

The following provisions shall be applicable to any deposit and withdrawal in respect of the Accounts until the Change of Account Date indicated in the Change of Account Notice pursuant to Clause 3.2(b) of the Cash Management and Agency Agreement.

#### **1. The Receivables Collection Account**

##### Deposits

The Servicer shall transfer to the Receivables Collection Account all payments and recovery amounts received by the Servicer and/or the Special Servicer in relation to the Receivables, with value date as of the relevant date of receipt.

##### Withdrawals

(a) Subject to (b) below, Intesa Sanpaolo shall transfer any amount standing to the credit of the Receivables Collection Account to the Intesa Sanpaolo Investment Account on a daily basis by the end of the relevant day of receipt.

(b) On the 2nd Business Day prior to each Guarantor Payment Date, Intesa Sanpaolo shall transfer to the Intesa Payment Account all amounts of interest accrued and credited to the Receivables Collection Account, if any.

#### **2. The Securities Collection Accounts**

##### **2.1 The Interest Securities Collection Account**

##### Deposits

All interest amounts paid in relation to the Securities (other than the Securities constituting Liquid Assets), shall be transferred to the Intesa Interest Securities Collection Account, with value date as of the relevant date of receipt.

##### Withdrawals

(a) Subject to (b) below, the Relevant Account Bank shall transfer any amount standing to the credit of the Relevant Interest Securities Collection Account to the Intesa Investment Account on a daily basis by the end of the relevant day of receipt.

(b) On the 2nd Business Day prior to each Guarantor Payment Date, the Relevant Account Bank shall transfer to the Intesa Payment Account all amounts of interest accrued and credited to the Relevant Interest Securities Collection Account, if any.

##### **2.2 The Principal Securities Collection Account**

##### Deposits

All principal amounts paid in relation to the Securities (including any proceeds arising from the liquidation of the Securities) (other than the Securities constituting Liquid Assets), shall be transferred to the Intesa Principal Securities Collection Account with value date as of the relevant date of receipt.

### Withdrawals

(a) Subject to (b) below, the Relevant Account Bank shall transfer any amount standing to the credit of the Relevant Principal Securities Collection Account to the Intesa Investment Account on a daily basis by the end of the relevant day of receipt.

(b) On the 2nd Business Day prior to each Guarantor Payment Date, the Relevant Account Bank shall transfer to the Intesa Payment Account all amounts of interest accrued and credited to the Relevant Principal Securities Collection Account, if any.

### **3. The Investment Account**

#### Deposits

The Relevant Account Bank shall transfer the following amounts to the Intesa Investment Account, on a daily basis by the end of the relevant day of receipt:

(a) any amount standing to the credit of the Receivables Collection Account and the Relevant Securities Collection Accounts;

(b) the funds resulting from the reimbursement or liquidation of the Eligible Investments;

(c) any amount to be credited to the Intesa Investment Account in accordance with the relevant Priorities of Payments;

(d) any amount standing to the credit of the Relevant Payment Account, after (i) distribution in accordance with the applicable Priorities of Payment, or (ii) payments due on the relevant CB Payment Dates, or (iii) payments of the purchase price to be paid in accordance with the Master Transfer Agreement;

(e) any proceeds arising from the liquidation of Receivables, with value date as of the relevant date of receipt, pursuant to the Portfolio Administration Agreement and other Transaction Documents;

(f) any amounts standing to the credit of the Liquidity Buffer Account shall be transferred 3 (three) Business Days prior to each Guarantor Payment Date;

(g) the necessary funds needed to ensure payments due by the Covered Bond Guarantor shall be transferred from the Liquidity Buffer Account upon instructions of the Cash Manager.

#### Withdrawals

The Relevant Account Bank shall transfer the following amounts from the Relevant Investment Account:

(a) no later than 2 Business Days prior to each Guarantor Payment Date, any amount standing to the credit of the Relevant Investment Account (other than the Liability Swap Principal Accumulation Amount (as provided for under the Payments Report delivered by the Calculation Agent) and the Interest Accumulation Amount), shall be transferred to the Intesa Payment Account;

(b) 2 Business Days prior to each CB Payment Date, any amount to be paid under the Liability Swaps on such CB Payment Date (as provided for under the Payments Report delivered by the Calculation Agent), shall be transferred to the Intesa Payment Account;



- (c) 2 Business Days prior to each CB Payment Date, the Interest Accumulation Amount shall be transferred to the Intesa Payment Account;
- (d) 2 Business Days prior to each date on which a purchase price is to be paid under the Master Transfer Agreement, an amount equal to the relevant purchase price to be paid by the Covered Bond Guarantor shall be transferred to the Intesa Payment Account;
- (e) 2 Business Days prior to each CB Payment Date falling after the occurrence of an Issuer Event of Default or an Article 74 Event and service of an Article 74 Notice to Pay (which has not been withdrawn), any amount to be paid under the Covered Bonds on such CB Payment Date shall be transferred to the Intesa Payment Account<sup>5</sup>;
- (f) on the 2nd Business Day prior to each Guarantor Payment Date, all amounts of interest accrued and credited to the Relevant Investment Account shall be transferred to the Intesa Payment Account.

#### **4. The Securities Account**

##### Deposits

Intesa Sanpaolo will deposit and keep in the Intesa Securities Account all the Eligible Assets and Integration Assets consisting of securities (other than the Eligible Investments), further to the relevant purchase in accordance with the provisions of the Master Transfer Agreement.

##### Withdrawals

All Eligible Assets and Integration Assets consisting of securities (other than the Eligible Investments) will be (a) liquidated in accordance with the provisions of the Portfolio Administration Agreement, or (b) sold to the relevant Seller in accordance with the Master Transfer Agreement, and the proceeds thereof shall be credited by Intesa Sanpaolo to the Relevant Investment Account.

#### **5. The Eligible Investments Account**

##### Deposits

The Relevant Account Bank will deposit (i) all securities constituting Eligible Investments purchased by the Cash Manager on behalf of the Covered Bond Guarantor with the amounts standing to the credit of the Relevant Investment Account in the Intesa Eligible Investments Account pursuant to any order of the Cash Manager; and (ii) all securities being Liquid Assets.

##### Withdrawals

- (a) No later than 3 Business Days prior to each relevant CB Payment Date falling prior to the occurrence of an Issuer Event of Default or an Article 74 Event, or following service of an Article 74 Notice to Pay (which has subsequently been withdrawn), the Eligible Investments standing to the credit of the Relevant Eligible Investments Account will be liquidated for an amount equal to the Interest Accumulation Amount and proceeds thereof shall be credited by the Relevant Account Bank to the Intesa Investment Account, unless there are sufficient funds already deposited in the Intesa Investment Account to cover the Interest Accumulation Amount.
- (b) No later than 3 Business Days prior to each relevant CB Payment Date falling after the occurrence of an Issuer Event of Default or an Article 74 Event and service of an Article 74 Notice to Pay (which has not been withdrawn), all the Eligible Investments standing to the credit of the

Relevant Eligible Investments Account will be liquidated and proceeds thereof shall be credited by the Relevant Account Bank to the Intesa Investment Account.

(c) No later than 3 Business Days prior to each Guarantor Payment Date, all the Eligible Investments and Liquid Assets standing to the credit of the Relevant Eligible Investments Account will be liquidated and proceeds thereof shall be credited to the Intesa Investment Account.

(d) Upon instructions of the Cash Manager, all the Liquid Assets standing to the credit of the Relevant Eligible Investments Account will be liquidated and proceeds thereof shall be credited to the Investment Account.

## **6. The Quota Capital Account**

### Deposits

All the sums contributed by the Quotaholders as quota capital of the Covered Bond Guarantor and all interest accrued from time to time thereon.

### Withdrawals

Upon liquidation of the Covered Bond Guarantor, all sums standing to the credit of the Quota Capital Account shall be distributed in accordance with the financial statements prepared by the liquidator of the Covered Bond Guarantor.

## **7. The Expenses Account**

### Deposits

The Account Bank shall transfer into the Expenses Account on the Guarantor Payment Date falling in January of each calendar year, an amount equal to the Covered Bond Guarantor Disbursement Amount.

### Withdrawals

The Account Bank shall utilise, upon the instructions of the Administrative Services Provider, the amounts standing to the credit of the Expenses Account to pay all general expenses incurred in connection with the Programme (the **Expenses**), other than corporate costs and expenses of the Covered Bond Guarantor.

On the 2nd Business Day prior to each Guarantor Payment Date, the Account Bank shall transfer to the Payment Account all amounts of interest accrued and credited to the Expenses Account.

## **8. The Corporate Account**

### Deposits

The Account Bank shall transfer into the Corporate Account on the Guarantor Payment Date falling in January of each calendar year, an amount equal to the Covered Bond Guarantor Retention Amount.

### Withdrawals

The Account Bank shall utilise, upon the instructions of the Administrative Services Provider, the amounts standing to the credit of the Corporate Account to pay all the corporate expenses which are due and payable from time to time.

On the 2nd Business Day prior to each Guarantor Payment Date, the Account Bank shall transfer to the Payment Account all amounts of interest accrued and credited to the Corporate Account.

## **9. The Payment Account**

### Deposits

The Relevant Account Bank shall transfer, or procure the transfer of, or the following amounts shall be paid into, the Intesa Payment Account:

- (a) 2 Business Days prior to each Guarantor Payment Date:
  - (i) any amount standing to the credit of the Relevant Investment Account;
  - (ii) any amounts to be paid by the Asset Hedging Counterparty under the Asset Swaps;
  - (iii) any amount of interest accrued and credited to each of the Relevant Investment Account, the Relevant Securities Collection Accounts, the Receivables Collection Account, the Expenses Account and the Corporate Account;
- (b) 2 Business Days prior to each relevant CB Payment Date:
  - (i) from the Relevant Investment Account any amount to be paid under the Liability Swaps on such CB Payment Date;
  - (ii) any amounts to be paid by the Liability Hedging Counterparty under the Liability Swaps;
  - (iii) any Interest Accumulation Amount deposited on the Relevant Investment Account;
- (c) 2 Business Days prior to each CB Payment Date falling after the occurrence of an Issuer Event of Default or an Article 74 Event and service of an Article 74 Notice to Pay (which has not been withdrawn), from the Relevant Investment Account, any amount to be paid under the Covered Bonds on such CB Payment Date;
- (d) 2 Business Days prior to each date on which a purchase price has to be paid under the Master Transfer Agreement, from the Relevant Investment Account, an amount equal to the relevant purchase price which shall have to be paid by the Covered Bond Guarantor;
- (e) any drawdown under the Subordinated Loan Agreement.

### Withdrawals

- (a) On each Guarantor Payment Date, the Cash Manager will execute payments or credit the relevant amounts in accordance with the relevant Priorities of Payments (including the purchase price of Eligible Assets, Integration Assets and Liquid Assets funded through Available Funds), provided that on the Business Day immediately following each Guarantor Payment Date, any remaining amount will be transferred to the Intesa Investment Account.
- (b) On each relevant CB Payment Date, the Cash Manager will execute payments of any amount due and payable under the Liability Swaps.
- (c) 1 Business Day prior to each CB Payment Date (or on each CB Payment Date, if so agreed between the Issuer, the Covered Bond Guarantor and the Paying Agent) falling after an Issuer Event of Default, an Article 74 Event and service of an Article 74 Notice to Pay (which has not been

withdrawn) or a Covered Bond Guarantor Event of Default, the Cash Manager will transfer to the Paying Agent the amounts necessary to execute payments of interest and principal due in relation to the outstanding Covered Bonds in accordance with the Post-Issuer Default Priority of Payments or Post-Guarantor Default Priority of Payments (as the case may be).

(d) 2 Business Days following the relevant CB Payment Date, any amount in excess, after payments of the amounts mentioned above, will be transferred by the Cash Manager to the Intesa Investment Account.

(e) On the date on which the purchase price of the relevant Portfolio is to be paid in accordance with the provisions of the Master Transfer Agreement, the Cash Manager shall transfer an amount equal to such purchase price to the Seller, it being understood that the Cash Manager will execute payments for the purchase of any Eligible Assets, Integration Assets and Liquid Assets funded through the Subordinated Loan in accordance with the provisions of the Master Transfer Agreement.

#### **10. The Intesa Collateral Accounts**

If and when required in accordance with the provisions of the relevant Swap Agreement, the relevant Hedging Counterparty will post Swap Collateral into the relevant Intesa Collateral Account. Payments into and withdrawals from the Intesa Collateral Accounts shall be made in accordance with the provisions of the relevant Swap Agreement.

#### **11. The Pre-Maturity Liquidity Account**

If a Hard Bullet Covered Bond is issued, the Pre-Maturity Liquidity Account shall be opened in the name of the Issuer with Intesa Sanpaolo or, if the rating of Intesa Sanpaolo is not at least equal to the Minimum Required Account Bank Rating, CA-CIB.

##### Deposit

Following a breach of the Pre-Maturity Liquidity Test in respect of a Series of Hard Bullet Covered Bonds, the Issuer, subject to the provisions of the Portfolio Administration Agreement, shall make a cash deposit in an amount equal to the Required Redemption Amount of the Series of Hard Bullet Covered Bonds to which such Pre-Maturity Liquidity Test relates on the Pre-Maturity Liquidity Account. The amounts standing from time to time to the credit of the Pre-Maturity Liquidity Account shall be pledged in favour of the Covered Bondholders and the Other Secured Creditors.

##### Withdrawals

(a) the pledge on the Pre-Maturity Liquidity Account shall be released promptly and any amounts credited on the Pre-Maturity Liquidity Account shall be returned to the Issuer if:

- (i) the Issuer's credit rating is once again greater than or equal to the Pre-Maturity Liquidity Required Rating;
- (ii) the Maturity Date of the relevant a Series of Hard Bullet Covered Bonds has occurred and the Issuer has made the relevant payments in respect thereof; and
- (iii) no Maturity Date in relation to any other Series of Hard Bullet Covered Bonds will occur in the following 12 months or such other time period as may be agreed from time to time;

(b) upon the occurrence of an Issuer Event of Default or an Article 74 Event and service of an Article 74 Notice to Pay (which has not been withdrawn), any amounts credited on the Pre-Maturity Liquidity Account shall be credited to the Payment Account.

## **12. The Supplemental Liquidity Reserve Account**

If, at the option of the Issuer, the Supplemental Liquidity Reserve Amount is set greater than zero, the Supplemental Liquidity Reserve Account shall be opened in the name of the Covered Bond Guarantor with Intesa Sanpaolo or, if the rating of Intesa Sanpaolo is not at least equal to the Minimum Required Account Bank Rating, CA-CIB. Payments into and withdrawals from the Supplemental Liquidity Reserve Account (if and when opened) shall be made in accordance with the provisions of the Portfolio Administration Agreement.

## **13. The Liquidity Buffer Account**

### Deposits

(a) Liquid Assets (other than securities) shall be credited for the purpose of the Liquidity Buffer Target Amount, pursuant to the Pre-Issuer Default Principal Priority of Payments or the Post-Issuer Default Priority of Payments, as applicable, or in accordance with clause 3.4 (*Remedy of a Breach of the Liquidity Buffer Target Amount*) of the Portfolio Administration Agreement; and

(b) the proceeds from the liquidation of the Liquid Assets standing to the credit of the Eligible Investments Account will be credited.

### Withdrawals

(a) any amounts standing to the credit of the Liquidity Buffer Account shall be transferred 3 (three) Business Days prior to each Guarantor Payment Date, into the Investment Account;

(b) upon instructions of the Cash Manager, to transfer from the Liquidity Buffer Account to the Investment Account the necessary funds needed to ensure payments due by the Covered Bond Guarantor.

## **PART B**

The provisions of this Part B shall be applicable to any deposit and withdrawal in respect of the Accounts from the Change of Accounts Date (included) indicated in the Change of Account Notice pursuant to Clause 3.2(b) of the Cash Management and Agency Agreement.

## **1. The Receivables Collection Account**

### Deposits

The Servicer shall transfer to the Receivables Collection Account all payments and recovery amounts received by the Servicer and/or the Special Servicer in relation to the Receivables, with value date as of the relevant date of receipt.

### Withdrawals

(a) Subject to (b) below, Intesa Sanpaolo shall transfer any amount standing to the credit of the Receivables Collection Account to the CA-CIB Collection Account on a daily basis by the end of the relevant day of receipt.

(b) On the 2nd Business Day prior to each Guarantor Payment Date, Intesa Sanpaolo shall transfer to the CA-CIB Payment Account all amounts of interest accrued and credited to the Receivables Collection Account, if any.

## **2. The CA-CIB Collection Account**

### Deposits

Intesa Sanpaolo shall transfer any amount standing to the credit of the Receivables Collection Account to the CA-CIB Collection Account on a daily basis by the end of the relevant day of receipt.

### Withdrawals

(a) Subject to (b) below, CA-CIB shall transfer any amount standing to the credit of the CA-CIB Collection Account to the CA-CIB Investment Account on a daily basis by the end of the relevant day of receipt.

(b) On the 2nd Business Day prior to each Guarantor Payment Date, CA-CIB shall transfer to the CA-CIB Payment Account all amounts of interest accrued and credited to the CA-CIB Collection Account, if any.

## **3. The Securities Collection Accounts**

### **3.1 The Interest Securities Collection Account**

#### Deposits

All interest amounts paid in relation to the Securities (other than the Securities constituting Liquid Assets), shall be transferred to the CA-CIB Interest Securities Collection Account with value date as of the relevant date of receipt.

#### Withdrawals

(a) Subject to (b) below, the Relevant Account Bank shall transfer any amount standing to the credit of the Relevant Interest Securities Collection Account to the CA-CIB Investment Account on a daily basis by the end of the relevant day of receipt.

(b) On the 2nd Business Day prior to each Guarantor Payment Date, the Relevant Account Bank shall transfer to the CA-CIB Payment Account all amounts of interest accrued and credited to the Relevant Interest Securities Collection Account, if any.

### **3.2 The Principal Securities Collection Account**

#### Deposits

All principal amounts paid in relation to the Securities (including any proceeds arising from the liquidation of the Securities) (other than the Securities constituting Liquid Assets), shall be transferred to the CA-CIB Principal Securities Collection Account with value date as of the relevant date of receipt.

#### Withdrawals

(a) Subject to (b) below, the Relevant Account Bank shall transfer any amount standing to the credit of the Relevant Principal Securities Collection Account to the CA-CIB Investment Account on a daily basis by the end of the relevant<sup>d</sup> day of receipt.

(b) On the 2nd Business Day prior to each Guarantor Payment Date, the Relevant Account Bank shall transfer to the CA-CIB Payment Account all amounts of interest accrued and credited to the Relevant Principal Securities Collection Account, if any.

#### **4. The Investment Account**

##### Deposits

The Relevant Account Bank shall transfer the following amounts to the CA-CIB Investment Account, on a daily basis by the end of the relevant day of receipt:

(a) any amount standing to the credit of the Receivables Collection Account, the CA-CIB Collection Account and the Relevant Securities Collection Accounts;

(b) the funds resulting from the reimbursement or liquidation of the Eligible Investments;

(c) any amount to be credited to the CA-CIB Investment Account in accordance with the relevant Priorities of Payments;

(d) any amount standing to the credit of the Relevant Payment Account, after (i) distribution in accordance with the applicable Priorities of Payment, or (ii) payments due on the relevant CB Payment Dates, or (iii) payments of the purchase price to be paid in accordance with the Master Transfer Agreement;

(e) any amounts standing to the credit of the Liquidity Buffer Account shall be transferred 3 (three) Business Days prior to each Guarantor Payment Date;

(f) any proceeds arising from the liquidation of Receivables, with value date as of the relevant date of receipt, pursuant to the Portfolio Administration Agreement and other Transaction Documents.

##### Withdrawals

The Relevant Account Bank shall transfer the following amounts from the Relevant Investment Account:

(a) no later than 2 Business Days prior to each Guarantor Payment Date, any amount standing to the credit of the Relevant Investment Account (other than the Liability Swap Principal Accumulation Amount (as provided for under the Payments Report delivered by the Calculation Agent) and the Interest Accumulation Amount), shall be transferred to the CA-CIB Payment Account;

(b) 2 Business Days prior to each CB Payment Date, any amount to be paid under the Liability Swaps on such CB Payment Date (as provided for under the Payments Report delivered by the Calculation Agent), shall be transferred to the CA-CIB Payment Account;

(c) 2 Business Days prior to each CB Payment Date, the Interest Accumulation Amount shall be transferred to the CA-CIB Payment Account;

(d) 2 Business Days prior to each date on which a purchase price is to be paid under the Master Transfer Agreement, an amount equal to the relevant purchase price to be paid by the Covered Bond Guarantor shall be transferred to the CA-CIB Payment Account;

(e) 2 Business Days prior to each CB Payment Date falling after the occurrence of an Issuer Event of Default or an Article 74 Event and service of an Article 74 Notice to Pay (which has not been withdrawn), any amount to be paid under the Covered Bonds on such CB Payment Date shall be transferred to the CA-CIB Payment Account;

(f) on the 2nd Business Day prior to each Guarantor Payment Date, all amounts of interest accrued and credited to the Relevant Investment Account shall be transferred to the CA-CIB Payment Account.

## **5. The Securities Account**

### Deposits

CA-CIB will deposit and keep in the CA-CIB Securities Account all the Eligible Assets, Integration Assets and Liquid Assets consisting of securities (other than the Eligible Investments), further to the relevant purchase in accordance with the provisions of the Master Transfer Agreement.

### Withdrawals

All Eligible Assets, Integration Assets and Liquid Assets consisting of securities (other than the Eligible Investments) will be (a) liquidated in accordance with the provisions of the Portfolio Administration Agreement, or (b) sold to the relevant Seller in accordance with the Master Transfer Agreement, and the proceeds thereof shall be credited by CA-CIB to the Relevant Investment Account.

## **6. The Eligible Investments Account**

### Deposits

The Relevant Account Bank will deposit all securities constituting Eligible Investments purchased by the Cash Manager on behalf of the Covered Bond Guarantor with the amounts standing to the credit of the Relevant Investment Account in the CA-CIB Eligible Investments Account pursuant to any order of the Cash Manager.

### Withdrawals

(a) No later than 3 Business Days prior to each relevant CB Payment Date falling prior to the occurrence of an Issuer Event of Default or an Article 74 Event, or following service of an Article 74 Notice to Pay (which has subsequently been withdrawn), the Eligible Investments standing to the credit of the Relevant Eligible Investments Account will be liquidated for an amount equal to the Interest Accumulation Amount and proceeds thereof shall be credited by the Relevant Account Bank to the CA-CIB Investment Account, unless there are sufficient funds already deposited in the CA-CIB Investment Account to cover the Interest Accumulation Amount.

(b) No later than 3 Business Days prior to each relevant CB Payment Date falling after the occurrence of an Issuer Event of Default or an Article 74 Event and service of an Article 74 Notice to Pay (which has not been withdrawn), all the Eligible Investments standing to the credit of the



Relevant Eligible Investments Account will be liquidated and proceeds thereof shall be credited by the Relevant Account Bank to the CA-CIB Investment Account.

(c) No later than 3 Business Days prior to each Guarantor Payment Date, all the Eligible Investments standing to the credit of the Relevant Eligible Investments Account will be liquidated and proceeds thereof shall be credited to the CA-CIB Investment Account.

## **7. The Quota Capital Account**

### Deposits

All the sums contributed by the Quotaholders as quota capital of the Covered Bond Guarantor and all interest accrued from time to time thereon.

### Withdrawals

Upon liquidation of the Covered Bond Guarantor, all sums standing to the credit of the Quota Capital Account shall be distributed in accordance with the financial statements prepared by the liquidator of the Covered Bond Guarantor.

## **8. The Expenses Account**

### Deposits

The Account Bank shall transfer into the Expenses Account on the Guarantor Payment Date falling in January of each calendar year, an amount equal to the Covered Bond Guarantor Disbursement Amount.

### Withdrawals

The Account Bank shall utilise, upon the instructions of the Administrative Services Provider, the amounts standing to the credit of the Expenses Account to pay all general expenses incurred in connection with the Programme (the **Expenses**), other than corporate costs and exp<sup>en</sup>ses of the Covered Bond Guarantor.

On the 2nd Business Day prior to each Guarantor Payment Date, the Account Bank shall transfer to the Payment Account all amounts of interest accrued and credited to the Expenses Account.

## **9. The Corporate Account**

### Deposits

The Account Bank shall transfer into the Corporate Account on the Guarantor Payment Date falling in January of each calendar year, an amount equal to the Covered Bond Guarantor Retention Amount.

### Withdrawals

The Account Bank shall utilise, upon the instructions of the Administrative Services Provider, the amounts standing to the credit of the Corporate Account to pay all the corporate expenses which are due and payable from time to time.

On the 2nd Business Day prior to each Guarantor Payment Date, the Account Bank shall transfer to the Payment Account all amounts of interest accrued and credited to the Corporate Account.

## **10. The Payment Account**

### **Deposits**

The Relevant Account Bank shall transfer, or procure the transfer of, or the following amounts shall be paid into, the CA-CIB Payment Account:

- (a) 2 Business Days prior to each Guarantor Payment Date:
  - (i) any amount standing to the credit of the Relevant Investment Account;
  - (ii) any amounts to be paid by the Asset Hedging Counterparty under the Asset Swaps;
  - (iii) any amount of interest accrued and credited to each of the Relevant Investment Account, the Relevant Securities Collection Accounts, the Receivables Collection Account, the CA-CIB Collection Account, the Expenses Account and the Corporate Account;
- (b) 2 Business Days prior to each relevant CB Payment Date:
  - (i) from the Relevant Investment Account any amount to be paid under the Liability Swaps on such CB Payment Date;
  - (ii) any amounts to be paid by the Liability Hedging Counterparty under the Liability Swaps;
  - (iii) any Interest Accumulation Amount deposited on the Relevant Investment Account;
- (c) 2 Business Days prior to each CB Payment Date falling after the occurrence of an Issuer Event of Default or an Article 74 Event and service of an Article 74 Notice to Pay (which has not been withdrawn), from the Relevant Investment Account, any amount to be paid under the Covered Bonds on such CB Payment Date;
- (d) 2 Business Days prior to each date on which a purchase price has to be paid under the Master Transfer Agreement, from the Relevant Investment Account, an amount equal to the relevant purchase price which shall have to be paid by the Covered Bond Guarantor;
- (e) any drawdown under the Subordinated Loan Agreement.

### **Withdrawals**

- (a) On each Guarantor Payment Date, the Cash Manager will execute payments or credit the relevant amounts in accordance with the relevant Priorities of Payments (including the purchase price of Eligible Assets, Integration Assets and Liquid Assets funded through Available Funds), provided that on the Business Day immediately following each Guarantor Payment Date, any remaining amount will be transferred to the CA-CIB Investment Account.
- (b) On each relevant CB Payment Date, the Cash Manager will execute payments of any amount due and payable under the Liability Swaps.
- (c) 1 Business Day prior to each CB Payment Date (or on each CB Payment Date, if so agreed between the Issuer, the Covered Bond Guarantor and the Paying Agent) falling after an Issuer Event of Default, an Article 74 Event and service of an Article 74 Notice to Pay (which has not been withdrawn) or a Covered Bond Guarantor Event of Default, the Cash Manager will transfer to the Paying Agent the amounts necessary to execute payments of interest and principal due in relation to

the outstanding Covered Bonds in accordance with the Post-Issuer Default Priority of Payments or Post-Guarantor Default Priority of Payments (as the case may be).

(d) 2 Business Days following the relevant CB Payment Date, any amount in excess, after payments of the amounts mentioned above, will be transferred by the Cash Manager to the CA-CIB Investment Account.

(e) On the date on which the purchase price of the relevant Portfolio is to be paid in accordance with the provisions of the Master Transfer Agreement, the Cash Manager shall transfer an amount equal to such purchase price to the Seller, it being understood that the Cash Manager will execute payments for the purchase of any Eligible Assets, Integration Assets and Liquid Assets funded through the Subordinated Loan in accordance with the provisions of the Master Transfer Agreement.

#### **11. The CA-CIB Collateral Accounts**

If and when required in accordance with the provisions of the relevant Swap Agreement, the relevant Hedging Counterparty will post Swap Collateral into the CA-CIB Collateral Account. Payments into and withdrawals from the CA-CIB Collateral Accounts shall be made in accordance with the provisions of the relevant Swap Agreement.

#### **12. The Pre-Maturity Liquidity Account**

If a Hard Bullet Covered Bond is issued, the Pre-Maturity Liquidity Account shall be opened in the name of the Issuer with Intesa Sanpaolo or, if the rating of Intesa Sanpaolo is not at least equal to the Minimum Required Account Bank Rating, CA-CIB.

##### Deposit

Following a breach of the Pre-Maturity Liquidity Test in respect of a Series of Hard Bullet Covered Bonds, the Issuer, subject to the provisions of the Portfolio Administration Agreement, shall make a cash deposit in an amount equal to the Required Redemption Amount of the Series of Hard Bullet Covered Bonds to which such Pre-Maturity Liquidity Test relates on the Pre-Maturity Liquidity Account. The amounts standing from time to time to the credit of the Pre-Maturity Liquidity Account shall be pledged in favour of the Covered Bondholders and the Other Secured Creditors.

##### Withdrawals

(a) the pledge on the Pre-Maturity Liquidity Account shall be released promptly and any amounts credited on the Pre-Maturity Liquidity Account shall be returned to the Issuer if:

- (i) the Issuer's credit rating is once again greater than or equal to the Pre-Maturity Liquidity Required Rating;
- (ii) the Maturity Date of the relevant a Series of Hard Bullet Covered Bonds has occurred and the Issuer has made the relevant payments in respect thereof; and
- (iii) no Maturity Date in relation to any other Series of Hard Bullet Covered Bonds will occur in the following 12 months or such other time period as may be agreed from time to time;

(b) upon the occurrence of an Issuer Event of Default or an Article 74 Event and service of an Article 74 Notice to Pay (which has not been withdrawn), any amounts credited on the Pre-Maturity Liquidity Account shall be credited to the Payment Account.

### **13. The Supplemental Liquidity Reserve Account**

If, at the option of the Issuer, the Supplemental Liquidity Reserve Amount is set greater than zero, the Supplemental Liquidity Reserve Account shall be opened in the name of the Covered Bond Guarantor with Intesa Sanpaolo or, if the rating of Intesa Sanpaolo is not at least equal to the Minimum Required Account Bank Rating, CA-CIB. Payments into and withdrawals from the Supplemental Liquidity Reserve Account (if and when opened) shall be made in accordance with the provisions of the Portfolio Administration Agreement.

### **14. The Liquidity Buffer Account**

#### Deposits

- (a) Liquid Assets (other than securities) shall be credited for the purpose of the Liquidity Buffer Target Amount pursuant to the Pre-Issuer Default Principal Priority of Payments or the Post-Issuer Default Priority of Payments, as applicable, or in accordance with clause 3.4 (Remedy of a Breach of the Liquidity Buffer Target Amount) of the Portfolio Administration Agreement; and
- (b) the proceeds from the liquidation of the Liquid Assets standing to the credit of the Eligible Investments Account will be credited.

#### Withdrawals

- (a) any amounts standing to the credit of the Liquidity Buffer Account shall be transferred 3 (three) Business Days prior to each Guarantor Payment Date, into the Investment Account;
- (b) upon instructions of the Cash Manager, to transfer from the Liquidity Buffer Account to the Investment Account the necessary funds needed to ensure payments due by the Covered Bond Guarantor.

## CASH FLOWS

This section summarises the cash flows of the Covered Bond Guarantor only, as to the allocation and distribution of amounts standing to the credit of the Accounts and their order of priority (all such orders of priority, the **Priority of Payments**) (a) prior to an Issuer Event of Default and a Covered Bond Guarantor Event of Default, (b) following an Issuer Event of Default but prior to a Covered Bond Guarantor Event of Default and (c) following a Covered Bond Guarantor Event of Default.

### 1. **Pre-Issuer Default Interest Priority of Payments**

On each Guarantor Payment Date, prior to the service of an Article 74 Notice to Pay or a Notice to Pay (or following the withdrawal of an Article 74 Notice to Pay), the Covered Bond Guarantor will use Interest Available Funds to make payments due on such Guarantor Payment Date or to make provisions towards payments due after such Guarantor Payment Date in the order of priority set out below (in each case only if and to the extent that payments of a higher priority have been made in full) (the **Pre-Issuer Default Interest Priority of Payments**):

- (i) *first*, to pay *pari passu* and *pro rata* according to the respective amounts thereof any and all taxes due and payable by the Covered Bond Guarantor;
- (ii) *second*, *pari passu* and *pro rata* according to the respective amounts thereof (a) to pay any Covered Bond Guarantor's documented fees, costs, expenses, in order to preserve its corporate existence, to maintain it in good standing and to comply with applicable legislation and any other obligation relating to the Programme, to the extent that such costs and expenses are not to be paid under any other item ranking junior hereto and/or are not met by utilising any amounts standing to the credit of the Expenses Account and/or the Corporate Account and (b) to credit the Covered Bond Guarantor Disbursement Amount into the Expenses Account and the Covered Bond Guarantor Retention Amount into the Corporate Account;
- (iii) *third*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof any amount due and payable (including fees, costs and expenses) to the Representative of the Covered Bondholders, the Account Banks, the Cash Manager, the Calculation Agent, the Administrative Services Provider, the Asset Monitor, the Paying Agent, the Servicer, the Special Servicers, the Servicer's Delegates (if any), the First Special Servicer's Delegates (if any), and the Swap Service Providers;
- (iv) *fourth*, *pari passu* and *pro rata* according to the respective amounts thereof (a) to pay any Hedging Senior Payments, other than in respect of principal, due and payable on such Guarantor Payment Date, under the Swap Agreements and (b) to credit to the Relevant Investment Account an amount equal to the Interest Accumulation Amount, to be used for any interest payment due on the CB Payment Dates falling during the immediately following Guarantor Interest Period, in respect of any Series of Covered Bonds in relation to which (i) no Liability Swaps have been entered into or (ii) the relevant Liability Swaps have been terminated;
- (v) *fifth*, if a Reserve Fund Rating Event occurs and is continuing, to credit to the Relevant Investment Account an amount equal to the Reserve Fund Required Amount;

- (vi) *sixth*, to credit to the Relevant Investment Account an amount equal to the amounts paid under item (i) of the Pre-Issuer Default Principal Priority of Payments on any preceding Guarantor Payment Date and not yet repaid;
- (vii) *seventh*, if a Servicer Termination Event has occurred, to credit all remaining Interest Available Funds to the Relevant Investment Account until such Servicer Termination Event is either remedied by the Servicer or waived by the Representative of the Covered Bondholders or a new servicer is appointed to service the Portfolio;
- (viii) *eighth*, if the Pre-Maturity Liquidity Test or any of the Tests is not satisfied on the Calculation Date immediately preceding the relevant Guarantor Payment Date or an Issuer Event of Default or a Covered Bond Guarantor Event of Default has occurred on or prior to such Guarantor Payment Date or the Issuer has not paid interest and principal due on the CB Payment Dates falling in the immediately preceding Guarantor Interest Period or on the relevant Guarantor Payment Date, to credit all remaining Interest Available Funds to the Relevant Investment Account until the following Guarantor Payment Date;
- (ix) *ninth*, to pay any amount arising out of any termination event under any Swap Agreements not provided for under item (iv) above;
- (x) *tenth*, to pay any other amount due and payable to the Seller, the Additional Sellers (if any) or the Issuer under any Transaction Document (other than the Subordinated Loan Agreement);
- (xi) *eleventh*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof any amount due and payable as Base Interest Amount under the Subordinated Loan, in accordance with the Subordinated Loan Agreement;
- (xii) *twelfth*, to pay any Additional Interest Amount under the Subordinated Loan, in accordance with the Subordinated Loan Agreement.

## 2. **Pre-Issuer Default Principal Priority of Payments**

On each Guarantor Payment Date, prior to the service of an Article 74 Notice to Pay or a Notice to Pay (or following the withdrawal of an Article 74 Notice to Pay), the Covered Bond Guarantor will use Principal Available Funds to make payments due on such Guarantor Payment Date or to make provisions towards payments due after such Guarantor Payment Date in the order of priority set out below (in each case only if and to the extent that payments of a higher priority have been made in full) (the **Pre-Issuer Default Principal Priority of Payments**):

- (i) *first*, to pay any amount due and payable under items (i) to (iv) of the Pre-Issuer Default Interest Priority of Payments, to the extent that the Interest Available Funds are not sufficient, on such Guarantor Payment Date, to make such payments in full;
- (ii) *second*, *pari passu* and *pro rata* according to the respective amounts thereof (a) to pay any Hedging Senior Payment in respect of principal due and payable on such Guarantor Payment Date under the Asset Swaps and (b) to pay any Hedging Senior Payment in respect of principal due and payable on such Guarantor Payment Date under the Liability Swaps or to credit to the Relevant Investment Account an amount equal to the Liability Swap Principal

Accumulation Amount to be used for Hedging Senior Payment under the Liability Swaps after the relevant Guarantor Payment Date;

- (iii) *third*, if the Pre-Maturity Liquidity Test (if applicable) is satisfied, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, the purchase price of the Eligible Assets, Integration Assets and/or Liquid Assets offered for sale by the Seller or any Additional Sellers in the context of Revolving Assignment in accordance with the provisions of the Master Transfer Agreement;
- (iv) *fourth*, to credit the Liquidity Buffer Account with an amount equal to the lesser of (a) the Principal Available Funds available under this item and (b) the Liquidity Buffer Target Amount;
- (v) *fifth*, to deposit on the Relevant Investment Account any residual Principal Available Funds in an amount sufficient to ensure that, taking into account the other resources available to the Covered Bond Guarantor, the Tests are met;
- (vi) *sixth*, if a Servicer Termination Event has occurred, all residual Principal Available Funds to be credited to the Relevant Investment Account until such event of default of the Servicer is either remedied by the Servicer or waived by the Representative of the Covered Bondholders or a new servicer is appointed to service the Portfolio;
- (vii) *seventh*, if the Pre-Maturity Liquidity Test or any of the Tests and/or the Liquidity Reserve Target Amount are not satisfied on the Calculation Date immediately preceding the relevant Guarantor Payment Date or an Issuer Event of Default or a Covered Bond Guarantor Event of Default has occurred on or prior to such Guarantor Payment Date or the Issuer has not paid interest and principal due on the CB Payment Dates falling in the immediately preceding Guarantor Interest Period or on the relevant Guarantor Payment Date, to credit all remaining Principal Available Funds to the Relevant Investment Account or on the Liquidity Buffer Account, as the case may be;
- (viii) *eighth*, to pay any amount arising out of any termination event under any Swap Agreements not provided for under item (ii) above;
- (ix) *ninth*, to pay any other amount due and payable to the Seller, the Additional Sellers (if any) or the Issuer under any Transaction Document (other than the Subordinated Loan Agreement) not already provided for under item (x) of the Pre-Issuer Default Interest Priority of Payments;
- (x) *tenth*, to pay the amount (if any) due to the Seller as principal redemption under the Subordinated Loan (including as a consequence of *richiesta di rimborso anticipato* as indicated therein) subject to the provisions of the Subordinated Loan Agreement, provided that the Tests, the Pre-Maturity Liquidity Test and the Liquidity Buffer Target Amount are still satisfied after such payment.

### 3. **Post-Issuer Default Priority of Payments**

On each Guarantor Payment Date, following either an Article 74 Notice to Pay (which has not been withdrawn) or an Issuer Event of Default, but prior to the occurrence of a Covered Bond Guarantor Event of Default, the Covered Bond Guarantor will use the Available Funds, to make payments due on such Guarantor Payment Date or to make provisions towards payments due after such Guarantor Payment Date in the order of priority set out below (in each case only if and to the extent that payments of a higher priority have been made in full) (the **Post-Issuer Default Priority of Payments**):

- (i) *first*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any expenses and taxes, in order to preserve its corporate existence, to maintain it in good standing and to comply with applicable legislation;
- (ii) *second*, *pari passu* and *pro rata* according to the respective amounts thereof (a) to pay any amount due and payable to the Representative of the Covered Bondholders, the Account Banks, the Cash Manager, the Administrative Services Provider, the Calculation Agent, the Asset Monitor, the Portfolio Manager, the Paying Agent, the Servicer, the Special Servicers, the Servicer's Delegates (if any), the First Special Servicer's Delegates (if any), the Swap Service Providers and the Back-up Servicer (if appointed), and (b) to credit the Covered Bond Guarantor Disbursement Amount into the Expenses Account and the Covered Bond Guarantor Retention Amount into the Corporate Account;
- (iii) *third*, *pari passu* and *pro rata* according to the respective amounts thereof (a) to pay any Hedging Senior Payment, other than in respect of principal, due and payable on such Guarantor Payment Date, under the Swap Agreements and (b) to pay any interest amount due and payable on each Series of Covered Bonds on each CB Payment Date falling on such Guarantor Payment Date or to credit to the Relevant Investment Account an amount equal to the Interest Accumulation Amount, to be used for any interest payment due on the CB Payment Dates falling during the immediately following Guarantor Interest Period (except if the relevant CB Payment Date falls on the first day of such immediately following Guarantor Interest Period), in respect of any Series of Covered Bonds in relation to which (i) no Liability Swaps have been entered into or (ii) the relevant Liability Swaps have been terminated;
- (iv) *fourth*, *pari passu* and *pro rata* according to the respective amounts thereof, (a) to pay any Hedging Senior Payment in respect of principal due and payable on such Guarantor Payment Date under the Asset Swaps, (b) to pay any Hedging Senior Payment, in respect of principal, due and payable on such Guarantor Payment Date under the Liability Swaps or to credit to the Relevant Investment Account an amount equal to the Liability Swap Principal Accumulation Amount to be used for Hedging Senior Payments under the Liability Swaps during the next following Guarantor Interest Period, and (c) to pay any amount in respect of principal due and payable on each Series of Covered Bonds on each CB Payment Date falling on such Guarantor Payment Date or to credit to the Relevant Investment Account any amount in respect of principal to be paid on each CB Payment Dates falling during the next following Guarantor Interest Period;



- (v) *fifth*, to credit the Liquidity Buffer Account with an amount equal to the lesser of (a) the Available Funds available under this item, and (b) the Liquidity Buffer Target Amount;
- (vi) *sixth*, to deposit on the Relevant Investment Account any residual amount until all Covered Bonds are fully repaid or an amount equal to the Required Redemption Amount for each Series of Covered Bonds outstanding has been accumulated;
- (vii) *seventh*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amount arising out of any termination event under any Swap Agreement not provided for under items (iii) and (iv) above;
- (viii) *eighth*, to the extent that all the Covered Bonds issued under any Series have been repaid in full or an amount equal to the Required Redemption Amount for each Series of Covered Bonds outstanding has been accumulated, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any other amount due and payable to the Seller, the Additional Sellers (if any) or the Issuer under any Transaction Document (other than the Subordinated Loan Agreement);
- (ix) *ninth*, to the extent that all the Covered Bonds issued under any Series have been repaid in full or an amount equal to the Required Redemption Amount for each Series of Covered Bonds outstanding has been accumulated, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amount due as Base Interest Amount under the Subordinated Loan, in accordance with the Subordinated Loan Agreement;
- (x) *tenth*, to the extent that all the Covered Bonds issued under any Series have been repaid in full or an amount equal to the Required Redemption Amount for each Series of Covered Bonds outstanding has been accumulated, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amount due as principal under the Subordinated Loan, in accordance with the Subordinated Loan Agreement;
- (xi) *eleventh*, to the extent that all the Covered Bonds issued under any Series have been repaid in full or an amount equal to the Required Redemption Amount for each Series of Covered Bonds outstanding has been accumulated, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amount due as Additional Interest Amount under the Subordinated Loan, in accordance with the Subordinated Loan Agreement.

#### 4. **Post-Guarantor Default Priority of Payments**

On each Guarantor Payment Date, following a Covered Bond Guarantor Event of Default, the Representative of the Covered Bondholders (or a receiver appointed on its behalf) will use the Available Funds to make payments in the order of priority set out below (in each case only if and to the extent that payments of a higher priority have been made in full) (the **Post-Guarantor Default Priority of Payments**):

- (i) *first*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any expenses and taxes;
- (ii) *second*, *pari passu* and *pro rata* according to the respective amounts thereof, (a) to pay any amounts due and payable to the Representative of the Covered Bondholders, the Account Banks, the Cash Manager, the Calculation Agent, the Administrative Services Provider, the

Asset Monitor, the Portfolio Manager, the Servicer, the Special Servicers, the Servicer's Delegates (if any), the First Special Servicer's Delegates (if any), the Swap Service Providers and the Back-up Servicer (if appointed), and (b) to credit an amount up to the Covered Bond Guarantor Disbursement Amount into the Expenses Account and the Covered Bond Guarantor Retention Amount into the Corporate Account;

- (iii) *third, pari passu and pro rata* according to the respective amounts thereof (a) to pay any Hedging Senior Payment, other than in respect of principal, due and payable on such Guarantor Payment Date, under the Swap Agreements and (b) to pay any amount, other than in respect of principal, due and payable on each Series of Covered Bonds;
- (iv) *fourth, pari passu and pro rata* according to the respective amounts thereof, (a) to pay any Hedging Senior Payment in respect of principal due and payable on such Guarantor Payment Date, under the Swap Agreements and (b) to pay any amount in respect of principal due and payable under each Series of Covered Bonds on such Guarantor Payment Date;
- (v) *fifth*, to pay, *pari passu and pro rata* according to the respective amounts thereof, any amount arising out of any termination event under any Swap Agreements not provided for under items (iii) and (iv) above;
- (vi) *sixth*, to pay, *pari passu and pro rata* according to the respective amounts thereof, any other amount due and payable to the Seller, the Additional Sellers (if any) or the Issuer under any Transaction Document (other than the Subordinated Loan Agreement);
- (vii) *seventh*, to pay, *pari passu and pro rata* according to the respective amounts thereof, any amount due as Base Interest Amount under the Subordinated Loan, in accordance with the Subordinated Loan Agreement;
- (viii) *eighth*, to pay, *pari passu and pro rata* according to the respective amounts thereof, any amounts due as principal under the Subordinated Loan, in accordance with the Subordinated Loan Agreement;
- (ix) *ninth*, to pay, *pari passu and pro rata* according to the respective amounts thereof, any amount due as Additional Interest Amount under the Subordinated Loan, in accordance with the Subordinated Loan Agreement.

### **USE OF PROCEEDS**

The net proceeds to the Issuer from the issue of each Series of Covered Bonds will be used by Intesa Sanpaolo Group for general funding purposes.

## DESCRIPTION OF THE TRANSACTION DOCUMENTS

### 1. Master Transfer Agreement

Pursuant to the Master Transfer Agreement, the Seller assigned and transferred the Initial Portfolio to the Covered Bond Guarantor, without recourse (*pro soluto*) and in accordance with Law 130. Furthermore, the Seller and the Covered Bond Guarantor agreed that the Seller may assign and transfer Eligible Assets and/or Integration Assets and/or Liquid Assets to the Covered Bond Guarantor from time to time, on a revolving basis, in the cases and subject to the limits for the transfer of further Eligible Assets and/or Integration Assets and/or Liquid Assets.

#### *Assignment of Further Portfolios*

For each assignment of a Further Portfolio, the Covered Bond Guarantor shall pay the Seller an amount equal to the aggregate amount of all the Individual Purchase Prices of each Receivable and/or Security included in such Further Portfolio, to be calculated in accordance with the provisions set forth under the Master Transfer Agreement.

On the relevant Selection Date (i) the Receivables included in each Further Portfolio shall comply with the General Criteria (and, if applicable in relation to the relevant issuance, the Specific Criteria) and (ii) the Securities included in each Further Portfolio shall comply with the characteristics set out in the Master Transfer Agreement. The Portfolio may also include Integration Assets and/or Liquid Assets provided that the total amount of such Integration Assets and/or Liquid Assets counted for the purposes of the Mandatory Tests does not exceed the Exposure Limit, ensuring the compliance with the Liquidity Buffer Target Amount, as applicable.

Each assignment of a Further Portfolio shall be aimed at:

- issuing further Covered Bonds, to be funded through the amounts made available under the Subordinated Loan Agreement (an **Issuance Collateralisation Assignment**); or
- purchasing additional Eligible Assets utilising the principal Collections received by the Covered Bond Guarantor with respect to the Eligible Assets which are part of the Portfolio in accordance with the Pre-Issuer Default Principal Priority of Payments (a **Revolving Assignment of Eligible Assets**); or
- purchasing additional Eligible Assets or Integration Assets or Liquid Assets, utilising the principal Collections received by the Covered Bond Guarantor with respect to the Eligible Assets, Integration Assets and/or Liquid Assets which are part of the Portfolio in accordance with the Pre-Issuer Default Principal Priority of Payments (a **Revolving Assignment of Integration Assets and/or Liquid Assets** and, together with the Revolving Assignments of Eligible Assets, **Revolving Assignments**); or
- complying with the Mandatory Tests, the Liquidity Buffer Target Amount or the Exposure Limit and preventing the breach of the Mandatory Tests, the Liquidity Buffer Target Amount or the Exposure Limit, in accordance with the Portfolio Administration Agreement (an **Integration Assignment**).

The obligation of the Covered Bond Guarantor to purchase any Further Portfolio is subject to the occurrence of certain conditions including, without limitation, (a) in respect of any Revolving

Assignment or Integration Assignment carried out by way of payment by Collections, the existence of sufficient Principal Available Funds on the Guarantor Payment Date immediately succeeding the relevant Calculation Date, as calculated on the basis of the Pre-Issuer Default Principal Priority of Payments; and (b) the amount of money required for funding an Issuance Collateralisation Assignments or Integration Assignments other than those referred to under letter (a) above which shall be drawn under the Subordinated Loan, together with all outstanding drawings thereunder, is not higher than the Maximum Amount.

The obligation of the Covered Bond Guarantor to purchase any Further Portfolio is also subject to further conditions subsequent set out in the Master Transfer Agreement.

#### *Price Adjustments*

The Master Transfer Agreement provides for a price adjustment mechanism, pursuant to which:

- (a) if, following the relevant Selection Date, any Receivable included in any Further Portfolio does not meet the applicable Criteria, then such Receivable will be deemed not to have been assigned and transferred to the Covered Bond Guarantor pursuant to the Master Transfer Agreement and the relevant Transfer Agreement;
- (b) if, following the relevant Selection Date, a Receivable which has not been included in a Further Portfolio meets the applicable Criteria, then such Receivable shall be deemed to have been assigned and transferred to the Covered Bond Guarantor pursuant to the Master Transfer Agreement and the relevant Transfer Agreement, with economic effects as of the Evaluation Date of the relevant Portfolio.

#### *Repurchase of Receivables and pre-emption right*

The Seller is granted, pursuant to Article 1331 of Italian Civil Code, an option right (*diritto di opzione*) to repurchase Receivables and/or Securities and/or Liquid Assets and/or Integration Assets included in the relevant Portfolio, individually or in block, also in different tranches, on the terms and conditions set out in the Master Transfer Agreement. In particular, in order to exercise such option right, the Seller must pay the Covered Bond Guarantor an amount to be calculated under and in accordance with the provisions of the Master Transfer Agreement. The exercise of the option right shall be conditional upon, *inter alia*, (a) verification by the Calculation Agent, and confirmation of the Seller, that the exercise of such right shall not cause a breach of the applicable Tests and/or the Liquidity Buffer Target Amount and/or the Exposure Limit (provided that, *inter alia*, such letter (a) will not apply with reference to (i) Receivables and/or Securities and/or Liquid Assets and/or Integration Assets which value, for the purposes of the Tests, the Liquidity Buffer Target Amount or the Exposure Limit is equal to 0 (zero) and (ii) Receivables (other than the Receivables indicated under point (i) above) to be counted for the purposes of the Tests and/or the Liquidity Buffer Target Amount and/or the Exposure Limit whose repurchase price, together with the repurchase price of Receivables repurchased during the same year, is cumulatively lower than, or equal to, Euro 30 millions) and (b) the absence of an Insolvency Event (other than *risoluzione* or *misura di intervento precoce*) of the Seller.

The Seller is also granted a pre-emption right (*diritto di prelazione*) to repurchase Receivables and/or Securities and/or Liquid Assets, which the Covered Bond Guarantor may wish to sell to third parties,

at the same terms and conditions provided to such third parties. Such pre-emption rights shall cease should the Seller be submitted to any of the proceedings set out under Title V of the Banking Law.

#### *Termination of the Covered Bond Guarantor's obligation to purchase Further Portfolios*

Pursuant to the Master Transfer Agreement, the obligation of the Covered Bond Guarantor to purchase Further Portfolios shall terminate upon the occurrence of any of the following: (a) a breach of the undertakings and duties of the Seller pursuant to the Transaction Documents, in the event such breach is not cured within the period specified in the Master Transfer Agreement, or it is otherwise not curable; (b) a material breach of the Seller's representations and warranties given in any of the Transaction Documents; (c) the occurrence of a Seller's material adverse change; (d) the Seller becoming subject to an Insolvency Proceeding or similar proceedings as specified in the Master Transfer Agreement; (e) the Seller ceasing to be the holding company of the Intesa Sanpaolo Group; (f) a change in law and regulations, following which the Programme becomes impossible or less convenient for the parties, both from an economic and commercial point of view; (g) the Seller being notified of the commencement of a judicial proceeding which may reasonably cause the occurrence of a material adverse change of the Seller; (h) the occurrence of an Issuer Event of Default notified by the Representative of the Covered Bondholders both to the Issuer and the Covered Bond Guarantor; (i) the occurrence of a Guarantor Event of Default; and (j) the Programme Termination Date has been reached.

Further to the occurrence of any of the events described above, the Covered Bond Guarantor shall no longer be obliged to purchase Further Portfolios, provided that the occurrence of any of the events indicated under (e), (f), (g), (h) and (j) above shall not prevent Integration Assignments.

#### *Undertakings*

The Master Transfer Agreement also contains a number of undertakings by the Seller in respect of its activities in relation to, *inter alia*, the Receivables or Securities or Liquid Assets. The Seller has undertaken, *inter alia*, to refrain from carrying out activities with respect to the Receivables or Securities or Liquid Assets which may prejudice the validity or recoverability of any Receivable or Security or Liquid Asset and, in particular, not to assign or transfer the Receivables or Securities or Liquid Assets to any third party or to create any security interest, charge, lien or encumbrance or other right in favour of any third party in respect of the Receivables or Securities or Liquid Assets. The Seller has also undertaken to refrain from any action which could cause any of the Receivables or Security or Liquid Assets to become invalid or to cause a reduction in the amount of any of the Receivables, Securities, Liquid Assets or any security relating thereto. The Master Transfer Agreement also provides that the Seller shall waive any set off rights in respect of the Receivables or Securities or Liquid Assets, and cooperate actively with the Covered Bond Guarantor in any activity concerning the Receivables or Securities or Liquid Assets.

#### *Representations and warranties*

Under the Master Transfer Agreement, the Seller has made certain representations and warranties to the Covered Bond Guarantor.

Specifically, the Seller has made and will make to the Covered Bond Guarantor, *inter alia*, representations and warranties in respect of: (i) its status and powers, (ii) information and the documents provided to the Covered Bond Guarantor, (iii) the ownership of the Receivables and the

Securities, (iv) the status of the Receivables and the Securities, and (v) terms and conditions of the Receivables and the Securities. Such representations and warranties will be made and repeated in accordance with the provisions of the Master Transfer Agreement.

The Seller has undertaken to fully and promptly indemnify and hold harmless the Covered Bond Guarantor and its officers, directors and agents, from and against any and all damages, losses, claims, liabilities, costs and expenses (including, without limitation, reasonable attorney's fees and disbursements and any value added tax and other tax thereon as well as any claim for damages by third parties) awarded against, or incurred by, any of them, arising from any representations and/or warranties made by the Seller under the Master Transfer Agreement being materially false, incomplete or incorrect and/or failure by the Seller to perform any of its obligations and undertakings as set out in the Master Transfer Agreement.

#### *Governing Law*

The Master Transfer Agreement, and any non-contractual obligations arising out of or in connection with the Master Transfer Agreement, is governed by Italian Law.

## **2. Servicing Agreement**

Under the terms of the Servicing Agreement, *inter alia*, (i) the Servicer has agreed (A) to administer and service the Receivables (with the exception of the Defaulted Receivables classified as *in sofferenza*) and the Securities and to carry out the collection activities relating to the Receivables and the Securities, on behalf of the Covered Bond Guarantor, and (B) to monitor the compliance of the transaction with the law and the Prospectus in accordance with the provisions of article 2, paragraph 6-bis, of Law 130; and (ii) the Special Servicer has agreed to administer and service the Defaulted Receivables classified as *in sofferenza*.

The appointment of the Servicer and the Special Servicer is not a mandate *in rem propriam* and, therefore, the Covered Bond Guarantor is entitled to revoke or terminate the same in accordance with the provisions set forth in the Servicing Agreement.

As consideration for the activities performed in accordance with the terms of the Servicing Agreement, the Servicer and the Special Servicer shall receive certain fees, and shall have the right to be reimbursed of certain expenses, which shall be payable by the Covered Bond Guarantor on each Guarantor Payment Date in accordance with the applicable Priorities of Payments. The Servicing Agreement provides that, for as long as the Seller and any Special Servicer are part of the Intesa Sanpaolo Group, no fee shall be due to the relevant Special Servicer.

#### *Activities of the Servicer and the Special Servicer*

In the context of its appointment, the Servicer has undertaken to perform, with its best diligence and highest professional standards, *inter alia*, the activities specified below:

- (i) administration and management of the Receivables (with the exception of the Defaulted Receivables classified as *in sofferenza*) and the Securities and collection of the Receivables and the Securities in accordance with the Servicing Agreement, the Collection Policies and the OBG Regulations;
- (ii) performance of certain activities with reference to the data processing pursuant to the Privacy Law;

(iii) keeping and maintaining updated and safe the documents relating to the Receivables or Securities transferred from the Seller to the Covered Bond Guarantor; consenting to the Covered Bond Guarantor and the Representative of the Covered Bondholders examining and inspecting the documents and producing copies thereof;

(iv) upon the occurrence of a Covered Bond Guarantor Event of Default, the Servicer shall follow only the instructions given by the Representative of the Covered Bondholders and disregard those instructions given by the Covered Bond Guarantor.

In the context of its appointment, the Special Servicer has undertaken to perform, with its best diligence and highest professional standards, *inter alia*, the activities relating to the administration and management of the Defaulted Receivables classified as *in sofferenza* and the commencement and management of the judicial and insolvency proceedings relating thereto, in accordance with the Servicing Agreement and the Collection Policies.

Each of the Servicer and the Special Servicer are entitled to delegate the performance of certain activities to third parties, except for the supervisory activities which the Servicer shall be bound to carry out in accordance with the BoI Regulations. Notwithstanding the above, each of the Servicer and/or the Special Servicer shall remain fully liable for the activities performed by any party so appointed by it, and shall maintain the Covered Bond Guarantor fully indemnified for any losses, costs and damages incurred for the activity performed by a party so appointed.

#### *Servicer Reports*

The Servicer has undertaken to prepare and submit monthly and quarterly reports to, *inter alios*, the Covered Bond Guarantor, the Administrative Services Provider, the Asset Monitor, the Rating Agency, the Representative of the Covered Bondholders, the Hedging Counterparties and the Calculation Agent, in the form set out in the Servicing Agreement, containing information about the Collections made in respect of the Portfolio during the preceding calendar month or Collection Period (respectively). The reports will provide the main information relating to the Servicer's activity during the relevant period, including without limitation, a description of the Portfolio (outstanding amount, principal and interest) and information relating to delinquencies, defaults and collections.

#### *Successor Servicer and Successor Special Servicer*

According to the Servicing Agreement, upon the occurrence of a termination event, the Covered Bond Guarantor shall have the right to terminate the appointment of the Servicer and/or the Special Servicer (as the case may be) and, subject to the approval in writing of the Representative of the Covered Bondholders, to appoint a Successor Servicer and/or Successor Special Servicer (as relevant). The relevant successor shall have certain characteristics as set out under the Servicing Agreement and shall undertake to carry out the activities of the Servicer and/or the Special Servicer (as relevant) by entering into a servicing agreement having substantially the same form and contents as the Servicing Agreement and accepting the terms and conditions of the Intercreditor Agreement.

The Covered Bond Guarantor may terminate (*revocare*) the appointment of the Servicer upon the occurrence of any of the following termination events:



- (i) the occurrence of an Insolvency Proceeding with respect to the Servicer or the Servicer resolving upon the entering into an Insolvency Proceeding or a voluntary liquidation;
- (ii) failure by the Servicer to observe or perform certain of its duties (as set out under the Servicing Agreement) and the continuation of such failure for a period of 15 Business Days following receipt of written notice from the Covered Bond Guarantor, provided that such failure may prejudice the activities of the Servicer under the Servicing Agreement;
- (iii) inability of the Servicer to meet the legal requirements and the Bank of Italy's regulations for entities acting as servicer;
- (iv) termination of the appointment of the First Special Servicer, if the Servicer and the First Special Servicer are the same entity.

The Covered Bond Guarantor may terminate (*revocare*) the appointment of the Special Servicer upon the occurrence of any of the following termination events:

- (i) the occurrence of an Insolvency Proceeding with respect to the Special Servicer or the Special Servicer resolving upon the entering into an Insolvency Proceeding or a voluntary liquidation;
- (ii) failure by the Special Servicer to observe or perform certain of its duties (as set out under the Servicing Agreement) and the continuation of such failure for a period of 15 Business Days following receipt of written notice from the Covered Bond Guarantor, provided that such failure may prejudice the activities of the Special Servicer under the Servicing Agreement;
- (iii) termination of the appointment of the Servicer, if the Servicer and the First Special Servicer are the same entity.

#### *Governing Law*

The Servicing Agreement, and any non-contractual obligations arising out of or in connection with the Servicing Agreement, is governed by Italian law.

### **3. Subordinated Loan Agreement**

Pursuant to the Subordinated Loan Agreement, the Subordinated Loan Provider granted the Covered Bond Guarantor a Subordinated Loan for a maximum amount equal to Euro 35,000,000,000, or such other higher amount which will be notified by the Subordinated Loan Provider to the Covered Bond Guarantor in accordance with the terms of the Subordinated Loan Agreement (the **Maximum Amount**). Under the provisions of the Subordinated Loan Agreement, upon the relevant disbursement notice being filed by the Covered Bond Guarantor, the Subordinated Loan Provider shall make advances to the Covered Bond Guarantor in amounts equal to (i) with respect to the first advance, the purchase price of the Initial Portfolio, and (ii) for any subsequent advance, the amount from time to time necessary to (a) purchase Further Portfolios transferred in the context of Integration Assignments (aimed at purchasing Eligible Assets and Integration Assets for curing a breach of the Mandatory Tests) and Issuance Collateralisation Assignments or (b) include in the Portfolio Liquid Assets or Integration Assets to satisfy the Liquidity Buffer Target Amount and/or the Exposure Limit if applicable.

The Covered Bond Guarantor shall pay any amounts due under the Subordinated Loan in accordance with the relevant Priorities of Payments. The Subordinated Loan shall be remunerated by way of (i) the Base Interest Amount, and (ii) the Additional Interest Amount.

### *Governing Law*

The Subordinated Loan Agreement, and any non-contractual obligations arising out of or in connection with the Subordinated Loan Agreement, is governed by Italian law.

### **4. Covered Bond Guarantee**

On or about the First Issue Date the Covered Bond Guarantor issued the Covered Bond Guarantee securing the payment obligations of the Issuer under the Covered Bonds, in accordance with Article 7-bis of Law 130 and Article 4 of the MEF Decree as applicable until the Implementation Date, and Articles 7-sexies, paragraph 1, letter (c) and 7-quaterdecies of Law 130 as applicable from the Implementation Date.

Under the terms of the Covered Bond Guarantee, if the Issuer defaults in the payment on the due date (subject to any applicable grace periods) of any monies due and payable under or pursuant to the Covered Bonds, or if any other Issuer Event of Default or an Article 74 Event occurs, the Covered Bond Guarantor has agreed (subject as described below) to pay, or procure to be paid, following service by the Representative of the Covered Bondholders of a Notice to Pay or an Article 74 Notice to Pay (which has not been withdrawn), unconditionally and irrevocably, any amounts due under the Covered Bonds as and when the same were originally due for payment by the Issuer, as of any Maturity Date or, if applicable, Extended Maturity Date.

Pursuant to Articles 7-sexies, paragraph 1, letter (c) and 7-quaterdecies of Law 130, the guarantee provided under the Covered Bond Guarantee is a first demand (*a prima richiesta*), unconditional, irrevocable (*irrevocabile*) and independent guarantee (*garanzia autonoma*) and therefore provides for direct and independent obligations of the Covered Bond Guarantor *vis-à-vis* the Covered Bondholders and with limited recourse to the Available Funds, irrespective of any invalidity, irregularity or unenforceability of any of the guaranteed obligations of the Issuer. The provisions of the Italian Civil Code relating to *fideiussione* set forth in articles 1939 (*Validità della fideiussione*), 1941, paragraph 1 (*Limiti della fideiussione*), 1944, paragraph 2 (*Escussione preventiva*), 1945 (*Eccezioni opponibili dal fideiussore*), 1955 (*Liberazione del fideiussore per fatto del creditore*), 1956 (*Liberazione del fideiussore per obbligazione futura*) and 1957 (*Scadenza dell'obbligazione principale*) shall not apply to the Covered Bond Guarantee.

Following the occurrence of an Article 74 Event or an Issuer Event of Default and the service of an Article 74 Notice to Pay (which has not been withdrawn) or a Notice to Pay, the Covered Bond Guarantor shall pay or procure to be paid on the relevant Scheduled Due for Payment Date to the Covered Bondholders an amount equal to those Guaranteed Amounts which shall become due for payment in accordance with the relevant Conditions, but which have not been paid by the Issuer to the relevant Covered Bondholder on the relevant Scheduled Payment Date.

Following the occurrence of a Covered Bond Guarantor Event of Default and the service by the Representative of the Covered Bondholders of a Covered Bond Guarantor Acceleration Notice in respect of all Covered Bonds, which shall become immediately due and repayable, the Covered Bond Guarantor shall pay or procure to be paid on the Due for Payment Date to the Covered Bondholders, the Guaranteed Amounts for all outstanding Covered Bonds.

Following service of an Article 74 Notice to Pay (which has not been withdrawn) or a Notice to Pay on the Covered Bond Guarantor, but prior to the occurrence of a Covered Bond Guarantor Event of Default, payment by the Covered Bond Guarantor of the Guaranteed Amounts pursuant to the

Covered Bond Guarantee will be made, subject to and in accordance with the Post-Issuer Default Priority of Payments, on the relevant Scheduled Due for Payment Date, provided that, if an Extended Maturity Date is envisaged under the relevant Final Terms and actually applied, any amount representing the Final Redemption Amount due and remaining unpaid on the Maturity Date may be paid by the Covered Bond Guarantor on any Scheduled Payment Date thereafter, up to (and including) the relevant Extended Maturity Date. In addition, to the extent that the Covered Bond Guarantor has insufficient monies available after payment of higher ranking amounts and taking into account amounts ranking *pari passu* therewith in the relevant Priorities of Payments, the Covered Bond Guarantor shall make partial payments of the Guaranteed Amounts in accordance with the Post-Issuer Default Priority of Payments.

Following service of a Covered Bond Guarantor Acceleration Notice all Covered Bonds will accelerate against the Covered Bond Guarantor in accordance with the Conditions, becoming due and payable, and they will rank *pari passu* amongst themselves and the Available Funds shall be applied in accordance with the Post-Guarantor Default Priority of Payments.

All payments of Guaranteed Amounts by or on behalf of the Covered Bond Guarantor will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or other governmental charges of whatever nature unless such withholding or deduction of such taxes, assessments or other governmental charges are required by law or regulation or administrative practice of any jurisdiction. If any such withholding or deduction is required, the Covered Bond Guarantor will pay the Guaranteed Amounts net of such withholding or deduction and shall account to the appropriate tax authority for the amount required to be withheld or deducted. The Covered Bond Guarantor will not be obliged to pay any amount to any Covered Bondholder in respect of the amount of such withholding or deduction.

#### *Exercise of rights*

Following the occurrence of an Article 74 Event and service of an Article 74 Notice to Pay (which has not been withdrawn) on the Covered Bond Guarantor, but prior to the occurrence of a Covered Bond Guarantor Event of Default, the Covered Bond Guarantor in accordance with the provisions of Article 7-*quaterdecies* of Law 130 shall temporarily substitute the Issuer with respect to all obligations of the Issuer towards the Covered Bondholders in accordance with the terms and conditions originally set out for the Covered Bonds, so that the rights of payment of the Covered Bondholders in such circumstance will only be the right to receive payments of the Scheduled Interest and the Scheduled Principal from the Covered Bond Guarantor on the Scheduled Due for Payment Date. In consideration of the substitution of the Covered Bond Guarantor in the performance of the payment obligations of the Issuer under the Covered Bonds, the Covered Bond Guarantor (directly or through the Representative of the Covered Bondholders) shall exercise, on an exclusive basis, the rights of the Covered Bondholders *vis-à-vis* the Issuer and any amount recovered from the Issuer will be part of the Available Funds.

Following the occurrence of an Issuer Event of Default (other than the event referred under Condition 12(c)(iv)) and service of a Notice to Pay on the Covered Bond Guarantor, but prior to the occurrence of any Covered Bond Guarantor Event of Default, the Covered Bond Guarantor, in accordance with the provisions set forth under the Covered Bond Guarantee, shall substitute the Issuer with respect to all obligations of the Issuer towards the Covered Bondholders in accordance with the terms and conditions originally set out for the Covered Bonds, so that the rights of payment

of the Covered Bondholders in such circumstance will only be the right to receive payments of the Scheduled Interest and the Scheduled Principal from the Covered Bond Guarantor on the Scheduled Due for Payment Date. In consideration of the substitution of the Covered Bond Guarantor in the performance of the payment obligations of the Issuer under the Covered Bonds, the Covered Bond Guarantor (directly or through the Representative of the Covered Bondholders) shall exercise, on an exclusive basis, the right of the Covered Bondholders *vis-à-vis* the Issuer and any amount recovered from the Issuer will be part of the Available Funds.

Following the occurrence of an Issuer Event of Default referred under Condition 12(c)(iv)) and service of a Notice to Pay on the Covered Bond Guarantor, but prior to the occurrence of a Covered Bond Guarantor Event of Default, as of the date of administrative liquidation (*liquidazione coatta amministrativa*) or to the greatest extent permissible by law, resolution (*risoluzione*) of the Issuer, the Covered Bond Guarantor in accordance with the provisions of Article 7-*quaterdecies* of Law 130 shall substitute the Issuer with respect to all obligations of the Issuer towards the Covered Bondholders in accordance with the terms and conditions originally set out for the Covered Bonds, so that the rights of payment of the Covered Bondholders in such circumstance will only be the right to receive payments of the Scheduled Interest and the Scheduled Principal from the Covered Bond Guarantor on the Scheduled Due for Payment Date. In consideration of the substitution of the Covered Bond Guarantor in the performance of the payment obligations of the Issuer under the Covered Bonds, the Covered Bond Guarantor (directly or through the Representative of the Covered Bondholders) shall exercise, on an exclusive basis, the rights of the Covered Bondholders *vis-à-vis* the Issuer and any amount recovered from the Issuer will be part of the Available Funds.

As a consequence and as expressly indicated in the Conditions, the Covered Bondholders have irrevocably delegated to the Covered Bond Guarantor (also in the interest and for the benefit of the Covered Bond Guarantor) the exclusive right to proceed against the Issuer to enforce the performance of any of the payment obligations of the Issuer under the Covered Bonds, including any rights of enforcing any acceleration of payment provisions provided under the Conditions or under the applicable legislation. For this purpose the Representative of the Covered Bondholders, on behalf of the Covered Bondholders, upon request of the Covered Bond Guarantor, shall provide the Covered Bond Guarantor with any powers of attorney and/or mandates as the latter may deem necessary or expedient for taking all necessary steps to ensure the timely and correct performance of its mandate.

In each case the Guaranteed Amounts does not include any additional amounts payable under Condition 11(a) (*Gross up by Issuer*).

#### *Governing Law*

The Covered Bond Guarantee, and any non-contractual obligations arising out of or in connection with the Covered Bond Guarantee, is governed by Italian law.

### **5. Administrative Services Agreement**

Pursuant to the Administrative Services Agreement, the Administrative Services Provider has agreed to provide the Covered Bond Guarantor with a number of administrative services, including keeping of the corporate books and the accounting and tax registers of the Covered Bond Guarantor.

### *Governing Law*

The Administrative Services Agreement, and any non-contractual obligations arising out of or in connection with the Administrative Services Agreement, is governed by Italian law.

### **6. Intercreditor Agreement**

Under the terms of the Intercreditor Agreement, the parties thereto agreed that all the Available Funds of the Covered Bond Guarantor will be applied in or towards satisfaction of the Covered Bond Guarantor's payment obligations towards the Covered Bondholders and the Secured Creditors, in accordance with the relevant Priorities of Payments provided in the Intercreditor Agreement.

According to the Intercreditor Agreement, the Representative of the Covered Bondholders will, subject to a Covered Bond Guarantor Event of Default having occurred, ensure that all the Available Funds are applied in or towards satisfaction of the Covered Bond Guarantee's payment obligations towards the Covered Bondholders and the Secured Creditors, in accordance with the Post-Guarantor Default Priority of Payments provided in the Intercreditor Agreement.

The obligations owed by the Covered Bond Guarantor to each of the Covered Bondholders and each of the Secured Creditors will be limited recourse obligations of the Covered Bond Guarantor. The Covered Bondholders and the Secured Creditors will have a claim against the Covered Bond Guarantor only to the extent of the Available Funds, in each case subject to and as provided for in the Intercreditor Agreement and the other Transaction Documents.

The Covered Bond Guarantor has granted a general irrevocable mandate to the Representative of the Covered Bondholders, also in the interest and for the benefit of the Covered Bondholders and the Secured Creditors, to act in the name and on behalf of the Covered Bond Guarantor on the terms and conditions specified in the Intercreditor Agreement, so that the Representative of the Covered Bondholders shall be entitled to exercise the rights of the Covered Bond Guarantor under the Transaction Documents to which it is a party, subject as provided for under the Intercreditor Agreement.

### *Back-up Servicer*

Pursuant to the Intercreditor Agreement, the Issuer has undertaken that, within 45 Business Days following the date on which the rating of the Issuer is lower than Baa3 by Moody's, it shall identify and propose to the Covered Bond Guarantor and the Representative of the Covered Bondholders one or more entities, having the characteristics required for the Successor Servicer under the Servicing Agreement, which would be prepared to act as back-up servicer (the **Back-up Servicer**) in the context of the Programme.

Upon receipt of a notification from the Issuer identifying one or more entities as provided above and indicating the commercial terms pursuant to which such entities may act as such and as Successor Servicer (upon termination of the appointment of the Servicer), the Covered Bond Guarantor (subject to the prior written approval of the Representative of the Covered Bondholders), will, within 15 Business Days, designate one of those entities to act as Back-up Servicer and enter into an agreement (in form and substance reasonably satisfactory to the Representative of the Covered Bondholders) with the entity so designated (the **Back-up Servicing Agreement**), pursuant to which such Back-up Servicer shall agree that, upon termination of the Servicer in accordance with the provisions of the Servicing Agreement, it shall perform the servicing of the Portfolio substantially on the same terms

and conditions provided under the Servicing Agreement, it being understood that the Covered Bond Guarantor shall not be considered in breach of this Agreement nor be held liable if, at the end of that period, no Back-up Servicing Agreement has been executed and the Covered Bond Guarantor may prove to the Representative of the Covered Bondholders (to the reasonable satisfaction of the Representative of the Covered Bondholders) that the negotiations (on economic and technical matters) with one or more entities identified in accordance with the paragraph above have not been completed and that the Back-up Servicing Agreement has not been executed for reasons which are not attributable to the Covered Bond Guarantor.

#### *Governing Law*

The Intercreditor Agreement, and any non-contractual obligations arising out of or in connection with the Intercreditor Agreement, is governed by Italian law.

### **7. Cash Management and Agency Agreement**

Pursuant to the Cash Management and Agency Agreement the Account Banks, the Cash Manager, the Paying Agent, the Luxembourg Listing Agent, the Servicer, the Administrative Services Provider and the Calculation Agent will provide the Covered Bond Guarantor with certain calculation, notification and reporting services together with account handling and cash management services in relation to monies from time to time standing to the credit of the Accounts.

In particular, under the Cash Management and Agency Agreement:

- (a) the Relevant Account Bank will provide, inter alia, the Covered Bond Guarantor with account handling services in relation to monies from time to time standing to the credit of the Accounts;
- (b) the Cash Manager will provide, inter alia, the Covered Bond Guarantor with a report (on or prior to each Quarterly Report Date), together with certain cash management services in relation to monies standing to the credit of the Accounts;
- (c) the Calculation Agent will provide, inter alia, the Covered Bond Guarantor: (i) with the Payments Report, which will set out the Available Funds and the payments to be made on the immediately succeeding Guarantor Payment Date in accordance with the applicable Priorities of Payments; and (ii) with the Investor Report, which will set out certain information with respect to the Portfolio and the Covered Bonds;
- (d) the Paying Agent will provide the Issuer and the Covered Bond Guarantor with certain payment services.

#### *Account Banks*

The Accounts will be opened in the name of the Covered Bond Guarantor and shall be operated by the Relevant Account Bank, and the amounts standing to the credit thereof shall be debited and credited in accordance with the provisions of the Cash Management and Agency Agreement.

On behalf of the Covered Bond Guarantor, the Relevant Account Bank shall maintain or ensure that records in respect of each of the Accounts are maintained and such records will, on or prior to each Quarterly Report Date, show separately: (i) the balance of each of the Accounts as of the immediately preceding Collection Date; (ii) the total interest accrued and paid on the Accounts as of

the immediately preceding Collection Date; and (iii) details of all amounts or securities credited to, and transfers made from, each of the Accounts in the course of the immediately preceding Collection Period. The Relevant Account Bank will provide information to the Covered Bond Guarantor, the Representative of the Covered Bondholders, the Administrative Services Provider and/or the Calculation Agent, upon their request, regarding the balance of the Accounts.

Pursuant to the Cash Management and Agency Agreement, it is a necessary requirement that the Account Banks shall always maintain the Minimum Required Account Bank Rating provided for under the Cash Management and Agency Agreement, provided that failure by Intesa Sanpaolo to so qualify shall not constitute a termination event in relation to it, but shall trigger the other consequences described under the Cash Management and Agency Agreement.

Each Account Bank may resign from its appointment under the Cash Management and Agency Agreement and the Covered Bond Guarantor and the Representative of the Covered Bondholders may jointly terminate the appointment of each Account Bank pursuant to the terms of the Cash Management and Agency Agreement. Each Account Bank shall not be released from its obligations under the Cash Management and Agency Agreement until its substitute, to be appointed by the Representative of the Covered Bondholders and the Covered Bond Guarantor jointly, has entered into the Cash Management and Agency Agreement, the Intercreditor Agreement and the Master Definitions Agreement and has accepted the security created under the Pledge Agreement and the Deed of Charge and Assignment.

#### *Cash Manager*

On each Guarantor Payment Date, the Cash Manager shall, subject to receiving the Payments Report from the Calculation Agent, execute the payment instructions stated by the Calculation Agent and shall allocate the amounts standing on the Payment Account according to the relevant Priorities of Payments, except for the payments to be carried out by the Paying Agent under the outstanding Covered Bonds.

During each Collection Period, the Cash Manager may instruct the Relevant Account Bank to invest funds standing to the credit of the Relevant Investment Account in Eligible Investments on behalf of the Covered Bond Guarantor.

Subject to compliance with the definition of Eligible Investments and the other restrictions set out in the Cash Management and Agency Agreement, the Cash Manager shall have absolute discretion as to the types and amounts of Eligible Investments which it may acquire and as to the terms on which, through whom and on which markets, any purchase of Eligible Investments may be effected. As long as the Relevant Account Bank meets the requirements under the Cash Management and Agency Agreement, with particular regard to the Minimum Required Account Bank Rating and the Collection Accounts and the Relevant Investment Account constitute Eligible Investments, the Cash Manager will be under no obligation or duty whatsoever to instruct or consider instructing the Relevant Account Bank to invest funds standing to the credit of the Relevant Investment Account in any other Eligible Investment.

The Cash Manager shall provide instructions to the Account Bank to transfer from the Liquidity Buffer Account to the Investment Account the necessary funds needed to ensure payments due by the Covered Bond Guarantor.

On or prior to each Quarterly Report Date, the Cash Manager shall deliver a copy of its report to, inter alios, the Covered Bond Guarantor, the Representative of the Covered Bondholders and the Calculation Agent; such report shall include information on the Eligible Investments.

The Cash Manager may resign from its appointment under the Cash Management and Agency Agreement and the Covered Bond Guarantor and the Representative of the Covered Bondholders may jointly terminate the appointment of the Cash Manager pursuant to the terms of the Cash Management and Agency Agreement. The Cash Manager shall not be released from its obligations under the Cash Management and Agency Agreement until its substitute, to be appointed by the Representative of the Covered Bondholders and the Covered Bond Guarantor jointly, has entered into the Cash Management and Agency Agreement, the Intercreditor Agreement and the Master Definitions Agreement and has accepted the security created under the Pledge Agreement and the Deed of Charge and Assignment.

#### *Calculation Agent*

The Calculation Agent will prepare (i) on or prior to each Calculation Date and on any other date on which the verifications of the Tests, the Liquidity Buffer Target Amount and the Exposure Limit are required pursuant to the Transaction Documents, the Asset Cover Report, pursuant to the provisions of the Portfolio Administration Agreement, and (ii) on or prior to each Calculation Date, a Payments Report, subject to receipt by it of reports from the Servicer, the Cash Manager, the Account Banks, the Hedging Counterparties and the Administrative Services Provider, which will set out the Available Funds and payments to be made on the immediately succeeding Guarantor Payment Date in accordance with the applicable Priorities of Payments. Such Payments Report will be available for inspection during normal business hours at the registered office of the Luxembourg Listing Agent.

On or prior to the Investor Report Date, the Calculation Agent shall prepare and deliver to the Issuer, the Covered Bond Guarantor, the Representative of the Covered Bondholders, the Servicer, the Administrative Services Provider, the Luxembourg Listing Agent, the Cash Manager and the Rating Agency, the Investor Report in electronic format setting out certain information with respect to the Portfolio and the Covered Bonds.

#### *Paying Agent*

Prior to the delivery of an Article 74 Notice to Pay (or following the relevant withdrawal) or a Notice to Pay, the Paying Agent shall make payments of principal and interest in respect of the Covered Bonds on behalf of the Issuer in accordance with the Conditions, the relevant Final Terms and the Cash Management and Agency Agreement.

Following the delivery of an Article 74 Notice to Pay (which has not been withdrawn), a Notice to Pay or a Covered Bond Guarantor Acceleration Notice, the Relevant Account Bank, shall make payments of principal and interest, in accordance with the Covered Bond Guarantee, the relevant Priorities of Payments and the relevant provisions of the Cash Management and Agency Agreement.

Pursuant to the Cash Management and Agency Agreement, it is a necessary requirement that the Paying Agent shall always maintain the Minimum Required Paying Agent Rating provided for under the Cash Management and Agency Agreement, and failure to so qualify shall constitute a termination event thereunder.



### *Luxembourg Listing Agent*

The Luxembourg Listing Agent will, upon and in accordance with the written instructions of the Issuer and, after the occurrence of an Issuer Event of Default, the Covered Bond Guarantor or, following the occurrence of a Covered Bond Guarantor Event of Default, the Representative of the Covered Bondholders received at least 5 (five) calendar days before the proposed publication date, arrange for publication of any supplement to this Base Prospectus and any notice which is to be given to the Covered Bondholders by publication in the Luxembourg Stock Exchange website or alternatively in a newspaper having general circulation in Luxembourg – or by any other means time to time acceptable by the Luxembourg Stock Exchange – and will maintain one copy thereof at its address and will supply a copy thereof to the Issuer, Paying Agent, Monte Titoli and, if applicable, the Luxembourg Stock Exchange.

The Luxembourg Listing Agent will (a) promptly forward to the Issuer, the Paying Agent, the Administrative Services Provider, the Representative of the Covered Bondholders and the Covered Bond Guarantor a copy of any notice or communication addressed to the Covered Bond Guarantor or the Issuer by any Covered Bondholders and which is received by the Luxembourg Listing Agent; (b) make available to the Issuer, the Covered Bond Guarantor and the Paying Agent such information in its possession as is reasonably required for the maintenance of the records in respect of all the Accounts; (c) comply with the listing rules of the Luxembourg Stock Exchange and the *Commission de Surveillance du Secteur Financier* in connection with the Programme; and (d) promptly inform the Covered Bond Guarantor and/or the Representative of the Covered Bondholders of any fact which may affect its duties in connection with the Programme.

### *Termination*

Upon the occurrence of certain events, including CA-CIB as Account Bank or the Paying Agent ceasing to maintain the respective Minimum Required Ratings (it being understood that, if Intesa Sanpaolo ceases to have the Minimum Required Account Bank Rating, no Termination Event in respect of Intesa Sanpaolo shall occur if Intesa Sanpaolo fully, duly and timely complies with the provisions of the Cash Management and Agency Agreement), either the Issuer (only prior to the occurrence of an Issuer Event of Default and with respect to certain agents only), the Representative of the Covered Bondholders or the Covered Bond Guarantor, provided that (in the case of the Covered Bond Guarantor) the Representative of the Covered Bondholders consents in writing to such termination, may terminate the appointment of CA-CIB as Account Bank, of the Cash Manager, the Paying Agent, the Luxembourg Listing Agent and the Calculation Agent, as the case may be, under the terms of the Cash Management and Agency Agreement.

### *Governing Law*

The Cash Management and Agency Agreement, and any non-contractual obligations arising out of or in connection with the Cash Management and Agency Agreement, is governed by Italian law.

## **8. Portfolio Administration Agreement**

Pursuant to the Portfolio Administration Agreement, the Calculation Agent has agreed to verify the compliance of the Tests, the Liquidity Buffer Target Amount, the Exposure Limit and the Observed Eligible OC Amount and, in the event of any breach, to immediately notify in writing, *inter alios* and as applicable, the Representative of the Covered Bondholders, the Issuer, the Seller, the Guarantor, the Asset Monitor, the Servicer, the Paying Agent, the Hedging Counterparties and the Rating

Agency of such breach. Moreover, on each Calculation Date, the Calculation Agent shall deliver an Asset Cover Report including the relevant calculations in respect of the Tests the Liquidity Buffer Target Amount, the Exposure Limit and the Observed Eligible OC Amount to, *inter alios*, the Issuer, the Covered Bond Guarantor, the Seller, the Representative of the Covered Bondholders, the Asset Monitor and the Hedging Counterparties.

Under the Portfolio Administration Agreement, the Issuer has undertaken to carry out certain remedies in case of breach of the Tests, the Liquidity Buffer Target Amount, the Exposure Limit and the Observed Eligible OC Amount (as described in the section headed “*Credit Structure*”), including certain obligations for the replenishment of the Portfolio in order to cure any breach of the Mandatory Tests.

*Sale of Selected Assets, Integration Assets and Liquid Assets following the occurrence of an Article 74 Event or an Issuer Event of Default*

Following the service of an Article 74 Notice to Pay (which has not been withdrawn) or of a Notice to Pay and prior to the occurrence of any Covered Bond Guarantor Event of Default, if necessary in order to effect timely payments under the Covered Bonds and/or in order to meet the Liquidity Buffer Target Amount and the Observed Eligible OC Amount, as resulting from the Payments Report, the Servicer, or any other third party appointed by the Representative of the Covered Bondholders, in the name and on behalf of the Covered Bond Guarantor, shall sell Selected Assets in accordance with the Portfolio Administration Agreement, subject to any pre-emption right of the Seller or the Additional Sellers (if any) pursuant to the relevant Master Transfer Agreement. The proceeds of any such sale shall be credited to the Relevant Investment Account.

In particular, if the Servicer, or any other third party appointed by the Representative of the Covered Bondholders, in the name and on behalf of the Covered Bond Guarantor, is required to sell Selected Assets, it will promptly select, through a tender process, and in the name and on behalf of the Covered Bond Guarantor will appoint, a bank or investment company or an auditing firm of a recognised standing, with a long experience in the management, sale and/or financing of portfolio of assets equivalent to Eligible Assets in the Portfolio, to act as portfolio manager (the **Portfolio Manager**), on a basis intended to incentivise the Portfolio Manager to achieve the best price for the sale of such Selected Assets, to advise the Servicer, or any other third party appointed by the Representative of the Covered Bondholders, in the sale, in the name and on behalf of the Covered Bond Guarantor, of Selected Assets. The Servicer, or any other third party appointed by the Representative of the Covered Bondholders, will be required to comply with the advice given by the Portfolio Manager.

The Servicer, or any other third party appointed by the Representative of the Covered Bondholders, in the name and on behalf of the Covered Bond Guarantor, will instruct the Portfolio Manager to use all reasonable endeavours to procure that Selected Assets are sold as quickly as reasonably practicable taking into account the prevailing market conditions at that time and the scheduled repayment dates of the Covered Bonds, the Conditions and the terms of the Covered Bond Guarantee.

Before offering Selected Assets for sale in accordance with the Portfolio Administration Agreement, the Servicer, or any other third party appointed by the Representative of the Covered Bondholders, on behalf of the Covered Bond Guarantor, shall ensure, also through the Portfolio Manager, that: (i)

the Selected Assets have been selected from the Portfolio on a Random Basis; (ii) no more Selected Assets will be selected than necessary for the estimated sale proceeds to equal the Adjusted Required Redemption Amount, (iii) the Selected Assets have an aggregate Current Balance in an amount which is as close as possible to the amount calculated in accordance with the provisions of the Portfolio Administration Agreement.

In addition to any required sale of Selected Assets as described above, if the Servicer, or any other third party appointed by the Representative of the Covered Bondholders, in the name and on behalf of the Covered Bond Guarantor, is required to sell Selected Assets as indicated above, or if a Supplemental Liquidity Event has occurred which is continuing, then the Servicer, or any other third party appointed by the Representative of the Covered Bondholders, in the name and on behalf of the Covered Bond Guarantor, shall have the right (but shall not be under the obligation) to sell Selected Assets in order to fund or replenish the Supplemental Liquidity Reserve Account up to the Supplemental Liquidity Reserve Amount, provided that the aggregate Current Balance of such Selected Assets shall not exceed the Supplemental Liquidity Available Amount. The Servicer, or any other third party appointed by the Representative of the Covered Bondholders, in the name and on behalf of the Covered Bond Guarantor, will offer the Selected Assets for sale for the best price reasonably available. Any proceeds of such sale shall be credited to the Supplemental Liquidity Reserve Account.

Following the delivery of an Article 74 Notice to Pay (which has not been withdrawn) or a Notice to Pay (and prior to the occurrence of any Covered Bond Guarantor Event of Default), if necessary in order to effect timely payments under the Covered Bonds and/or in order to meet the Liquidity Buffer Target Amount and the Exposure Limit, as resulting from the Payments Report and upon consultation of the Calculation Agent with the Portfolio Manager, all the Integration Assets and Liquid Assets (other than cash deposits) shall be sold by the Servicer, or any other third party appointed by the Representative of the Covered Bondholders, in the name and on behalf of the Covered Bond Guarantor, at prevailing market conditions as quickly as reasonably practicable. The proceeds of any such sale shall be credited to the Relevant Investment Account.

*Sale of Selected Assets, Integration Assets and Liquid Assets following a breach of the Pre-Maturity Liquidity Test*

Following a breach of the Pre-Maturity Liquidity Test in accordance with Condition 9(m) (*Pre-Maturity Liquidity Test*), the Servicer, or any other third party appointed by the Representative of the Covered Bondholders, in the name and on behalf of the Covered Bond Guarantor shall (if such breach has not been already cured by the Issuer in accordance with the Conditions), sell, subject to any pre-emption right of the Seller or the Additional Sellers (if any) pursuant to the relevant Master Transfer Agreement, Selected Assets, Integration Assets and Liquid Assets in accordance with the Portfolio Administration Agreement for an amount equal to the Adjusted Required Redemption Amount of the Series of Hard Bullet Covered Bonds to which such Pre-Maturity Liquidity Test relates, by the earlier of (a) 20 Business Days from the date on which the Issuer is notified of the breach of the Pre-Maturity Liquidity Test, and (b) the Maturity Date of that Series of Hard Bullet Covered Bonds, it being understood that if not remedied, an Issuer Event of Default will occur and, accordingly, the Representative of the Covered Bondholders shall deliver a Notice to Pay in accordance with the Conditions. The proceeds of any such sale shall be credited to the Relevant Investment Account.

### *Sale of Selected Assets, Integration Assets and Liquid Assets following the occurrence of a Covered Bond Guarantor Event of Default*

Following the occurrence of a Covered Bond Guarantor Event of Default and the delivery of a Covered Bond Guarantor Acceleration Notice, the Representative of the Covered Bondholders shall, in the name and on behalf of the Covered Bond Guarantor (so authorised by means of the execution of the Portfolio Administration Agreement), direct the Servicer, or any other third party appointed by the Representative of the Covered Bondholders, to sell Selected Assets, Integration Assets and Liquid Assets in accordance with the Portfolio Administration Agreement, subject to any pre-emption right of the Seller or the Additional Sellers (if any) pursuant to the relevant Master Transfer Agreement. The proceeds of any such sale shall be credited to the Relevant Investment Account and applied in accordance with the relevant Priorities of Payments.

### *Governing Law*

The Portfolio Administration Agreement, and any non-contractual obligations arising out of or in connection with the Portfolio Administration Agreement, is governed by Italian law.

## **9. Asset Monitor Agreement**

Pursuant to the Asset Monitor Agreement, the Asset Monitor has agreed to perform certain tests, verification and procedures and carry out certain monitoring and reporting services with respect to the Issuer and the Covered Bond Guarantor.

In particular, the Asset Monitor has agreed with the Issuer and, upon the delivery of an Article 74 Notice to Pay (and until the date of its withdrawal) and/or a Notice to Pay, with the Covered Bond Guarantor, subject to due receipt of the information to be provided by the Calculation Agent, to conduct independent tests and verifications in respect of the calculations performed by the Calculation Agent for the Tests, the Liquidity Buffer Target Amount, the Exposure Limit and the Observed Eligible OC Amount.

The Asset Monitor will be required to conduct such tests and verifications no later than the relevant Asset Monitor Report Date. On each Asset Monitor Report Date, the Asset Monitor shall deliver the Asset Monitor Report to, *inter alios*, the Covered Bond Guarantor, the Calculation Agent, the Representative of the Covered Bondholders and the Issuer.

Under the Asset Monitor Agreement, the Asset Monitor has acknowledged and accepted that its services will be carried out also for the benefit and in the interest of the Covered Bond Guarantor and the Representative of the Covered Bondholders.

The Issuer and (with effect as from the service of an Article 74 Notice to Pay (and until the date of its withdrawal) and/or a Notice to Pay) the Covered Bond Guarantor may, subject to the prior written consent of the Representative of the Covered Bondholders, terminate the appointment of the Asset Monitor in accordance with the termination provisions of the Asset Monitor Agreement. In any case, no revocation of the appointment of the Asset Monitor shall take effect until a successor has been duly appointed in accordance with the provisions of the Asset Monitor Agreement.

Pursuant to article 7-sexiesdecies, paragraph 2, of Law 130, the Issuer or the Guarantor (as the case may be) shall terminate the appointment of the Asset Monitor by giving written notice to the Asset Monitor, if the Asset Monitor ceases to be independent from the Issuer or any other party to the

Programme or its appointment no longer satisfies the requirements set forth by Law 130 and BoI OBG Regulations.

The Asset Monitor may, at any time, resign in accordance with the resignation provisions of the Asset Monitor Agreement. Such resignation will be subject to and conditional upon, *inter alia*, a substitute Asset Monitor being appointed by the Issuer or (upon delivery of an Article 74 Notice to Pay - and until the date of its withdrawal - or a Notice to Pay) the Covered Bond Guarantor.

#### *Governing Law*

The Asset Monitor Agreement, and any non-contractual obligations arising out of or in connection with the Asset Monitor Agreement, is governed by Italian law.

### **10. Quotaholders' Agreement**

Pursuant to the Quotaholders' Agreement, the Quotaholders have undertaken certain obligations in relation to the management of the Covered Bond Guarantor. In addition, Stichting Viridis 2 has granted a call option in favour of the Issuer to purchase from Stichting Viridis 2, and Intesa Sanpaolo has granted a put option in favour of Stichting Viridis 2 to sell to Intesa Sanpaolo, the quota of the Issuer's quota capital held by Stichting Viridis 2.

#### *Governing Law*

The Quotaholders' Agreement, and any non-contractual obligations arising out of or in connection with the Quotaholders' Agreement, is governed by Italian law.

### **11. Dealer Agreement**

Pursuant to the Dealer Agreement, the parties thereto have agreed upon the conditions under which the Covered Bonds may be issued and sold, from time to time, by the Issuer to the Dealers or any other dealers and the Issuer and the Covered Bond Guarantor have undertaken to indemnify the Dealers for all costs, liabilities, charges, expenses and claims incurred by or made against the Dealers arising out of, in connection with or based on breach of duty or misrepresentation by the Issuer and/or the Covered Bond Guarantor.

The Dealer Agreement contains provisions relating to the resignation or termination of appointment of the existing Dealers and for the appointment of additional or other dealers acceding as new dealer (i) generally in respect of the Programme, or (ii) in relation to a particular issue of a Series of Covered Bonds.

The Dealer Agreement contains stabilisation provisions.

Pursuant to the Dealer Agreement, the Issuer and the Covered Bond Guarantor have given certain representations and warranties to the Dealers in relation to, *inter alia*, themselves and the information given by each of them in connection with this Base Prospectus.

#### *Governing Law*

The Dealer Agreement, and any non-contractual obligations arising out of or in connection with the Dealer Agreement, is governed by Italian law.

## 12. Subscription Agreement

The Dealer Agreement also contains the *pro forma* of the Subscription Agreement to be entered into in relation to each issue of Covered Bonds.

On or prior to the relevant Issue Date, the Issuer and the Relevant Dealers will enter into a subscription agreement under which the Relevant Dealers will agree to subscribe for the relevant tranche of Covered Bonds, subject to the conditions set out therein.

Under the terms of the Subscription Agreement, the Relevant Dealers will confirm the appointment of the Representative of the Covered Bondholders.

### *Governing Law*

The Subscription Agreement, and any non-contractual obligations arising out of or in connection with the Subscription Agreement, will be governed by Italian law.

## 13. Pledge Agreement

Pursuant to the Pledge Agreement the Covered Bond Guarantor pledged in favour of the Secured Creditors all the monetary claims and rights and all the amounts payable from time to time (including payment for claims, indemnities, damages, penalties, credits and guarantees) to which the Covered Bond Guarantor is entitled pursuant or in relation to the Italian Law Transaction Documents.

### *Governing Law*

The Pledge Agreement, and any non-contractual obligations arising out of or in connection with the Pledge Agreement, is governed by Italian law.

## 14. Deed of Charge and Assignment

Pursuant to the Deed of Charge and Assignment, the Covered Bond Guarantor has assigned by way of security to, and charged in favour of, the Representative of the Covered Bondholders (acting in its capacity as trustee for itself and the Secured Creditors), all of its rights, title, interest and benefit from time to time in and to the Swap Agreements.

### *Governing Law*

The Deed of Charge and Assignment, and any non-contractual obligations arising out of or in connection with the Deed of Charge and Assignment, is governed by English law.

## 15. Swap Agreements

### **Swap Agreements**

The Covered Bond Guarantor may enter into one or more swap transactions (each a **Swap Transaction**) with Hedging Counterparties in order to hedge certain risks. Each Swap Transaction with a Hedging Counterparty will be governed by a 1992 ISDA Master Agreement (Multicurrency-Cross Border), as published by the International Swap and Derivatives Association, Inc. (**ISDA**), the Schedule thereto (the **Master Agreement**) as supplemented by a 1995 Credit Support Annex (English Law) published by ISDA (the **CSA**) entered into with that Hedging Counterparty and a confirmation (the **Swap Confirmation**) evidencing the terms of such transaction, all governed by

English law (the Master Agreement, the CSA and the Swap Confirmations, together the **Swap Agreement**).

Under the terms of each Swap Agreement, in the event that the rating(s) of the relevant Hedging Counterparty, or any guarantor of the relevant Hedging Counterparty's obligations, is downgraded by the Rating Agency below the rating(s) specified in the relevant Master Agreement for that Hedging Counterparty or any guarantor of that Hedging Counterparty, that Hedging Counterparty will, in accordance with the relevant Master Agreement, be required to take certain remedial measures which may include:

- (a) providing collateral for its obligations under the Swap Agreement, or
- (b) arranging for its obligations under the Swap Agreement to be transferred to an entity with the rating(s) required under the Swap Agreement, or
- (c) procuring another entity with the rating(s) required under the Swap Agreement to become co-obligor or guarantor in respect of its obligations under the Swap Agreement.

A failure to take such steps within the time periods specified in the Master Agreement will allow the Covered Bond Guarantor to terminate the relevant Swap Agreement.

The Swap Agreement may also be terminated in certain other circumstances pursuant to any other events of default and termination events set out in the Swap Agreement (each a **Swap Early Termination Event**), including, if there is a failure by the a party to make timely payments of any amounts due under the Swap Agreement and upon the occurrence of the insolvency of the Hedging Counterparty or any guarantor of that Hedging Counterparty.

Upon the termination of the Swap Agreement pursuant to a Swap Early Termination Event, the Covered Bond Guarantor or the relevant Hedging Counterparty may be liable to make a termination payment to the other in accordance with the provisions of the Swap Agreement. Such payment will be made in accordance with the Priority of Payments set out in the Intercreditor Agreement.

#### ***Collateralisation under the Credit Support Annex***

Under the CSA, if required to do so following a downgrade of a Hedging Counterparty, or any guarantor of that Hedging Counterparty, as the case may be, and subject to the conditions specified in the CSA, such Hedging Counterparty will make transfers of collateral to the Covered Bond Guarantor in support of its obligations under the relevant Swap Agreement (the **Swap Collateral**) and the Covered Bond Guarantor will be obliged to return equivalent collateral in accordance with the terms of the CSA where there is a subsequent reduction in the exposure of the Covered Bond Guarantor to the Hedging Counterparty.

Any Swap Collateral required to be posted by the relevant Hedging Counterparty pursuant to the terms of the relevant CSA may be delivered in the form of cash or securities. Cash amounts will be paid into an account opened with respect to each Hedging Counterparty, designated a "**Collateral Account – Cash**" and securities will be transferred to an account opened with respect to each Hedging Counterparty, designated a "**Collateral Account – Securities**".

If a Collateral Account – Cash and/or a Collateral Account – Securities are opened in relation to a Swap, cash and securities (and all income in respect thereof) transferred as collateral will only be

available to be applied in returning collateral (and income thereon) or in satisfaction of amounts owing by the relevant Hedging Counterparty in accordance with the terms of the relevant CSA.

Any Swap Collateral will be returned by the Covered Bond Guarantor to the relevant Hedging Counterparty directly in accordance with the terms of the relevant CSA and not under the Priorities of Payments, provided that, in the event of early termination of the Swap Agreement, the Swap Collateral may be applied in accordance with the terms of the Master Agreement.

### ***Asset Swap Transactions***

The Covered Bond Guarantor may enter into one or more swap transactions on or about the date of the transfer of each Portfolio or on or about each Issue Date with the Hedging Counterparty in order to, *inter alia*, hedge the interest rate risks and/or currency risks related to the transfer of each Portfolio.

Some of the Mortgage Loans in each Portfolio will pay a floating rate of interest which may or may not be subject to a cap and some of the Mortgage Loans will pay a fixed rate of interest. However, the payments to be made by the Covered Bond Guarantor under the Liability Swap Transactions will be generally based on EURIBOR.

To provide a hedge against the possible variance between:

- (a) the rates of interest payable on the Mortgage Loans in each Portfolio; and
- (b) EURIBOR,

the Covered Bond Guarantor and the Hedging Counterparty may enter into Asset Swap Transactions in respect of the various Portfolios held by the Covered Bond Guarantor.

### ***Liability Swap Transactions***

Where Covered Bonds are issued in a currency and/or on an interest rate basis different to the Asset Swap Transactions, the Covered Bond Guarantor may enter into Liability Swap Transactions.

In respect of a Series of Covered Bonds denominated in Euros, the Covered Bond Guarantor will pay to the Hedging Counterparty an amount in Euros calculated with reference to a floating rate of interest and in return the Hedging Counterparty will pay to the Covered Bond Guarantor the amount of interest due on the relevant Series of Covered Bonds.

Each Liability Swap Transaction which may be entered into in connection with a Series of Covered Bond will terminate on the Maturity Date of the relevant Series of Covered Bond or, if applicable under the relevant Final Terms and agreed by the Parties, on the Extended Maturity Date or the Long Date Due For Payment Date, as the case may be, unless terminated earlier in accordance with its terms.

### ***Governing Law***

The Swap Agreements are governed by English law.

Notwithstanding the above, the Covered Bond Guarantor could enter into hedging agreements, other than the Swap Agreements, in order to hedge the interest rate and/or currency risk related to the transfer of each Portfolio or to the Covered Bonds.

## **16. Swap Service Agreements**



Pursuant to the Swap Service Agreements, Intesa Sanpaolo and any other party which may enter in the Programme has agreed or will agree, as the case may be, to provide the Covered Bond Guarantor with certain services due under the Swap Agreement in order to implement the provisions relating, *inter alia*, to the reporting activities imposed by EMIR Regulation.

Pursuant to the Swap Service Agreements, no additional fees are due to Intesa Sanpaolo, in its capacity as Swap Service Provider, other than the fees due to the same entity in its capacity as Hedging Counterparty under the Swap Agreement.

#### *Governing Law*

The Swap Service Agreements, and any non-contractual obligations arising out of or in connection with the Swap Service Agreements, are governed by Italian law.

### **17. Master Definitions Agreement**

Under the Master Definitions Agreement, the parties thereto have agreed upon the definitions of certain terms utilised in the Transaction Documents.

#### *Governing Law*

The Master Definitions Agreement, and any non-contractual obligations arising out of or in connection with the Master Definitions Agreement, is governed by Italian law.

### **18. Accounts Pledge Agreement**

Under the terms of the Accounts Pledge Agreement, the Covered Bond Guarantor has agreed to pledge (i) the credit balance standing to the credit of each of the CA-CIB Investment Account, the CA-CIB Interest Securities Collection Account and the CA-CIB Principal Securities Collection Account and (ii) the CA-CIB Securities Account and the CA-CIB Eligible Investments Account, in favour of the Representative of the Covered Bondholders.

#### *Governing Law*

The Accounts Pledge Agreement is governed by French law.

## SELECTED ASPECTS OF ITALIAN LAW

*The following is an overview only of certain aspects of Italian law that are relevant to the transactions described in this Base Prospectus and of which prospective Covered Bondholders should be aware. It is not intended to be exhaustive and prospective Covered Bondholders should also read the detailed information set out elsewhere in this Base Prospectus.*

### **Law 130 and BoI OBG Regulations. General remarks**

Law 130 was enacted on 30 April 1999 and was conceived to simplify the securitisation process and to facilitate the increased use of securitisation as a financing technique in the Republic of Italy. Law 130 was further amended during the following years.

Law Decree No. 35 of 14 March 2005, converted with amendments into law by Law no. 80 of 14 May 2005, amended Law 130 as applicable until the entry into force of the BoI OBG Regulations added by adding articles 7-bis and 7-ter to Law 130, for the purpose of allowing Italian banks to use the securitisation techniques introduced by Law 130 in view of issuing covered bonds (*obbligazioni bancarie garantite*).

The covered bonds are regulated by the supervisory instructions of the Bank of Italy relating to covered bonds under Third Part, Chapter 3, of the circular no. 285 of 17 December 2013, containing the “*Disposizioni di vigilanza per le banche*” as further implemented and amended, (the **BoI OBG Regulations**). Pursuant to the BoI OBG Regulations, the covered bonds may be issued also by banks which are member of banking groups meeting, as of the date of issuance of the covered bonds, certain requirements relating to the consolidated regulatory capital and the consolidated solvency ratio at the group’s level. Such requirements must be complied with, as of the date of issuance of the covered bonds, also by banks selling the assets, where the latter are different from the bank issuing the covered bonds and do not fall within the same banking group.

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

- Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of covered bonds and covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EU (the **Covered Bond Directive**); and
- Regulation (EU) 2019/2160 of the European Parliament and of the Council of 27 November 2019 amending Regulation (EU) No 575/2013 as regards exposures in the form of covered bonds (the **Covered Bond Regulation**).

The Covered Bond Regulation and the Covered Bond Directive amended certain provisions of the CRR on covered bonds and introduced standards on the issuance of covered bonds and covered bond public supervision. More in particular, the new Regulation makes certain amendments to the CRR to strengthen the quality of the covered bonds eligible for favorable capital treatment, and the new Directive aims to harmonize the regulation and treatment of covered bonds across EU Member States.

Pursuant to the Covered Bond Directive, Member States had to implement the Covered Bond Directive by 8 July 2021 and the transposing provisions shall apply from 8 July 2022 at the latest. The Covered Bond Regulation shall apply from 8 July 2022.

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

- the Bank of Italy is the competent authority for the supervision on covered bonds;
- the implementing provisions shall provide for the exercise of the option granted by Article 17 of the Covered Bond Directive, allowing for the issue of covered bonds with extendable maturity structures; and
- the implementing provisions shall grant the Bank of Italy with the power to exercise the option to set for covered bonds a minimum level of overcollateralization lower than the thresholds set out under Article 1 of the Covered Bond Regulation (i.e. 2% or 5% depending on the assets included in the cover pool).

The Covered Bond Directive was transposed into the Italian legal framework by means of Legislative Decree 5 November 2021, n. 190 (the **Decree 190**) which modified Law 30 April 1999, n.130 and entered into force on December 1st, 2021.

In this respect, the national legislator chose to exercise the following options provided by the Covered Bond Directive: (i) the possibility not to apply the liquidity requirement of the cover pool limited to the period covered by the liquidity requirement provided for in Delegated Regulation (EU) 2015/61; (ii) the possibility of allowing the issuance of covered bonds with extendable maturity structures; (iii) the possibility of allowing the calculation of the liquidity requirement of the cover pool in case of programs with extendable maturity by taking as a reference the final maturity date for the payment of principal.

Moreover, the Decree 190 designates the Bank of Italy as the competent authority for the public supervision of the covered bonds, and it was entrusted with the issuing of the implementing measures of the Title I-*bis* of Law 130, as amended, by 8 July 2022, in accordance with article 3, paragraph 2, of Decree 190 (the **Implementing Provisions**).

In this respect, the provisions of Law 130, as amended by Decree 190, apply to covered bonds issued starting from 8 July 2022, in certain cases subject to entry into force of the Implementing Provisions as referred to under article 3, paragraph 2, of Decree 190 by 8 July 2022.

On 30 March 2023 the Bank of Italy published the Implementing Provisions which entered into force on 31 March 2023 amending the Part III, Chapter 3 of the Circular of the Bank of Italy No. 285 of 17 December 2013.

The Implementing Provisions amended the Circolare 285 with regard, *inter alia*, to (i) the definition of the criteria for the assessment of the eligible assets and the conditions for including derivative contracts with hedging purposes among covered bonds eligible assets; (ii) the procedures for calculating hedging requirements; (iii) the conditions for issuing new issuance programmes; (iv) the possibility also for banks with credit rating 3 to act as counterparties of a derivative contract with hedging purposes; and (v) the conditions for issuing Covered Bonds under already existing programmes, as of the date of the entry into force of the Implementing Provisions.

In accordance with the Decree 190:

- until the entry into force of the Bank of Italy Instructions (i.e., 31 March 2023), covered bonds have been issued pursuant to article 7-*bis* of the Law No. 130 of 30 April 1999 as applicable until the entry into force of the Implementing Provisions amending the Bank of Italy Regulation, the Decree of the Ministry of Economy and Finance of 14 December 2006, No. 310 (the **Decree 310**), the previous version of the supervisory instructions of the Bank of Italy containing the “*Disposizioni di Vigilanza per le Banche*” relating to covered bonds (*Obbligazioni Bancarie Garantite*) under Part III, Chapter 3, of the Circular No. 285 dated 17 December 2013 and the previous version of article 129 of the CRR; and
- as of the entry into force of the Implementing Provisions amending the Bank of Italy Regulations (i.e., 31 March 2023), covered bonds will be issued pursuant to the provisions of Title I-*bis* of Law 130, the new Bank of Italy Regulations, as amended, and the Article 129 of the CRR, as amended by the Covered Bond Regulation.

### ***Basic structure of a covered bond issue***

The structure provided under Title I-*bis* of Law 130 with respect to the issue of covered bonds may be summarised as follows:

- a bank transfers a pool of eligible assets pursuant to Law 130 and Article 129 of the CRR (i.e. the cover pool) to an Article 7-*septies* special purpose vehicle (the **SPV**);
- the bank grants the SPV a subordinated loan in order to fund the payment by the SPV of the purchase price due for the cover pool;
- the bank issues the covered bonds which are supported by a first demand, unconditional, autonomous and irrevocable guarantee issued by the SPV for the exclusive benefit of the

holders of the covered and the hedging counterparties involved in the transaction. The guarantee is backed by the entire cover pool held by the SPV.

Title I-bis of Law 130 however also allows for structures which contemplate different entities acting respectively as cover pool provider, subordinated loan provider and covered bonds issuer.

### **The Special Purpose Vehicle**

On 8 May 2015, the Ministerial Decree No. 53/2015 (the **Decree 53/2015**) issued by the Ministry of Economy and Finance has been published in the Official Gazette of the Republic of Italy. The Decree 53/2015 came into force on 23 May 2015, repealing the Decree No. 29/2009. Pursuant to Article 7 of the Decree 53/2015, the assignee companies which guarantee covered bonds, belonging to a banking group as defined by Article 60 of the Banking Law (such as ISP CB Ipotecario S.r.l.), will no longer have to be registered in the general register held by the Bank of Italy pursuant to Article 106 of the Banking Law.

### **Eligibility criteria of the assets and limits to the assignment of assets**

Under Law 130, the following assets, *inter alia*, may be assigned to the purchasing company, together with any ancillary contracts aimed at hedging the financial risks embedded in the relevant assets: (a) receivables deriving from loans secured by residential property up to the lesser of the principal amount of the liens that are combined with any prior liens and 80% of the value of the pledged properties, in accordance with Article 129, Paragraph 1, letter (d) of the CRR; (b) receivables deriving from loans secured by commercial immovable property up to the lesser of the principal amount of the liens that are combined with any prior liens and 60% of the value of the pledged properties from, in accordance with Article 129, Paragraph 1, letter (f) of the CRR; (c) (i) the assets referred to in Article 129, Paragraph 1, letter (c) which meet the requirements of Article 129, Paragraph 1, letter (a) of the CRR and of the art. 7-novies of Law 130, and (ii) any debt securities or other exposures referred to in Article 129, Paragraph 1, letters (a) and (b) of the CRR; and (d) the assets referred to in Article 7-duodecies, Paragraph 2, letters (a) and (b) of Law 130, provided that such assets meet the requirements to qualify as eligible assets under Article 129 of the CRR and Law 130 also in the form of substitution assets.

In addition, pursuant to Article 7-novies, Paragraph 2, of Law 130:

- (i) the real estate assets securing the receivables must be located in an admitted State;
- (ii) such real estate assets must be insured against the risk of damage;
- (iii) if such the real estate asset is located in an admitted State other than a Member State of the European Union, the relevant security interest must be enforceable in all relevant jurisdictions and may be enforced within a reasonable time;
- (iv) the hardening period for the claw back of the relevant security interest has elapsed pursuant to, as the case may be, Article 67 of the Insolvency Law or same provisions set forth under law of other eligible states; and
- (v) in case of assets which are not directly originated by the issuing bank, the issuing bank has performed an evaluation of the credit quality of the debtors prior to the transfer to the cover pool or has verified the adequacy of the credit quality evaluation criteria adopted by the originator of the eligible assets.

The substitution of eligible assets included in the portfolio with other eligible assets of the same nature is also permitted, provided that certain conditions indicated under the BoI OBG Regulations are met and such option is expressly provided in the program and in the issuing prospectus.

### **Public Disclosure**

Pursuant to Article 7-septiesdecies of Law 130, the issuing bank shall publish, at least quarterly, including on its website and in accordance with the implementing provisions of the Bank of Italy, information on issuance programmes in order to enable investors to perform an informed assessment of the issuances and the associated risks.

Section V of the BoI OBG Regulations, which sets out the relevant information to be provided to the investors.

### **Ring-Fencing of the assets**

Under the terms of Article 3 of Law 130, all the receivables relating to a Law 130 transaction, the relevant collections and the financial assets purchased using the collections arising from the relevant receivables will by operation of law be segregated for all purposes from all other assets of the special purpose vehicle and from those relating to the other Law 130 transactions carried out by the same special purpose vehicle. On a winding up of the special purpose vehicle such assets will only be available to holders of the covered bonds in respect of which the special purpose vehicle has issued the covered bond guarantee and to the other secured creditors of the special purpose vehicle. In addition, the assets relating to a particular covered bond transaction will not be available to the holders of covered bonds issued under any other covered bond transaction or to general creditors of the special purpose vehicle.

However, under Italian law, any other creditor of the special purpose vehicle which is not a party to the transaction documents would be able to commence insolvency or winding up proceedings against the special purpose vehicle in respect of any unpaid debt.

### **The assignment**

The assignment of receivables under Law 130 is governed by Article 58, paragraphs 2, 3 and 4 of the Banking Law. The prevailing interpretation of these provisions, which view has been strengthened by Article 4 of Law 130, is that:

- (a) as from the date of publication in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) of the notice of assignment of the relevant receivables in accordance with the applicable provisions of Article 58 of the Banking Law, the assignment of the relevant receivables will become enforceable against:
  - (i) any creditors of the seller of the relevant receivables who have not commenced enforcement by means of obtaining an attachment order (*pignoramento*) prior to the date of publication of the notice of assignment of the relevant receivables;
  - (ii) a receiver in the insolvency of the seller of the relevant receivables; and
  - (iii) prior assignees of the relevant receivables who have not perfected their assignment by way of (A) notifying the assigned debtors or (B) making the assigned debtors acknowledge the assignment by an acceptance bearing a date certain at law (*data*

*certa*) prior to the date of publication of the notice of assignment of the relevant receivables or in any other way permitted under applicable law,

without the need to follow the ordinary rules under Article 1265 of the Italian Civil Code as to making the assignment effective against third parties; and

- (b) as from the later of (A) the date of the publication of the notice of assignment of the relevant receivables, and (B) the date of registration (*iscrizione*) of such notice with the Companies' Register of the district where the issuer is enrolled, in accordance with the applicable provisions of Article 58 of the Banking Law, the assignment of the relevant receivables will also become enforceable against:
  - (i) the assigned debtors; and
  - (ii) a receiver in the insolvency of the assigned debtors (so that any payments made by an assigned debtor to the purchasing company may not be subject to any claw back action according to Article 65 and Article 67 of the Insolvency Law) or, after the entry into force of the Crisis Code, Article 166 or Article 164, Paragraph 1, of the Crisis Code,

without the need to follow the ordinary rules under Article 1264 of the Italian Civil Code as to making the assignment effective against the assigned debtor.

The benefit of any privilege, guarantee or security interest guaranteeing or securing repayment of the relevant receivables will automatically be transferred to and perfected with the same priority in favour of the special purpose vehicle, without the need for any formality or annotations.

As from the date of publication of the assignment of the relevant receivables in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*), no legal action may be brought to attach the relevant receivables, or the sums derived therefrom, other than for the purposes of enforcing the rights of the holders of the covered bonds and to meet the costs of the transaction.

Notices of the assignment of the Initial Portfolio and of the Further Portfolios pursuant to the Master Transfer Agreement were published in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) and were filed with the Companies' Register of Milan.

### **Exemption from claw-back**

Assignments executed under Law 130 are subject to revocation on bankruptcy under Article 67 of the Insolvency Law, or, after the entry into force of the Crisis Code, Article 166 of the Crisis Code but only in the event that the transaction is entered into (i) in cases where paragraph 2 of article 67 applies, or, after the entry into force of the Crisis Code, paragraph 2 of Article 166 of the Crisis Code, within three months of the adjudication of bankruptcy of the relevant party or (ii) in cases where paragraph 1 of Article 67 applies, or, after the entry into force of the Crisis Code, paragraph 1 of Article 166 of the Crisis Code, within six months of the adjudication of bankruptcy.

The subordinated loans to be granted to the special purpose vehicle and the covered bond guarantee are subject to the provisions of Article 67, paragraph 4, of the Insolvency Law, or, after the entry into force of the Crisis Code, of Article 166, paragraph 4, of the Crisis Code, pursuant to which the provisions of Article 67 of the Insolvency Law or, after the entry into force of the Crisis Code, of

Article 166 of the Crisis Code, relating to the claw back of for-consideration transactions, payments and guarantees do not apply to certain transactions.

In addition to the above, any payments made by an assigned debtor to the special purpose vehicle may not be subject to any claw back action according to Article 65 and 67 of the Insolvency Law, or, after the entry into force of the Crisis Code, Article 166 or Article 164, paragraph 1 of the Crisis Code.

### **Tests set out in Law 130**

Pursuant to Article 7-*undecies*, Paragraph 1 of Law 130, the issuing bank and the assigning bank (to the extent different from the issuing bank), will have to ensure that, in the context of the transaction, the following tests are satisfied on an ongoing basis:

- (i) the outstanding aggregate nominal amount of the portfolio shall be greater than or equal to the aggregate nominal amount of the outstanding covered bonds;
- (ii) the net present value of the portfolio, net of the transaction costs to be borne by the special purpose vehicle, including therein the expected costs and the costs of any hedging arrangement entered into in relation to the transaction, shall be greater than or equal to the net present value of the outstanding covered bonds;
- (iii) the amount of interest and other revenues generated by the portfolio, net of the costs borne by the special purpose vehicle, shall be greater than or equal to the interest and costs due by the bank under the outstanding covered bonds, taking also into account any hedging arrangements entered into in relation to the transaction.



It being understood that, for the calculations of the mandatory tests, the issuing bank shall comply, *inter alia*, with the following criteria:

- (i) pursuant to Article 7-*undecies*, paragraph 2, letter (a) of Law 130, unsecured receivables, in the event of a default pursuant to Article 178 of Regulation (EU) No 575/2013, shall not contribute to the calculations of the mandatory tests;
- (ii) pursuant to Article 7-*undecies*, paragraph 2, letter (b) of Law 130, the costs related to maintenance and administration for the winding-down of the covered bonds programme may be calculated as a lump sum;
- (iii) pursuant to Article 7-*undecies*, paragraph 2, letter (c) of Law 130, the liquid assets (as defined under Article 7-*duodecies* of Law 130) shall contribute to the calculations of the mandatory tests provided that they comply with the conditions for qualifying as eligible assets set out under Article 7-*novies*, paragraph 1, letter (a), of Law 130;
- (iv) pursuant to Article 7-*undecies*, paragraph 2, letter (d) of Law 130, the calculation of the interest generated by the assets included in the cover pool and the interest due by the Issuer on the Covered Bonds outstanding shall be made on the basis of prudent criteria and criteria consistent with the applicable accounting principles
- (v) pursuant to Article 7-*undecies*, paragraph 2, letter (f) of Law 130, the methodologies for the calculation of the numerator and denominator of the mandatory tests are based on criteria consistent with each other.

In addition, pursuant to Article 129, paragraph 3(a), of the CRR, in addition to being collateralised by the assets, covered bonds shall be subject to a minimum level of 5% of overcollateralisation.

#### ***The Liquidity Buffer Target Amount***

Pursuant to Article 7-*duodecies*, paragraph 1 of Law 130, the Issuer ensures on an ongoing basis, for the entire duration of the cover bond programme, that the segregated assets include a liquidity reserve that is at least equal to the maximum cumulative net outflow of liquidity over the next 180 days.

The liquidity buffer reserve is composed of the following liquid assets (the **Liquid Assets**) having the characteristics set forth in Article 7-*duodecies*, paragraph 2, of Law 130:

- (i) high quality liquid assets (as identified in Commission Delegated Regulation (EU) 2015/61);
- (ii) exposures with an original maturity of ninety days or less to credit institutions that qualify for credit quality steps 1 or 2 or short-term exposures to credit institutions that are classified for credit quality steps 1, 2 or 3 in accordance with Article 129, paragraph 1, letter (c) of the CRR.

#### ***The features of the covered bond guarantee***

According to Article 7-*quaterdecies*, Paragraph 1, of Law 130, the covered bond guarantee shall be limited recourse to the portfolio, irrevocable, first demand, unconditional and autonomous from the obligations assumed by the issuer of the covered bonds. Accordingly, such obligations shall be a

direct, unconditional, unsubordinated obligation of the special purpose vehicle, limited recourse to the special purpose vehicle's available funds, irrespective of any invalidity, irregularity or unenforceability of any of the guaranteed obligations of the issuer of the covered bonds.

In order to ensure the autonomous and independent nature of the covered bond guarantee, Article 7-*quaterdecies*, Paragraph 1, of Law 130 provides that the following provisions of the Italian Civil Code, generally applicable to personal guarantees (*fideiussioni*), shall not apply to the covered bond guarantee: (a) Article 1939, providing that a *fideiussione* shall not generally be valid where the guaranteed obligation is not valid; (b) Article 1941, paragraph 1, providing that a *fideiussione* cannot exceed the amounts due by the guaranteed debtor, nor can it be granted for conditions more onerous than those pertaining to the main obligation; (c) Article 1944, paragraph 2, providing, *inter alia*, that the parties to the contract pursuant to which the *fideiussione* is issued may agree that the guarantor shall not be obliged to pay before the attachment is carried out against the guaranteed debtor; (d) Article 1945, providing that the guarantor can raise against the creditor any objections (*eccezioni*) which the guaranteed debtor is entitled to raise, except for the objection relating to the lack of legal capacity; (e) Article 1955, providing that a *fideiussione* shall become ineffective (*estinta*) where, as a consequence of acts of the creditor, the guarantor is prevented from subrogating into any rights, pledges, mortgages, and liens (*privilegi*) of the creditor; (f) Article 1956, providing that the guarantor of future receivables shall not be liable where the creditor – without the authorisation of the guarantor – has extended credit to a third party, while being aware that the economic conditions of the principal obligor were such that recovering the receivable would have become significantly more difficult; (g) Article 1957, providing, *inter alia*, that the guarantor will be liable also after the guaranteed obligation has become due and payable, provided that the creditor has filed its claim against the guaranteed debtor within six months and has diligently pursued them.

#### **The obligations of the covered bond guarantor following a liquidation of the Issuer**

Law 130 also sets out certain principles which are aimed at ensuring that the payment obligations of the special purpose vehicle are isolated from those of the issuer of covered bonds. To that effect it requires that the covered bond guarantee contains provisions stating that the relevant obligations thereunder shall not accelerate upon the issuer's default, so that the payment profile of the covered bonds shall not automatically be affected thereby.

More specifically, Article 7-*quaterdecies*, Paragraph 2, of Law 130 provides that in the event of a breach by the issuer of its obligations *vis-à-vis* the covered bondholders, the special purpose vehicle shall assume the obligations of the issuer – within the limits of the portfolio – in accordance with the terms and conditions originally set out for the covered bonds. The same provision applies where the issuer is subject to mandatory liquidation procedures (*liquidazione coatta amministrativa*).

In addition, the acceleration (*decadenza dal beneficio del termine*) provided for by Article 1186 of the Civil Code and affecting the issuer shall not affect the payment obligations of the special purpose vehicle under the covered bond guarantee. Pursuant to Article 7-*quaterdecies*, Paragraph 3, of Law 130, the limitation in the application of Article 1186 of the Civil Code shall apply not only to the events expressly mentioned therein, but also to any additional event of acceleration provided for in the relevant contractual arrangements.

In accordance with Article 7-*quaterdecies*, Paragraph 3, of Law 130, in case of a *liquidazione coatta amministrativa* or resolution of the issuer, the special purpose vehicle shall assume the obligations of

the issuer *vis-à-vis* the covered bondholders - within the limits of the cover pool - in accordance with the terms and conditions originally set out for the covered bonds and shall exercise the rights of the covered bondholders *vis-à-vis* the issuer in accordance with the legal regime applicable to the issuer. Any amount recovered by the special purpose vehicle as a result of the exercise of such rights shall be deemed to be included in the portfolio.

In the event of a suspension of payments pursuant to article 74 of the Banking Law, the special purpose vehicle shall assume the obligations of the issuer *vis-à-vis* the covered bonds holders - within the limits of the cover pool – only with respect to the receivables due and payable during the suspension period. The special purpose vehicle shall exercise recourse against the issuer for the amounts paid.

In accordance with Article 7-*quaterdecies*, paragraph 4, of Law 130, in case of *liquidazione coatta amministrativa* of the issuer, the covered bonds holders shall concur to the distribution of the issuer's assets, to the extent remaining after the enforcement of the Covered Bond Guarantee, with the unsecured creditors of the issuer, including, in the case provided for in Article 7-*quinqüesdecies*, paragraph 2, of Law 130, the derivatives counterparties.

### **Controls over the transaction**

The Section IV of the BoI OBG Regulations lay down rules on controls over transactions involving the issuance of Covered Bonds.

*Inter alia*, in order to provide support to the resolutions passed on the assignment of portfolios to the special purpose vehicle, both in the initial phase of transactions and in later phases, the assigning bank shall request to an auditing firm a confirmation (*relazione di stima*) stating that, on the basis of the activities carried out by that auditing firm, there are no reasons to believe that the appraisal criteria utilised in order to determine the purchase price of the assigned assets are not in line with the criteria which the assigning bank must apply when preparing its financial statements. The above-mentioned confirmation is not required if the assignment is made at the book value, as recorded in the latest approved financial statements of the assigning bank, on which the auditors have issued a clean opinion. The above-mentioned confirmation is not required if any difference between the book value and the purchase price of the relevant assets is exclusively due to standard financial fluctuations of the relevant assets and is not in any way related to reductions in the qualitative aspects of those assets and/or the credit risk related to the relevant debtors.

The management body of the issuing bank must ensure that the internal structures delegated to the risk management verify at least every six months and for each transaction, *inter alia*:

- (i) quality and integrity of the assets sold to the special purpose vehicle securing the obligations undertaken by the latter;
- (ii) compliance with the maximum ratio between covered bonds issued and the portfolio sold to the special purpose vehicle for purposes of backing the issue and with the liquidity buffer target amount, in accordance with the Articles 7-*undecies* and 7-*duodecies* of Law 130 and Section III of the BoI OBG Regulations;
- (iii) compliance with the internal operational limits on the sale of Assets and the limits to Integration set out by the BoI OBG Regulations;

- (iv) effectiveness and adequacy of the coverage of risks provided under derivative agreements entered into in connection with the transaction; and
- (v) completeness, accuracy and timeliness of information available to investors pursuant to section V of the BoI OBG Regulations.

The bodies with management responsibilities of issuing banks and banking groups ensure that an assessment is carried out on the legal aspects (*profili giuridici*) of the activity on the basis of specially issued legal opinions setting out an in-depth analysis of the contractual structures and schemes adopted, with a particular focus on, *inter alia*, the characteristics of the covered bond guarantee.

Pursuant to Article 7-sexiesdecies of Law 130, the controls over (a) the regularity of the transaction (*regolarità dell'operazione*), (b) the compliance with the requirement of Section III of the BoI OBG Regulations, (c) the integrity of the covered bond guarantee (*integrità della garanzia*), and (d) on the disclosure to investors will also be carried out by an external party appointed by the issuing bank (the **Asset Monitor**). The Asset Monitor is also requested to carry out controls over the information to be provided to investors (*informativa agli investitori*). Pursuant to the BoI OBG Regulations, the Asset Monitor shall be an auditing firm having adequate professional experience in relation to the tasks entrusted with the same and independent from (a) the bank entrusting the same and (b) the other entities which take part to the transaction. In order to meet this independence requirement the auditing firm entrusted with the monitoring must be different from the one entrusted with the auditing of the issuing bank and the selling bank (if different from the issuing bank) and the special purpose vehicle.

The Asset Monitor shall prepare annual reports on controls and assessments on the performance of transactions, to be addressed, *inter alia*, to the body entrusted with control functions of the bank which appointed the Asset Monitor. The BoI OBG Regulations refer to the provisions of Article 52 and 61, paragraph 5, of the Banking Law, which impose on persons responsible for such control functions specific obligations to report to the Bank of Italy and to the provisions of Article 7-sexiesdecies of Law 130.

In order to ensure that the special purpose vehicle can perform, in an orderly and timely manner, the obligations arising under the covered bond guarantee, the issuing banks shall use asset and liability management techniques for purposes of ensuring, including by way of specific controls at least every six months, that the payment dates of the cash-flows generated by the portfolio substantially match the payments dates with respect to payments due by the issuing bank under the covered bonds issued and other transaction costs.

Finally, in relation to the information flows, the parties to the covered bonds transactions shall assume contractual undertakings allowing the issuing bank (and the assigning bank, if different) also acting as servicer (and any third party servicer, if appointed) to hold the information on the portfolio which are necessary to carry out the controls described in the BoI OBG Regulations and for the compliance with the supervisory reporting obligations, including therein the obligations arising in connection with the participation to the central credit register (*Centrale dei Rischi*).

### **Set-off**

The assignment of receivables under Law 130 is governed by Article 58, paragraph 2, 3 and 4, of the Banking Law. According to the prevailing interpretation of such provision, such assignment

becomes enforceable against the relevant Debtors as of the later of: (i) the date of the publication of the notice of assignment in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*), and (ii) the date of registration of the notice of assignment in the Companies' Register of the place where the Covered Bond Guarantor has its registered office. Consequently, the rights of the Covered Bond Guarantor may be subject to the direct rights of the Debtors against the Seller, including rights of set-off on claims existing prior to publication in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) and registration in the Companies' Register of the place where the Covered Bond Guarantor has its registered office. In addition, the exercise of set-off rights by Debtors may adversely affect any sale proceeds of the Portfolio and, ultimately, the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee.

Law Decree No. 145 introduced, *inter alia*, certain amendments to article 4 of Law 130. As a consequence of such amendments, it is now expressly provided by Law 130 that the Debtors cannot exercise rights of set-off against the Covered Bond Guarantor on claims arising *vis-à-vis* the Seller after the publication of the notice of assignment in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*).

### **Usury Law**

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

Indeed, the Italian Supreme Court (*Corte di Cassazione*) joint sections (*Sezioni Unite*) (n. 19597 dated 18 September 2020) stated that, in order to assess whether a loan complies with the Usury Law, also default interest rates shall be included in the calculation of the remuneration to be

compared with the Usury Rates. In this respect, should that remuneration be higher than the Usury Rates, only the ‘type’ of rate which determined the breach shall be deemed as null and void. As a consequence, the entire amount referable to the rate which determined the breach of said threshold shall be deemed as unenforceable according to the last interpretation of the Supreme Court.

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

### **Compounding of interest**

Pursuant to article 1283 of the Italian Civil Code, in respect of a monetary claim or receivable, accrued interest may be capitalised after a period of not less than six months or from the date when any legal proceedings are commenced in respect of that monetary claim or receivable. Article 1283 of the Italian Civil Code allows derogation from this provision in the event that there are recognised customary practices to the contrary. Banks and other financial institutions in the Republic of Italy have traditionally capitalised accrued interest on a quarterly basis on the grounds that such practice could be characterised as a customary practice. In 1999, the Italian Supreme Court reversed its stance and found the quarterly capitalisation of interest payable on current accounts to be unlawful. Following this decision, a series of disputes emerged on the subject of the capitalisation of interest for contracts executed prior to that date, whereas the problem was partly resolved for contracts executed after the amendment of Article 120 of the Banking Law introduced in the interim by Legislative Decree No. 342/1999, which made it legal to capitalise interest payable and receivable, provided that both occur with the same frequency.

Article 17-*bis* of Law Decree 18 of 14 February 2016 as converted into Law No. 49 of 8 April 2016 amended article 120, paragraph 2, of the Banking Law, providing that the accrued interest shall not produce further interest, except for default interest, and is calculated exclusively on the principal amount. Paragraph 2 of article 120 of the Banking Law also requires the Comitato Interministeriale per il Credito e il Risparmio (**CICR**) to establish the methods and criteria for the compounding of interest. Decree No. 343 of 3 August 2016 of the CICR, implementing paragraph 2 of Article 120 of the Banking Law, has been published in the Official Gazette No. 212 of 10 September 2016.

### ***Mortgage borrower protection***

Certain legislations enacted in Italy, have given new rights and certain benefits to mortgage debtors and/or reinforced existing rights, including, *inter alia*:

- the right of prepayment of the principal amount of the mortgage loan, without incurring a penalty or, in respect of mortgage loan agreements entered into before 2 February 2007, at a reduced penalty rate (article 120-ter of the Consolidated Banking Act, introduced by Legislative Decree No. 141 of 13 August 2010 as amended by Legislative Decree No. 218 of 14 December 2010);

- the right to the substitution (*portabilità*) of a mortgage loan with another mortgage loan and/or the right to request subrogation by an assignee bank into the rights of their creditors in accordance with article 1202 (*surrogazione per volontà del debitore*) of the Civil Code, by eliminating the limits and costs previously borne by the borrowers for the exercise of such right (article 120-quater of the Consolidated Banking Act, introduced by Legislative Decree No. 141 of 13 August 2010 as amended by Legislative Decree No. 218 of 14 December 2010);
- the right of first home-owners to suspend instalment payments under mortgage loans up to a maximum of two times and for a maximum aggregate period of 18 months (the **Suspension**) (originally introduced by Italian Law No. 244 of 24 December 2007, the **2008 Budget Law**), which has now been extended also to the circumstance of the suspension from work or reduction of working hours for a period of at least 30 days even where the issuance of measures of income support is pending (Law Decree No. 18 of 17 March 2020, as subsequently supplemented by Decree of the Ministry of Economy and Finance of 25 March 2020, amended by Law Decree no. 22 of 8 April 2020 and converted into law no. 27 of 24 April 2020, the **Covid Law**). In addition to the Suspension, the Covid Law has also introduced a 9-month temporary regime (the **Temporary Regime**), which provides for additional opportunities of suspension (*e.g.* in case of fall in turnover (*calo del fatturato*) of self-employed individuals with a VAT code number and independent contractors (*lavoratori autonomi* and *liberi professionisti*) during a quarter falling after (or within the shorter term between the date of request and) 21 February 2020). It shall be noted that, upon expiry of the Temporary Regime, the set of rules under the previously existing legislative framework will remain applicable;
- the right to suspend instalment payments relating to mortgage loans in case of (i) damages which do not permit access to the relevant building, (ii) commercial businesses located in the relevant municipalities up to a maximum period corresponding to the state of emergency as per Council of Ministers Order dated 20 September 2017 and declaration of up to 180 days state of emergency caused by exceptional weather conditions in Livorno, Rosignano Marittimo e Collesalveti (published in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) No. 226 of 27 September 2017 (**Order 226**).
- the right to suspend instalment payments relating to mortgage loans in case of (i) damages which do not permit access to the relevant building, (ii) commercial businesses located in the relevant municipalities up to a maximum period corresponding to the state of emergency as per Council of Ministers Order dated 8 September 2017 and declaration of up to 180 days state of emergency caused by an earthquake in the Ischia Island (published in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) No. 218 of 18 September 2017 (**Order 218**))
- the right to (i) suspend payments (principal instalments only) for a period of up to 12 months; or (ii) to extend the duration up to 100% of the residual term of the loan, in each case subject to the possible increase of the rate of interest and request of additional security

interests or guarantees by the lender ("*Accordo per il Credito 2019*" entered into between ABI and the major associations representing the Italian SMEs on 15 November 2018). As a consequence of the COVID outbreak, the aforesaid measures have now been extended to loans outstanding as at 31 January 2020 and disbursed in favour of micro, small and medium-sized enterprises adversely affected by the pandemic (ABI *Addendum to the Accordo per il Credito 2019* of 6 March 2020) and in favour of large enterprises (ABI *Addendum to the Accordo per il Credito 2019* of 22 May 2020);

- the right to suspend instalment payments relating to mortgage loans in case of (i) damages which do not permit access to the relevant building, (ii) commercial businesses located in the relevant building up to a maximum period corresponding to the state of emergency as per Order no. 598 of 25 July 2019 of the Head of Civil Protection (published in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) No. 182 of 5 August 2019), implementing Council of Ministers Order dated 1 July 2019 (published in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) No. 161 of 11 July 2019) as a consequence of the meteorological events occurred on 11 and 12 June 2019 in the territories of Brescia, Lecco e Sondrio;
- the right to suspend instalment payments relating to mortgage loans in case of (i) impossibility to access to the relevant building, (ii) commercial businesses located in the relevant building up to a maximum period corresponding to the state of emergency as per Order no. 615 of 16 November 2019 of the Head of Civil Protection (published in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) No. 274 of 22 November 2019), implementing Council of Ministers Order dated 14 November 2019 (published in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) No. 270 of 18 November 2019) which declared a 12 month state of emergency caused by the exceptional meteorological events occurred from 19 to 22 October 2019 in the territory of Alessandria;
- the right to suspend instalment payments relating to mortgage loans in case of (i) impossibility to access to the relevant building, (ii) commercial businesses located in the relevant building up to a maximum period corresponding to the state of emergency as per Order no. 616 of 16 November 2019 of the Head of Civil Protection (published in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) No. 273 of 21 November 2019), implementing Council of Ministers Order dated 14 November 2019 (published in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) No. 270 of 18 November 2019) which declared the 12 month state of emergency caused by the meteorological events occurred from 12 November 2019 in the territory of Venice;
- the right to suspend instalment payments relating to mortgage loans in case of (i) damages which do not permit access to the relevant building, (ii) commercial businesses located in the relevant building up to a maximum period corresponding to the state of emergency as per Order no. 619 of 5 December 2019 of the Head of Civil Protection (published in the Official



Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) No. 291 of 12 December 2019), implementing Council of Ministers Order dated 21 November 2019 (published in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) No. 281 of 30 November 2019) which declared the 12 month state of emergency caused by the meteorological events occurred in the territories of Agrigento, Catania, Enna, Messina, Palermo, Ragusa, Siracusa and Trapani;

- the right to suspend instalment payments relating to mortgage loans in case of (i) damages which do not permit access to the relevant building, (ii) commercial businesses located in the relevant building up to a maximum period corresponding to the state of emergency as per Order no. 620 of 6 December 2019 of the Head of Civil Protection (published in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) No. 294 of 16 December 2019), implementing Council of Ministers Order dated 6 November 2019 (published in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) No. 267 of 14 November 2019) which declared the 12 month state of emergency caused by the meteorological events occurred in the territory of Formazza (Verbanio-Cusio-Ossola), as a consequence of the meteorological events occurred on 11 and 12 June 2019;
- the right to suspend instalment payments relating to mortgage loans in case of (i) impossibility to access to the relevant building, (ii) commercial businesses located in the relevant building up to a maximum period corresponding to the state of emergency as per Order no. 622 of 17 December 2019 of the Head of Civil Protection (published in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) No. 299 of 21 December 2019), implementing Council of Ministers Order dated 2 December 2019 (published in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) No. 291 of 12 November 2019) which extended the effects of the 12 month state of emergency declared on 14 November for the territories of Alessandria also to the territories of Abruzzo, Basilicata, Calabria, Campania, Emilia-Romagna, Friuli-Venezia Giulia, Liguria, Marche, Piemonte, Puglia, Toscana e Veneto damaged by meteorological events in November;
- 12-month extension of the state of emergency declared by Council of Ministers Order dated 28 December 2019 relating to the territories of Catania as a consequence of an earthquake, with the possibility to extend the suspension in favour of people damaged by such event up to 28 December 2020 (Council of Ministers Order dated 21 December 2019);
- large-scale moratoria for the purposes of supporting micro-enterprises and small medium-sized enterprises, which grant (i) the freezing of the lenders' right to revoke credit facilities; and (ii) the suspension by operation of law of financings repaid by way of instalments, in each case until 30 September 2020 (Covid Law, as defined above). It should be noted that the amortisation plan relating to the suspended instalments (together with any accessory rights relating thereto) is consistently extended without further formalities in a manner which ensures that no higher charges are borne by the lender or the borrower;

- the right to suspend principal instalment payments under mortgage loans or other loans subject to an amortisation plan by way of instalments for a maximum aggregate period of 12 months, granted in favour of certain categories of borrowers that cannot benefit from the Suspension, upon occurrence of specific events (*e.g.* termination of employment relationships, borrower's death or recognition of disability or civil invalidity, suspension from work or reduction of working hours for a period of at least 30 days even where the issuance of measures of income support is pending) (ABI convention of 21 April 2020, entered into between ABI and the major associations representing consumers);
- the right to suspend, from the 1<sup>st</sup> May 2023 until 30 June 2023 – with reference to companies with operating office as at 1st May 2023 located within the geographic areas mentioned under Schedule 1 of Law Decree no. 61 dated 1 June 2023 and without the application of any interest and/or sanction – instalment payments under (i) payments mentioned under Article 18 of Law no. 580, dated 29 December 1993; (ii) accounting and corporate formalities due on 30 June 2023; and (iii) payment of facility instalments relating to any kind of loan (including, without limitation agricultural credit, improvement credit and ordinary credit, granted by banks, as well as by financial intermediaries registered under the register of Article 106 of the Banking Law).

### ***Mortgage Credit Directive***

Directive 2014/17/EU of the European Parliament and of the Council of 4 February 2014 on credit agreements for consumers relating to residential immovable property and amending Directives 2008/48/EC and 2013/36/EU and Regulation (EU) No 1093/2010 (the **Mortgage Credit Directive**) sets out a common framework for certain aspects of the laws, regulations and administrative provisions of the Member States concerning agreements covering credit for consumers secured by a mortgage or otherwise relating to residential immovable property. The Mortgage Credit Directive provides for, amongst other things:

- standard information in advertising, and standard pre-contractual information;
- adequate explanations to the borrower on the proposed credit agreement and any ancillary service;
- calculation of the annual percentage rate of charge in accordance with a prescribed formula;
- assessment of creditworthiness of the borrower;
- a right of the borrower to make early repayment of the credit agreement; and
- prudential and supervisory requirements for credit intermediaries and non-bank lenders.

The Mortgage Credit Directive came into effect on 20 March 2014.

On 1 June 2015, in accordance with Article 18, Article 20(1) and Article 28 of the Mortgage Credit Directive, the EBA published its final Guidelines on creditworthiness assessment, as well as its final Guidelines on arrears and foreclosure, that support the national implementation by Member States of the Mortgage Credit Directive.

The Mortgage Credit Directive has been implemented in Italy by way of Legislative Decree no. 72 of 21 April 2016 (**Legislative Decree 72**). Legislative Decree 72 introduced into the Banking Law, under Title VI, a new Chapter 1-*bis* in relation to consumer mortgage credit, including, *inter alia*, a new Article 120 *quiquiesdecies*, pursuant to which a consumer and an entity authorised to grant loans in a professional manner in the Republic of Italy who are parties to a mortgage credit agreement may expressly agree, subject to the provisions of Article 2744 of the Italian Civil Code, that, in case of non-payment of eighteen monthly instalments by the relevant debtor, the property of the debtor subject to security or the proceeds deriving from the sale thereof can be transferred to the creditor in discharge of all the outstanding obligations of the debtor *vis-à-vis* the creditor (even if the value of such property or the amount of such proceeds is lower than the residual debt). In the event that the value of the property of the debtor subject to security or amount of the proceeds deriving from the sale thereof is higher than the residual debt, the debtor will be entitled to receive the excess amount. The value of the property shall be determined by an independent expert chosen by the parties, or, if an agreement on the appointment of the expert is not reached between them, by the president of the competent court (*Presidente del Tribunale competente*).

The provisions introduced by the Legislative Decree 72 allow the automatic transfer of the property subject to security from the debtor to the relevant creditor in discharge of all the relevant outstanding obligations.

On 29 September 2016, the Ministry of Economy and Finance - Chairman of CICR (*Comitato Interministeriale per il Credito e il Risparmio*) issued decree no. 380 (the **Decree 380**) which implemented Chapter 1-*bis* of Title VI of the Banking Law, with the view to creating a transparent and efficient market for consumer mortgage credit and providing an adequate level of protection to consumers. Further to Decree 380, on 30 September 2016 the Bank of Italy has published an amended version of its regulations on transparency of banking and financial operations (*Trasparenza delle operazioni e dei servizi bancari e finanziari. Correttezza delle relazioni tra intermediari e clienti*).

### ***Patto Marciano***

On 4 May 2016, Law Decree 3 May 2016, no. 59 (**Decree 59**) came into force introducing, *inter alia*, a new article 48-*bis* into the Banking Law (**Article 48-bis**). The Decree 59 has been converted into Law No. 119 of 30 June 2016, as published in the Official Gazette of the Republic of Italy No. 153 of 2 July 2016.

Pursuant to Article 48-*bis*, a loan agreement entered into between an entrepreneur and a bank, or another entity authorised to grant loans to the public pursuant to article 106 of the Banking Law, may be secured by transferring to the creditor (or to a company of the creditor's group authorised to purchase, hold, manage and transfer rights in rem in immovable property), the ownership of a property or of another immovable right of the entrepreneur or of a third party (which is not the main home of the owner, of the spouse or of his relatives and in-laws up to the third degree). Such transfer is subject to the condition precedent of the debtor defaulting (so-called "*Patto Marciano*", hereafter the **Covenant**).

The Covenant may be stipulated on entering into the loan agreement or, in respect of loan agreements in existence on the date of entry into force of Article 48-*bis*, under a notarial deed made

in the context of subsequent amendments. If the loan is already secured by a mortgage, the transfer subject to the condition precedent of the default, once registered, prevails over annotations and registrations carried out after the mortgage entry.

The default occurs: (i) in case of repayment in monthly instalments, when the failure to pay continues for more than nine months after the expiry of at least three instalments, even if not consecutive, and (ii) in case of repayment in a single instalment or with instalments in periods of more than one month (e.g. quarterly or semi-annual instalments), once nine months have elapsed after the expiry of an unpaid instalment, provided that the aforesaid nine-month periods shall be extended to twelve months if the debtor has repaid at least 85 per cent. of the loan.

In the event of default, the creditor is entitled to avail itself of the effects of the Covenant provided that any difference between the valuation of the right - as assessed by an expert appointed by the court upon request of the creditor - and the total amount of outstanding debt and transfer costs is paid back to the debtor.

Use may be made of the transfer pursuant to article 2 of the Decree 59 even in cases where the right in rem in immovable property covered by the Covenant is subject to forced sale due to expropriation. In this case, the assessment of the debtor's default is carried out - at the creditor's request - by the enforcement court, and the valuation is made by the expert appointed by such court. The transfer to the creditor is subject - in accordance with the procedures established by the enforcement court - to the payment of enforcement charges and of any prior creditors or of any difference between the valuation of the asset and the amount of the unsettled debt. The same procedure applies, insofar as it is compatible, also in cases where the right in rem in immovable property is subject to enforcement in accordance with Presidential Decree D.P.R. no. 602/1973 or if, after the Covenant is registered, the debtor goes bankrupt.

The provisions introduced by the Decree 59 allow the automatic application of the Covenant upon the occurrence of a default (as described above) of the debtor.

## TERMS AND CONDITIONS OF THE COVERED BONDS

*The following is the text of the terms and conditions of the Covered Bonds (other than Registered Covered Bonds) (the **Conditions** and, each of them, a **Condition**). In these Conditions, references to the **holder** of Covered Bonds and to the **Covered Bondholders** are to the ultimate owners of the Covered Bonds, dematerialised and evidenced by book entries with Monte Titoli in accordance with the provisions of (i) Article 83-bis et seq. of the Financial Law and the relevant implementing regulations, and (ii) Regulation 13 August 2018 and published in the Official Gazette No. 201 of 30 August 2018, as subsequently amended and supplemented from time to time.*

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

*In relation to Covered Bonds issued in registered form also as German law governed registered covered bonds (the **Registered Covered Bonds**), the terms and conditions of such Series of Registered Covered Bonds will be as set out in the Registered Covered Bond (and the terms and conditions of the Registered Covered Bonds (the **Registered Covered Bond Conditions**) attached as a Schedule thereto). Any reference to a “Registered Covered Bond Condition” other than in this section shall be deemed to be, as applicable, a reference to the relevant provision of the Registered Covered Bond or the Registered Covered Bonds Conditions attached as a schedule.*

*Any reference to the Conditions or a Condition shall be referred to the Conditions and/or the Registered Covered Bonds Conditions as the context may require. Any reference to the Covered Bondholders shall be referred to the holders of the Covered Bonds and/or the registered holder for the time being of a Registered Covered Bond as the context may require.*

*Any reference to the Covered Bonds will be construed as to including the Covered Bonds issued under the Conditions and/or the Registered Covered Bonds as the context may require.*

### **1 Introduction**

- (a) *The Programme: Intesa Sanpaolo (the **Issuer**) has established on the Programme Date a Covered Bond Programme (the **Programme**) for the issuance of up to an aggregate principal amount of €25,000,000,000 covered bonds (the **Covered Bonds**) guaranteed by ISP CB IPOTECARIO S.r.l. (the **Covered Bond Guarantor**). Covered Bonds are and will be issued pursuant to Law No. 130 of 30 April 1999 (as amended and/or supplemented from time to time, **Law 130**), article 129 of the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, as amended and supplemented from time to time (the **CRR**) and the supervisory instructions of Bank of Italy relating to covered bonds (*Obbligazioni Bancarie Garantite*) under Third Part, Part 3, of the Circular No. 285 of 17 December 2013 containing the “*Disposizioni di vigilanza per le banche*”, as amended and supplemented from time to time (the **BoI OBG Regulations** and, jointly with Law 130 and the CRR, the **OBG Regulations**).*

- (b) *Final Terms:* Covered Bonds are issued in series (each a **Series**) and each Series may comprise one or more tranches (each a **Tranche**). Each Series is the subject of final terms (the **Final Terms**) which completes these Conditions. The terms and conditions applicable to any particular Series of Covered Bonds are these Conditions as completed by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.
- (c) *Covered Bond Guarantee:* Each Series or Tranche of Covered Bonds is the subject of a guarantee dated on or about the Programme Date (the **Covered Bond Guarantee**) entered into by the Covered Bond Guarantor for the purpose of guaranteeing the payments due from the Issuer in respect of the Covered Bonds of all Series or Tranche issued under the Programme. The Covered Bond Guarantee will be collateralised by a cover pool constituted by certain assets assigned from time to time to the Covered Bond Guarantor pursuant to the Master Transfer Agreement and the relevant Transfer Agreement (as defined below) and in accordance with the provisions of the OBG Regulations. The recourse of the Covered Bondholders to the Covered Bond Guarantor under the Covered Bond Guarantee will be limited to the assets of the cover pool. Payments made by the Covered Bond Guarantor under the Covered Bond Guarantee will be made subject to, and in accordance with, the relevant Priority of Payments (as defined below).
- (d) *Dealer Agreement and Subscription Agreement:* In respect of each Series or Tranche of Covered Bonds issued under the Programme, the Relevant Dealer(s) (as defined below) has or have agreed to subscribe for the Covered Bonds and pay to the Issuer the Issue Price for the Covered Bonds on the Issue Date under the terms of a dealer agreement dated on or about the Programme Date, as amended from time to time (the **Dealer Agreement**) between the Issuer, the Covered Bond Guarantor and the dealer(s) named therein (the **Dealers**), as supplemented (if applicable) by a subscription agreement entered (or to be entered) into between the Issuer, the Covered Bond Guarantor and the Relevant Dealer(s) (as defined below) on or about the date of the relevant Final Terms (the **Subscription Agreement**). Under the Dealer Agreement, each of the Dealers has appointed KPMG Fides Servizi di Amministrazione S.p.A. as representative of the Covered Bondholders (in such capacity, the **Representative of the Covered Bondholders**), as described under Condition 14 (*Representative of the Covered Bondholders*).
- (e) *Master Definitions Agreement:* Under a master definitions agreement dated on or about the Programme Date, as amended from time to time (the **Master Definitions Agreement**) between all the parties to each of the Transaction Documents (as defined below), the definitions of certain terms used in the Transaction Documents have been agreed.
- (f) *The Covered Bonds:* Except where stated otherwise, all subsequent references in these Conditions to **Covered Bonds** are to the Covered Bonds which are the subject of the relevant Final Terms, but all references to **each Series or Tranche of Covered Bonds** are to (i) the Covered Bonds which are the subject of the relevant Final Terms and (ii) each other Series or Tranche of Covered Bonds issued under the Programme which remains outstanding from time to time.

- (g) *Rules of the Organisation of Covered Bondholders*: The Rules of the Organisation of Covered Bondholders are attached to, and form an integral part of, these Conditions. References in these Conditions to the **Rules of the Organisation of the Covered Bondholders** include such rules as from time to time modified in accordance with the provisions contained therein and any agreement or other document expressed to be supplemental thereto.
- (h) *Summaries*: Certain provisions of these Conditions are summaries of the Transaction Documents and are subject to the detailed provisions thereof. Covered Bondholders are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Transaction Documents applicable to them. Copies of the Transaction Documents (i) are available for inspection or collection by Covered Bondholders during normal business hours at the registered office of the Representative of the Covered Bondholders from time to time and, where applicable, at the Specified Office of the Luxembourg Listing Agent or (ii) may be provided by email to the Noteholders following their prior written request to the Representative of the Covered Bondholders, any Paying Agent and provision of holding and identity (in a form satisfactory to the Representative of the Noteholders, the relevant Paying Agent, as the case may be).

## 2 Interpretation

### 2.1 Definitions

In these Conditions the following expressions have the following meanings:

**Account Banks** means the entities appointed as account bank by the Covered Bond Guarantor pursuant to the Cash Management and Agency Agreement;

**Additional Business Centre** has the meaning given to it in the relevant Final Terms;

**Additional Seller** means any bank being party of the Intesa Sanpaolo Group having entered into, *inter alia*, a Master Transfer Agreement with the Covered Bond Guarantor;

**Administrative Services Agreement** means the administrative services agreement entered into between the Administrative Services Provider and the Covered Bond Guarantor, as amended and/or supplemented from time to time;

**Administrative Services Provider** means the entity appointed from time to time as administrative services provider by the Covered Bond Guarantor pursuant to the Administrative Services Agreement being, as at the Programme Date, Intesa Sanpaolo;

**Adjusted Required Redemption Amount** has the meaning given to it in the Portfolio Administration Agreement;

**Adjustment Spread** means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser determines is required to be applied to the relevant Successor Rate or the relevant Alternative Benchmark Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (ii) (if no such recommendation has been made, or in the case of an Alternative Benchmark Rate), the Independent Adviser, determines is customarily applied to the relevant Successor Rate or Alternative Benchmark Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Reference Rate; or
- (iii) (if no such recommendation has been made) the Independent Adviser determines, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Benchmark Rate (as the case may be); or
- (iv) (if the Independent Adviser 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 to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Covered Bondholders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Benchmark Rate (as the case may be);

**Amortisation Test** has the meaning given to it in the Portfolio Administration Agreement;

**Amortisation Test Aggregate Portfolio Amount** has the meaning given to it in the Portfolio Administration Agreement;

**Article 74 Event** has the meaning given to it in Condition 12(a) (*Article 74 Event*);

**Article 74 Notice to Pay** means the notice to be served by the Representative of the Covered Bondholders on the Issuer and the Covered Bond Guarantor pursuant to the Intercreditor Agreement upon the occurrence of an Article 74 Event;

**Asset Hedging Counterparty** means the entity appointed as hedging counterparty in accordance with the Asset Swaps and any successor thereof;

**Asset Monitor** means the auditing company appointed from time to time as asset monitor by the Covered Bond Guarantor pursuant to the Asset Monitor Agreement;

**Asset Monitor Agreement** means the asset monitor agreement entered into on or about the Programme Date between, *inter alios*, the Asset Monitor and the Issuer, as amended and/or supplemented from time to time;

**Asset Swaps** means the swap transactions entered into from time to time between the Covered Bond Guarantor and the Asset Hedging Counterparty for hedging the currency and/or interest rate risk on each Portfolio, as each of them may be amended, supplemented and/or restated from time to time, and as long as the Hedging Counterparty is Intesa Sanpaolo, such transactions will be governed by and form part of the Swap Agreement between the Covered Bond Guarantor and Intesa Sanpaolo;



**Available Funds** means the aggregate of (a) the Interest Available Funds, (b) the Principal Available Funds and (c) following an Issuer Event of Default, the Excess Proceeds;

**Banking Law** means Italian Legislative Decree No. 385 of 1 September 1993, as amended and/or supplemented from time to time;

**Benchmark Event** means:

- (a) the relevant Reference Rate has ceased to be published on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered; or
- (b) a public statement by the administrator of the relevant Reference Rate that it has ceased, or will cease, publishing such Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of such Reference Rate); or
- (c) a public statement by the supervisor of the administrator of the relevant Reference Rate that such Reference Rate has been or will be permanently or indefinitely discontinued; or
- (d) a public statement by the supervisor of the administrator of the Reference Rate (as applicable) that means that such Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, either generally or in respect of the Covered Bonds; or
- (e) a public statement by the supervisor of the administrator of the relevant Reference Rate that, in the view of such supervisor, such Reference Rate is no longer representative of an underlying market and such representatives is no longer restored; or
- (f) it has or will become unlawful for the Calculation Agent or the Issuer to calculate any payments due to be made to any Covered Bondholders using the relevant Reference Rate (as applicable) (including, without limitation, under the EU Benchmarks Regulation, if applicable).

Unless otherwise specified in the relevant Final Terms, the change of the Reference Rate methodology does not constitute a Benchmark Event. In the event of a change in the formula and/or (mathematical or other) methodology used to measure the Relevant Benchmark, reference shall be made to the Reference Rate based on the formula and/or methodology as changed.

**Business Day** means:

- (i) in relation to any sum payable in euro, a T2 Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and
- (ii) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in Luxembourg, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

**Business Day Convention**, in relation to any particular date, has the meaning given to it in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in

relation to different dates and, in this context, the following expressions shall have the following meanings:

- (i) **Following Business Day Convention** means that the relevant date shall be postponed to the first following day that is a Business Day;
- (ii) **Modified Following Business Day Convention** or **Modified Business Day Convention** means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day;
- (iii) **Preceding Business Day Convention** means that the relevant date shall be brought back to the first preceding day that is a Business Day;
- (iv) **FRN Convention, Floating Rate Convention** or **Eurodollar Convention** means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred *provided, however, that:*
  - (A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
  - (B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
  - (C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (v) **No Adjustment** means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

**Calculation Agent** means the entity appointed as calculation agent by the Covered Bond Guarantor pursuant to the Cash Management and Agency Agreement which as of the Programme Date is PWC Business Services S.r.l.;

**Calculation Amount** has the meaning given to it in the relevant Final Terms;

**Cash Management and Agency Agreement** means the cash management and agency agreement entered into on or about the Programme Date between, *inter alios*, the Covered Bond Guarantor, the Cash Manager, Intesa Sanpaolo (as Account Bank), the Servicer, the Representative of the Covered Bondholders, the Calculation Agent, the Luxembourg Listing Agent and the Paying Agent, as amended and/or supplemented from time to time;

**Cash Manager** means the entity appointed as cash manager by the Covered Bond Guarantor pursuant to the Cash Management and Agency Agreement, being, as at the Programme Date, Intesa Sanpaolo;

**CB Interest Period** means each period beginning on (and including) a CB Payment Date (or, in case of the first CB Interest Period, the Interest Commencement Date) and ending on (but excluding) the next CB Payment Date (or, in case of the last CB Interest Period, the Maturity Date);

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

- (i) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first CB Payment Date) or the previous CB Payment Date (in any other case);

**Clearstream** means Clearstream Banking, société anonyme, Luxembourg;

**CONSOB** means *Commissione Nazionale per le Società e la Borsa*;

**Covered Bondholders** means the holders of Covered Bonds, from time to time, title to which is evidenced in the manner described in Condition 3 (*Form, Denomination and Title*);

**Covered Bond Guarantor** means ISP CB Ipotecario S.r.l., a limited liability company (*società a responsabilità limitata*) incorporated in the Republic of Italy pursuant to article 7 bis of Law 130, with share capital equal to €120,000.00 (fully paid up) whose registered office is at Via Monte di Pietà 8, 20121 Milan, Italy, enrolled with the Companies' Register of Milan, under No. 05936180966, belonging to the Intesa Sanpaolo Group, subject to the direction and coordination (*direzione e coordinamento*), pursuant to Article 2497-bis of the Italian Civil Code, of Intesa Sanpaolo;

**Covered Bond Guarantor Acceleration Notice** means the notice to be served by the Representative of the Covered Bondholders on the Covered Bond Guarantor pursuant to the Intercreditor Agreement upon the occurrence of a Covered Bond Guarantor Event of Default;

**Covered Bond Guarantor Event of Default** has the meaning given to it in Condition 12(d) (*Covered Bond Guarantor Events of Default*);

**Crisis Code** means the "*Crisis and Insolvency Code*" issued in implementation of Law No. 155 of October 19, 2017, referred to in Legislative Decree No. 14 of January 12, 2019, as amended, supplemented and/or replaced from time to time;

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

- (i) if **Actual/Actual (ICMA)** is so specified, means:
- (a) where the Relevant Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Relevant Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods normally ending in any year; and
  - (b) where the Relevant Period is longer than one Regular Period, the sum of:
    - (A) the actual number of days in such Relevant Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
    - (B) the actual number of days in such Relevant Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods normally ending in any year;
- (ii) if **Actual/365** or **Actual/Actual (ISDA)** is so specified, means the actual number of days in the Relevant Period divided by 365 (or, if any portion of the Relevant Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Relevant Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Relevant Period falling in a non-leap year divided by 365);
- (iii) if **Actual/365 (Fixed)** is so specified, means the actual number of days in the Relevant Period divided by 365;
- (iv) if **Actual/360** is so specified, means the actual number of days in the Relevant Period divided by 360;
- (v) if **30/360 (Fixed rate)** (in respect of Condition 5 (*Fixed Rate Provisions*)) is so specified, means the number of days in the Relevant Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Relevant Period is the 31st day of a month but the first day of the Relevant Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Relevant Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month));
- (vi) if **Actual/365 (Sterling)** is specified in the applicable Final Terms, the actual number of days in the CB Interest Period divided by 365 or, in the case of a CB Payment Date falling in a leap year, 366;
- (vii) if **30/360 (Floating Rate)** (in respect of Condition 6 (*Floating Rate*)) is so specified, the number of days in the Relevant Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows

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

where:

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

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

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

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

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

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

- (viii) if **30E/360** or **Eurobond Basis** is so specified, the number of days in the Relevant Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

- (ix) if **30E/360 (ISDA)** is so specified, the number of days in the Relevant Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

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

**Decree 213** means the Italian Legislative Decree No. 213 of 24 June 1998, as amended and/or supplemented from time to time;

**Decree 239** means the Italian Legislative Decree No. 239 of 1 April 1996, as amended and/or supplemented from time to time;

**Decree 461** means the Italian Legislative Decree No. 461 of 21 November 1997 (as amended by Italian Legislative Decree No. 201 of 16 June 1998), as amended and/or supplemented from time to time;

**Decree 512** means the Italian Law Decree No. 512 of 30 September 1983, as amended and/or supplemented from time to time;

**Decree 600** means the Italian Presidential Decree No. 600 of 29 September 1973, as amended and/or supplemented from time to time;

**Deed of Charge and Assignment** means the deed of charge and assignment dated on the First Issue Date between the Covered Bond Guarantor and the Representative of the Covered Bondholders for itself and on behalf of the Covered Bondholders and the Other Secured Creditors, pursuant to which the Covered Bond Guarantor has charged in favour of the Representative of the Covered Bondholders (for itself and on trust for the Covered Bondholders and the Other Secured Creditors) all of its rights, title and interest from time to time in and to the Swap Agreements;

**Due for Payment Date** has the meaning given to it under the Covered Bond Guarantee;

**Early Redemption Amount** means, in respect of any Series or Tranche of Covered Bonds, the principal amount outstanding of such Series or Tranche or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

**Early Redemption Date** means, as applicable, the Optional Redemption Date (Call), the Optional Redemption Date (Put) or the date on which any Series or Tranche of Covered Bonds is to be redeemed pursuant to Condition 9(c) (*Redemption for tax reasons*);

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

**Eligible Assets** means the Receivables and, exclusively prior to the Implementation Date, the MBS Notes.

**EMIR Regulation** means the Regulation (EU) 648/2012 of the European Parliament and Council dated 4 July 2012 on OTC derivatives, central counterparties and trade repositories as supplemented by the relevant delegated regulations, as amended from time to time.

**English Law Transaction Documents** means the Swap Agreements and the Deed of Charge and Assignment and any document or agreement governed by English law which supplements, amends or restates the content of any of those documents and any other document governed by English law designated as such by the Issuer, the Covered Bond Guarantor and the Representative of the Covered Bondholders;

**Euroclear** means Euroclear Bank S.A./N.V.;

**Excess Proceeds** means the amounts received by the Covered Bond Guarantor as a result of any enforcement taken *vis-à-vis* the Issuer in accordance with Article 7-*quaterdecies*, Paragraph 3, of Law 130;

**Exposure Limit** means the limits provided under Article 129, paragraph 1a, lett. (a), (b), (c) and (d) of CRR, provided that pursuant to Article 129 paragraph 3a (3-*bis*) of CRR such limits shall not apply to “*cessioni di ripristino*” pursuant to the Master Transfer Agreement for purposes of complying with the Nominal Value Test;

**Extendable Maturity** has the meaning given to it under Condition 9(b) (*Extension of maturity*);

**Extended Maturity Date** means, in relation to any Series or Tranche of Covered Bonds, the date if any specified as such in the relevant Final Terms to which the payment of all or (as applicable) part of the Final Redemption Amount payable on the Maturity Date will be deferred pursuant to Condition 9(b) (*Extension of maturity*);

**Extension Determination Date** means the date falling four Business Days prior to the Maturity Date;

**Extraordinary Meeting** has the meaning given to it in the Rules of the Organisation of the Covered Bondholders attached to these Conditions;

**Final Redemption Amount** means, with respect to a Series or Tranche of Covered Bonds, the amount, as specified in the applicable Final Terms, representing the amount due (subject to the applicable grace period) in respect of the relevant Series or Tranche of Covered Bond;

**Financial Law** means the Italian Legislative Decree No. 58 of 24 February 1998, as amended and/or supplemented from time to time;

**First Issue Date** means the date on which the Issuer will issue the first Series or Tranche of Covered Bonds;

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

**First Special Servicer** means the entity appointed as such under the Servicing Agreement;

**First Special Servicer's Delegates** means any entity appointed as such by the First Special Servicer in accordance with the Servicing Agreement.

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

**French Law Security Document** means the pledge over bank accounts agreement (contrat de nantissement de comptes bancaires) with respect to the bank accounts opened in the name of the Covered Bond Guarantor on or about the 22 June 2012, made between, among others, the Covered Bond Guarantor and the Representative of the Covered Bondholders.

**Further Portfolio** means any portfolio of Eligible Assets and/or Integration Assets and/or Liquid Assets transferred from time to time by the Seller to the Covered Bond Guarantor in accordance with the provisions of the Master Transfer Agreement;

**German Paying Agent** means any institution appointed from time to time by the Issuer to act as paying agent in respect of the Registered Covered Bonds issued under the Programme;

**Guaranteed Amounts** means (i) prior to the service of a Covered Bond Guarantor Acceleration Notice, with respect to any Scheduled Due for Payment Date, the sum of amounts equal to the Scheduled Interest and the Scheduled Principal, in each case, payable on that Scheduled Due for Payment Date, or (ii) after the service of a Covered Bond Guarantor Acceleration Notice, an amount equal to the relevant Early Redemption Amount *plus* all accrued and unpaid interest and all other amounts due and payable in respect of the Covered Bonds, including all Excluded Scheduled Interest Amounts and all Excluded Scheduled Principal Amounts (whenever the same arose) and all amounts payable by the Covered Bond Guarantor under the Transaction Documents, provided that any Guaranteed Amounts representing interest paid after the Maturity Date shall be paid on such dates and at such rates as specified in the relevant Final Terms. The Guaranteed Amounts include any Guaranteed Amount that was timely paid by or on behalf of the Issuer to the Covered Bondholders, to the extent it has been clawed back and recovered from the Covered Bondholders by the receiver or liquidator, in bankruptcy or other insolvency or similar official for the Issuer named or identified in the Order, and has not been paid or recovered from any other source (the **Clawed Back Amounts**). In each case the Guaranteed Amounts does not include any additional amounts payable under Condition 11(a) (*Gross up*);

**Guarantor Payment Date** means 12 January, 12 April, 12 July and 12 October in each calendar year, or, if any such day is not a Business Day, the immediately following Business Day or, following the occurrence of a Covered Bond Guarantor Event of Default, any day on which any payment is required to be made by the Representative of the Covered Bondholders in accordance with the Covered Bond Guarantee, the relevant Final Terms and the Intercreditor Agreement;

**Hard Bullet Covered Bonds** means the Series or Tranche of Covered Bonds in relation to which no Extended Maturity Date is specified in the relevant Final Terms, and the Final Redemption Amount



in respect to such Series or Tranche will be due for payment on the Maturity Date and the Pre-Maturity Liquidity Test shall apply;

**Hedging Counterparties** means, collectively, the Asset Hedging Counterparties and the Liability Hedging Counterparties;

**Hedging Senior Payment** means, on any relevant date, any interest and/or principal payment due under any Swap Agreement, including any termination payment arising out of a termination event, other than termination payments where the relevant Hedging Counterparty is the defaulting party or the sole affected party, but including, in any event, the amount of any termination payment due and payable to the relevant Hedging Counterparty in relation to the termination of the relevant swap transactions to the extent of any premium received (net of any costs reasonably incurred by the Covered Bond Guarantor to find a replacement swap counterparty), if any, by the Covered Bond Guarantor from a replacement swap counterparty in consideration for entering into swap transactions with the Covered Bond Guarantor on the same terms as the relevant Swap Agreement;

**Independent Adviser** means an independent financial institution of international repute or other independent financial adviser of recognised standing with relevant experience in the international capital markets, in each case appointed by the Issuer at its own expense;

**Initial Portfolio** means the portfolio of Eligible Assets transferred by the Seller to the Covered Bond Guarantor in accordance with the provisions of the Master Transfer Agreement;

**Insolvency Event** means, in respect of any company or corporation, that such company or corporation has become subject to an Insolvency Proceeding or is no longer able to fulfil its obligations;

**Insolvency Proceedings** means bankruptcy (*fallimento*) or any other instrument or proceedings aimed at managing or solving crisis of insolvency under Italian law (in particular, under the Banking Law and the Italian Insolvency Code) or analogous proceedings in any jurisdiction (as the case may be), including, but not limited to, any reorganisation measure (*procedura di risanamento*) or winding-up proceedings (*procedura di liquidazione*), of any nature, court settlement with creditors in pre-bankruptcy proceedings (*concordato preventivo*), out-of-court settlements with creditors (*accordi di ristrutturazione dei debiti* and *piani di risanamento*), extraordinary administration (*amministrazione straordinaria*, including *amministrazione straordinaria delle grandi imprese in stato di insolvenza*), or any analogous insolvency proceeding or other proceeding which otherwise triggers the sale of the assets of the relevant entity in accordance with the provisions of the law of any relevant jurisdiction (as the case may be);

**Integration Assets** means (i) the assets referred to Article 129, Paragraph 1, letter (c) and the assets meeting the requirements of Article 129, Paragraph 1(a) and of the art. 7-novies of Law 130 and (ii) any debt securities or other exposures referred to in Article 129, Paragraph 1, letters (a) and (b) of the CRR;

**Integration Assignment** means the assignments of Eligible Assets and/or Integration Assets and/or Liquid Assets made in order to restore the respect of the applicable Tests, Liquidity Buffer Target Amount and/or Exposure Limit for which a breach has been verified or in order to prevent such breach;

**Intercreditor Agreement** means the intercreditor agreement entered into on or about the Programme Date between, the Covered Bond Guarantor, the Servicer, the Issuer, the Calculation Agent, the Representative of the Covered Bondholders and the other Secured Creditors, as amended and/or supplemented from time to time;

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

**Interest Available Funds** has the meaning given to it under the Master Definitions Agreement;

**Interest Commencement Date** means, in relation to any Series or Tranche of Covered Bonds, the Issue Date of such Covered Bonds or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

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

**Intesa Sanpaolo** means Intesa Sanpaolo S.p.A., a bank organised as a joint stock company under the laws of the Republic of Italy, whose registered office is at Piazza San Carlo 156, Turin, Italy and secondary office at Via Monte di Pietà 8, Milan, Italy, incorporated with Fiscal Code number and registration number with the Turin Register of Enterprises 00799960158, VAT number 11991500015, and registered with the Bank of Italy pursuant to article 13 of the Banking Law under number 5361, head of Intesa Sanpaolo Group, agreed into the *Fondo Interbancario di Tutela dei Depositi* and into the *Fondo Nazionale di Garanzia*;

**ISDA Definitions** means the 2006 ISDA Definitions (as amended and updated prior to the entering into each Transaction under the Swap Agreements) as published by the International Swaps and Derivatives Association, Inc.; or the latest version of the 2021 ISDA Interest Rate Derivative Definitions (as published by ISDA as at the the Issue Date of the Covered Bonds) as specified in the applicable final terms; and available on [www.ISDA.org](http://www.ISDA.org);

**ISP Mandate Agreement** means the mandate agreement entered into on 28 February 2014 between Intesa Sanpaolo, as Swap Service Provider, and the Covered Bond Guarantor, as amended and supplemented from time to time, for the performance of certain service to be provided under the Swap Agreements further to the approval of the EMIR Regulation.

**Issue Date** has the meaning given to it in the relevant Final Terms;

**Issuer Event of Default** has the meaning given to it in Condition 12(c) (*Issuer Events of Default*);

**Italian Civil Code** means the Italian Royal Decree No. 262 of 16 March 1942, as amended and/or supplemented from time to time;

**Italian Insolvency Code** means the Crisis Code;

**Italian Law Transaction Documents** means the Master Transfer Agreement and each Transfer Agreement entered into in accordance with the provisions thereof, the Servicing Agreement, the Administrative Services Agreement, the Subordinated Loan Agreement, the Covered Bond Guarantee, the Portfolio Administration Agreement, the Dealer Agreement, each Subscription Agreement, the Asset Monitor Agreement, the Cash Management and Agency Agreement, the

Intercreditor Agreement, the Quotaholders' Agreement, the Pledge Agreement, the Master Definitions Agreement, the Swap Service Agreements, the Conditions, the Final Terms and any document or agreement governed by Italian law which supplements, amends or restates the content of any of those documents and any other document governed by Italian law designated as such by the Issuer, the Covered Bond Guarantor and the Representative of the Covered Bondholders;

**Liability Hedging Counterparty** means the entity appointed as hedging counterparty in accordance with the Liability Swaps and any successor thereof;

**Liability Swaps** means the swap transactions entered into from time to time between the Covered Bond Guarantor and the Liability Hedging Counterparty for hedging the interest rate risk on the Covered Bonds, as each of them may be amended, supplemented and/or restated from time to time and as long as the Hedging Counterparty is Intesa Sanpaolo, such transactions will be governed by and form part of the Swap Agreement between the Covered Bond Guarantor and Intesa Sanpaolo;

**Liquid Assets** means the assets referred to Article 7-*duodecies*, paragraph 2, letters (a) and (b) of Law 130, provided that such assets meet the requirements to qualify as eligible assets or substitution assets under Article 129 of the CRR and under the Law 130 also in the form of substitution assets;

**Liquidity Buffer Target Amount** means the liquidity buffer requirement pursuant to Article 7-*duodecies* of Law 130, as set out in the Portfolio Management Agreement;

**Long Dated Covered Bonds** means any Covered Bond issued by the Issuer in respect of which the Extended Maturity Date is set at the Long Date Due for Payment Date and identified as such in the relevant Final Terms;

**Long Date Due For Payment Date** means the CB Payment Date immediately following the tenth anniversary of the latest maturity date in respect of the Eligible Assets and/or Integration Assets and/or Liquid Assets contained in the Portfolio as of the Extension Determination Date;

**Luxembourg Listing Agent** means the entity appointed as Luxembourg listing agent by the Covered Bond Guarantor pursuant to the Cash Management and Agency Agreement, being, as at the Programme Date, Deutsche Bank Luxembourg S.A.;

**Margin** has the meaning given to it in the relevant Final Terms;

**Master Transfer Agreement** means the master transfer agreement entered into on 29 July 2010 between the Seller and the Covered Bond Guarantor, as amended and/or supplemented from time to time and any other master transfer agreement entered into between any Additional Seller and the Covered Bond Guarantor for the purposes of providing for the possibility for such Additional Seller to transfer a Further Portfolio to the Covered Bond Guarantor;

**Maturity Date** has the meaning given to it in the relevant Final Terms;

**Maximum Redemption Amount** has the meaning given to it in the relevant Final Terms;

**Minimum Redemption Amount** has the meaning given to it in the relevant Final Terms;

**Minimum Required Account Bank Rating** means the short-term rating as determined to be applicable or agreed by the Rating Agency from time to time with reference to the entity which acts in its capacity as Account Bank (or any institution guaranteeing its obligation on the basis of a

guarantee satisfying the criteria of the Rating Agency), being, as at the date hereof, “P-3” by Moody’s;

**Minimum Required Pre-Maturity Liquidity Guarantor Rating** means the short term rating as determined to be applicable or agreed by the Rating Agency from time to time with reference to the entity which acts in its capacity as guarantor in order to cure a breach of the Pre-Maturity Liquidity Test (or any institution guaranteeing its obligation on the basis of a guarantee satisfying the criteria of the Rating Agency), being, as at the First Issue Date, “P-1” by Moody’s;

**Monte Titoli** means Monte Titoli S.p.A. (commercial name “*Euronext Securities Milan*”) a joint stock company under the laws of the Republic of Italy, whose registered office is at Piazza degli Affari 6, Milan, Italy, incorporated with Fiscal Code and VAT number 03638780159, registered with the Milan Register of Enterprises under number 03638780159;

**Monte Titoli Account Holder** means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Monte Titoli (as *intermediari aderenti*) in accordance with Article 83-quater of Italian Legislative Decree No. 58 of 24 February 1998 and includes any depository banks appointed by the Relevant Clearing System;

**Moody’s** means Moody's Italia S.r.l.;

**Notice to Pay** means the notice to be served upon the occurrence of an Issuer Event of Default by the Representative of the Covered Bondholders on the Issuer and the Covered Bond Guarantor pursuant to the Intercreditor Agreement;

**Official Gazette** means the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*);

**Optional Redemption Amount (Call)** means, in respect of any Series or Tranche of Covered Bonds, the principal amount of such Series or Tranche or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

**Optional Redemption Amount (Put)** means, in respect of any Series or Tranche of Covered Bonds, the principal amount of such Series or Tranche or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

**Optional Redemption Date (Call)** has the meaning given to it in the relevant Final Terms;

**Optional Redemption Date (Put)** has the meaning given to it in the relevant Final Terms;

**Order** has the meaning given to it in the Covered Bond Guarantee;

**Organisation of the Covered Bondholders** means the association of the Covered Bondholders, organised pursuant to the Rules of the Organisation of the Covered Bondholders;

**Other Secured Creditors** means all the Secured Creditors other than the Covered Bondholders;

**Outstanding Principal Balance** means, at any date, in relation to a loan, a bond, a Series or Tranche of Covered Bonds or any other asset, the aggregate nominal principal amount outstanding of such loan, bond, Series or Tranche of Covered Bonds or asset at such date;

**Outstanding Principal Balance of the Covered Bonds** means the Outstanding Principal Balance of the outstanding Series or Tranche of Covered Bonds;

**Paying Agent** means the entity appointed from time to time as paying agent by the Covered Bond Guarantor pursuant to the Cash Management and Agency Agreement, being, as at the Programme Date, Deutsche Bank S.p.A.;

**Person** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

**Place of Payment** means, in respect of any Covered Bondholders, the place at which such Covered Bondholder receives payment of interest or principal on the Covered Bonds;

**Pledge Agreement** means the pledge agreement dated on the First Issue Date between the Covered Bond Guarantor and the Representative of the Covered Bondholders (for itself and in the interest and for the benefit of the Covered Bondholders and the Other Secured Creditors) pursuant to which the Covered Bond Guarantor has agreed to pledge in favour of the Representative of the Covered Bondholders (for itself and in the interest and for the benefit of the Covered Bondholders and the Other Secured Creditors), all the existing and future monetary rights (including the claims, indemnities, compensation for damages, penalties, credit rights and guarantees, but excluding, for the avoidance of doubt, the Portfolio and the collections arising thereof) to which the Covered Bond Guarantor is, or shall be, entitled to under the terms of the Pledged Agreements (as defined under the Pledge Agreement) entered into by the Covered Bond Guarantor in the context of the Programme and under which the Covered Bond Guarantor may have monetary rights and claims, as security for all the Secured Obligations (as defined under the Pledge Agreement);

**Portfolio** means the Initial Portfolio and any Further Portfolio, owned by the Covered Bond Guarantor;

**Portfolio Administration Agreement** means the portfolio administration agreement entered into on or about the Programme Date between, *inter alios*, the Issuer, the Seller, the Covered Bond Guarantor, the Representative of the Covered Bondholders and the Calculation Agent, as amended and/or supplemented from time to time;

**Post-Guarantor Default Priority of Payments** has the meaning given to it in the Intercreditor Agreement;

**Post-Issuer Default Priority of Payments** has the meaning given to it in the Intercreditor Agreement;

**Pre-Issuer Default Interest Priority of Payments** has the meaning given to it in the Intercreditor Agreement;

**Pre-Issuer Default Principal Priority of Payments** has the meaning given to it in the Intercreditor Agreement;

**Pre-Maturity Liquidity Account** means the account or the accounts to be opened by the Issuer for making deposits in any form in order to remedy a breach of the Pre-Maturity Liquidity Test;

**Pre-Maturity Liquidity Required Rating** means, with reference to the Issuer, the short-term rating as determined to be applicable or agreed by Moody's from time to time, being, as at the Programme Date, "P-1";

**Pre-Maturity Rating Period** means the period preceding the Maturity Date of any Series or Tranche of Hard Bullet Covered Bonds which may be required by the Rating Agency from time to time, being, as at the First Issue Date, 12 months;

**Principal Available Funds** has the meaning given to it in the Master Definitions Agreement;

**Principal Financial Centre** means, in relation to any currency, the principal financial centre for that currency *provided, however, that:*

- (i) in relation to euro, it means the principal financial centre of such Member State of the European Union or the United Kingdom as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Paying Agent; and
- (ii) in relation to Australian dollars, it means either Sydney or Melbourne and, in relation to New Zealand dollars, it means either Wellington or Auckland, in each case as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Paying Agent;

**Priorities of Payments** means, collectively, the Pre-Issuer Default Principal Priority of Payments, the Pre-Issuer Default Interest Priority of Payments, the Post-Issuer Default Priority of Payments and the Post-Guarantor Default Priority of Payments;

**Programme Date** means 19 October 2010;

**Put Option Notice** means a notice which must be delivered to the Paying Agent, the Calculation Agent and the Asset Monitor by the Representative of the Covered Bondholders on behalf of any Covered Bondholder wanting to exercise a right to redeem Covered Bonds at the option of the Covered Bondholder;

**Put Option Receipt** means a receipt issued by the Paying Agent to a depositing Covered Bondholder upon deposit of Covered Bonds with such Paying Agent by any Covered Bondholder wanting to exercise a right to redeem Covered Bonds at the option of the Covered Bondholder;

**Quotaholders' Agreement** means the quotaholders' agreement executed on 29 July 2010 by, *inter alios*, the Issuer and Stichting Viridis 2, as amended and/or supplemented from time to time;

**Rate of Interest** means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Series or Tranche of Covered Bonds specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

**Rating Agency** means Moody's, to the extent that, at the relevant time, it provides ratings in respect of the then outstanding Covered Bonds;

**Redemption Amount** means, as appropriate, the Final Redemption Amount, the Early Redemption Amount, the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Final Terms;

**Reference Banks** has the meaning given to it in the relevant Final Terms or, if none, four major banks selected by the Paying Agent in the market that is most closely connected with the Reference Rate;

**Reference Price** has the meaning given to it in the relevant Final Terms;

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

**Registrar** means any institution in which may be appointed from time to time by the Issuer to act as a registrar in respect of the Covered Bonds issued in registered form under the Programme, provided that if the Issuer will keep the register and will not delegate such activity, any reference to the Registrar will be construed as a reference to the Issuer;

**Regular Period** means:

- (i) in the case of Covered Bonds where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first CB Payment Date and each successive period from and including one CB Payment Date to but excluding the next CB Payment Date;
- (ii) in the case of Covered Bonds where, apart from the first CB Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **Regular Date** means the day and month (but not the year) on which any CB Payment Date falls; and
- (iii) in the case of Covered Bonds where, apart from one CB Interest Period other than the first CB Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **Regular Date** means the day and month (but not the year) on which any CB Payment Date falls other than the CB Payment Date falling at the end of the irregular CB Interest Period;

**Regulation 13 August 2018** means the regulation issued by the Bank of Italy and CONSOB on 13 August 2018, as published on the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) No. 201 of 30 August 2018, as amended and/or supplemented from time to time;

**Relevant Clearing System** means Euroclear and/or Clearstream, Luxembourg and/or any other clearing system (other than Monte Titoli) specified in the relevant Final Terms as a clearing system through which payments under the Covered Bonds may be made;

**Relevant Date** means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Paying Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Covered Bondholders;

**Relevant Dealer(s)** means, in relation to a Series or Tranche, the Dealer(s) which is/are party to any Subscription Agreement entered into with the Issuer and the Covered Bond Guarantor for the issue

by the Issuer and the subscription by such Dealer(s) of such Series or Tranche pursuant to the Dealer Agreement;

**Relevant Financial Centre** has the meaning given to it in the relevant Final Terms;

**Relevant Nominating Body** means, in respect of a benchmark or screen rate (as applicable): (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof;

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

**Relevant Time** has the meaning given to it in the relevant Final Terms;

**Required Redemption Amount** has the meaning given to it in the Portfolio Administration Agreement;

**Rules of the Organisation of the Covered Bondholders** means the rules of the Organisation of the Covered Bondholders attached to these Conditions;

**Scheduled Due for Payment Date** means:

- (a) (A) the date on which the Scheduled Payment Date in respect of any Guaranteed Amounts is reached, and (B) only with respect to the first Scheduled Payment Date immediately after the occurrence of an Article 74 Event or an Issuer Event of Default, the day which is two Business Days following service, respectively, of an Article 74 Notice to Pay (which has not been withdrawn) or a Notice to Pay on the Covered Bond Guarantor in respect of such Guaranteed Amounts, if such Article 74 Notice to Pay or Notice to Pay has not been served more than two Business Days prior to the relevant Scheduled Payment Date; or
- (b) if the applicable Final Terms specified that an Extended Maturity Date is applicable to the relevant series of Covered Bonds, the CB Payment Date that would have applied if the Maturity Date of such series of Covered Bonds had been the Extended Maturity Date or such other CB Payment Date(s) as specified in the relevant Final Terms;

**Scheduled Interest** means an amount equal to the amount in respect of interest which would have been due and payable by the Issuer under the Covered Bonds, on each CB Payment Dates as specified in the Conditions falling on or after service of an Article 74 Notice to Pay (which has not been withdrawn) or a Notice to Pay to the Covered Bond Guarantor (but excluding any additional amounts relating to premiums, default interest or interest upon interest: the **Excluded Scheduled**



**Interest Amounts**), but including such Excluded Scheduled Interest Amounts (whenever the same arose) following service of a Covered Bond Guarantor Acceleration Notice if the Covered Bonds had not become due and repayable prior to their Maturity Date or Extended Maturity Date (if so specified in the relevant Final Terms) or where applicable, after the Maturity Date such other amounts of interest as may be specified in the relevant Final Terms, *less* any additional amounts the Issuer would be obliged to pay as result of any gross-up in respect of any withholding or deduction made under the circumstances set out in the Conditions;

**Scheduled Payment Date** means, in relation to payments under the Covered Bond Guarantee, each CB Payment Date;

**Scheduled Principal** means an amount equal to the amount in respect of principal which would have been due and repayable by the Issuer under the Covered Bonds, on each CB Payment Dates as specified in the Conditions falling on or after service of an Article 74 Notice to Pay (which has not been withdrawn) or a Notice to Pay to the Covered Bond Guarantor (but excluding any additional amounts relating to prepayments, early redemption, broken funding indemnities, penalties, or premiums: the **Excluded Scheduled Principal Amounts**), but including such Excluded Scheduled Principal Amounts (whenever the same arose) following service of a Covered Bond Guarantor Acceleration Notice if the Covered Bonds had not become due and repayable prior to their Maturity Date or, if in accordance with the Final Terms an Extended Maturity Date is applied to such Series or Tranche, the Extended Maturity Date of such Series or Tranche;

**Second Special Servicer** means the entity appointed as such under the Servicing Agreement;

**Secured Creditors** means, collectively, the Covered Bondholders, the Representative of the Covered Bondholders, the Issuer, the Seller, the Subordinated Loan Provider, the Servicer, the Special Servicers, the Servicer's Delegates (if any), the First Special Servicer's Delegates (if any), the Administrative Services Provider, the Account Banks, the Paying Agent, the Luxembourg Listing Agent, the Hedging Counterparties, the Swap Service Providers, the Cash Manager, the Asset Monitor, the Calculation Agent, the Dealers and any other entity acceding to the Intercreditor Agreement;

**Selected Assets** means the Eligible Assets to be sold by the Covered Bond Guarantor (through the Servicer, or any other third party appointed by the Representative of the Covered Bondholders) in accordance with the provisions of the Portfolio Administration Agreement;

**Seller** means Intesa Sanpaolo in its capacity as seller under the Master Transfer Agreement;

**Series** has the meaning ascribed to such expression in the Conditions. Notwithstanding the foregoing, the term "Series" shall mean, in case of Registered Covered Bonds, each Registered Covered Bonds made out in the name of a specific Registered Covered Bondholder;

**Servicer** means the entity appointed as servicer by the Covered Bond Guarantor pursuant to the Servicing Agreement, being, as at the Programme Date, Intesa Sanpaolo;

**Servicer's Delegates** meant any entity appointed as such by the Servicer in accordance with the Servicing Agreement.

**Servicing Agreement** means the servicing agreement entered into on 29 July 2010 between the Covered Bond Guarantor, the Servicer and the Special Servicer, as amended and/or supplemented from time to time;

**Special Servicer** means the First Special Servicer, the Second Special Servicer and any other entity acting as Special Servicer pursuant to the Servicing Agreement, as the case may be;

**Specified Currency** has the meaning given to it in the relevant Final Terms;

**Specified Denomination(s)** has the meaning given to it in the relevant Final Terms;

**Specified Office** means, as of the Programme Date:

- (i) with reference to the Paying Agent, Via Melchiorre Gioia 8, Milan, Italy;
- (ii) with reference to Intesa (as Account Bank), Via Verdi 8, Milan, Italy;
- (iii) with reference to the Cash Manager, Via Verdi 8, Milan, Italy;
- (iv) with reference to the Calculation Agent, Piazza Tre Torri 2, Milan, Italy;
- (v) with reference to the Luxembourg Listing Agent, 2 Boulevard Konrad Adenauer, Luxembourg L-III5;

or such other office in the same city or town as each of the entities indicated above may specify by notice to the Issuer and the other parties to the Cash Management and Agency Agreement in the manner provided therein;

**Specified Period** has the meaning given to it in the relevant Final Terms;

**Subordinated Loan Agreement** means the subordinated loan agreement entered into on or about the Programme Date between the Subordinated Loan Provider and the Covered Bond Guarantor, as amended and/or supplemented from time to time;

**Subordinated Loan Provider** means Intesa Sanpaolo, and any successor thereof, appointed as subordinated loan provider in accordance with the Subordinated Loan Agreement;

**Subsidiary** has the meaning given to it in Article 2359 of the Italian Civil Code;

**Successor Rate** means the reference rate (and related alternative screen page or source, if available) that the Independent Adviser (with the Issuer's agreement) determines is a successor to or replacement of the relevant Reference Rate which is formally recommended by any Relevant Nominating Body;

**Swap Agreements** means the agreement entered into between Intesa Sanpaolo (as Hedging Counterparty) and the Covered Bond Guarantor in the form of an ISDA Master Agreement (as amended on 23 September 2013 and as may be amended from time to time), including a schedule and credit support annex thereto and any swap agreement entered into between any other Hedging Counterparty and the Covered Bond Guarantor.

**Swap Service Agreements** means ISP Mandate Agreement and any other mandate agreements that the Covered Bond Guarantor may enter, from time to time, into for the supply to the Covered Bond Guarantor of certain services due under the Swap Agreements pursuant to the EMIR Regulation.

**Swap Service Providers** means Intesa Sanpaolo and any other party that has entered or will enter, from time to time, into a Swap Service Agreement.

**T2 Settlement Day** means any day on which real time gross settlement system operated by the Eurosystem (T2) (or any successor thereto) is open;

**Tests** means, jointly, the Nominal Value Test, the NPV Test, the Interest Coverage Test and the Amortisation Test, as respectively defined under the Portfolio Administration Agreement;

**Transaction Documents** means, collectively, the Italian Law Transaction Documents and the English Law Transaction Documents and any other document designated as such by the Issuer, the Covered Bond Guarantor and the Representative of the Covered Bondholders;

**Transfer Agreement** means the transfer agreement to be entered into between the Seller and/or any Additional Seller and the Covered Bond Guarantor to effect the transfer of a Further Portfolio in accordance with the terms of the relevant Master Transfer Agreement;

**Zero Coupon Covered Bond** means a Covered Bond specified as such in the relevant Final Terms.

## 2.2 *Interpretation:*

In these Conditions:

- (i) any reference to **principal** shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 11 (*Taxation*), any premium payable in respect of a Series or Tranche of Covered Bonds and any other amount in the nature of principal payable pursuant to these Conditions;
- (ii) any reference to **interest** shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 11 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (iii) if an expression is stated in Condition 2.1 (*Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is “not applicable” then such expression is not applicable to the Covered Bonds;
- (iv) any reference to a **Transaction Document** shall be construed as a reference to such Transaction Document, as amended and/or supplemented up to and including the Issue Date of the relevant Covered Bonds;
- (v) any reference to a **party** to a Transaction Document (other than the Issuer and the Covered Bond Guarantor) shall, where the context permits, include any Person who, in accordance with the terms of such Transaction Document, becomes a party thereto subsequent to the date thereof, whether by appointment as a successor to an existing party or by appointment or otherwise as an additional party to such document and whether in respect of the Programme generally or in respect of a single Series or Tranche only; and
- (vi) any reference to any Italian legislation (whether primary legislation or regulations or other subsidiary legislation made pursuant to primary legislation) shall be construed as a reference

to such legislation as the same may have been, or may from time to time be, amended, supplemented and/or re-enacted.

### **3 Form, Denomination and Title**

The Covered Bonds are in the Specified Denomination(s), which may include a minimum denomination of Euro 100,000 (or, where the Specified Currency is a currency other than Euro, the equivalent amount in such Specified Currency), in each case as specified in the relevant Final Terms. The Covered Bonds will be issued and will be held in dematerialised form (*emesse in forma dematerializzata*) on behalf of the beneficial owners, until redemption or cancellation thereof, by Monte Titoli for the account of the relevant Monte Titoli Account Holders. Each Series or Tranche will be deposited with Monte Titoli on the relevant Issue Date. Monte Titoli shall act as depositary for Clearstream and Euroclear. The Covered Bonds will at all times be evidenced by, and title thereto will be transferable by means of, book-entries in accordance with the provisions of (i) Article 83-bis *et seq.* of the Financial Law and the relevant implementing regulations and (ii) Regulation 13 August 2018. No physical document of title will be issued in respect of the Covered Bonds. The rights and powers of the Covered Bondholders may only be exercised in accordance with these Conditions and the Rules of the Organisation of the Covered Bondholders. For the purposes of Commission Regulation (EC) No. 809/2004, dematerialised Covered Bonds shall be deemed as having been issued in bearer form.

Except as ordered by a court of competent jurisdiction or as required by law, the Issuer, the Representative of the Covered Bondholders, the Covered Bond Guarantor and the Paying Agent may (to the fullest extent permitted by applicable laws) deem and treat the Monte Titoli Account Holders, whose accounts are at the relevant time credited with a Covered Bond, as the absolute owner of such Covered Bond for the purposes of payments to be made to the holder of such Covered Bond (whether or not the Covered Bond is overdue and notwithstanding any notice to the contrary, any notice of ownership or writing on the Covered Bond or any notice of any previous loss or theft of the Covered Bond) and shall not be liable for doing so.

### **4 Status and Guarantee**

- (a) *Status of the Covered Bonds:* The Covered Bonds constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will rank *pari passu* without preference among themselves and (save for any applicable statutory provisions) at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer from time to time outstanding. In the event of a compulsory winding-up (*liquidazione coatta amministrativa*) of the Issuer, any funds realised and payable to the Covered Bondholders will be collected by the Covered Bond Guarantor on their behalf.
- (b) *Status of the Covered Bond Guarantee:* The payment of Guaranteed Amounts in respect of each Series or Tranche of Covered Bonds when due for payment will be unconditionally and irrevocably guaranteed by the Covered Bond Guarantor pursuant to the Covered Bond Guarantee. However, the Covered Bond Guarantor shall have no obligation under the Covered Bond Guarantee to pay any Guaranteed Amount on the Due for Payment Date until

the occurrence of an Article 74 Event (and for so long it is outstanding) or an Issuer Event of Default and service by the Representative of the Covered Bondholders on the Covered Bond Guarantor of an Article 74 Notice to Pay (and until its withdrawal) or a Notice to Pay.

- (c) *Priority of Payments:* Amounts due by the Covered Bond Guarantor pursuant to the Covered Bond Guarantee shall be paid in accordance with the Priority of Payments, as set out in the Intercreditor Agreement.

Any payment made by the Covered Bond Guarantor shall discharge the corresponding obligations of the Issuer under the Covered Bonds *vis-à-vis* the Covered Bondholders.

## **5 Fixed Rate Provisions**

- (a) *Application:* This Condition 5 is applicable to the Covered Bonds only if the Fixed Rate Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Accrual of interest:* The Covered Bonds bear interest on their Outstanding Principal Balance from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate of Interest. Interest will be payable in arrears on each CB Payment Date, subject as provided in Condition 10 (*Payments*), up to (and excluding) the Maturity Date, or as the case may be, the Extended Maturity Date. Each Covered Bond will cease to bear interest from the due date for final redemption unless payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 5 until whichever is the earlier of (i) the day on which all sums due in respect of such Covered Bond up to that day are received by or on behalf of the relevant Covered Bondholder and (ii) the day which is seven days after the Paying Agent has notified the Covered Bondholders that it has received all sums due in respect of the Covered Bonds up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) *Fixed Coupon Amount:* The amount of interest payable in respect of each Covered Bond for any CB Interest Period shall be the relevant Fixed Coupon Amount and, if the Covered Bonds are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.
- (d) *Calculation of interest amount:* The amount of interest payable in respect of each Covered Bond for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Covered Bond divided by the Calculation Amount. For this purpose a **sub-unit** means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

## **6 Floating Rate**

- (a) *Application:* This Condition 6 is applicable to the Covered Bonds only if the Floating Rate Provisions are specified in the relevant Final Terms as being applicable.

- (b) *Accrual of interest:* Each Covered Bond bears interest on its Outstanding Principal Balance from (and including) the Interest Commencement Date at the Rate of Interest payable in arrears on each CB Payment Date, subject as provided in Condition 10 (*Payments*). Each Covered Bond will cease to bear interest from the due date for final redemption unless payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 until whichever is the earlier of (i) the day on which all sums due in respect of such Covered Bond up to that day are received by or on behalf of the relevant Covered Bondholder and (ii) the day which is seven days after the Paying Agent has notified the Covered Bondholders that it has received all sums due in respect of the Covered Bonds up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) *Screen Rate Determination:* If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Covered Bonds for each CB Interest Period will be determined by the Paying Agent on the following basis:
- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Paying Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
  - (ii) in any other case, the Paying Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
  - (iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Paying Agent will:
    - (A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
    - (B) determine the arithmetic mean of such quotations; and
  - (iv) if fewer than two such quotations are provided as requested, the Paying Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Paying Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Paying Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant CB Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant CB Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such CB Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; *provided, however, that* if the Paying Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any CB Interest Period, the Rate of Interest applicable to the Covered Bonds during such CB Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Covered Bonds in respect of a preceding CB Interest Period.

- (d) *ISDA Determination:* If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Covered Bonds for each CB Interest Period will be the sum of the Margin and the relevant ISDA Rate where **ISDA Rate** in relation to any CB Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Paying Agent under an interest rate swap transaction if the Paying Agent were acting as Paying Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
  - (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
  - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and
  - (iii) the relevant Reset Date (as defined in the ISDA Definitions) as specified in the relevant Final Terms.
- (e) *Maximum or Minimum Rate of Interest:* If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- (f) *Fallback Provisions:* Notwithstanding the foregoing provisions of this Condition 6, if the Issuer (in consultation with the Calculation Agent or the person specified in the relevant Final Terms as the party responsible for calculating the Rate of Interest and the Interest Amount(s))) determines that a Benchmark Event has occurred, when any Rate of Interest (or the relevant component part thereof) remains to be determined by reference to a Reference Rate, then the following provisions shall apply:
  - (i) the Issuer shall use reasonable endeavours to appoint an Independent Adviser for the determination (with the Issuer's agreement) of a Successor Rate or, alternatively, if the Independent Adviser and the Issuer agree that there is no Successor Rate, an alternative rate (the **Alternative Benchmark Rate**) and, in either case, an alternative screen page or source (the **Alternative Relevant Screen Page**) and an Adjustment Spread (if applicable) no later than three (3) Business Days prior to the relevant Interest Determination Date relating to the next succeeding CB Interest Period (the **IA Determination Cut-off Date**) for purposes of determining the Rate of Interest applicable to the Covered Bonds for all future CB Interest Periods (as applicable) (subject to the subsequent operation of this Condition 6(f));

- (ii) the Alternative Benchmark Rate shall be such rate as the Independent Adviser and the Issuer acting in good faith agree has replaced the relevant Reference Rate in customary market usage for the purposes of determining floating rates of interest or reset rates of interest in respect of eurobonds denominated in the Specified Currency, or, if the Independent Adviser and the Issuer agree that there is no such rate, such other rate as the Independent Adviser and the Issuer acting in good faith agree is most comparable to the relevant Reference Rate, and the Alternative Relevant Screen Page shall be such page of an information service as displays the Alternative Benchmark Rate;
- (iii) if the Issuer is unable to appoint an Independent Adviser, or if the Independent Adviser and the Issuer cannot agree upon, or cannot select a Successor Rate or an Alternative Benchmark Rate and Alternative Relevant Screen Page prior to the IA Determination Cut-off Date in accordance with sub-paragraph (ii) above, then the Issuer (acting in good faith and in a commercially reasonable manner) may determine which (if any) rate has replaced the relevant Reference Rate in customary market usage for purposes of determining floating rates of interest or reset rates of interest in respect of eurobonds denominated in the Specified Currency, or, if it determines that there is no such rate, which (if any) rate is most comparable to the relevant Reference Rate, and the Alternative Benchmark Rate shall be the rate so determined by the Issuer and the Alternative Relevant Screen Page shall be such page of an information service as displays the Alternative Benchmark Rate; **provided however that** if (A) this sub-paragraph (iii) applies and the Issuer is unable or unwilling to determine an Alternative Benchmark Rate and Alternative Relevant Screen Page prior to the Interest Determination Date relating to the next succeeding CB Interest Period in accordance with this sub-paragraph (iii), **then** the Reference Rate applicable to such Interest Period shall be equal to the Reference Rate for a term equivalent to the Relevant Interest Period published on the Relevant Screen Page as at the last preceding Interest Determination Date (though substituting, where a different relevant Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the relevant Margin relating to the relevant CB Interest Period, in place of the margin relating to that last preceding CB Interest Period). For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding CB Interest Period, and any subsequent CB Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 6(f);
- (iv) if a Successor Rate or an Alternative Benchmark Rate and an Alternative Relevant Screen Page is determined in accordance with the preceding provisions, such Successor Rate or Alternative Benchmark Rate and Alternative Relevant Screen Page shall be the benchmark and the Relevant Screen Page in relation to the Covered Bonds for all future CB Interest Periods (subject to the subsequent operation of this Condition 6(f);
- (v) if the Issuer, following consultation with the Independent Adviser and acting in good faith, determines that (A) an Adjustment Spread is required to be applied to the Successor Rate or Alternative Benchmark Rate and (B) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or Alternative Benchmark Rate for each subsequent determination of a relevant Rate of Interest and Interest Amount(s)



(or a component part thereof) by reference to such Successor Rate or Alternative Benchmark Rate;

- (vi) if a Successor Rate or an Alternative Benchmark Rate and/or Adjustment Spread is determined in accordance with the above provisions, the Independent Adviser (with the Issuer's agreement) or the Issuer (as the case may be), may also specify changes to the Day Count Fraction, Relevant Screen Page, Business Day Convention, Business Days, Interest Determination Date and/or the definition of Reference Rate applicable to the Covered Bonds, and the method for determining the fallback rate in relation to the Covered Bonds, in order to follow market practice in relation to the Successor Rate or Alternative Benchmark Rate and/or Adjustment Spread, which changes shall apply to the Covered Bonds for all future Interest Periods (subject to the subsequent operation of this Condition 6(f)); and
  - (vii) the Issuer shall promptly following the determination of any Successor Rate or Alternative Benchmark Rate and Alternative Relevant Screen Page and Adjustment Spread (if any) give notice thereof and of any changes pursuant to sub-paragraph (vi) above to the Calculation Agent, the Paying Agent, the Representative of the Covered Bondholders and the Covered Bondholders.
- (g) *Calculation of Interest Amount:* The Paying Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each CB Interest Period, calculate the Interest Amount payable in respect of each Covered Bond for such CB Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such CB Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Covered Bond divided by the Calculation Amount. For this purpose a **sub-unit** means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.
- (h) *Calculation of other amounts:* If the relevant Final Terms specifies that any other amount is to be calculated by the Paying Agent, then the Paying Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Paying Agent in the manner specified in the relevant Final Terms.
- (i) *Publication:* The Paying Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant CB Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to each competent authority, stock exchange and/or quotation system (if any) by which the Covered Bonds have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and CB Payment Date) in any event not later than the first day of the relevant CB Interest Period. Notice thereof shall also promptly be given to the Covered Bondholders. The Paying

Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant CB Interest Period. If the Calculation Amount is less than the minimum Specified Denomination, the Paying Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Covered Bond having the minimum Specified Denomination.

- (j) *Notifications etc:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Paying Agent will (in the absence of manifest error) be binding on the Issuer, the Covered Bond Guarantor, the Covered Bondholders and (subject as aforesaid) no liability to any such Person will attach to the Paying Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

## **7 Zero Coupon Provisions**

- (a) *Application:* This Condition 7 is applicable to the Covered Bonds only if the Zero Coupon Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Late payment on Zero Coupon Covered Bonds:* If the Redemption Amount payable in respect of any Zero Coupon Covered Bond is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:
  - (i) the Reference Price; and
  - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Covered Bond up to that day are received by or on behalf of the relevant Covered Bondholder and (ii) the day which is seven days after the Paying Agent has notified the Covered Bondholders that it has received all sums due in respect of the Covered Bonds up to such seventh day (except to the extent that there is any subsequent default in payment).

## **8 Partly-Paid Provisions**

- (a) *Application:* This Condition 8 is applicable to the Covered Bonds only if the Partly-Paid Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Rate of Interest:* Interest will accrue on the paid up nominal amount of such Covered Bonds or as otherwise specified in the applicable Final Terms.

## **9 Redemption and Purchase**

- (a) *Scheduled redemption:* Unless previously redeemed or purchased and cancelled as specified below, the Covered Bonds of each Series or Tranche will be redeemed at their Final Redemption Amount on the relevant Maturity Date, subject as provided in Condition 9(b) (*Extension of maturity*) and Condition 10 (*Payments*). If an Extended Maturity Date is not specified as applicable in the relevant Final Terms for a Series or Tranche of Covered Bonds, Condition 9(m) (*Pre-Maturity Liquidity Test*) shall apply.

The Issuer shall confirm to the Paying Agent as soon as reasonably practicable and in any event at least as of the Extension Determination Date as to whether payment will or will not be made in full of the Final Redemption Amount in respect of the Covered Bonds on that Maturity Date. Any failure by the Issuer to notify the Paying Agent shall not affect the validity or effectiveness of the extension.

- (b) *Extension of maturity:* Without prejudice to Condition 11 (*Taxation*), if (i) an Extended Maturity Date is specified as applicable in relation to the Covered Bond Guarantor in the relevant Final Terms for a Series or Tranche of Covered Bonds and an Article 74 Event or an Issuer Event of Default has occurred, following the service, respectively, of an Article 74 Notice to Pay or a Notice to Pay on the Covered Bond Guarantor, and (ii) the Calculation Agent (on behalf of the Covered Bond Guarantor) determines that the Covered Bond Guarantor has insufficient Available Funds under the Post-Issuer Default Priority of Payments to pay the Guaranteed Amounts corresponding to the Final Redemption Amount in full in respect of the relevant Series or Tranche of Covered Bonds on the Maturity Date, then (subject as provided below), payment of the unpaid amount by the Covered Bond Guarantor under the Covered Bond Guarantee shall be deferred until the Extended Maturity Date *provided that* any amount representing the Final Redemption Amount due and remaining unpaid after the Extension Determination Date may be paid by the Covered Bond Guarantor on any CB Payment Date thereafter up to (and including) the relevant Extended Maturity Date (a **Maturity Extension**). Notwithstanding the above, if the Covered Bonds are extended as a consequence of the occurrence of an Article 74 Event, upon termination of the suspension period and withdrawal of the Article 74 Notice to Pay, the Issuer shall resume responsibility for meeting the payment obligations under any Series or Tranche of Covered Bonds in respect of which an Extendable Maturity has occurred, and any Final Redemption Amount shall be due for payment by no later than 15 calendar days following the day on which the Article 74 Notice to Pay has been withdrawn.

The Covered Bond Guarantor shall notify the relevant Covered Bondholders (in accordance with Condition 19 (*Notices*)), any relevant Hedging Counterparty, the Rating Agency, the Representative of the Covered Bondholders and the Paying Agent as soon as reasonably practicable, and in any event at least one Business Day prior to the relevant Maturity Date, of any inability of the Covered Bond Guarantor to pay in full the Guaranteed Amounts corresponding to the Final Redemption Amount in respect of a Series or Tranche of Covered Bonds pursuant to the Covered Bond Guarantee. Any failure by the Covered Bond Guarantor to notify such parties shall not affect the validity or effectiveness of the extension nor give rise to any rights in any such party.

In the circumstances outlined above, the Covered Bond Guarantor shall, on the relevant Due for Payment Date, pursuant to the Covered Bond Guarantee, apply the monies (if any) available (after paying or providing for payment of higher ranking or *pari passu* amounts in accordance with the relevant Priorities of Payments) *pro rata* in payment of an amount equal to the Final Redemption Amount in respect of the relevant Series or Tranche of Covered Bonds and shall pay Guaranteed Amounts constituting interest in respect of each such Covered Bond on such date. The obligation of the Covered Bond Guarantor to pay any

amounts in respect of the balance of the Final Redemption Amount not so paid on such Due for Payment Date shall be deferred as described above.

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

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

In the event of extension of maturity pursuant to this Condition 9(b) or in case of “*liquidazione coatta amministrativa*” or resolution of the Issuer, the extension of the Final Maturity Date shall not affect the ranking or the sequencing of the Covered Bonds.

In accordance with the provisions of article 7-*terdecies*, paragraph 5, of Law 130 and the Bank of Italy Regulations, the Issuer shall notify the Bank of Italy in case an Extended Maturity Date has become applicable in respect of a Series of Covered Bonds further to the occurrence of the Maturity Extension, within 10 (ten) calendar days from the occurrence thereof.

(c) *Redemption for tax reasons:* The Covered Bonds may be redeemed at the option of the Issuer in whole, but not in part:

- (i) at any time (if the Floating Rate Provisions are not specified in the relevant Final Terms as being applicable); or
- (ii) on any CB Payment Date (if the Floating Rate Provisions are specified in the relevant Final Terms as being applicable),

on giving not less than 30 nor more than 60 days’ notice to the Covered Bondholders (which notice shall be irrevocable), at their Early Redemption Amount, together with interest accrued (if any) to the date fixed for redemption, if:

- (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 11 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of Italy or any European law or regulation, or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Series or Tranche of Covered Bonds; and
- (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

*provided, however, that no such notice of redemption shall be given earlier than:*

- (1) where the Covered Bonds may be redeemed at any time, 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Covered Bonds were then due; or

- (2) where the Covered Bonds may be redeemed only on a CB Payment Date, 60 days prior to the CB Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Covered Bonds were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Paying Agent, with a copy to the Luxembourg Listing Agent and the Representative of the Covered Bondholders, a certificate signed by a duly authorised officer 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 Paying Agent and the Representative of the Covered Bondholders and conclusive and binding on the Covered Bondholders. Upon the expiry of any such notice as is referred to in this Condition 9(c), the Issuer shall be bound to redeem the Covered Bonds in accordance with this Condition 9(c).

- (d) *Redemption at the option of the Issuer:* If the Call Option is specified in the relevant Final Terms as being applicable, the Covered Bonds may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 15 nor more than 30 days' notice to the Covered Bondholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Covered Bonds on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).
- (e) *Partial redemption:* If the Covered Bonds are to be redeemed in part only on any date in accordance with Condition 9(d) (*Redemption at the option of the Issuer*), the Covered Bonds to be redeemed in part shall be redeemed in the principal amount specified by the Issuer and the Covered Bonds will be so redeemed in accordance with the rules and procedures of Monte Titoli and/or any other Relevant Clearing System (to be reflected in the records of such clearing systems as a pool factor or a reduction in principal amount, at their discretion), subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Covered Bonds have then been admitted to listing, trading and/or quotation. The notice to Covered Bondholders referred to in Condition 9(d) (*Redemption at the option of the Issuer*) shall specify the proportion of the Covered Bonds so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.
- (f) *Redemption at the option of Covered Bondholders:* If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of any Covered Bondholder, redeem such Covered Bonds held by it on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option provided for under this Condition 9(f), the Covered Bondholder must, not less than 15 nor more than 30 days before the relevant Optional Redemption Date (Put), deposit with the

Paying Agent a duly completed Put Option Notice in the form obtainable from the Paying Agent. The Paying Agent with which a Put Option Notice is so deposited shall deliver a duly completed Put Option Receipt to the depositing Covered Bondholder. Once deposited in accordance with this Condition 9(f), no duly completed Put Option Notice, may be withdrawn; *provided, however, that* if, prior to the relevant Optional Redemption Date (Put), any Covered Bonds become immediately due and payable or, upon due presentation of any such Covered Bonds on the relevant Optional Redemption Date (Put), payment of the redemption monies is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the Covered Bondholder at such address as may have been given by such Covered Bondholder in the relevant Put Option Notice and shall hold such Covered Bond against surrender of the relevant Put Option Receipt. For so long as any outstanding Covered Bonds are held by a Paying Agent in accordance with this Condition 9(f), the Covered Bondholder and not such Paying Agent shall be deemed to be the holder of such Covered Bonds for all purposes.

- (g) *No other redemption:* The Issuer shall not be entitled to redeem the Covered Bonds otherwise than as provided in Conditions 9(a) (*Scheduled redemption*) to (f) (*Redemption at the option of Covered Bondholders*) above.
- (h) *Early redemption of Zero Coupon Covered Bonds:* Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Covered Bonds at any time before the Maturity Date shall be an amount equal to the sum of:
  - (i) the Reference Price; and
  - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Covered Bonds become due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 9(h) or, if none is so specified, a Day Count Fraction of 30E/360.

- (i) *Redemption by instalments:* If the Covered Bonds are specified in the relevant Final Terms as being amortising and redeemable in instalments they will be redeemed in such number of instalments, in such amounts (**Instalment Amounts**) and on such dates as may be specified in or determined in accordance with the relevant Final Terms and upon each partial redemption as provided by this Condition 9(i), the outstanding principal amount of each such Covered Bonds shall be reduced by the relevant Instalment Amount for all purposes.
- (j) *Purchase:* The Issuer or any of its Subsidiaries (other than the Covered Bond Guarantor) may at any time purchase Covered Bonds in the open market or otherwise and at any price. The Covered Bond Guarantor shall not purchase any Covered Bonds at any time.
- (k) *Legislative Exchange:* Following the coming into force in Italy, at any time after the Issue Date, of (i) any legislation similar to the OBG Regulation in force in any other European

Union country or (ii) any rules, regulations or guidelines published by any governmental authority that provides for bonds issued by Italian issuers to qualify for the same benefits available to covered bonds issued under covered bond legislation in force in any other European Union country, the Issuer may, at its option and without the consent of the Representative of the Covered Bondholders, exchange all (but not some only) of the Covered Bonds of all Series or Tranche then outstanding (the **Existing Covered Bonds**) for new Covered Bonds which qualify as covered bonds under such new legislation, rules, regulations or guidelines (the **New Covered Bonds**) on the same economic terms and conditions as the Existing Covered Bonds (the **Legislative Exchange**) if not more than 60 nor less than 30 days' notice to the Covered Bondholders (in accordance with Condition 19 (*Notices*)) and the Representative of the Covered Bondholders is given and provided that:

- (i) on the date on which such notice expires the Issuer delivers to the Representative of the Covered Bondholders a certificate signed by two authorised signatories of each of the Issuer and the Covered Bond Guarantor confirming that, in the case of the Issuer, no Issuer Event of Default and, in the case of the Covered Bond Guarantor, no Covered Bond Guarantor Event of Default, has occurred which is continuing;
- (ii) the Rating Agency has confirmed in writing that the New Covered Bonds will be assigned the same ratings as are then applicable to the Existing Covered Bonds; and
- (iii) if the Existing Covered Bonds are listed, quoted and/or traded on or by a competent and/or relevant listing authority, stock exchange and/or quotation system on or before the date on which such notice expires, the Issuer delivers to the Representative of the Covered Bondholders a certificate signed by two authorised signatories of the Issuer confirming that all applicable rules of such competent and/or relevant listing authority, stock exchange and/or quotation system have been or will be complied with.

The Existing Covered Bonds will be cancelled concurrently with the issue of the New Covered Bonds and with effect on and from the date of issue thereof all references herein to Covered Bonds shall be deemed to be references to the New Covered Bonds.

- (l) *Redemption due to illegality*: The Covered Bonds of all Series or Tranche may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Representative of the Covered Bondholders and the Paying Agent and, in accordance with Condition 19 (*Notices*), all Covered Bondholders (which notice shall be irrevocable), if the Issuer satisfies the Representative of the Covered Bondholders immediately before the giving of such notice that it has, or will, before the next CB Payment Date of any Covered Bond of any Series or Tranche, become unlawful for the Issuer to make any payments under the Covered Bonds as a result of any change in, or amendment to, the applicable laws or regulations or any change in the application or official interpretation of such laws or regulations, which change or amendment has become or will become effective before the next such CB Payment Date.

Covered Bonds redeemed pursuant to this Condition 9(l) will be redeemed at their Early Redemption Amount together (if appropriate) with interest accrued to (but excluding) the date of redemption.

- (m) *Pre-Maturity Liquidity Test.* If an Extended Maturity Date is not specified as applicable in the relevant Final Terms for a Series or Tranche of Covered Bonds, on any Business Day falling during the Pre-Maturity Rating Period prior to the occurrence of an Issuer Event of Default (each a **Pre-Maturity Liquidity Test Date**), the Calculation Agent will determine if the Pre-Maturity Liquidity Test (as defined below) has been breached, and if so, it shall immediately notify the Issuer, the Seller, the Hedging Counterparties and the Representative of the Covered Bondholders.

For the purpose of this paragraph (m) the **Pre-Maturity Liquidity Test** is complied with on any Pre-Maturity Liquidity Test Date if, during the Pre-Maturity Rating Period, the Issuer's credit rating is greater than or equal to the Pre-Maturity Liquidity Required Rating.

Following a breach of the Pre-Maturity Liquidity Test in respect of a Series or Tranche of Covered Bonds:

- (i) the Issuer shall:
- (a) make a cash deposit in an amount equal to the Required Redemption Amount of the Series or Tranche of Hard Bullet Covered Bonds to which such Pre-Maturity Liquidity Test relates on the Pre-Maturity Liquidity Account, opened in its name with a bank whose ratings are at least equal to the Minimum Required Account Bank Rating provided for under the Transaction Documents and pledged in favour of the Covered Bondholders; or
  - (b) obtain a first demand, autonomous guarantee (meeting the criteria set forth by the Rating Agency) for an amount equal to the Required Redemption Amount of the Series or Tranche of Hard Bullet Covered Bonds to which such Pre-Maturity Liquidity Test relates, by an eligible entity whose ratings are at least equal to the Minimum Required Pre-Maturity Liquidity Guarantor Rating; or
  - (c) take action in the form of a combination of the foregoing which in aggregate add up to an amount equal to the Required Redemption Amount of the Series or Tranche of Hard Bullet Covered Bonds to which such Pre-Maturity Liquidity Test relates;

and/or

- (ii) the Servicer, or any other third party appointed by the Representative of the Covered Bondholders, on behalf of the Covered Bond Guarantor, shall sell, subject to any pre-emption right of the Seller or any Additional Seller (as the case may be) pursuant to the relevant Master Transfer Agreement, Selected Assets and Integration Assets in accordance with the procedures set out in the Portfolio Administration Agreement, for an amount equal to the Adjusted Required Redemption Amount of



the Series or Tranche of Hard Bullet Covered Bonds to which such Pre-Maturity Liquidity Test relates.

## **10 Payments**

- (a) *Payments through clearing systems:* Payment of interest and repayment of principal in respect of the Covered Bonds will be credited, in accordance with the instructions of Monte Titoli, by the Paying Agent on behalf of the Issuer or the Covered Bond Guarantor (as the case may be) to the accounts of those banks and authorised brokers whose accounts with Monte Titoli are credited with those Covered Bonds and thereafter credited by such banks and authorised brokers from such aforementioned accounts to the accounts of the beneficial owners of those Covered Bonds or through the Relevant Clearing Systems to the accounts with the Relevant Clearing Systems of the beneficial owners of those Covered Bonds, in accordance with the rules and procedures of Monte Titoli and of the Relevant Clearing Systems, as the case may be.
- (b) *Payments subject to fiscal laws:* All payments in respect of the Covered Bonds are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 11 (*Taxation*). No commissions or expenses shall be charged to Covered Bondholders in respect of such payments.
- (c) *Payments on business days:* If the due date for payment of any amount in respect of any Covered Bond is not a Business Day in the Place of Payment, the Covered Bondholder shall not be entitled to payment in such place of the amount due until the next succeeding Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

## **11 Taxation**

- (a) *Gross up by Issuer:* All payments of principal (if applicable) and interest in respect of the Covered Bonds by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Italy or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Covered Bondholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Covered Bond:
  - (i) in respect to any payment or deduction of any interest or principal on account of *imposta sostitutiva* (at the then applicable rate of tax) pursuant to Decree 239 with respect to any Covered Bonds or, for the avoidance of doubt, Decree 461 or any related implementing regulations, and in all circumstances in which the procedures set forth in Decree 239 in order to benefit from a tax exemption have not been met or complied with except where such procedures have not been met or complied with due to the actions or omissions of the Issuer or its agents; or

- (ii) with respect to any Covered Bond presented for payments:
  - (a) in the Republic of Italy; or
  - (b) by or on behalf of a holder who is liable for such taxes or duties in respect of such Covered Bond by reason of his having some connection with the Republic of Italy other than the mere holding of such Covered Bond; or
  - (c) by or on behalf of a holder who is entitled to avoid such withholding or deduction in respect of such Covered Bond by making, or procuring, a declaration of non-residence or other similar claim for exemption but has failed to do so; or
  - (d) more than 30 days after the Maturity Date except to the extent that the relevant holder would have been entitled to an additional amount on presenting such Covered Bond for payment on such thirtieth day assuming that day to have been a Business Day; or
  - (e) in the event of payment to a non-Italian resident legal entity or a non-Italian resident individual, to the extent that interest or other amounts is paid to a non-Italian resident legal entity or a non-Italian resident individual which is resident in a Country which does not allow for a satisfactory exchange of information with the Republic of Italy; or
  - (f) in respect of any Covered Bonds where such withholding or deduction is required pursuant to the Italian Presidential Decree No. 600 of 29 September 1973, as amended and/or supplemented from time to time;
  - (g) in respect of any Covered Bond where such withholding or deduction is required pursuant to Decree 600; or
  - (h) in respect of Covered Bonds classified as atypical securities where such withholding or deduction is required under Decree 512; or
- (b) *Taxing jurisdiction:* If the Issuer becomes subject at any time to any taxing jurisdiction other than the Republic of Italy, references in these Conditions to the Republic of Italy shall be construed as references to the Republic of Italy and/or such other jurisdiction. The Issuer will have no obligation to pay additional amounts in respect of the Covered Bonds for any amounts required to be withheld or deducted pursuant to sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986.
- (c) *No Gross-up by the Guarantor:* If withholding of, or deduction of any present or future taxes, duties, assessments or charges of whatever nature is imposed by or on behalf of Italy, any authority therein or thereof having power to tax, the Covered Bond Guarantor will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Covered Bondholders, as the case may be, and shall not be obliged to pay any additional amounts to the Covered Bondholders.

## 12 Article 74 Event and Events of Default

- (a) *Article 74 Event*: If a resolution pursuant to Article 74 of the Banking Law is issued in respect of the Issuer (an **Article 74 Event**), the Representative of the Covered Bondholders will serve a notice (the **Article 74 Notice to Pay**) on the Issuer and the Covered Bond Guarantor that an Article 74 Event has occurred.
- (b) *Effect of an Article 74 Notice to Pay*: Upon service of an Article 74 Notice to Pay upon the Covered Bond Guarantor:
  - (i) *Temporary Acceleration against the Issuer*: each Series or Tranche of Covered Bonds will accelerate against the Issuer and the Covered Bonds will rank *pari passu* amongst themselves against the Issuer, provided that: (a) such events shall not trigger an acceleration against the Covered Bond Guarantor, and (b) in accordance with Article 7-*quaterdecies*, Paragraph 3, of Law 130, the Covered Bond Guarantor shall be responsible for the payments of the amounts due and payable under the Covered Bonds during the suspension period;
  - (ii) *Delegation*: the Covered Bond Guarantor (directly or through the Representative of the Covered Bondholders) shall exercise, on an exclusive basis, the right of the Covered Bondholders *vis-à-vis* the Issuer in accordance with the provisions of the Covered Bond Guarantee in the context of which the Covered Bondholders irrevocably delegate – also in the interest and for the benefit of the Covered Bond Guarantor and to the extent necessary – to the Covered Bond Guarantor the exclusive right to proceed against the Issuer to enforce the performance of any of the payment obligations of the Issuer under the Covered Bonds including any rights of enforcing any acceleration of payment provisions provided under these Conditions or under the applicable legislation. For this purpose, upon request of the Covered Bond Guarantor, the Representative of the Covered Bondholders on behalf of the Covered Bondholders shall provide the Covered Bond Guarantor with any powers of attorney and/or mandates as the latter may deem necessary or expedient for taking all necessary steps to ensure the timely and correct performance of its mandate.

In accordance with the Covered Bond Guarantee, the Representative of the Covered Bondholders on behalf of the Covered Bondholders has confirmed such delegation and waived any rights of the Covered Bondholders to revoke such delegation and take any such individual action against the Issuer;
  - (iii) *Payments by the Covered Bond Guarantor*: the Covered Bond Guarantor will pay any amounts due under the Covered Bonds on the Due for Payment Date in accordance with (i)(a) above and subject in any case to the provisions of the Conditions;
  - (iv) *Mandatory Tests*: the Mandatory Tests shall continue to be applied;
  - (v) *Liquidity Buffer Target Amount and Exposure Limit*: the Liquidity Buffer Target Amount and the Exposure Limit shall continue to be applied; and

- (vi) *Pre-Maturity Liquidity Test*: the Pre-Maturity Liquidity Test shall be deemed to be failed with respect to any Hard Bullet Covered Bonds for which the Maturity Date falls within 12 months.

Upon the termination of the suspension period, the Article 74 Notice to Pay shall be withdrawn and the Issuer will be responsible for meeting the payment obligations under the Covered Bonds (and for the avoidance of doubt, the Covered Bonds then outstanding will no longer be deemed to have been accelerated against the Issuer) in accordance with the relevant Priority of Payments.

- (c) *Issuer Events of Default*: If any of the following events (each, an **Issuer Event of Default**) occurs and is continuing:
  - (i) *Non-payment*: default is made by the Issuer for a period of 7 days or more in the payment of any principal or redemption amount, or for a period of 14 days or more in the payment of any interest on the Covered Bonds of any Series or Tranche when due, unless an Article 74 Event has occurred and the relevant suspension period is continuing; or
  - (ii) *Breach of other obligations*: the Issuer is in breach of material obligations under or in respect of the Covered Bonds (of any Series or Tranche outstanding) or any of the Transaction Documents to which it is a party (other than any obligation for the payment of principal or interest on the Covered Bonds and/or any obligation to ensure compliance of the Portfolio with the Tests)) and such failure remains unremedied for 30 days after the Representative of the Covered Bondholders has given written notice thereof to the Issuer, certifying that such failure is, in its opinion, materially prejudicial to the interests of the Covered Bondholders and specifying whether or not such failure is capable of remedy; or
  - (iii) *Cross-default*: any of the events described in paragraphs (i) and (ii) above occurs in respect of any other Series or Tranche of Covered Bonds; or
  - (iv) *Insolvency*: an Insolvency Event occurs in respect of the Issuer (other than, for the avoidance of doubt, an early intervention measure (*misura di intervento precoce*) pursuant to Title IV, Chapter I, of the Consolidated Banking Act or a resolution (*risoluzione*) pursuant to Legislative Decree no. 180 of 16 November 2015); or
  - (v) *Cessation of business*: the Issuer ceases to carry on its primary business; or
  - (vi) *Breach of Pre-Maturity Liquidity Test*: in relation to Hard Bullet Covered Bonds, breach of the Pre-Maturity Liquidity Test which is not remedied by the earlier of:
    - (a) 20 Business Days from the date on which the Issuer is notified of the breach of the Pre-Maturity Liquidity Test; and
    - (b) the Maturity Date of that Series or Tranche of Covered Bonds; or
  - (vii) *Breach of Mandatory Test*: breach of any of the Mandatory Tests which is not remedied by the Calculation Date immediately following the notification of such breach.

- (viii) No Issuer Event of Default shall occur other than in the context of an insolvency or liquidation in respect of the Issuer (and, for the avoidance of doubt, resolution proceeding(s) or moratoria imposed by a resolution authority in respect of the Issuer shall not constitute an Issuer Event of Default for any purpose).

If an Issuer Event of Default occurs, the Representative of the Covered Bondholders will serve a notice (the **Notice to Pay**) on the Issuer and the Covered Bond Guarantor that an Issuer Event of Default has occurred and, upon service of such Notice to Pay:

- (a) *No further Series or Tranche of Covered Bonds*: the Issuer may not issue any further Series or Tranche of Covered Bonds;
- (b) *Acceleration against the Issuer*: each Series or Tranche of Covered Bonds will accelerate against the Issuer and the Covered Bonds will rank *pari passu* amongst themselves against the Issuer, provided that (i) such events shall not trigger an acceleration against the Covered Bond Guarantor, and (ii) in accordance with Article 7-*quaterdecies*, Paragraph 3, of Law 130 and pursuant to the relevant provisions of the Transaction Documents, the Covered Bond Guarantor shall be solely responsible for the exercise of the rights of the Covered Bondholders *vis-à-vis* the Issuer subject to liquidation and any Excess Proceeds will be part of the Available Funds;
- (c) *Delegation*: the Covered Bond Guarantor (directly or through the Representative of the Covered Bondholders) shall exercise, on an exclusive basis, the right of the Covered Bondholders *vis-à-vis* the Issuer in accordance with the provisions of the Covered Bond Guarantee, in the context of which the Covered Bondholders irrevocably delegate – also in the interest and for the benefit of the Covered Bond Guarantor and to the extent necessary – to the Covered Bond Guarantor the exclusive right to proceed against the Issuer to enforce the performance of any of the payment obligations of the Issuer under the Covered Bonds including any rights of enforcing any acceleration of payment provisions provided under these Conditions or under the applicable legislation. For this purpose, upon request of the Covered Bond Guarantor, the Representative of the Covered Bondholders on behalf of the Covered Bondholders shall provide the Covered Bond Guarantor with any powers of attorney and/or mandates as the latter may deem necessary or expedient for taking all necessary steps to ensure the timely and correct performance of its mandate.

In accordance with the Covered Bond Guarantee, the Representative of the Covered Bondholders on behalf of the Covered Bondholders has confirmed such delegation and waived any rights of the Covered Bondholders to revoke such delegation and take any such individual action against the Issuer;

- (d) *Payments by the Covered Bond Guarantor*: the Covered Bond Guarantor will pay any amounts due under the Covered Bonds on the Due for Payment Date in accordance with (b)(i) above and subject in any case to the provisions of the Conditions;
- (e) *Disposal of Assets*: the Servicer, or any other third party appointed by the Representative of the Covered Bondholders, in the name and on behalf of the

Covered Bond Guarantor, shall sell the Eligible Assets and/or Integration Assets and/or Liquid Assets (other than cash deposits) included in the Portfolio in accordance with the provisions of the Portfolio Administration Agreement;

(f) *Amortisation Test*: the Amortisation Test shall be applied.

(d) *Covered Bond Guarantor Events of Default*: Following an Issuer Event of Default, if any of the following events (each, a **Covered Bond Guarantor Event of Default**) occurs and is continuing:

(i) *Non-payment*: non-payment of principal and/or interest in respect of the relevant Series or Tranche of Covered Bonds by the Covered Bond Guarantor in accordance with the Covered Bond Guarantee, subject to a 7 day cure period in respect of principal or redemption amounts and a 14 day cure period in respect of interest payment or non-payment or non-setting aside for payment of costs or amounts due to any Hedging Counterparties by the Covered Bond Guarantor;

(ii) *Breach of Amortisation Test*: the Amortisation Test is breached;

(iii) *Breach of other obligations*: breach by the Covered Bond Guarantor of the other binding obligations under the Dealer Agreement, the Intercreditor Agreement, the Covered Bond Guarantee or any other Transaction Document to which the Covered Bond Guarantor is a party, which is not remedied within 30 days after the Representative of the Covered Bondholders has given written notice of such breach to the Covered Bond Guarantor;

(iv) *Insolvency*: an Insolvency Event occurs in respect of the Covered Bond Guarantor;

(v) *Invalidity of the Covered Bond Guarantee*: the Covered Bond Guarantee is not in full force and effect,

then the Representative of the Covered Bondholders shall serve a Covered Bond Guarantor Acceleration Notice on the Covered Bond Guarantor.

(e) *Effect of a Covered Bond Guarantor Acceleration Notice*: From and including the date on which the Representative of the Covered Bondholders delivers a Covered Bond Guarantor Acceleration Notice upon the Covered Bond Guarantor:

(i) *Acceleration of Covered Bonds*: each Series or Tranche of Covered Bonds will accelerate against the Covered Bond Guarantor, becoming immediately due and payable, and the Covered Bonds will rank *pari passu* amongst themselves;

(ii) *Disposal of assets*: the Representative of the Covered Bondholders shall, in the name and on behalf of the Covered Bond Guarantor, direct the Servicer, or any other third party appointed by the Representative of the Covered Bondholders, to sell all assets included in the Portfolio in accordance with the provisions of the Portfolio Administration Agreement; and

(iii) *Enforcement*: the Representative of the Covered Bondholders may, at its discretion and without further notice, take such steps and/or institute such proceedings against the Issuer or the Covered Bond Guarantor (as the case may be) as it may think fit,

but it shall not be bound to take any such proceedings or steps unless requested or authorised by an Extraordinary Resolution of the Covered Bondholders.

- (f) *Determinations, etc:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 12 by the Representative of the Covered Bondholders shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Covered Bond Guarantor and all Covered Bondholders and (in absence of wilful default (*dolo*) or gross negligence (*colpa grave*) of the Representative of the Covered Bondholders) no liability to the Covered Bondholders, the Issuer or the Covered Bond Guarantor shall attach to the Representative of the Covered Bondholders in connection with the exercise or non-exercise by it of its powers, duties and discretions hereunder and under the Transaction Documents.

### **13 Prescription**

Claims for payment under the Covered Bonds shall become void unless made within ten years (in respect of principal) or five years (in respect of interest) from the due date thereof.

### **14 Representative of the Covered Bondholders**

- (a) *Organisation of the Covered Bondholders:* The Organisation of the Covered Bondholders shall be established upon, and by virtue of, the issuance of the Covered Bonds and shall remain in force and in effect until repayment in full or cancellation of all Series or Tranche of Covered Bonds. Pursuant to the Rules of the Organisation of the Covered Bondholders, for as long as the Covered Bonds are outstanding, there shall at all times be a Representative of the Covered Bondholders. The appointment of the Representative of the Covered Bondholders as legal representative of the Organisation of the Covered Bondholders is made by the Covered Bondholders subject to and in accordance with the Rules of the Organisation of the Covered Bondholders.
- (b) *Initial appointment:* Under the Dealer Agreement, each of the Dealers has appointed the Representative of the Covered Bondholders to perform the activities described in the Dealer Agreement, in these Conditions (including the Rules of the Organisation of Covered Bondholders), in the Intercreditor Agreement and in the other Transaction Documents, and the Representative of the Covered Bondholders has accepted such appointment for the period commencing on the First Issue Date and ending (subject to early termination of its appointment) on the date on which all of the Covered Bonds have been cancelled or redeemed in accordance with these Conditions.
- (c) *Acknowledgment by Covered Bondholders:* Each Covered Bondholder, by reason of holding a Covered Bond:
- (i) recognises the Representative of the Covered Bondholders as its representative and (to the fullest extent permitted by law) agrees to be bound by any agreement entered into from time to time by the Representative of the Covered Bondholders in such capacity as if such Covered Bondholder were a signatory thereto;
  - (ii) acknowledges and accepts that the Relevant Dealer(s) shall not be liable, without prejudice for the provisions set forth under Article 1229 of the Italian Civil Code, in

respect of any loss, liability, claim, expenses or damage suffered or incurred by any of the Covered Bondholders as a result of the performance by the Representative of the Covered Bondholders of its duties or the exercise of any of its rights under the Transaction Documents; and

- (iii) appoints the Representative of the Covered Bondholders to act as its agent under and in connection with the French Law Security Document in accordance with article 2328-1 of the French Code civil. The Representative of the Covered Bondholders shall not hold the benefit of the French Law Security Document on trust and as agent for itself and the Covered Bondholders but each Covered Bondholder shall benefit directly from the security interest created under the French Law Security Document. The Representative of the Covered Bondholders acknowledges that it has been appointed by each Covered Bondholder to constitute, register, manage and enforce all security interests created under the French Law Security Document for the purposes of article 2328-1 of the French Code civil.

## **15 Agents**

In acting under the Cash Management and Agency Agreement and in connection with the Covered Bonds, the Paying Agent acts solely as agent of the Issuer and, following the service of a Notice to Pay or a Covered Bond Guarantor Acceleration Notice, as agent of the Covered Bond Guarantor and do not assume in the framework of the Programme any obligations towards or relationship of agency or trust for or with any of the Covered Bondholders.

The Paying Agent and its initial Specified Office are set out in these Conditions. Any additional Paying Agent and its Specified Office (if any) are specified in the relevant Final Terms. The Issuer, and (where applicable) the Covered Bond Guarantor, reserves the right at any time to vary or terminate the appointment of the Paying Agent and to appoint an additional or successor paying agent; *provided, however, that:*

- (a) the Issuer, and (where applicable) the Covered Bond Guarantor, shall at all times maintain a paying agent; and
- (b) if and for so long as the Covered Bonds are admitted to listing and/or trading by any competent authority, stock exchange and/or listing system which requires the appointment of a Paying Agent in any particular place, the Issuer, and (where applicable) the Covered Bond Guarantor, shall maintain a Paying Agent having its Specified Office in the place required by such competent authority, stock exchange and/or listing system.

Notice of any change in any of the Paying Agent or in its Specified Offices shall promptly be given to the Covered Bondholders.

## **16 Further Issues**

The Issuer may from time to time, without the consent of the Covered Bondholders, create and issue further Covered Bonds having the same terms and conditions as the Covered Bonds in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Covered Bonds.



## 17 Substitution of the Issuer

The Representative of the Covered Bondholders may (and in the case of an Approved Reorganisation shall) agree with the Issuer (or any previous substitute) and the Covered Bond Guarantor at any time without the consent of the Covered Bondholders:

- (a) to the substitution in place of Intesa Sanpaolo (or of any previous substitute) as principal debtor under the Covered Bonds by any bank being a Subsidiary of Intesa Sanpaolo (the **Substitute Obligor**) by way of an obligation transfer agreement without recourse to the Issuer (*accollo liberatorio*); or
- (b) to an Approved Reorganisation; or
- (c) that Intesa Sanpaolo (or any previous substitute) may, other than by means of an Approved Reorganisation, consolidate with, merge into or amalgamate with any successor company,

provided that:

- (i) the obligations of the Substitute Obligor or the Resulting Entity under the Covered Bonds shall be irrevocably and unconditionally guaranteed by Intesa Sanpaolo (on like terms as to subordination, if applicable, to those of the Covered Bond Guarantee); and
- (ii) (other than in the case of an Approved Reorganisation) the Representative of the Covered Bondholders has confirmed in writing that it is satisfied that the interests of the Covered Bondholders will not be materially prejudiced thereby; and
- (iii) the Substitute Obligor or the Resulting Entity agrees, in form and manner satisfactory to the Representative of the Covered Bondholders, to be bound by the terms and conditions of the Covered Bonds and all the Transaction Documents in respect to any Series or Tranche of Covered Bonds still outstanding, by means of executing agreements and documents substantially in the same form and substance of the Transaction Documents;
- (iv) the Representative of the Covered Bondholders has confirmed in writing that it is satisfied that (a) the Resulting Entity or Substituted Obligor has obtained all governmental and regulatory approvals and consents necessary for its assumption of liability as principal debtor in respect of the Covered Bonds in place of the Issuer (or such previous substitute as aforesaid), and (b) such approvals and consents are, at the time of substitution, Approved Reorganisation or consolidation, merger, amalgamation other than by means of an Approved Reorganisation, as the case may be, in full force and effect.

Upon the assumption of the obligations of the Issuer by a Substitute Obligor or a Resulting Entity or a successor company, Intesa Sanpaolo shall have no further liabilities under or in respect of the Covered Bonds.

Any such substitution, Approved Reorganisation or consolidation, merger or amalgamation shall be notified to the Covered Bondholders in accordance with Condition 19 (*Notices*) and to the Rating Agency. In the case of a substitution, the relevant Issuer shall notify the Luxembourg Stock Exchange thereof and prepare, or procure the preparation of, a supplement to the Base Prospectus in respect of the Programme.

In connection with the exercise of its powers, authorities or discretions above mentioned: (a) the Representative of the Covered Bondholders shall have regard to the interests of the Covered Bondholders as a class and in particular, but without prejudice to the generality of the foregoing, shall not have regard to the consequences of such exercise for individual Covered Bondholders resulting from them being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory; and (b) the Representative of the Covered Bondholders shall not be entitled to claim from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Covered Bondholders except to the extent already provided for by Condition 11 (*Taxation*).

In these Conditions, **Approved Reorganisation** means a solvent and voluntary reorganisation involving, alone or with others, the Issuer, and whether by way of consolidation, amalgamation, merger, transfer of all or substantially all of its business or assets, or otherwise provided that the principal resulting, surviving or transferee entity (a **Resulting Entity**) is a banking company and effectively assumes all the obligations of the Issuer under, or in respect of, the Covered Bonds.

## **18 Limited Recourse and Non Petition**

- (a) *Limited Recourse*: Each of the Covered Bondholders:
- (i) acknowledges and agrees that, without prejudice to those Transaction Documents which contemplate payments to be made to the Secured Creditors by way of set-off, if any, all obligations of the Covered Bond Guarantor to each Covered Bondholders and each Other Secured Creditor, including, without limitation, under the Covered Bonds or any Transaction Document to which it is a party (including any obligation for the payment of damages or penalties, but excluding the obligation to pay the Purchase Price in respect of the Portfolio under the Master Transfer Agreement), are limited in recourse and shall arise and become due and payable as at the relevant date in an amount equal to the lesser of: (a) the aggregate nominal amount of such payment which, but for the operation of this Condition 17 and the applicable Priority of Payments, would be due and payable at such time to the relevant Secured Creditor; and (b) the then Available Funds, net of any sums which are payable by the Covered Bond Guarantor in accordance with the applicable Priority of Payments in priority to, or *pari passu* with, sums payable to such Secured Creditor. For the avoidance of doubt, it is understood that if the Available Funds are insufficient to pay any amount due and payable on any Guarantor Payment Date in accordance with the relevant Priority of Payments, the shortfall then occurring will not be payable on that date but will become payable on the subsequent Guarantor Payment Dates if and to the extent that the Available Funds may be used for this purpose in accordance with the Priorities of Payments. Such shortfall will not cause the accrual of default interest unless otherwise provided in the relevant Transaction Document. If there are not Available Funds for payment to the Secured Creditors at the date the Covered Bonds are cancelled in accordance with the Conditions, the Secured Creditors shall have no further claim against the Covered Bond Guarantor in respect of any unpaid amount;
- (ii) acknowledges and agrees that the limited recourse nature of the obligations of the Covered Bond Guarantor under the Covered Bonds or any Transaction Documents produces the effect of a *contratto aleatorio* and accepts the consequences thereof, including but not

limited to the provision of Article 1469 of the Italian Civil Code and will have an existing claim against the Covered Bond Guarantor only in respect of the Available Funds which may be applied for the relevant purpose as at the relevant date and will not have any claim, by operation of law or otherwise, against, or recourse to, the Covered Bond Guarantor's assets (other than the Portfolio and the Available Funds) or its contributed equity capital or any other assets of the Covered Bond Guarantor whatsoever;

- (iii) acknowledges and agrees that all payments to be made by the Covered Bond Guarantor to it, whether under any Transaction Document or otherwise, will be made by the Covered Bond Guarantor solely from the Available Funds, except as permitted in the Transaction Documents;
  - (iv) acknowledges that it will not have any claim, by operation of law or otherwise, against, or recourse to, any assets of the Covered Bond Guarantor other than the Portfolio and the Available Funds;
  - (v) undertakes not to enforce any covenants, agreements, representations or warranties of the Covered Bond Guarantor contained in any of the Transaction Documents or any other document related thereto against the Covered Bond Guarantor's assets (other than the Portfolio and the Available Funds) or its contributed equity capital or against any quotaholder, director, auditor or agent of the Covered Bond Guarantor, but to enforce such covenants, agreements, representations and warranties only against the Portfolio and the Available Funds and within the limits set forth in this Condition and in the Intercreditor Agreement;
  - (vi) undertakes to enforce any judgment obtained by it in any action brought under any of the Transaction Documents or any other document relating thereto only against the Portfolio and the Available Funds and not against any other assets or property or the contributed equity capital of the Covered Bond Guarantor or of any quotaholder, director, employee, officer, auditor or agent of the Covered Bond Guarantor;
  - (vii) undertakes not to make any claim or bring any action in contravention of the provisions of this Condition 17; and
  - (viii) undertakes not to permit the Covered Bond Guarantor to pay, prepay or discharge any amount to it other than in accordance with this Condition 17.
- (b) *Non Petition:* In consideration of the limited recourse nature of the obligations of the Covered Bond Guarantor and the other provisions set out in these Conditions and the Intercreditor Agreement, each of the Covered Bondholders undertakes and agrees that, until two years and one day have elapsed since the full repayment or cancellation of all the Covered Bonds, it will not institute against, or join any other person in instituting against, the Covered Bond Guarantor any Insolvency Proceedings or reorganisation or winding up proceedings.

## **19 Notices**

- (a) *Notices given through Monte Titoli:* Any notice regarding the Covered Bonds, as long as the Covered Bonds are held through Monte Titoli, shall be deemed to have been duly given if given through the systems of Monte Titoli.
- (b) *Notices through Luxembourg Stock Exchange.* Any notice regarding the Covered Bonds, as long as the Covered Bonds are admitted to trading on the Regulated Market of the Luxembourg Stock Exchange, shall be deemed to have been duly given if published on the website of the Luxembourg Stock Exchange ([www.luxse.com](http://www.luxse.com)) or, if required, of the CSSF and, in any event, if published in accordance with the rules and regulation of the Luxembourg Stock Exchange.
- (c) *Other publication:* The Representative of the Covered Bondholders shall be at liberty to sanction any other method of giving notice to Covered Bondholders if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the rules of the competent authority, stock exchange and/or listing system by which the Covered Bonds are then admitted to trading (including any means provided for under Article 16 of Luxembourg law implementing the Prospectus Directive, dated 04 November 2003) and provided that notice of such other method is given to the holders of the Covered Bonds in such manner as the Representative of the Covered Bondholders shall require.

## **20 Rounding**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

## **21 Governing Law and Jurisdiction**

- (a) *Governing law:* These Covered Bonds, and any non-contractual obligations arising out of or in connection with the Covered Bonds, are governed by Italian law. All Italian Law Transaction Documents, and any non-contractual obligations arising out of or in connection with the Italian Law Transaction Documents, are governed by Italian law and all English Law Transaction Documents, and any non-contractual obligations arising out of or in connection with the English Law Transaction Documents, are governed by English law.
- (b) *Jurisdiction:* The courts of Milan have exclusive competence for the resolution of any dispute that may arise in relation to the Covered Bonds and all Italian Law Transaction Documents, or their validity, interpretation or performance. The courts of England and Wales have exclusive competence for the resolution of any dispute that may arise in relation to the English Law Transaction Documents or their validity, interpretation or performance.

- (c) *Relevant legislation:* Anything not expressly provided for in these Conditions will be governed by the provisions of Law 130, the BoI OBG Regulations and the Article 129 of the CRR.

## **RULES OF THE ORGANISATION OF THE COVERED BONDHOLDERS**

### **TITLE I**

#### **GENERAL PROVISIONS**

##### **1. GENERAL**

- 1.1** The organisation of the Covered Bondholders in respect of each Series or Tranche of Covered Bonds issued under the Programme by the Issuer is created concurrently with the issue and subscription of the Covered Bonds of each such Series or Tranche and is governed by these Rules of the Organisation of the Covered Bondholders (the **Rules**).
- 1.2** These Rules shall remain in force and effect until full repayment or cancellation of all the Covered Bonds.
- 1.3** The contents of these Rules are deemed to be an integral part of the Terms and Conditions of the Covered Bonds of each Series or Tranche issued by the Issuer.

##### **2. DEFINITIONS AND INTERPRETATION**

###### **2.1 Definitions**

In these Rules, the terms below shall have the following meanings:

**Block Voting Instruction** means, in relation to a Meeting, a document issued by the Paying Agent or by a Registrar, as the case may be:

- (a) in case of Covered Bond issued in a dematerialised form, certifying that specified Covered Bonds are held to the order of the Paying Agent or under its control and have been blocked in an account with a clearing system and will not be released until a the earlier of:
- (i) a specified date which falls after the conclusion of the Meeting; and
  - (ii) the surrender to the Paying Agent not less than 48 hours before the time fixed for the Meeting (or, if the Meeting has been adjourned, the time fixed for its resumption) of confirmation that the Covered Bonds are Blocked Covered Bonds and notification of the release thereof by the Paying Agent to the Issuer and Representative of the Covered Bondholders;
- (b) in case of Covered Bonds issued in registered form, certifying that specified Covered Bonds have been blocked with the Registrar and will not be released until the conclusion of the Meeting
- (c) certifying that the Holder, or the registered Holder in case of Covered Bonds issued in registered form, of the relevant Blocked Covered Bonds or a duly authorised person on its behalf has notified the Paying Agent or the Registrar that the votes attributable to such Covered Bonds are to be cast in a particular way on each resolution to be put to the Meeting and that during the period of 48 hours before the time fixed for the Meeting such instructions may not be amended or revoked;

- (d) listing the total number of such specified Blocked Covered Bonds, distinguishing between those in respect of which instructions have been given to vote for, and against, each resolution; and
- (e) authorising a named individual to vote in accordance with such instructions;

**Blocked Covered Bonds** means (i) Covered Bonds which have been blocked in an account with a clearing system or otherwise are held to the order of or under the control of the Paying Agent, or (ii) in case of Covered Bonds issued in registered form, such Covered Bonds which have been blocked with the Registrar, for the purpose of obtaining from the Principal Paying Agent and/or the Registrar a Block Voting Instruction or a Voting Certificate on terms that they will not be released until after the conclusion of the Meeting in respect of which the Block Voting Instruction or Voting Certificate is required;

**Chairman** means, in relation to any Meeting, the person who takes the chair in accordance with Article 6 (*Chairman of the Meeting*).

**Currency Swap Rate** means, in relation to a Covered Bond or Series or Tranche of Covered Bonds, the exchange rate specified in the respective currency hedging agreement relating to such Covered Bond or Series or Tranche of Covered Bonds or, if the respective currency hedging agreement has terminated or is not in place, the applicable exchange rate provided by the Servicer;

**Event of Default** means an Issuer Event of Default or a Covered Bond Guarantor Event of Default;

**Extraordinary Resolution** means a resolution passed at a Meeting, duly convened and held in accordance with the provisions contained in these Rules by a majority of not less than three quarters of the votes cast;

**German Paying Agent** means any institution appointed by the Issuer to act as paying agent in respect of the Covered Bonds issued in a registered form under the Programme;

**Holder** means in respect of Covered Bonds, the ultimate owner of such Covered Bonds and, in respect of the Covered Bonds issued in registered form, the ultimate registered owner of such Covered Bonds issued in registered form, as set out in the Register;

**Liabilities** means losses, liabilities, inconvenience, costs, expenses, damages, claims, actions or demands;

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

**Monte Titoli Account Holder** means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Monte Titoli (as *intermediari aderenti*) in accordance with Article 83-quater of the Financial Law and includes any depository banks appointed by the Relevant Clearing System;

**Ordinary Resolution** means any resolution passed at a Meeting, duly convened and held in accordance with the provisions contained in these Rules by a majority of more than 50% of the votes cast;

**Programme Resolution** means an Extraordinary Resolution passed at a single meeting of the Covered Bondholders of all Series or Tranche, duly convened and held in accordance with the provisions contained in these Rules to direct the Representative of the Covered Bondholders to take steps and/or institute proceedings against the Issuer or the Covered Bond Guarantor pursuant to Condition 12(e)(iii) (*Effect of a Covered Bond Guarantor Acceleration Notice – Enforcement*) or other similar Condition with reference to Covered Bonds issued in registered form;

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

- (a) any person whose appointment has been revoked and in relation to whom the Paying Agent or the Registrar has been notified in writing of such revocation by the time which is 48 hours before the time fixed for the relevant Meeting; and
- (b) any person appointed to vote at a Meeting which has been adjourned for want of a quorum and who has not been reappointed to vote at the Meeting when it is resumed;

**Register** means any register held by the Registrar for the purpose of recording payments and assignments of Covered Bonds issued in registered form;

**Registrar** means any institution in which may be appointed from time to time by the Issuer to act as a registrar in respect of the Covered Bonds issued in registered form under the Programme, provided that if the Issuer will keep the register and will not delegate such activity, any reference to the Registrar will be construed as a reference to the Issuer;

**Resolutions** means the Ordinary Resolutions and the Extraordinary Resolutions, collectively;

**Transaction Party** means any person who is a party to a Transaction Document;

**Voter** means, in relation to a Meeting, the Holder or a Proxy named in a Voting Certificate, the bearer of a Voting Certificate issued by the Paying Agent, a Registrar or a Proxy named in a Block Voting Instruction;

**Voting Certificate** means, in relation to any Meeting:

- (a) a certificate issued by a Monte Titoli Account Holder in accordance with Regulation 13 August 2018; or
- (b) a certificate issued by the Paying Agent or by a Registrar stating:
  - (i) that Blocked Covered Bonds will not be released until the earlier of:
    - (A) a specified date which falls after the conclusion of the Meeting; and
    - (B) the surrender of such certificate to the Paying Agent or to the Registrar; and
  - (ii) the bearer of the certificate is entitled to attend and vote at such Meeting in respect of such Blocked Covered Bonds.



**Written Resolution** means a resolution in writing signed by or on behalf of one or more persons holding or representing at least 75 per cent of the Outstanding Principal Balance of the Covered Bonds, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more of such Covered Bondholders;

**24 hours** means a period of 24 hours including all or part of a day on which banks are open for business both in the place where any relevant Meeting is to be held and in the place where the Paying Agent has its specified office or, in case of Covered Bonds issued in registered form, the Registrar has its specified office; and

**48 hours** means two consecutive periods of 24 hours.

Unless otherwise provided in these Rules, or unless the context requires otherwise, words and expressions used in these Rules shall have the meanings and the construction ascribed to them in the relevant Conditions.

## **2.2 Interpretation**

In these Rules:

- 2.2.1 any reference herein to an Article shall, except where expressly provided to the contrary, be a reference to an article of these Rules of the Organisation of the Covered Bondholders;
- 2.2.2 a successor of any party shall be construed so as to include an assignee or successor in title of such party and any person who under the laws of the jurisdiction of incorporation or domicile of such party has assumed the rights and obligations of such party under any Transaction Document or to which, under such laws, such rights and obligations have been transferred; and
- 2.2.3 any reference to any Transaction Party shall be construed so as to include its and any subsequent successors and transferees in accordance with their respective interests.

## **2.3 Separate Series**

Subject to the provisions of the next sentence, the Covered Bonds of each Series shall form a separate Series of Covered Bonds and accordingly, unless for any purpose the Representative of the Covered Bondholders in its absolute discretion shall otherwise determine, the provisions of this sentence and of Articles 3 (*Purpose of the Organisation of the Covered Bondholders*) to 24 (*Meetings and Separate Series*) and 28 (*Duties and Powers of the Representative of the Covered Bondholders*) to 35 (*Powers to Act on behalf of the Covered Bond Guarantor*) shall apply *mutatis mutandis* separately and independently to the Covered Bonds of each Series. However, for the purposes of this Article 2.3:

- 2.3.1 under Articles 25 (*Appointment, Removal and Remuneration*) and 26 (*Resignation of the Representative of the Covered Bondholders*); and
- 2.3.2 insofar as they relate to a Programme Resolution, under Articles 3 (*Purpose of the Organisation of the Covered Bondholders*) to 23 (*Meetings and Separate Series*) and 27 (*Duties and Powers of the Representative of the Covered Bondholders*) to 34 (*Powers to act on Behalf of the Covered Bond Guarantor*),

the Covered Bonds shall be deemed to constitute a single Series and the provisions of such Articles shall apply to all the Covered Bonds together as if they constituted a single Series and, in such Articles, the expressions Covered Bonds and Covered Bondholders shall be construed accordingly.

**3. PURPOSE OF THE ORGANISATION OF THE COVERED BONDHOLDERS**

3.1 Each Covered Bondholder is a member of the Organisation of the Covered Bondholders.

3.2 The purpose of the Organisation of the Covered Bondholders is to co-ordinate the exercise of the rights of the Covered Bondholders and, more generally, to take any action necessary or desirable to protect the interest of the Covered Bondholders.

## **TITLE II**

### **MEETINGS OF THE COVERED BONDHOLDERS**

#### **4. CONVENING A MEETING**

##### **4.1 Convening a Meeting**

The Representative of the Covered Bondholders, the Covered Bond Guarantor or the Issuer may convene separate or combined Meetings of the Covered Bondholders at any time and the Representative of the Covered Bondholders shall be obliged to do so upon the request in writing by Covered Bondholders representing at least one-tenth of the aggregate Outstanding Principal Balance of the Covered Bonds.

The Representative of the Covered Bondholders, the Covered Bond Guarantor or the Issuer or (in relation to a meeting for the passing of a Programme Resolution) the Covered Bondholders of any Series may at any time, and the Issuer shall upon a request in writing signed by the holders of not less than one-tenth of the aggregate Outstanding Principal Balance of the Covered Bonds for the time being outstanding, convene a meeting of the Covered Bondholders and, if the Issuer makes default for a period of seven days in convening such a meeting, the same may be convened by the Representative of the Covered Bondholders or the subject making the request. The Representative of the Covered Bondholders may convene a single meeting of the Covered Bondholders of more than one Series if in the opinion of the Representative of the Covered Bondholders there is no conflict between the holders of the Covered Bonds of the relevant Series, in which event the provisions of these Rules shall apply thereto *mutatis mutandis*.

##### **4.2 Meetings convened by Issuer**

Whenever the Issuer is about to convene a Meeting, it shall immediately give notice in writing to the Representative of the Covered Bondholders specifying the proposed day, time and place of the Meeting, and the items to be included in the agenda.

##### **4.3 Time and place of Meetings**

Every Meeting will be held on a date and at a time and place selected or approved by the Representative of the Covered Bondholders, *provided that* each Meeting may be held also by linking various venues in different locations by audio/video conferencing facilities, subject to the following conditions:

- (a) that the Chairman of the Meeting 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;
- (b) that 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.

## **5. NOTICE**

### **5.1 Notice of Meeting**

At least 21 days' notice (exclusive of (i) the day on which notice is delivered and (ii) the day on which the relevant Meeting is to be held), specifying the day, time and place of the Meeting, as well as, if necessary, venues connected by audio or video conferencing that may be used by those involved, must be given to the relevant Covered Bondholders, the Registrar and the Paying Agent, with a copy to the Issuer and the Covered Bond Guarantor, where the Meeting is convened by the Representative of the Covered Bondholders, or with a copy to the Representative of the Covered Bondholders, where the Meeting is convened by the Issuer.

### **5.2 Content of notice**

The notice shall set out the full text of any resolution to be proposed at the Meeting, unless the Representative of the Covered Bondholders agrees that the notice shall instead specify the nature of the resolution without including the full text and shall state that the Voting Certificate for the purpose of such Meeting may be obtained from a Monte Titoli Account Holder in accordance with the provisions of Regulation 13 August 2018 and that for the purpose of obtaining Voting Certificates or appointing Proxies under a Block Voting Instruction, Covered Bondholders must (to the satisfaction of the Paying Agent) be held to the order of or placed under the control of the Paying Agent or blocked in an account with a clearing system not later than 48 hours before the relevant Meeting.

With reference to the Covered Bonds issued in registered form, the notice shall set out the full text of any resolution to be proposed at the Meeting unless the Representative of the Covered Bondholders agrees that the notice shall instead specify the nature of the resolution without including the full text and shall state that Covered Bond issued in registered form, may be blocked with the Registrar, or with other entity authorised to do so by the Registrar, for the purposes of appointing Proxies under Block Voting Instructions until 48 hours before the time fixed for the Meeting and that holders of Covered Bonds issued in registered form, may also appoint Proxies either under a Block Voting Instruction by delivering written instructions to the Registrar or the German Paying Agent or by executing and delivering a form of Proxy to the Specified Office of the Registrar or the German Paying Agent, in either case until 48 hours before the time fixed for the Meeting.

### **5.3 Validity notwithstanding lack of notice**

A Meeting is valid notwithstanding that the formalities required by this Article 5 are not complied with if all the Holders of the Covered Bonds which are entitled to attend and vote (representing the entirety of the Outstanding Principal Balance of the Covered Bonds) are represented at such Meeting and the Issuer and the Representative of the Covered Bondholders are present.

## **6. CHAIRMAN OF THE MEETING**

### **6.1 Appointment of Chairman**

An individual (who may, but need not be, a Covered Bondholder), nominated by the Representative of the Covered Bondholders may take the chair at any Meeting, but if:

- 6.1.1 the Representative of the Covered Bondholders fails to make a nomination; or
- 6.1.2 the individual nominated declines to act or is not present within 15 minutes after the time fixed for the Meeting,

the Meeting shall be chaired by the person elected by the majority of the Voters present, failing which, the Issuer shall appoint a Chairman. The Chairman of an adjourned Meeting need not be the same person as was Chairman at the original Meeting.

## **6.2 Duties of Chairman**

The Chairman ascertains that the Meeting has been duly convened and validly constituted, manages the business of the Meeting, monitors the fairness of proceedings, leads and moderates the debate, and determines the mode of voting.

## **6.3 Assistance to Chairman**

The Chairman may be assisted by outside experts or technical consultants, specifically invited to assist in any given matter, and may appoint one or more vote-counters, who are not required to be Covered Bondholders.

## **7. QUORUM**

The quorum at any Meeting will be:

- 7.1.1 in the case of an Ordinary Resolution, one or more persons (including the Issuer if at any time it owns any of the relevant Covered Bonds) holding or representing at least 25 per cent of the Outstanding Principal Balance of the Covered Bonds for the time being outstanding or, at an adjourned Meeting, one or more persons being or representing Covered Bondholders, whatever the Outstanding Principal Balance of the Covered Bonds so held or represented; or
- 7.1.2 in the case of an Extraordinary Resolution or a Programme Resolution (including the Issuer if at any time it owns any of the relevant Covered Bonds) (subject as provided below), one or more persons holding or representing at least 50 per cent. of the Outstanding Principal Balance of the Covered Bonds for the time being outstanding or, at an adjourned Meeting, one or more persons being or representing Covered Bondholders of the relevant Series for the time being outstanding, whatever the Outstanding Principal Balance of the Covered Bonds so held or represented; or
- 7.1.3 at any meeting the business of which includes any of the following matters (other than in relation to a Programme Resolution) (each of which shall, subject only to Article 31 (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 of the method of calculating the amount payable or modification of the date of

payment or, where applicable, modification of the method of calculating the date of payment in respect of any principal or interest in respect of the Covered Bonds;

- (b) alteration of the currency in which payments under the Covered Bonds are to be made;
- (c) alteration of the majority required to pass an Extraordinary Resolution;
- (d) except in accordance with Articles 30 (*Amendments And Modifications*) and 32 (*Waiver*), the sanctioning of any such scheme or proposal to effect the exchange, conversion or substitution of the Covered Bonds for, or the conversion of such Covered Bonds into, shares, bonds or other obligations or securities of the Issuer or the Covered Bond Guarantor or any other person or body corporate, formed or to be formed; and
- (e) alteration of this Article 7.1.3;

(each a **Series Reserved Matter**), the quorum shall be one or more persons (including the Issuer if at any time it owns any of the relevant Covered Bonds) being or representing holders of not less than two-thirds of the aggregate Outstanding Principal Balance of the Covered Bonds of such Series for the time being outstanding or, at any adjourned meeting, one or more persons being or representing not less than one-third of the aggregate Outstanding Principal Balance of the Covered Bonds of such Series for the time being outstanding.

## **8. ADJOURNMENT FOR WANT OF QUORUM**

- 8.1 If a quorum is not present for the transaction of any particular business within 15 minutes after the time fixed for any Meeting, then, without prejudice to the transaction of the business (if any) for which a quorum is present:
  - 8.1.1 if such Meeting was convened upon the request of Covered Bondholders, the Meeting shall be dissolved; and
  - 8.1.2 in any other case, the Meeting shall stand adjourned to the same day in the next week (or if such day is a public holiday the next succeeding business day) at the same time and place (except in the case of a meeting at which an Extraordinary Resolution is to be proposed in which case it shall stand adjourned for such period, being not less than 13 clear days nor more than 42 clear days, and to such place as may be appointed by the Chairman either at or subsequent to such meeting and approved by the Representative of the Covered Bondholders).
- 8.2 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 Representative of the Covered Bondholders) dissolve such meeting or adjourn the same 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 Representative of the Covered Bondholders.

## **9. ADJOURNED MEETING**

Except as provided in Article 8 (*Adjournment for want of Quorum*), the Chairman may, with the prior consent of any Meeting, and shall if so directed by any Meeting, adjourn such Meeting to another time and place. No business shall be transacted at any adjourned meeting except business which might have been transacted at the Meeting from which the adjournment took place.

## **10. NOTICE FOLLOWING ADJOURNMENT**

### **10.1 Notice required**

Article 5 (*Notice*) shall apply to any Meeting which is to be resumed after adjournment for lack of a quorum except that:

10.1.1 10 days' notice (exclusive of the day on which the notice is delivered and of the day on which the Meeting is to be resumed) shall be sufficient; and

10.1.2 the notice shall specifically set out the quorum requirements which will apply when the Meeting resumes.

### **10.2 Notice not required**

Except in the case of a Meeting to consider an Extraordinary Resolution, it shall not be necessary to give notice of resumption of any Meeting adjourned for reasons other than those described in Article 8 (*Adjournment for want of Quorum*).

## **11. PARTICIPATION**

The following categories of persons may attend and speak at a Meeting:

11.1 Voters;

11.2 the directors and the auditors of the Issuer and the Covered Bond Guarantor;

11.3 representatives of the Issuer, the Covered Bond Guarantor, the Paying Agent and the Representative of the Covered Bondholders;

11.4 financial advisers to the Issuer, the Covered Bond Guarantor and the Representative of the Covered Bondholders;

11.5 legal advisers to the Issuer, the Covered Bond Guarantor and the Representative of the Covered Bondholders; and

11.6 any other person authorised by virtue of a resolution of such Meeting or by the Representative of the Covered Bondholders.

## **12. VOTING CERTIFICATES AND BLOCK VOTING INSTRUCTIONS**

12.1 A Covered Bondholder may obtain a Voting Certificate in respect of a Meeting by requesting its Monte Titoli Account Holder to issue a certificate in accordance with Regulation 13 August 2018.

12.2 A Covered Bondholder may also obtain from the Paying Agent or require the Paying Agent to issue a Block Voting Instruction by arranging for such Covered Bonds to be (to the

satisfaction of the Paying Agent) held to its order or under its control or blocked in an account in the Relevant Clearing System (other than Monte Titoli) not later than 48 hours before the time fixed for the relevant Meeting.

- 12.3 A Voting Certificate or Block Voting Instruction shall be valid until the release of the Blocked Covered Bonds to which it relates.
- 12.4 So long as a Voting Certificate or Block Voting Instruction is valid, the named therein as Holder or Proxy (in the case of a Voting Certificate issued by a Monte Titoli Account Holder), the bearer thereof (in the case of a Voting Certificate issued by the Paying Agent), and any Proxy named therein (in the case of a Block Voting Instruction issued by the Paying Agent) shall be deemed to be the Holder of the Covered Bonds to which it relates for all purposes in connection with the Meeting to which such Voting Certificate or Block Voting Instruction relates.
- 12.5 A Voting Certificate and a Block Voting Instruction cannot be outstanding simultaneously in respect of the same Covered Bonds.
- 12.6 References to the blocking or release of Covered Bonds shall be construed in accordance with the usual practices (including blocking the relevant account) of any Relevant Clearing System.
- 12.7 Any registered Holder may require the Registrar to issue a Block Voting Instruction by arranging (to the satisfaction of the Registrar) for the related Covered Bonds issued in registered form to be blocked with the Registrar not later than 48 hours before the time fixed for the relevant Meeting. The registered Holder may require the Registrar to issue a Block Voting Instruction by delivering to the Registrar written instructions not later than 48 hours before the time fixed for the relevant Meeting. Any registered Holder may obtain an uncompleted and unexecuted Form of Proxy from the Registrar. A Block Voting Instruction shall be valid until the release of the Blocked Bonds to which it relates. A Form of Proxy and a Block Voting Instruction cannot be outstanding simultaneously in respect of the same Bond.

### **13. VALIDITY OF BLOCK VOTING INSTRUCTIONS**

- 13.1 A Block Voting Instruction or a Voting Certificate shall be valid for the purpose of the relevant Meeting only if it is deposited at the Specified Offices of the Paying Agent or the Registrar, as the case may be, or at any other place approved by the Representative of the Covered Bondholders, at least 24 hours before the time fixed for the relevant Meeting. If a Block Voting Instruction or a Voting Certificate is not deposited before such deadline, it shall not be valid unless the Chairman decides otherwise before the Meeting proceeds to business. If the Representative of the Covered Bondholders so requires, a notarised copy of each Block Voting Instruction and satisfactory evidence of the identity of each Proxy named in a Block Voting Instruction or of each Holders or Proxy named in a Voting Certificate shall be produced at the Meeting but the Representative of the Covered Bondholders shall not be obliged to investigate the validity of a Block Voting Instruction or a Voting Certificate or the identity of any Proxy or any holder of the Covered Bonds named in a



Voting Certificate or a Block Voting Instruction or the identity of any Holder named in a Voting Certificate.

#### **14. VOTING BY POLL**

Every question submitted to a Meeting shall be decided by poll. The Chairman sets the conditions for the voting, including for counting and calculating the votes, and may set a time limit by which all votes must be cast. Any vote which is not cast in compliance with the terms specified by the Chairman shall be null and void. After voting ends, the votes shall be counted and, after the counting, the Chairman shall announce to the Meeting the outcome of the vote. The result of a poll shall be deemed to be the resolution of the Meeting as at the date of the taking of the poll.

#### **15. VOTES**

##### **15.1 Voting**

15.1.1 On a poll every person who is so present shall have one vote in respect of each €1.00 or such other amount as the Representative of the Covered Bondholders may in its absolute discretion stipulate (or, in the case of meetings of holders of Covered Bonds denominated in another currency, such amount in such other currency as the Representative of the Covered Bondholders in its absolute discretion may stipulate).

##### **15.2 Block Voting Instruction**

Unless the terms of any Block Voting Instruction or Voting Certificate state otherwise in the case of a Proxy, a Voter shall not be obliged to exercise all the votes to which such Voter is entitled or to cast all the votes he exercises the same way.

##### **15.3 Voting tie**

In the case of a voting tie, the relevant Resolution shall be deemed to have been rejected.

#### **16. VOTING BY PROXY**

##### **16.1 Validity**

Any vote by a Proxy in accordance with the relevant Block Voting Instruction or Voting Certificate appointing a Proxy shall be valid even if such Block Voting Instruction or Voting Certificate or any instruction pursuant to which it has been given had been amended or revoked provided that none of the Issuer, the Representative of the Covered Bondholders, the Registrar or the Chairman has been notified in writing of such amendment or revocation at least 24 hours prior to the time set for the relevant Meeting.

##### **16.2 Adjournment**

Unless revoked, the appointment of a Proxy under a Block Voting Instruction or a Voting Certificate in relation to a Meeting shall remain in force in relation to any resumption of such Meeting following an adjournment save that no such appointment of a Proxy in relation to a meeting originally convened which has been adjourned for want of a quorum shall remain in force in relation to such meeting when it is resumed. Any person appointed to vote

at such Meeting must be re-appointed under a Block Voting Instruction or Voting Certificate to vote at the Meeting when it is resumed.

## **17. RESOLUTIONS**

### **17.1 Ordinary Resolutions**

Subject to Article 17.2 (*Extraordinary Resolutions*), a Meeting shall have the following powers exercisable by Ordinary Resolution, to:

- 17.1.1 grant any authority, order or sanction which, under the provisions of these Rules or of the Conditions, is required to be the subject of an Ordinary Resolution or required to be the subject of a resolution or determined by a Meeting and not required to be the subject of an Extraordinary Resolution; and
- 17.1.2 to authorise the Representative of the Covered Bondholders or any other person to execute all documents and do all things necessary to give effect to any Ordinary Resolution.

### **17.2 Extraordinary Resolutions**

A Meeting, in addition to any powers assigned to it in the Conditions, shall have power exercisable by Extraordinary Resolution to:

- 17.2.1 sanction any compromise or arrangement proposed to be made between the Issuer, the Covered Bond Guarantor, the Representative of the Covered Bondholders, the Covered Bondholders or any of them;
- 17.2.2 approve any modification, abrogation, variation or compromise in respect of (a) the rights of the Representative of the Covered Bondholders, the Issuer, the Covered Bond Guarantor, the Covered Bondholders or any of them, whether such rights arise under the Transaction Documents or otherwise, and (b) these Rules, the Conditions or of any Transaction Document or any arrangement in respect of the obligations of the Issuer under or in respect of the Covered Bonds, which, in any such case, shall be proposed by the Issuer, the Representative of the Covered Bondholders and/or any other party thereto;
- 17.2.3 assent to any modification of the provisions of these Rules or the Transaction Documents which shall be proposed by the Issuer, the Covered Bond Guarantor, the Representative of the Covered Bondholders or of any Covered Bondholder which are not of a minor or technical nature or which are aimed at correcting a manifest error;
- 17.2.4 in accordance with Article 25 (*Appointment, Removal and Remuneration*), appoint and remove the Representative of the Covered Bondholders;
- 17.2.5 subject to the provisions set forth under the Conditions and the Transaction Documents or upon request of the Representative of the Covered Bondholders, authorise the Representative of the Covered Bondholders to issue an Article 74 Notice to Pay as a result of an Article 74 Event pursuant to Condition 12(a) (*Article 74 Event*), a Notice to Pay as a result of an Issuer Event of Default pursuant to

Condition 12(c) (*Issuer Events of Default*) or a Covered Bond Guarantor Acceleration Notice as a result of a Covered Bond Guarantor Event of Default pursuant to Condition 12(d) (*Covered Bond Guarantor Events of Default*);

- 17.2.6 discharge or exonerate, whether retrospectively or otherwise, the Representative of the Covered Bondholders from any liability in relation to any act or omission for which the Representative of the Covered Bondholders has or may become liable pursuant or in relation to these Rules, the Conditions or any other Transaction Document;
- 17.2.7 authorise and ratify the actions of the Representative of the Covered Bondholders in compliance with these Rules, the Intercreditor Agreement and any other Transaction Document;
- 17.2.8 waive any breach or authorise any proposed breached by the Issuer, the Covered Bond Guarantor or any other party of its obligations under or in respect of these Rules, or waive the occurrence of an Issuer Event of Default, Covered Bond Guarantor Event of Default or a breach of test, and direct the Representative of the Covered Bondholders to suspend the delivery of the relevant Article 74 Notice to pay, Notice to Pay or Covered Bond Guarantor Acceleration Notice;
- 17.2.9 to appoint any person (whether Covered Bondholders or not) as a committee to represent the interests of the Covered Bondholders and to confer on any such committee any powers which the Covered Bondholders could themselves exercise by Extraordinary Resolution;
- 17.2.10 authorise the Representative of the Covered Bondholders or any other person to execute all documents and do all things necessary to give effect to any Extraordinary Resolution; and
- 17.2.11 in case of failure by the Representative of the Covered Bondholders to send an Article 74 Notice to Pay, a Notice to Pay or a Covered Bond Guarantor Acceleration Notice, direct the Representative of the Covered Bondholders to deliver an Article 74 Notice to Pay or a Notice to Pay as a result of an Article 74 Event or an Issuer Event of Default pursuant to Condition 12 (*Article 74 Event and Events of Default*), or a Covered Bond Guarantor Acceleration Notice as a result of a Covered Bond Guarantor Event of Default pursuant to Condition 12(d) (*Covered Bond Guarantor Events of Default*).

### **17.3 Programme Resolutions**

A Meeting shall have power exercisable by a Programme Resolution to direct the Representative of the Covered Bondholders to take steps and/or institute proceedings against the Issuer or the Covered Bond Guarantor pursuant to Condition 12(e)(iii) (*Effect of a Covered Bond Guarantor Acceleration Notice- Enforcement*).

### **17.4 Other Series of Covered Bonds**

No Ordinary Resolution or Extraordinary Resolution, other than a Programme Resolution, that is passed by the Holders of one Series of Covered Bonds shall be effective in respect of

another Series of Covered Bonds unless it is sanctioned by an Ordinary Resolution or Extraordinary Resolution (as the case may be) of the Holders of Covered Bonds then outstanding of that other Series.

## **18. EFFECT OF RESOLUTIONS**

### **18.1 Binding nature**

Subject to Article 17.4 (*Other Series of Covered Bonds*), any resolution passed at a Meeting of the Covered Bondholders duly convened and held in accordance with these Rules shall be binding upon all Covered Bondholders, whether or not present at such Meeting and/or not voting. A Programme Resolution passed at any Meeting of the holders of the Covered Bonds of all Series shall be binding on all holders of the Covered Bonds of all Series, whether or not present at the meeting and/or not voting.

### **18.2 Notice of voting results**

Notice of the results of every vote on a resolution duly considered by Covered Bondholders shall be published (at the cost of the Issuer) in accordance with the Conditions and given to the Paying Agents (with a copy to the Issuer, the Covered Bond Guarantor, the Registrar and the Representative of the Covered Bondholders within 14 days of the conclusion of each Meeting).

## **19. CHALLENGE TO RESOLUTIONS**

Any absent or dissenting Covered Bondholder has the right to challenge Resolutions which are not passed in compliance with the provisions of these Rules.

## **20. MINUTES**

Minutes shall be made of all resolutions and proceedings of each Meeting and entered in books provided by the Issuer for that purpose. The Minutes shall be signed by the Chairman and shall be *prima facie* evidence of the proceedings therein recorded. Unless and until the contrary is proved, every Meeting in respect of which minutes have been signed by the Chairman shall be regarded as having been duly convened and held and all resolutions passed or proceedings transacted shall be regarded as having been duly passed and transacted.

## **21. WRITTEN RESOLUTION**

A Written Resolution shall take effect as if it were an Extraordinary Resolution or, in respect of matters required to be determined by Ordinary Resolution, as if it were an Ordinary Resolution.

## **22. INDIVIDUAL ACTIONS AND REMEDIES**

Each Covered Bondholder has accepted and is bound by the provisions of Clauses 4 (*Exercise of Rights and Subrogation*) and 11 (*Limited Recourse*) of the Covered Bond Guarantee and Clause 11 (*Limited Recourse and Non Petition*) of the Intercreditor Agreement and, accordingly, if any Covered Bondholder is considering bringing individual actions or using other individual remedies to enforce his/her rights under the Covered Bonds and the Covered Bond Guarantee, any such action or remedy shall be subject to a Meeting not passing an Extraordinary Resolution objecting to such individual action or other remedy on the grounds that it is not consistent with such Condition. In this respect, the following provisions shall apply:

- 22.1 the Covered Bondholder intending to enforce his/her rights under the Covered Bonds will notify the Representative of the Covered Bondholders of his/her intention;
- 22.2 the Representative of the Covered Bondholders will, without delay, call a Meeting in accordance with these Rules (including, for the avoidance of doubt, Article 23.1 (*Choice of Meeting*));
- 22.3 if the Meeting passes an Extraordinary Resolution objecting to the enforcement of the individual action or remedy, the Covered Bondholder will be prevented from taking such action or remedy (without prejudice to the fact that after a reasonable period of time, the same matter may be resubmitted for review of another Meeting); and
- 22.4 if the Meeting of Covered Bondholders does not object to an individual action or remedy, the Covered Bondholder will not be prohibited from taking such individual action or remedy.

## **23. MEETINGS AND SEPARATE SERIES**

### **23.1 Choice of Meeting**

If and whenever the Issuer shall have issued and have outstanding Covered Bonds of more than one Series the foregoing provisions of this Schedule shall have effect subject to the following modifications:

- 23.1.1 a resolution which in the opinion of the Representative of the Covered Bondholders affects the Covered Bonds of only one Series shall be deemed to have been duly passed if passed at a separate meeting of the holders of the Covered Bonds of that Series;
- 23.1.2 a resolution which in the opinion of the Representative of the Covered Bondholders affects the Covered Bonds of more than one Series but does not give rise to a conflict of interest between the holders of Covered Bonds of any of the Series so affected shall be deemed to have been duly passed if passed at a single meeting of the holders of the Covered Bonds of all the Series so affected;
- 23.1.3 a resolution which in the opinion of the Representative of the Covered Bondholders affects the Covered Bonds of more than one Series and gives or may give rise to a conflict of interest between the holders of the Covered Bonds of one Series or group of Series so affected and the holders of the Covered Bonds of another Series or group of Series so affected shall be deemed to have been duly passed only if passed at separate meetings of the holders of the Covered Bonds of each Series or group of Series so affected;
- 23.1.4 a Programme Resolution shall be deemed to have been duly passed only if passed at a single meeting of the Covered Bondholders of all Series; and
- 23.1.5 to all such meetings all the preceding provisions of these Rules shall *mutatis mutandis* apply as though references therein to Covered Bonds and Covered Bondholders were references to the Covered Bonds of the Series or group of Series in question or to the holders of such Covered Bonds, as the case may be.

### **23.2 Denominations other than euro**

If the Issuer has issued and has outstanding Covered Bonds which are not denominated in euro in the case of any Meeting or request in writing or Written Resolution of holders of Covered Bonds of more than one currency (whether in respect of the meeting or any adjourned such Meeting or any poll resulting therefrom or any such request or written resolution) the Outstanding Principal Balance of such Covered Bonds shall be the Euro Equivalent of the Currency Swap Rate. In such circumstances, on any poll each person present shall have one vote for each €1.00 (or such other euro amount as the Representative of the Covered Bondholders may in its absolute discretion stipulate) of the Outstanding Principal Balance of the Covered Bonds (converted as above) which he holds or represents.

### **24. FURTHER REGULATIONS**

Subject to all other provisions contained in these Rules, the Representative of the Covered Bondholders may, without the consent of the Issuer, prescribe such further regulations regarding the holding of Meetings and attendance and voting at them and/or the provisions of a Written Resolution as the Representative of the Covered Bondholders in its sole discretion may decide.

## **TITLE III**

### **THE REPRESENTATIVE OF THE COVERED BONDHOLDERS**

#### **25. APPOINTMENT, REMOVAL AND REMUNERATION**

##### **25.1 Appointment**

The appointment of the Representative of the Covered Bondholders takes place by Extraordinary Resolution of the Covered Bondholders in accordance with the provisions of this Article 25, except for the appointment of KPMG Fides Servizi di Amministrazione S.p.A. as first Representative of the Covered Bondholders which will be appointed under the Dealer Agreement.

##### **25.2 Identity of Representative of the Covered Bondholders**

The Representative of the Covered Bondholders shall be:

- 25.2.1 a bank incorporated in any jurisdiction of the European Union or a bank incorporated in any other jurisdiction acting through an Italian branch; or
- 25.2.2 a company or financial institution enrolled with the register held by the Bank of Italy pursuant to Article 106 of the Banking Law (as amended from time to time); or
- 25.2.3 any other entity which is not prohibited from acting in the capacity of Representative of the Covered Bondholders pursuant to the law.

The directors and auditors of the Issuer and those who fall within the conditions set out in Article 2399 of the Italian Civil Code cannot be appointed as Representative of the Covered Bondholders and, if appointed as such, they shall be automatically removed, *provided that* the Representative of the Covered Bondholders will be entitled in any circumstance to act also as Calculation Agent in the context of the Programme and/or in any other role as advisor to the Issuer and/or any other entity belonging to Intesa Sanpaolo Group.

##### **25.3 Duration of appointment**

Unless the Representative of the Covered Bondholders is removed by Extraordinary Resolution of the Covered Bondholders pursuant to Article 17.2 (*Extraordinary Resolutions*) or resigns pursuant to Article 26 (*Resignation of the Representative of the Covered Bondholders*), it shall remain in office until full repayment or cancellation of all the Series of Covered Bonds.

##### **25.4 After termination**

In the event of a termination of the appointment of the Representative of the Covered Bondholders for any reason whatsoever, such representative shall remain in office until the substitute Representative of the Covered Bondholders, which shall be an entity specified in Article 25.2 (*Identity of Representative of the Covered Bondholders*), accepts its appointment, and the powers and authority of the Representative of the Covered Bondholders whose appointment has been terminated shall, pending the acceptance of its

appointment by the substitute, be limited to those necessary to perform the essential functions required in connection with the Covered Bonds.

#### **25.5 Remuneration**

The Issuer and, following an Article 74 Event or an Issuer Event of Default and delivery of a Article 74 Notice to Pay or a Notice to Pay, the Guarantor, shall pay to the Representative of the Covered Bondholders an annual fee for its services as Representative of the Covered Bondholders from the First Issue Date, as agreed in the Dealer Agreement or in a separate fee letter, as the case may be. Such fees shall accrue from day to day and shall be payable in accordance with the Priority of Payments set out in the Intercreditor Agreement up to (and including) the date when the Covered Bonds shall have been repaid in full or cancelled in accordance with the Conditions. In case of failure by the Issuer to pay the Representative of the Covered Bondholders the fee for its services, the same will be paid by the Covered Bond Guarantor.

#### **26. RESIGNATION OF THE REPRESENTATIVE OF THE COVERED BONDHOLDERS**

The Representative of the Covered Bondholders may resign at any time by giving at least twelve calendar months' written notice to the Issuer and the Covered Bond Guarantor, without needing to provide any specific reason for the resignation and without being responsible for any costs incurred as a result of such resignation. The resignation of the Representative of the Covered Bondholders shall not become effective until a new Representative of the Covered Bondholders has been appointed in accordance with Article 25.1 (*Appointment*) and such new Representative of the Covered Bondholders has accepted its appointment, provided that if Covered Bondholders fail to select a new Representative of the Covered Bondholders within twelve months of written notice of resignation delivered by the Representative of the Covered Bondholders, the Representative of the Covered Bondholders may appoint a successor which is a qualifying entity pursuant to Article 25.2 (*Identity of Representative of the Covered Bondholders*).

#### **27. DUTIES AND POWERS OF THE REPRESENTATIVE OF THE COVERED BONDHOLDERS**

##### **27.1 Representative of the Covered Bondholders as legal representative**

The Representative of the Covered Bondholders is the legal representative of the Organisation of the Covered Bondholders and has the power to exercise the rights conferred on it by the Transaction Documents in order to protect the interests of the Covered Bondholders.

##### **27.2 Meetings and resolutions**

Unless any Resolution provides to the contrary, the Representative of the Covered Bondholders is responsible for implementing all resolutions of the Covered Bondholders. The Representative of the Covered Bondholders has the right to convene and attend Meetings to propose any course of action which it considers from time to time necessary or desirable.

##### **27.3 Delegation**



The Representative of the Covered Bondholders may in the exercise of the powers, discretions and authorities vested in it by these Rules and the Transaction Documents:

27.3.1 act by responsible officers or a responsible officer for the time being of the Representative of the Covered Bondholders;

27.3.2 whenever it considers it expedient and in the interest of the Covered Bondholders, whether by power of attorney or otherwise, delegate to any person or persons or fluctuating body of persons some, but not all, of the powers, discretions or authorities vested in it as aforesaid.

Any such delegation pursuant to Article 27.3.1 may be made upon such conditions and subject to such regulations (including power to sub-delegate) as the Representative of the Covered Bondholders may think fit in the interest of the Covered Bondholders. The Representative of the Covered Bondholders shall not, other than in the normal course of its business, be bound to supervise the acts or proceedings of such delegate or sub-delegate and shall not in any way or to any extent be responsible for any loss incurred by reason of any misconduct, omission or default on the part of such delegate or sub-delegate, *provided that* the Representative of the Covered Bondholders shall use all reasonable care in the appointment of any such delegate and shall be responsible for the instructions given by it to such delegate. The Representative of the Covered Bondholders shall, as soon as reasonably practicable, give notice to the Issuer and the Covered Bond Guarantor of the appointment of any delegate and any renewal, extension and termination of such appointment, and shall procure that any delegate shall give notice to the Issuer and the Covered Bond Guarantor of the appointment of any sub-delegate as soon as reasonably practicable.

#### **27.4 Judicial proceedings**

The Representative of the Covered Bondholders is authorised to represent the Organisation of the Covered Bondholders in any judicial proceedings including any Insolvency Event in respect of the Issuer and/or the Covered Bond Guarantor.

#### **27.5 Consents given by Representative of the Covered Bondholders**

Any consent or approval given by the Representative of the Covered Bondholders under these Rules and any other Transaction Document may be given on such terms and subject to such conditions (if any) as the Representative of the Covered Bondholders deems appropriate and, notwithstanding anything to the contrary contained in the Rules or in the Transaction Documents, such consent or approval may be given retrospectively.

#### **27.6 Discretions**

Save as expressly otherwise provided herein, the Representative of the Covered Bondholders shall have absolute discretion as to the exercise or non-exercise of any right, power and discretion vested in the Representative of the Covered Bondholders by these Rules or by operation of law.

#### **27.7 Obtaining instructions**

In connection with matters in respect of which the Representative of the Covered Bondholders is entitled to exercise its discretion hereunder, the Representative of the Covered Bondholders has the right (but not the obligation) to convene a Meeting or Meetings in order to obtain the Covered Bondholders' instructions as to how it should act. Without prejudice to the provisions set forth under Article 32 (*Indemnity*), prior to undertaking any action, the Representative of the Covered Bondholders shall be entitled to request that the Covered Bondholders indemnify it and/or provide it with security as specified in Article 28.2 (*Specific limitations*).

## **27.8 Remedy**

The Representative of the Covered Bondholders may determine whether or not a default in the performance by the Issuer or the Covered Bond Guarantor of any obligation under the provisions of these Rules, the Covered Bonds or any other Transaction Documents may be remedied, and if the Representative of the Covered Bondholders certifies that any such default is, in its opinion, not capable of being remedied, such certificate shall be conclusive and binding upon the Issuer, the Covered Bondholders, the other creditors of the Covered Bond Guarantor and any other party to the Transaction Documents.

## **28. EXONERATION OF THE REPRESENTATIVE OF THE COVERED BONDHOLDERS**

### **28.1 Limited obligations**

The Representative of the Covered Bondholders shall not assume any obligations or responsibilities in addition to those expressly provided herein and in the Transaction Documents.

### **28.2 Specific limitations**

Without limiting the generality of the Article 28.1, the Representative of the Covered Bondholders:

28.2.1 shall not be under any obligation to take any steps to ascertain whether an Article 74 Event, an Issuer Event of Default or a Covered Bond Guarantor Event of Default or any other event, condition or act, the occurrence of which would cause a right or remedy to become exercisable by the Representative of the Covered Bondholders hereunder or under any other Transaction Document, has occurred and, until the Representative of the Covered Bondholders has actual knowledge or express notice to the contrary, it shall be entitled to assume that no Article 74 Event, Issuer Event of Default or a Covered Bond Guarantor Event of Default or such other event, condition or act has occurred;

28.2.2 shall not be under any obligation to monitor or supervise the observance and performance by the Issuer or the Covered Bond Guarantor or any other parties of their obligations contained in these Rules, the Transaction Documents or the Conditions and save in case of gross negligence (*colpa grave*) or wilful default (*dolo*) of the Representative of the Covered Bondholders, until it shall have actual knowledge or express notice to the contrary, the Representative of the Covered

Bondholders shall be entitled to assume that the Issuer or the Covered Bond Guarantor and each other party to the Transaction Documents are duly observing and performing all their respective obligations;

- 28.2.3 except as expressly required in these Rules or any Transaction Document, shall not be under any obligation to give notice to any person of its activities in performance of the provisions of these Rules or any other Transaction Document;
- 28.2.4 shall not be responsible for investigating the legality, validity, effectiveness, adequacy, suitability or genuineness of these Rules or of any Transaction Document, or of any other document or any obligation or rights created or purported to be created hereby or thereby or pursuant hereto or thereto, and (without prejudice to the generality of the foregoing) it shall not have any responsibility for or have any duty to make any investigation in respect of or in any way be liable whatsoever for:
- (i) the nature, status, creditworthiness or solvency of the Issuer or the Covered Bond Guarantor;
  - (ii) the existence, accuracy or sufficiency of any legal or other opinion, search, report, certificate, valuation or investigation delivered or obtained or required to be delivered or obtained at any time in connection herewith;
  - (iii) the suitability, adequacy or sufficiency of any collection procedure operated by the Servicer or compliance therewith;
  - (iv) the failure by the Covered Bond Guarantor to obtain or comply with any licence, consent or other authorisation in connection with the purchase or administration of the assets contained in the Portfolio; and
  - (v) any accounts, books, records or files maintained by the Issuer, the Covered Bond Guarantor, the Servicer and the Paying Agent or any other person in respect of the Portfolio or the Covered Bonds;
- 28.2.5 shall not be responsible for the receipt or application by the Issuer of the proceeds of the issue of the Covered Bonds or the distribution of any of such proceeds to the persons entitled thereto;
- 28.2.6 shall have no responsibility for procuring or maintaining any rating of the Covered Bonds by any credit or rating agency or any other person;
- 28.2.7 shall not be responsible for investigating any matter which is the subject of any recital, statement, warranty, representation or covenant by any party other than the Representative of the Covered Bondholders contained herein or in any Transaction Document or any certificate, document or agreement relating thereto or for the execution, legality, validity, effectiveness, enforceability or admissibility in evidence thereof;
- 28.2.8 shall not be liable for any failure, omission or defect in registering or filing or procuring registration or filing of or otherwise protecting or perfecting these Rules or any Transaction Document;

- 28.2.9 shall not be bound or concerned to examine or enquire into or be liable for any defect or failure in the right or title of the Covered Bond Guarantor in relation to the assets contained in the Portfolio or any part thereof, whether such defect or failure was known to the Representative of the Covered Bondholders or might have been discovered upon examination or enquiry or whether capable of being remedied or not;
- 28.2.10 shall not be under any obligation to guarantee or procure the repayment of the Eligible Assets and Integration Assets contained in the Portfolio or any part thereof;
- 28.2.11 shall not be responsible for reviewing or investigating any report relating to the Portfolio or any part thereof provided by any person;
- 28.2.12 shall not be responsible for or have any liability with respect to any loss or damage arising from the realisation of the Portfolio or any part thereof;
- 28.2.13 shall not be responsible (except as expressly provided in the Conditions) for making or verifying any determination or calculation in respect of the Covered Bonds, the Portfolio or any Transaction Document;
- 28.2.14 shall not be under any obligation to insure the Portfolio or any part thereof;
- 28.2.15 shall, when in these Rules or any Transaction Document it is required in connection with the exercise of its powers, trusts, authorities or discretions to have regard to the interests of the Covered Bondholders, have regard to the overall interests of the Covered Bondholders of each Series as a class of persons and shall not be obliged to have regard to any interests arising from circumstances particular to individual Covered Bondholders whatever their number and, in particular but without limitation, shall not have regard to the consequences of such exercise for individual Covered Bondholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or taxing authority;
- 28.2.16 shall not, if in connection with the exercise of its powers, trusts, authorities or discretions, it is of the opinion that the interest of the holders of the Covered Bonds of any one or more Series would be materially prejudiced thereby, exercise such power, trust, authority or discretion without the approval of such Covered Bondholders by Extraordinary Resolution or by a written resolution of such Covered Bondholders of not less than 25 per cent. of the Outstanding Principal Balance of the Covered Bonds of the relevant Series then outstanding;
- 28.2.17 shall, as regards at the powers, trusts, authorities and discretions vested in it by the Transaction Documents, except where expressly provided therein, have regard to the interests of (i) all the Secured Creditors (except where expressly provided otherwise), and (ii) if, in its sole opinion, there is or may be a conflict between the interests of the Covered Bondholders of any Series and the interests of any other Secured Creditor (or any combination of them) to the interest of: (A) the Covered

Bondholders; and (B) subject to (A) above, the Secured Creditor to whom any amounts are owed appearing highest in the relevant Priority of Payments.

28.2.18 may refrain from taking any action or exercising any right, power, authority or discretion vested in it under these Rules or any Transaction Document or any other agreement relating to the transactions herein or therein contemplated until it has been indemnified and/or secured to its satisfaction against any and all actions, proceedings, claims and demands which might be brought or made against it and against all Liabilities suffered, incurred or sustained by it as a result. Nothing contained in these Rules or any of the other Transaction Documents shall require the Representative of the Covered Bondholders to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties or the exercise of any right, power, authority or discretion hereunder if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured; and

28.2.19 shall not be liable or responsible for any Liabilities which may result from anything done or omitted to be done by it in accordance with the provisions of these Rules or the Transaction Documents.

### **28.3 Covered Bonds held by Issuer or Covered Bond Guarantor**

The Representative of the Covered Bondholders may assume without enquiry that no Covered Bonds are, at any given time, held by or for the benefit of the Issuer or the Covered Bond Guarantor.

### **28.4 Illegality**

No provision of these Rules shall require the Representative of the Covered Bondholders to do anything which may be illegal or contrary to applicable law or regulations or to expend monies or otherwise take risks in the performance of any of its duties, or in the exercise of any of its powers or discretion. The Representative of the Covered Bondholders may refrain from taking any action which would or might, in its opinion, be contrary to any law of any jurisdiction or any regulation or directive of any agency of any state, or if it has reasonable grounds to believe that it will not be reimbursed for any funds it expends, or that it will not be indemnified against any loss or Liabilities which it may incur as a consequence of such action. The Representative of the Covered Bondholders may do anything which, in its opinion, is necessary to comply with any such law, regulation or directive as aforesaid.

## **29. RELIANCE ON INFORMATION**

### **29.1 Advice**

The Representative of the Covered Bondholders may act on the advice of, a certificate or opinion of, or any written information obtained from, any lawyer, accountant, banker, broker, credit or rating agency or other expert, whether obtained by the Issuer, the Covered Bond Guarantor, the Representative of the Covered Bondholders or otherwise, and shall not be liable for any loss incurred by so acting. Any such opinion, advice, certificate or information may be sent or obtained by letter, telegram, e-mail or fax transmission and the

Representative of the Covered Bondholders shall not be liable for acting on any opinion, advice, certificate or information purporting to be so conveyed although the same contains some error or is not authentic, save in case of gross negligence (*colpa grave*) or wilful default (*dolo*) of the Representative of the Covered Bondholders.

## **29.2 Certificates of Issuer and/or Covered Bond Guarantor**

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

29.2.1 as to any fact or matter *prima facie* within the Issuer's or the Covered Bond Guarantor's knowledge, a certificate duly signed by a director of the Issuer or (as the case may be) the Covered Bond Guarantor;

29.2.2 that such is the case, if a certificate of a director of the Issuer or the Covered Bond Guarantor (as the case may be) states that any particular dealing, transaction, step or thing is expedient,

and the Representative of the Covered Bondholders shall not be bound in any such case to call for further evidence or be responsible for any loss that may be incurred as a result of acting on such certificate unless any of its officers in charge of the administration of these Rules shall have actual knowledge or express notice of the untruthfulness of the matters contained in the certificate.

## **29.3 Resolution or direction of Covered Bondholders**

The Representative of the Covered Bondholders shall not be responsible for acting upon any resolution purporting to be a Written Resolution or to have been passed at any Meeting in respect whereof minutes have been made and signed or a direction of the requisite percentage of Covered Bondholders, even though it may subsequently be found that there was some defect in the constitution of the Meeting or the passing of the Written Resolution or the giving of such directions or that for any reason the resolution purporting to be a Written Resolution or to have been passed at any Meeting or the giving of the direction was not valid or binding upon the Covered Bondholders.

## **29.4 Certificates of Monte Titoli Account Holders**

The Representative of the Covered Bondholders, in order to ascertain ownership of the Covered Bonds, may fully rely on the certificates issued by any Monte Titoli Account Holder in accordance with Regulation 13 August 2018, which certificates are to be conclusive proof of the matters certified therein.

## **29.5 Clearing Systems or Registrar**

The Representative of the Covered Bondholders shall be at liberty to call for and to rely on as sufficient evidence of the facts stated therein, a certificate, letter or confirmation certified as true and accurate and signed on behalf of such clearing system or Registrar, as the case may be, as the Representative of the Covered Bondholders considers appropriate, or any form of record made by any clearing system or Registrar, as the case may be, to the effect

that at any particular time or throughout any particular period any particular person is, or was, or will be, shown its records as entitled to a particular number of Covered Bonds.

#### **29.6 Certificates of parties to Transaction Documents**

The Representative of the Covered Bondholders shall have the right to call for or require the Issuer or the Covered Bond Guarantor to call for and to rely on written certificates issued by any party (other than the Issuer or the Covered Bond Guarantor) to the Intercreditor Agreement or any other Transaction Document:

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

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

29.6.3 as to such party's opinion with respect to any issue,

and the Representative of the Covered Bondholders shall not be required to seek additional evidence in respect of the relevant fact, matter or circumstances and shall not be held responsible for any Liabilities incurred as a result of having failed to do so unless any of its officers has actual knowledge or express notice of the untruthfulness of the matter contained in the certificate.

#### **29.7 Rating Agency**

The Representative of the Covered Bondholder shall be entitled to assume, for the purposes of exercising any power, authority, duty or discretion under or in relation to these Rules that such exercise will not be materially prejudicial to the interests of the holders of Covered Bonds of any Series or of all Series for the time being outstanding if the Rating Agency has confirmed that the then current rating of the Covered Bonds of any such Series or all such Series (as the case may be) would not be adversely affected by such exercise, or has otherwise given its consent or has confirmed that it has no further comments with regard to the proposed action. If the Representative of the Covered Bondholders, in order properly to exercise its rights or fulfil its obligations, deems it necessary to obtain the views of the Rating Agency as to how a specific act would affect any outstanding rating of the Covered Bonds, the Representative of the Covered Bondholders may inform the Issuer, which will then obtain such views at its expense on behalf of the Representative of the Covered Bondholders or the Representative of the Covered Bondholders may seek and obtain such views itself at the cost of the Issuer.

#### **29.8 Auditors**

The Representative of the Covered Bondholders shall not be responsible for reviewing or investigating any auditors' report or certificate and may rely on the contents of any such report or certificate.

### **30. AMENDMENTS AND MODIFICATIONS**

30.1 The Representative of the Covered Bondholders may from time to time and without the consent or sanction of the Covered Bondholders concur with the Issuer and/or the Covered Bond Guarantor and any other relevant parties in making any modification (and for this

purpose the Representative of the Covered Bondholders may disregard whether any such modification relates to a Series Reserved Matter (as defined under Article 7 (*Quorum*)) as follows:

30.1.1 to these Rules, the Conditions and/or the other Transaction Documents which in the opinion of the Representative of the Covered Bondholders may be expedient to make provided that the Representative of the Covered Bondholders is of the opinion that such modification will not be materially prejudicial to the interests of any of the Covered Bondholders of any Series; and

30.1.2 to these Rules, the Conditions or the other Transaction Documents which is of a formal, minor or technical nature or, which in the opinion of the Representative of the Covered Bondholders is to correct a manifest error or an error established as such to the satisfaction of the Representative of the Covered Bondholders or to comply with mandatory provisions of law.

30.2 Any such modification may be made on such terms and subject to such conditions (if any) as the Representative of the Covered Bondholders may determine, shall be binding upon the Covered Bondholders and, unless the Representative of the Covered Bondholders otherwise agrees, shall be notified by the Issuer or the Covered Bond Guarantor (as the case may be) to the Covered Bondholders in accordance with Condition 19 (*Notices*) as soon as practicable thereafter.

30.3 In establishing whether an error is established as such, the Representative of the Covered Bondholders may have regard to any evidence on which the Representative of the Covered Bondholders considers reasonable to rely on, and may, but shall not be obliged to, have regard to all or any of the following:

30.3.1 a certificate from a Relevant Dealer, stating the intention of the parties to the relevant Transaction Document, confirming nothing has been said to, or by, investors or any other parties which is in any way inconsistent with such stated intention and stating the modification to the relevant Transaction Document that is required to reflect such intention;

30.3.2 confirmation from the Rating Agency that, after giving effect to such modification, the Covered Bonds shall continue to have the same credit ratings as those assigned to them immediately prior to the modification or that the Rating Agency has confirmed it has no further comments with regard to the proposed amendment.

30.4 The Representative of the Covered Bondholders shall be bound to concur with the Issuer and the Covered Bond Guarantor and any other party in making any of the above-mentioned modifications if it is so directed by an Extraordinary Resolution or and if it is indemnified and/or secured to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing.

## **31. WAIVER**

### **31.1 Waiver of Breach**



The Representative of the Covered Bondholders may at any time and from time to time in its sole direction, without prejudice to its rights in respect of any subsequent breach, condition, event or act, but only if and in so far as in its opinion the interests of the holders of the Covered Bonds then outstanding shall not be materially prejudiced thereby:

31.1.1 authorise or waive, on such terms and subject to such conditions (if any) as it may decide, any proposed breach or breach of any of the covenants or provisions contained in the Covered Bond Guarantee or any of the obligations of or rights against the Covered Bond Guarantor under any other Transaction Documents; or

31.1.2 determine that any Event of Default or Article 74 Event shall not be treated as such for the purposes of the Transaction Documents,

without any consent or sanction of the Covered Bondholders.

### **31.2 Binding Nature**

Any authorisation, waiver or determination referred in Article 31.1 (*Waiver of Breach*) shall be binding on the Covered Bondholders.

### **31.3 Restriction on powers**

The Representative of the Covered Bondholders shall not exercise any powers conferred upon it by this Article 31 (*Waiver*) in contravention of any express direction by an Extraordinary Resolution of the holders of the Covered Bonds then outstanding or of a request or direction in writing made by the holders of not less than 25 per cent in aggregate Outstanding Principal Balance of the Covered Bonds (in the case of any such determination, with the Covered Bonds of all Series taken together as a single Series as aforesaid), and at all times then only if it shall be indemnified and/or secured to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing but so that no such direction or request:

31.3.1 shall affect any authorisation, waiver or determination previously given or made or

31.3.2 all authorise or waive any such proposed breach or breach relating to a Series Reserved Matter (as defined under Article 7 (*Quorum*)) unless holders of Covered Bonds of each Series has, by Extraordinary Resolution, so authorised its exercise.

### **31.4 Notice of waiver**

Unless the Representative of the Covered Bondholders agrees otherwise, the Issuer shall cause any such authorisation, waiver or determination to be notified to the Covered Bondholders and the Secured Creditors, as soon as practicable after it has been given or made in accordance with Condition 19 (*Notices*).

## **32. INDEMNITY**

Pursuant to the Dealer Agreement, the Issuer has covenanted and undertaken to reimburse, pay or discharge (on a full indemnity basis) upon demand, to the extent not already reimbursed, paid or discharged by the Covered Bondholders, all costs, liabilities, losses, charges, expenses, damages, actions, proceedings, claims and demands duly documented and properly incurred by or made

against the Representative of the Covered Bondholders, including but not limited to legal expenses, and any stamp, issue, registration, documentary and other taxes or duties paid by the Representative of the Covered Bondholders in connection with any action and/or legal proceedings brought or contemplated by the Representative of the Covered Bondholders pursuant to the Transaction Documents against the Issuer, or any other person to enforce any obligation under these Rules, the Covered Bonds or the Transaction Documents.

### **33. LIABILITY**

Notwithstanding any other provision of these Rules, the Representative of the Covered Bondholders shall not be liable for any act, matter or thing done or omitted in any way in connection with the Transaction Documents, the Covered Bonds or the Rules except in relation to its own fraud (*frode*), gross negligence (*colpa grave*) or wilful default (*dolo*).

## **TITLE IV**

### **THE ORGANISATION OF THE COVERED BONDHOLDERS AFTER SERVICE OF A COVERED BOND GUARANTOR ACCELERATION NOTICE**

#### **34. POWERS TO ACT ON BEHALF OF THE COVERED BOND GUARANTOR**

It is hereby acknowledged that, upon service of a Covered Bond Guarantor Acceleration Notice or, prior to service of a Covered Bond Guarantor Acceleration Notice, following the failure of the Covered Bond Guarantor to exercise any right to which it is entitled, pursuant to the Intercreditor Agreement the Representative of the Covered Bondholders, in its capacity as legal representative of the Organisation of the Covered Bondholders, shall be entitled (also in the interests of the Secured Creditors) pursuant to Articles 1411 and 1723 of the Italian Civil Code, to exercise certain rights in relation to the Portfolio. Therefore, the Representative of the Covered Bondholders, in its capacity as legal representative of the Organisation of the Covered Bondholders, will be authorised, pursuant to the terms of the Intercreditor Agreement, to exercise, in the name and on behalf of the Covered Bond Guarantor and as *mandatario in rem propriam* of the Covered Bond Guarantor, any and all of the Covered Bond Guarantor's Rights under certain Transaction Documents, including the right to give directions and instructions to the relevant parties to the relevant Transaction Documents.

## **TITLE V**

### **GOVERNING LAW AND JURISDICTION**

#### **35. GOVERNING LAW**

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

#### **36. JURISDICTION**

The Courts of Milan will have exclusive jurisdiction to law and determine any suit, action or proceedings and to settle any disputes which may arise out of or in connection with these Rules.

## FORM OF FINAL TERMS

*Set out below is the form of Final Terms which will be completed for each Tranche of Covered Bonds (other than Registered Covered Bonds) issued under the Programme. Text in this section appearing in italics does not form part of the Final Terms but denotes directions for completing the Final Terms.*

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

**[PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (**UK**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the Financial Services and Markets Act 2000 (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 Covered Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

**[EU MIFID II Product Governance / Professional investors and ECPs only target market** – Solely for the purposes of each of the manufacturer’s product approval process, the target market assessment in respect of the Covered Bonds has led to the conclusion that: (i) the target market for the Covered Bonds is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, **EU MiFID II**); and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (a **distributor**) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the Covered Bonds (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 Covered Bonds has led to the conclusion that: (i) the target market for the Covered Bonds is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (**COBS**), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (**UK MiFIR**); and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Covered Bonds (a **distributor**) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

**Final Terms dated [●]**

**Intesa Sanpaolo S.p.A.**

**Issue of** [Aggregate Principal Amount of Tranche] [ISIN/ issue date of earlier Tranche] **Covered Bonds due** [Maturity]

**Guaranteed by**

**ISP CB Ipotecario S.r.l.**

**under the €25,000,000,000 Covered Bond (*Obbligazioni Bancarie Garantite*) 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 Covered Bonds (the **Conditions**) set forth in the prospectus dated 10 January 2024 [and the supplement[s] to the prospectus dated [●]] which [together] constitute[s] a base prospectus (the **Base Prospectus**) for the purposes of the Regulation (EU) 2017/1129 (as amended from time to time, the **Prospectus Regulation**). This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of Article 8 of the Prospectus Regulation. These Final Terms contain the final terms of the Covered Bonds and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer, the Covered Bond Guarantor and the offer of the Covered Bonds described herein is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [, including the supplement[s]] [is/are] available for viewing at (www.intesasanpaolo.com) [and] during normal business hours at [address] [and copies may be obtained from [address]]. [These Final Terms will be published on the website of the Luxembourg Stock Exchange at www.luxse.com]

*(The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.*

[Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Covered Bonds (the **Conditions**) set forth in the prospectus dated 22 June 2023, which is incorporated by reference in the prospectus dated 10 January 2024. This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of Article 8 of Regulation (EU) 2017/1129, as amended and superseded (the **Prospectus Regulation**) and must be read in conjunction with the Base Prospectus dated 10 January 2024 [and the supplement to the Base Prospectus dated [●]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation, save in respect of the Conditions which are extracted from the Base Prospectus dated [original date] and are attached hereto. Full information on the Issuer, the Covered Bond Guarantor and the offer of the Covered Bonds described herein is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus[, including the supplement[s]] [is/are] available for viewing [at [website]] [and] during normal business hours at [address] [and copies may be obtained from [address]].] [These Final Terms will be published on the website of the Luxembourg Stock Exchange at [www.luxse.com](http://www.luxse.com)]]

*(Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.)*

*(When completing any final terms, consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 23 of the Prospectus Regulation.)*

1.
  - (i) Series Number: [●]
  - (ii) Tranche Number: [●]
  - (iii) Date on which the Covered Bonds will be consolidated and form a single Series: The Covered Bonds will be consolidated and form a single Series with [provide issue amount/ISIN/maturity date/issue date of earlier Tranches] on the Issue Date][Not Applicable]
2. Specified Currency or Currencies: [●]
3. Aggregate Principal Amount: [●]
  - (i) Series: [●]
  - (ii) Tranche: [●]

*(If fungible with an existing Series, details of that Series, including the date on which the Covered Bonds become fungible).*
4. Issue Price: [●] per cent. of the aggregate nominal amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]
5. (i) Specified Denominations: [●] [plus integral multiples of [●] in addition to the said sum of [●]] (as referred to under Condition 3) *(Include the wording in square*

*brackets where the Specified Denomination is €100,000 or equivalent plus multiples of a lower principal amount.)*

*[The minimum denomination of Covered Bonds admitted to trading on a regulated market within the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Regulation will be €100,000 (or, if the Covered Bonds are denominated in a currency other than euro, the equivalent amount of such currency).]*

- |      |                                                                                                                         |                                                                                                                                                                                                                                                                                                                               |
|------|-------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (ii) | Calculation Amount:                                                                                                     | [●]                                                                                                                                                                                                                                                                                                                           |
| 6.   | (i) Issue Date:                                                                                                         | [●]                                                                                                                                                                                                                                                                                                                           |
|      | (ii) Interest Commencement Date:                                                                                        | [Specify/Issue Date/Not Applicable]                                                                                                                                                                                                                                                                                           |
| 7.   | Maturity Date:                                                                                                          | [Specify date or (for Floating Rate Covered Bonds) CB Payment Date falling in or nearest to the relevant month and year.]                                                                                                                                                                                                     |
| 8.   | Extended Maturity Date of Guaranteed Amounts corresponding to Final Redemption Amount under the Covered Bond Guarantee: | [Not applicable / Specify date or (for Floating Rate Covered Bonds) CB Payment Date falling in or nearest to the relevant month and year] (as referred to under Condition 9(b))                                                                                                                                               |
| 9.   | Interest Basis:                                                                                                         | <p>[[●] per cent. Fixed Rate]</p> <p>[[Specify reference rate] +/- [Margin] per cent. Floating Rate]</p> <p>[Zero Coupon] (as referred to under Condition 7)</p> <p>(further particulars specified below)</p>                                                                                                                 |
| 10.  | Redemption/Payment Basis:                                                                                               | <p>Subject to any purchase and cancellation or early redemption, the Covered Bonds will be redeemed on the Maturity Date at 100 per cent. of their nominal amount (as referred to under Condition 9(a))</p> <p>[Partly-Paid] (as referred to under Condition 8)</p> <p>[Instalment] (as referred to under Condition 9(i))</p> |
| 11.  | Change of Interest:                                                                                                     | ([Change of interest rate may be applicable in case an Extended Maturity Date is specified as applicable, as provided for under Condition 9(b)]/[Not Applicable])                                                                                                                                                             |
| 12.  | Put/Call Options:                                                                                                       | [Not Applicable]                                                                                                                                                                                                                                                                                                              |



[Investor Put] (as referred to under Condition 9(f))

[Issuer Call] (as referred to under Condition 9(d))

[(further particulars specified below)]

13. [Date [Board] approval for issuance of Covered Bonds [and Covered Bond Guarantee] [respectively]] obtained: [●] [and [●], respectively]

*(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Covered Bonds or related Covered Bond Guarantee)*

14. Method of distribution: [Syndicated/Non-syndicated]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

15. Fixed Rate Provisions [Applicable/Not Applicable] (as referred to under Condition 5)

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Rate(s) of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/other (specify)] in arrears]

- (ii) CB Payment Date(s): [●] in each year [adjusted in accordance with [Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ FRN Convention]/not adjusted]

- (iii) Fixed Coupon Amount[(s)]: [●] per Calculation Amount

- (iv) Broken Amount(s): [●] per Calculation Amount, payable on the CB Payment Date falling [in/on] [●]

- (v) Day Count Fraction: [Actual/Actual (ICMA)

Actual/365

Actual/365 (Fixed)

Actual/360

30/360 (Fixed rate)

Actual/365 (Sterling)

30/360 (Floating Rate)

Eurobond Basis

30E/360

30E/360 (ISDA)]

16. Floating Rate Provisions

[Applicable/Not Applicable] (as referred to under Condition 6)

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) CB Interest Period(s): [●]

(ii) Specified Period: [●]

*(Specified Period and CB Payment Dates are alternatives. A Specified Period, rather than CB Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable")*

(iii) CB Payment Dates: [●]

*(Specified Period and Specified CB Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable")*

(iv) First CB Payment Date: [●]

(v) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]

(vi) Additional Business Centre(s) [●]/[Not Applicable]

(vii) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]

(viii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Paying Agent): [[Name] shall be the Calculation Agent *(no need to specify if the Fiscal Agent is to perform this function)*]

(ix) Screen Rate Determination:

Reference Rate: [For example, EURIBOR]

|        |                                                |                                                                                                                                                                                        |
|--------|------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|        | Interest Determination Date(s):                | [●]                                                                                                                                                                                    |
|        | Relevant Screen Page:                          | [For example, Reuters / EURIBOR 01]                                                                                                                                                    |
|        | Relevant Time:                                 | [For example, 11.00 a.m. London time/Brussels time]                                                                                                                                    |
|        | Relevant Financial Centre:                     | [For example, London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro)]                                                        |
| (x)    | ISDA Determination:                            |                                                                                                                                                                                        |
|        | Floating Rate Option:                          | [●]                                                                                                                                                                                    |
|        | Designated Maturity:                           | [●]                                                                                                                                                                                    |
|        | Reset Date:                                    | [●]                                                                                                                                                                                    |
| (xi)   | Margin(s):                                     | [+/-][●] per cent. per annum                                                                                                                                                           |
| (xii)  | Minimum Rate of Interest:                      | [●] per cent. per annum                                                                                                                                                                |
| (xiii) | Maximum Rate of Interest:                      | [●] per cent. per annum                                                                                                                                                                |
| (xiv)  | Day Count Fraction:                            | [Actual/Actual (ICMA)<br>Actual/365<br>Actual/365 (Fixed)<br>Actual/360<br>30/360 (Fixed rate)<br>Actual/365 (Sterling)<br>30/360 (Floating Rate)<br>Eurobond Basis<br>30E/360 (ISDA)] |
| 17.    | Zero Coupon Provisions                         | [Applicable/Not Applicable] (as referred to under Condition 7)<br><br>(If not applicable, delete the remaining sub-paragraphs of this paragraph)                                       |
| (i)    | Amortisation/Accrual Yield:                    | [●] per cent. per annum                                                                                                                                                                |
| (ii)   | Reference Price:                               | [●]                                                                                                                                                                                    |
| (iii)  | Any other basis of determining amount payable: | [Consider whether it is necessary to specify a Day Count Fraction for the purposes of Condition 9(h) (Early redemption of Zero Coupon Covered Bonds)]/[Not applicable]                 |

## PROVISIONS RELATING TO REDEMPTION

18. Call Option [Applicable/Not Applicable] (as referred to under Condition 9(d))  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) of Covered Bonds: [●] per Calculation Amount
- (iii) If redeemable in part:  
Minimum Redemption Amount: [●] per Calculation Amount  
Maximum Redemption Amount [●] per Calculation Amount
- (iv) Notice period: [●]
19. Put Option [Applicable/Not Applicable] (as referred to under Condition 9(f))  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) of each Covered Bonds: [●] per Calculation Amount
- (iii) Notice period: [●]
20. Final Redemption Amount of Covered Bonds [●] per Calculation Amount (as referred to under Condition 9)
21. Early Redemption Amount [Not Applicable/[●] per Calculation Amount] (as referred to under Condition 9)
- Early redemption amount(s) per Calculation Amount payable on redemption for taxation reasons or on acceleration following a Covered Bond Guarantor Event of Default or other early redemption:

## GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

22. Additional Financial Centre(s): [Not Applicable/give details]  
*(Note that this paragraph relates to the date and*

*place of payment, and not interest period end dates)*

23. Details relating to Covered Bonds issued on a partly paid basis: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Covered Bonds and interest due on late payment: [Not Applicable/give details]

#### **DISTRIBUTION**

24. (i) If syndicated, names of Managers: [Not Applicable/give names and business address]  
(ii) Stabilising Manager(s) (if any): [Not Applicable/give names and business address]  
(iii) If non-syndicated, name of Dealer: [Not Applicable/give names and business address]  
(iv) U.S. Selling Restrictions: [Not Applicable/Compliant with Regulation S under U.S. Securities Act of 1933.]
25. Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]

*(If the Covered Bonds clearly do not constitute "packaged" products, or the Covered Bonds do constitute "packaged" products and a key information document will be prepared in the EEA, "Not Applicable" should be specified. If the Covered Bonds may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.)*

26. Prohibition of Sales to UK Retail Investors: [Applicable]/[Not Applicable]

*(If the Covered Bonds clearly do not constitute "packaged" products, or the Covered Bonds do constitute "packaged" products and a key information document will be prepared in the UK, "Not Applicable" should be specified. If the Covered Bonds may constitute "packaged" products, "Applicable" should be specified.)*

#### **RESPONSIBILITY FOR THIRD PARTY INFORMATION**

[(*Relevant third party information in respect of the Covered Bonds*) has been sourced from (*specify source*). Each of the Issuer and the Covered Bond Guarantor confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by (*specify source*), no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of Intesa Sanpaolo S.p.A.

By: \_\_\_\_\_  
Duly authorised

Signed on behalf of ISP CB Ipotecario S.r.l.

By: \_\_\_\_\_  
Duly authorised

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

(i) Listing [Official list of [the Luxembourg Stock Exchange]/[specify other stock exchange]/[Not applicable]

(ii) Admission to trading [Application [is expected to be/has been] made by the Issuer (or on its behalf) for the Covered Bonds to be admitted to trading on the regulated market of [the Luxembourg Stock Exchange]/[specify other regulated market] with effect from [●]]/[Not applicable].

*(Where documenting a fungible issue, need to indicate that original Covered Bonds are already admitted to trading.)*

### 2. RATING

Rating: [Not applicable]/[The Covered Bonds to be issued [have been]/[are expected to be]] rated:

[Moody's: [●]]

[[Other]: [●]]

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

*Insert legal name of particular credit*

*rating agency entity providing rating))*

***Option 1 - CRA established in the EEA and registered under the EU CRA Regulation and details of whether rating is endorsed by a credit rating agency established and registered in the UK or certified under the UK CRA Regulation***

*[Insert legal name of particular credit rating agency entity providing rating] is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the **EU 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 the ESMA website <http://www.esma.europa.eu>]. [The rating [Insert legal name of particular credit rating agency entity providing rating] has given to the Covered Bonds is endorsed by [insert legal name of credit rating agency], which is established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the **UK CRA Regulation**).] /[[ 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 Covered Bonds is not endorsed by a credit rating agency established in the UK and registered under the CRA Regulation (UK).]

**Option 2 - CRA established in the EEA, not registered under the EU CRA Regulation but has applied for registration and details of whether rating is endorsed by a credit rating agency established and registered in the UK or certified under the UK CRA Regulation**

[Insert legal name of particular credit rating agency entity providing rating] is established in the EEA and has applied for



registration under Regulation (EU) No 1060/2009, as amended (the **EU CRA Regulation**), although notification of the corresponding registration decision has not yet been provided by the [relevant competent authority] / [European Securities and Markets Authority]. [[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 the ESMA website <http://www.esma.europa.eu>]. [The rating [Insert legal name of particular credit rating agency entity providing rating] has given to the Covered Bonds is endorsed by [insert legal name of credit rating agency], which is established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 ((as amended, by the European (Withdrawal Agreement) Act 2020) the **UK CRA Regulation**).] / [[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 (as amended, by the European (Withdrawal Agreement) Act 2020) 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 ((as amended, by the European (Withdrawal Agreement) Act 2020) the **UK CRA Regulation**) and the rating it has given to the Covered Bonds is not endorsed by a credit rating agency established in the UK and registered under

the UK CRA Regulation.]

**Option 3 - CRA established in the EEA, not registered under the EU CRA Regulation and not applied for registration and details of whether rating is endorsed by a credit rating agency established and registered in the UK or certified under the UK CRA Regulation**

[Insert legal name of particular credit rating agency entity providing rating] is established in the EEA and is neither registered nor has it applied for registration under Regulation (EU) No 1060/2009, as amended (the **EU 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 the ESMA website <http://www.esma.europa.eu>]. [The rating [Insert legal name of particular credit rating agency entity providing rating] has given to the Covered Bonds is endorsed by [insert legal name of credit rating agency], which is established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the **UK CRA Regulation (UK)**).] / [[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 Covered Bonds is not endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation.]*

***Option 4 - CRA established in the UK and registered under the UK CRA Regulation and details of whether rating is endorsed by a credit rating agency established and registered in the EEA or certified under the EU 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]. [The rating [Insert legal name of particular credit rating agency entity providing rating] has given to the Covered Bonds to be issued under the Programme is endorsed by [insert legal name of credit rating agency], which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the **EU CRA Regulation**).] [[Insert legal name of particular credit rating agency entity providing rating] has been certified under Regulation (EU) No 1060/2009, as amended (the **EU CRA Regulation**).] / [[Insert legal name of particular credit rating agency entity providing rating] has not been certified under Regulation (EU) No 1060/2009, as amended (the **UK CRA Regulation**) and the rating it has given to the Covered Bonds is not endorsed by a credit rating agency established in the EEA and*

*registered under the EU CRA Regulation.]*

***Option 5 - CRA not established in the EEA or the UK but relevant rating is endorsed by a CRA which is established and registered under the EU CRA Regulation and/or under the UK CRA Regulation***

*[Insert legal name of particular credit rating agency entity providing rating] is not established in the EEA or the UK but the rating it has given to the Covered Bonds to be issued under the Programme is endorsed by [[insert legal name of credit rating agency], which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the **EU CRA Regulation**)] [and/or] [[insert legal name of credit rating agency], which is established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the **UK CRA Regulation**)].*

***Option 6 - CRA not established in the EEA or the UK and relevant rating is not endorsed under the EU CRA Regulation or the UK CRA Regulation but CRA is certified under the EU CRA Regulation and/or under the UK CRA Regulation***

*[Insert legal name of particular credit rating agency entity providing rating] is not established in the EEA or the UK but is certified under [Regulation (EU) No 1060/2009, as amended (the **EU CRA Regulation**)] [and/or] [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**)].*

**Option 7 - CRA neither established in the EEA or the UK nor certified under the EU CRA Regulation or the UK CRA Regulation and relevant rating is not endorsed under the EU CRA Regulation or the UK CRA Regulation**

*[Insert legal name of particular credit rating agency entity providing rating] is not established in the EEA or the UK and is not certified under Regulation (EU) No 1060/2009, as amended (the **EU CRA Regulation**) or Regulation (EU) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the **UK CRA Regulation**) and the rating it has given to the Covered Bonds is not endorsed by a credit rating agency established in either the EEA and registered under the EU CRA Regulation or in the UK and registered under the UK CRA Regulation.”]*

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

*(Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement: “The Issuer and [●] have a conflict of interest with respect to the Covered Bondholders, as [●].”)*

“Save for any fees payable to the [Dealers/Managers]], so far as the Issuer is aware, no person involved in the offer of the Covered Bonds has an interest material to the offer.”.

*(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, NET AMOUNT OF PROCEEDS AND TOTAL EXPENSES

[(i) Use of proceeds: [●]]

[(ii) Estimated net amount of proceeds: [●]]

[(iii) Estimated expenses in relation to

the admission to trading

[●]

5. [Fixed Rate Covered Bonds only –  
YIELD

Indication of yield:

[●] / [Not Applicable]

6. Floating Rate Covered Bonds only - HISTORIC INTEREST RATES

[Details of historic [EURIBOR/other] rates can be obtained from Reuters]

[Benchmark

Amounts payable under the Covered Bonds will be calculated by reference to [●] 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) 2016/1011) (the **BMR**).

[As far as the Issuer is aware, [[●] does/do not fall within the scope of the BMR by virtue of Article 2 of that regulation such that [●] is not currently required to obtain authorization or registration] / [the transitional provisions in Article 51 of the BMR apply, such that [●] is not currently required to obtain recognition, endorsement or equivalence).]

*(Note that the transitional provisions in Article 51 of the BMR applies only in respect of benchmark administrators located outside the EU since 31 December 2021)]*

7. OPERATIONAL INFORMATION

ISIN Code:

[●]

Common Code:

[●]

CFI:

[[●]/Not Applicable] as published on the website of the Association of National Numbering Agencies (**ANNA**) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN.

FISN:

[[●]/Not Applicable] as published on the website of the Association of National Numbering Agencies (**ANNA**) or alternatively sourced from the responsible National Numbering Agency that

|                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                         | assigned the ISIN.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Any Relevant Clearing System(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): | [Not Applicable/ <i>give name(s), address(es) and number(s)</i> ]                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Delivery:                                                                                                                                               | Delivery [against/free of] payment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Names and Specified Offices of additional Paying Agent(s) (if any):                                                                                     | [●][Not Applicable]                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Intended to be held in a manner which would allow Eurosystem eligibility:                                                                               | [Yes][No][Not Applicable]                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|                                                                                                                                                         | (Note that the designation “yes” simply means that the Covered Bonds are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Covered Bonds will be recognized as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.) |

## **MAIN FEATURES OF REGISTERED COVERED BONDS (GEDECKTE NAMENSSCHULDVERSCHREIBUNGEN)**

Under the Programme the Issuer may issue Registered Covered Bonds (*Gedekte Namensschuldverschreibungen*), each issued with a minimum denomination indicated in the applicable Registered Covered Bond Conditions. The Registered Covered Bonds will not be listed and/or admitted to trading on any market and will not be settled through a clearing system.

The Registered Covered Bonds will be governed by the laws of the Federal Republic of Germany or by whatever law chosen by the Issuer (to be supplemented with the specific provisions required under German law in order for the Registered Covered Bonds to be a German law registered note (*Gedekte Namensschuldverschreibung*)) provided that, in any case, certain provisions, including those applicable to the Issuer and the Portfolio and those applicable to the status, limited recourse and the guarantee of the Registered Covered Bonds, shall be confirmed to be governed by Italian law.

The Registered Covered Bonds will be direct, unconditional, unsubordinated and unsecured obligations of the Issuer, guaranteed by the Covered Bond Guarantor pursuant to the terms of the Covered Bond Guarantee. The Registered Covered Bonds will rank *pari passu* and without any preference among themselves and, save for any applicable statutory provisions, at least equally with all other present and future unsecured and un-subordinated obligations of the Issuer from time to time outstanding.

In accordance with Law 130, MEF Decree (to the extent applicable), CRR and the BoI OBG Regulations, the terms and conditions of each Series of Registered Covered Bonds together with the Transaction Documents, the Registered Covered Bondholders will have (i) recourse to the Issuer and (ii) limited recourse to the Covered Bond Guarantor limited to the Available Funds.

The Registered Covered Bonds shall be governed by a set of legal documentation in the form from time to time agreed with the relevant Dealer and will not be governed by the Conditions of the Covered Bonds set out in this Base Prospectus. Such legal documentation will include the relevant Registered Covered Bond certificate, the Registered Covered Bond Conditions, the Registered Covered Bond assignment agreement, any other ancillary documents and/or agreements. Notwithstanding the foregoing, the Issuer will be entitled to enter into a different or additional set of documentation as agreed with the relevant Dealer in relation to a specific issue of Registered Covered Bonds.

The full terms and conditions applicable to each Series of Registered Covered Bonds will be the relevant Registered Covered Bond Certificate, the Registered Covered Bond Conditions attached thereto and any other related agreements.

In connection with each Registered Covered Bond, each reference in the Base Prospectus to information being set out, specified, stated, shown, indicated or otherwise provided for in the applicable Final Terms shall be read and construed as a reference to such information being set out, specified, stated, shown, indicated or otherwise provided in the Registered Covered Bond Certificate, the Registered Covered Bond Conditions attached thereto or any other document expressed to govern such Registered Covered Bond and, as applicable, each other reference to Final Terms in the Base



Prospectus shall be construed and read as a reference to such Registered Covered Bond, the Registered Covered Bond Conditions attached thereto or any other document expressed to govern such of Registered Covered Bond.

A transfer of Registered Covered Bonds is deemed to be not effective until the transferee has delivered to the Registrar a duly executed copy of the Registered Covered Bond certificate relating to such Registered Covered Bond along with a duly executed Registered Covered Bond assignment agreement. A transfer can only occur for the minimum denomination indicated in the applicable Registered Covered Bond Conditions or multiples thereof.

In connection of Registered Covered Bonds, any references in this Base Prospectus to the Conditions or a particularly numbered Condition shall be construed, where relevant and unless specified otherwise, to include the equivalent Condition in the Registered Covered Bond Conditions as supplemented by any other applicable document.

## TAXATION

### Republic of Italy

*The following is an overview of current Italian law and practice relating to the taxation of the Covered Bonds. The statements herein regarding taxation are based on the laws in force in Italy as of the date of this Base Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis.*

*The following overview does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Covered Bonds and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules.*

*Prospective purchasers of the Covered Bonds are advised to consult their own tax advisors concerning the overall tax consequences of their ownership of the Covered Bonds. This summary will not be updated to reflect changes in laws or interpretation and if such a change occurs the information in this summary may become invalid.*

*The following summary assumes that the Issuer is resident only in Italy for tax purposes, without acting through a permanent establishment located outside of Italy.*

*Italian legal or tax concepts may not be identical to the concepts described by the same English term as they exist under terms of different jurisdictions and any legal or tax concept expressed by using the relevant Italian term shall prevail over the corresponding concept expressed in English terms.*

### **Tax treatment of the Covered Bonds**

Legislative Decree No. 239 of 1 April 1996, as subsequently amended, (**Decree 239**) provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from notes issued, *inter alia*, by Italian banks, falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*), pursuant to Article 44 of Presidential Decree No. 917 of 22 December 1986, as amended and supplemented (**Decree No. 917**).

For this purpose, debentures similar to bonds are securities that incorporate an unconditional obligation to pay, at maturity or redemption, an amount not lower than their nominal value with or without the payment of periodic interest, and do not give any right to directly or indirectly participate in the management of the issuer or to the business in connection to which the securities were issued, nor to control the same.

### **Taxation of Interest**

#### *Italian resident Covered Bondholders*

Where an Italian resident Covered Bondholder is: (a) an individual not engaged in an entrepreneurial activity to which the Covered Bonds are connected, or (b) a non-commercial partnership (other than a *società in nome collettivo* or *società in accomandita semplice* or similar partnership) or a *de facto* partnership not carrying out commercial activities or professional associations, or (c) a non-

commercial private or public institution (other than companies), a trust not carrying out mainly or exclusively commercial activities, the Italian State and public and territorial entities, or (d) an investor exempt from Italian corporate income taxation, interest, premium and other income relating to the Covered Bonds, accrued during the relevant holding period, are subject to a withholding tax, referred to as *imposta sostitutiva*, levied at the rate of 26 per cent (unless the Covered Bondholder described under (a), (b) and (c) have entrusted the management of their financial assets, including the Covered Bonds, to an authorized intermediary and they have opted for the application of the "*risparmio gestito*" regime - see "*Capital Gains Tax*" below).

Subject to certain conditions, interest in respect of Covered Bonds issued by Intesa Sanpaolo that qualify as "*obbligazioni or titoli similari alle obbligazioni*" received by Italian resident individuals holding the Covered Bonds not in connection with an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from taxation, including the 26 per cent. *imposta sostitutiva*, if the Covered Bonds are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements applicable under Italian law as amended and supplemented from time to time.

In the event that the Covered Bondholders described under (a) or (c) above are engaged in an entrepreneurial activity to which the Covered Bonds are connected, the *imposta sostitutiva* applies as a provisional tax. Interest will be included in the relevant beneficial owner's Italian income tax return and will be subject to Italian ordinary income taxation and the *imposta sostitutiva* may be recovered as a deduction from Italian income tax due.

Where an Italian resident Covered Bondholder is a company or similar commercial entity or a permanent establishment in Italy of a foreign company to which the Covered Bonds are effectively connected and the Covered Bonds are deposited with an authorised intermediary, interest, premium and other income from the Covered Bonds will not be subject to *imposta sostitutiva*, but must be included in the relevant Covered Bondholder's annual income tax return and are therefore subject to general Italian corporate taxation (**IRES**) (and, in certain circumstances, depending on the "*status*" of the Covered Bondholder, also to regional tax on productive activities (**IRAP**)). Interest on the Covered Bonds that are not deposited with an authorised intermediary, received by the above persons is subject to a 26 per cent. substitute tax levied as provisional tax.

If an investor is resident in Italy and is an open-ended or a closed-ended investment fund, a SICAF (an investment company with fixed capital) or a SICAV (an investment company with variable capital) established in Italy (together, the **Fund**), and either (i) the Fund, or (ii) its manager is subject to the supervision of a regulatory authority, and the relevant Covered Bonds are held by an authorised intermediary, interest, premium and other income accrued during the holding period on the Covered Bonds will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund accrued at the end of each tax period. The Fund will not be subject to taxation on such result, but a withholding tax up to 26 per cent. will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders (the **Collective Investment Fund Tax**).

Under the current regime provided by Law Decree No. 351 of 25 September 2001 converted into law with amendments by Law No. 410 of 23 November 2001 (**Decree 351**), Law Decree No. 78 of 31 May 2010, converted into Law No. 122 of 30 July 2010, and Legislative Decree No. 44 of 4 March

2014, all as amended, payments of interest, premiums or incomes in respect of the Covered Bonds made to Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998 or pursuant to Article 14-bis of Law No. 86 of 25 January 1994, and Italian real estate SICAFs (**Real Estate SICAFs**) are subject neither to *imposta sostitutiva*, nor to any other income tax in the hands of the real estate investment fund or the Real Estate SICAF to the extent the Covered Bonds are held by an authorised intermediary. The income of the real estate fund or Real Estate SICAFs is subject to tax, in the hands of the unitholder or shareholder, depending on the status and percentage of participation or, when earned by the fund, through distribution and/or upon redemption or disposal of the units or shares.

Where an Italian resident Covered Bondholder is a pension fund (subject to the regime provided for by Article 17 of the Legislative Decree No. 252 of 5 December 2005 (**Decree No. 252**)) and the Covered Bonds are deposited with an authorised intermediary, interest, premium and other income relating to the Covered Bonds and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 20 per cent substitute tax (the **Pension Fund Tax**) on the increase in value of the managed assets accrued at the end of each year. Subject to certain conditions (including minimum holding period requirement) and limitations, interest, premium and other income relating to the Covered Bonds may be excluded from the taxable base of the Pension Fund Tax if the Covered Bonds are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements applicable under Italian law as amended and supplemented from time to time.

Pursuant to Decree 239, *imposta sostitutiva* is applied by banks, *Società di intermediazione mobiliare* (SIMs), fiduciary companies, *Società di gestione del risparmio* (SGRs), stockbrokers and other entities identified by a Decree of the Ministry of Economy and Finance (each an **Intermediary**) as subsequently amended and integrated.

An Intermediary must: (a) be (i) resident in Italy or (ii) a permanent establishment in Italy of a non-Italian resident financial intermediary or (iii) an entity or a company not resident in Italy, acting through a system of centralised administration of securities and directly connected with the Department of Revenue of Italian Ministry of Finance having appointed an Italian representative for the purposes of Decree 239 and (b) intervene, in any way, in the collection of interest or in the transfer of the Covered Bonds. For the purpose of the application of the *imposta sostitutiva*, a transfer of Covered Bonds includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Covered Bonds or in a change of the Intermediary with which the Covered Bonds are deposited.

Where the Covered Bonds are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any entity paying interest to a Covered Bondholder or, absent that, by the Issuer.

#### *Non-Italian resident Covered Bondholders*

Where the Covered Bondholder is a non-Italian resident, without a permanent establishment in Italy to which the Covered Bonds are connected, an exemption from the *imposta sostitutiva* applies provided that the non-Italian resident Covered Bondholder is either (a) a beneficial owner resident, for tax purposes, in a State or territory which allows for an adequate exchange of information with Italy as listed in the Italian Ministerial Decree of 4 September 1996 as amended and supplemented,

and subject to possible further amendments by future decree issued pursuant to Article 11 paragraph 4 (c) of Decree 239 (the **White List**); or (b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or (c) a Central bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (d) an “institutional investor” which is incorporated in a country included in the White List, even if it does not possess the status of a taxpayer in its own country of incorporation.

In order to ensure gross payment, non-resident investors must be the beneficial owners of payments of interest, premium or other income or qualify as certain types of institutional investors and must (a) deposit in due time, directly or indirectly, the Covered Bonds, the Receipts or the coupons with a bank or a SIM or a permanent establishment in Italy of a non-resident bank or SIM or with a non-resident operator of a clearing system having appointed as its agent in Italy for the purposes of Decree 239 a resident bank or SIM or a permanent establishment in Italy or a non-resident bank or SIM which are in contact via computer with the Ministry of Economy and Finance and (b) file with the relevant depository, prior to or concurrently with the deposit of the Covered Bonds, a statement of the relevant Covered Bondholder, to be provided only once, until revoked or withdrawn, in which the Covered Bondholder declares to be eligible to benefit from the applicable exemption from *imposta sostitutiva*. Such statement, which is not requested for international bodies or entities set up in accordance with international agreements which have entered into force in Italy or in the case of foreign Central Banks or entities which manage the official reserves of a foreign State, must comply with the requirements set forth by Ministerial Decree of 12 December 2001. Additional supporting documentation may sometimes be requested by the relevant depository, which depends on the status of the Bondholder and the policies of the relevant depository.

The *imposta sostitutiva* will be applicable at the rate of 26 per cent., or at the reduced rate provided for by any applicable double tax treaty, if any, to interest, premium and other income paid to Covered Bondholders other than those listed above or, even if listed, which failed to comply with the aforementioned requirements and procedures.

#### ***Payments made by an Italian resident guarantor***

There is no authority directly on point regarding the Italian tax regime of payments made by an Italian resident guarantor on the Covered Bonds.

With respect to payments on the Covered Bonds made to certain Italian resident Covered Bondholders by an Italian resident guarantor, in accordance with one interpretation of Italian tax law, any payment of liabilities equal to interest and other proceeds from the Covered Bonds may be subject to a provisional withholding tax at a rate of 26 per cent. pursuant to Presidential Decree No. 600 of 29 September 1973, as subsequently amended. In case of payments to non-Italian resident Covered Bondholders, the withholding tax may be applied at 26 per cent. as a final tax.

Double taxation treaties entered into by Italy may apply allowing for a lower (or, in certain cases, nil) rate of withholding tax.

In accordance with another interpretation, any such payment made by the Italian resident guarantor will be treated, in certain circumstances, as a payment by the relevant Issuer and will thus be subject to the tax regime described in the previous paragraphs of this section.

### ***Atypical Securities***

Interest payments relating to Covered Bonds that are not deemed to fall within category of bonds (*obbligazioni*), debentures similar to bonds (*titoli similari alle obbligazioni*), shares or securities similar to shares pursuant to Article 44 of Presidential Decree No. 917 of 22 December 1986 may be subject to a withholding tax, levied at the rate of 26 per cent. For this purpose, debentures similar to bonds are securities that incorporate an unconditional obligation to pay, at maturity or redemption, an amount not lower than their nominal value with or without the payment of periodic interest, and do not give any right to directly or indirectly participate in the management of the issuer or to the business in connection to which the securities were issued, nor to control the same.

Subject to certain conditions, interest in respect of Covered Bonds issued by Intesa Sanpaolo that do not qualify as *obbligazioni* or *titoli similari alle obbligazioni* and are treated as atypical securities received by Italian resident individuals holding the Covered Bonds not in connection with an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from taxation, including the 26 per cent. *imposta sostitutiva*, if the Covered Bonds are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements applicable under Italian law as amended and supplemented from time to time.

Where the Covered Bondholder is (a) an Italian individual engaged in an entrepreneurial activity to which the Covered Bonds are connected, (b) an Italian company or a similar Italian commercial entity, (c) a permanent establishment in Italy of a foreign entity to which the Covered Bonds are connected, (d) an Italian commercial partnership or (e) an Italian commercial private or public institution, such withholding tax is a provisional withholding tax. In all other cases, including when the Covered Bondholder is a non-Italian resident, the withholding tax is a final withholding tax. For non-Italian resident Covered Bondholders, the withholding tax rate may be reduced by any applicable tax treaty.

### ***Capital gains tax***

#### ***Italian resident Covered Bondholders***

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

Where an Italian resident Covered Bondholder is (i) an individual holding the Covered Bonds not in connection with an entrepreneurial activity, (ii) a non-commercial partnership, (iii) a non-commercial private or public institution, any capital gain realised by such Covered Bondholder from the sale early redemption or redemption of the Covered Bonds would be subject to an *imposta sostitutiva*, levied at the current rate of 26 per cent.

In respect of the application of the *imposta sostitutiva*, taxpayers may opt for one of the three regimes described below.

Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for taxation of capital gains realised by Italian resident Covered Bondholders under (i) to (iii) above, the *imposta sostitutiva* on capital gains will be chargeable, on a yearly cumulative basis, on all capital gains, net of any incurred capital loss, realised by investors pursuant to all sales, early redemption or redemptions of the Covered Bonds carried out during any given tax year. Italian Covered Bondholders under (i) to (iii) above must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.

As an alternative to the tax declaration regime, Italian resident Covered Bondholders under (i) to (iii) above may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale, early redemption or redemption of the Covered Bonds (the *risparmio amministrato* regime provided for by Article 6 of the Legislative Decree No. 461 of 21 November 1997, as subsequently amended, the **Decree 461**). Such separate taxation of capital gains is allowed subject to (a) the Covered Bonds being deposited with Italian banks, SIMs or certain authorised financial intermediaries and (b) an express and valid election for the *risparmio amministrato* regime being punctually made in writing by the relevant Covered Bondholder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale, early redemption or redemption of the Covered Bonds (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the Covered Bondholder, deducting a corresponding amount from the proceeds to be credited to the Covered Bondholder or using funds provided by the Covered Bondholder for this purpose. Under the *risparmio amministrato* regime, where a sale, early redemption or redemption of the Covered Bonds results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Covered Bondholder is not required to declare the capital gains in the annual income tax return.

Any capital gains realised or accrued by Italian resident Covered Bondholders under (i) to (iii) above who have entrusted the management of their financial assets, including the Covered Bonds, to an authorised intermediary and have validly opted for the so-called *risparmio gestito* regime (regime provided by Article 7 of Decree 461) will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 26 per cent. substitute tax, to be paid by the managing authorised intermediary. Under this *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the Covered Bondholder is not required to declare the capital gains realised in the annual income tax return.

Any capital gains realised by a Covered Bondholder who is a Fund will be included in the result of the relevant portfolio accrued at the end of the tax period. Such result will not be taxed with the Fund, but subsequent distributions in favour of unitholders or shareholders may be subject to the Collective Investment Fund Tax.

Subject to certain conditions (including a minimum holding period), capital gain in respect of Covered Bonds issued by Intesa Sanpaolo received by Italian resident individuals holding the

Covered Bonds not in connection with an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from taxation, including the 26 per cent. *imposta sostitutiva*, if the Covered Bonds are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements applicable under Italian law as amended and supplemented from time to time.

Any capital gains realised by a Covered Bondholder who is an Italian real estate fund or a Real Estate SICAF to which the provisions of Decree 351, Law Decree No. 78 of 31 May 2010, converted into Law No. 122 of 30 July 2010, and Legislative Decree No. 44 of 4 March 2014, all as amended, as subsequently amended, apply will be subject neither to *imposta sostitutiva* nor to any other income tax at the level of the real estate investment fund or the Real Estate SICAF. The income of the real estate fund or Real Estate SICAFs is subject to tax, in the hands of the unitholder or shareholder, depending on the status and percentage of participation or, when earned by the fund, through distribution and/or upon redemption or disposal of the units or shares.

Any capital gains realised by a Covered Bondholder who is an Italian pension fund (subject to the regime provided for by article 17 of the Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 20 per cent. substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, capital gains in respect of Covered Bonds realized upon sale, transfer or redemption by Italian Pension Fund may be excluded from the taxable base of the 20 per cent. substitute tax if the Covered Bonds are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements applicable under Italian law as amended and supplemented from time to time.

#### *Non-Italian resident Covered Bondholders*

Capital gains realised by non-Italian-resident Covered Bondholders, without a permanent establishment in Italy to which the Covered Bonds are effectively connected, from the sale, early redemption or redemption of Covered Bonds issued by an Italian resident Issuer are not subject to Italian taxation, provided that the Covered Bonds are traded on regulated markets and, in certain cases, subject to the timely filing of a self-declaration form with the Italian Intermediary with which the Covered Bonds are deposited attesting the status of the relevant Covered Bondholder.

Capital gains realised by non-Italian resident Covered Bondholders, without a permanent establishment in Italy to which the Covered Bonds are effectively connected, from the sale, early redemption or redemption of Covered Bonds not traded on regulated markets are not subject to the *imposta sostitutiva*, provided that the Covered Bondholder: (a) qualifies as the beneficial owner of the capital gain and is resident in a country included in the White List; or (b) is an international entity or body set up in accordance with international agreements which have entered into force in Italy; or (c) is a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (d) is an institutional investor which is incorporated in a country included in the White List, even if it does not possess the status of a taxpayer in its own country of incorporation, in any case, to the extent all the requirements and procedures set forth in Decree No. 239 and in the relevant implementation rules, as subsequently amended, in order to benefit from the exemption from *imposta sostitutiva* are met or complied with in due time, if applicable.



In any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Covered Bonds are connected, that may benefit from a double taxation treaty with Italy providing that capital gains realised upon the sale, early redemption or redemption of Covered Bonds 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 the sale, early redemption or redemption of Covered Bonds.

If none of the conditions above are met, capital gains realised by non-Italian resident Covered Bondholders from the sale or redemption of Covered Bonds issued by an Italian resident Issuer are subject to the *imposta sostitutiva* at the current rate of 26 per cent.

### ***Inheritance and gift taxes***

Pursuant to Law Decree No. 262 of 3 October 2006 (**Decree No. 262**), converted into Law No. 286 of 24 November 2006 as subsequently amended, the transfers of any valuable asset (including the Covered Bonds) as a result of death or donation (or other transfers for no consideration) and the creations of liens on such assets for a specific purpose are taxed as follows:

- (a) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent on the value of the inheritance or the gift exceeding € 1,000,000, for each beneficiary;
- (b) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree are subject to an inheritance and gift tax at a rate of 6 per cent on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent inheritance and gift tax on the value of the inheritance or the gift exceeding € 100,000, for each beneficiary; and
- (c) any other transfer is, in principle, 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.

If the transfer is made in favour of persons with severe disabilities, the tax is levied at the rate mentioned above in (a), (b) and (c) on the value exceeding, for each beneficiary, €1,500,000.

### ***Transfer tax***

Contracts relating to the transfer of securities are subject to the registration tax as follows: (a) public deeds and notarized deeds are subject to fixed registration tax at rate of €200; (b) private deeds are subject to registration tax only in “case of use” (*caso d’uso*) or upon occurrence of an explicit reference (*enunciazione*) or voluntary registration.

### ***Stamp duty***

Pursuant to Article 13 par. 2-ter of Part I of the tariff attached to Presidential Decree No. 642 of 26 October 1972 (**Decree 642**), a proportional stamp duty applies, based on an annual basis, to any periodic reporting communications which may be sent by a financial intermediary to a Covered Bondholder in respect of any Covered Bond which may be deposited with such financial intermediary in Italy.

The stamp duty applies at the rate of 0.2 per cent.; this stamp duty is determined on the basis of the market value or – if no market value figure is available – on the face value or redemption value, or in the case the face or redemption values cannot be determined, on the purchase value of the Covered

Bond is held. The stamp duty cannot exceed € 14,000 if the Covered Bondholder is not an individual.

The stamp duty applies both to Italian resident and non-Italian resident investors, to the extent that Covered Bonds are held with an Italian-based financial intermediary.

The statement is deemed to be sent at least once a year, even for instruments for which is not mandatory nor the deposit nor the release nor the drafting of the statement. In case of reporting periods less than 12 months, the stamp duty is payable on a pro-rata basis.

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy and Finance on 24 May 2012, the stamp duty applies to any investor who is a client – regardless of the fiscal residence of the investor – (as defined in the regulations issued by the Bank of Italy on 9 February 2011, as subsequently amended, supplemented and restated) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

#### ***Wealth Tax on securities deposited abroad***

According to the provisions set forth by Law Decree No. 201 of 6 December 2011, as amended and supplemented, Italian resident individuals, Italian non-commercial private or public institutions and Italian non-commercial partnership, holding financial assets – including the Covered Bonds – outside the Italian territory are required to pay in their own annual tax return a wealth tax at the rate of 0.2 per cent. (0.4 per cent., as of 2024, in case of financial assets held in States or territories with privileged tax regime identified by the Ministerial Decree of the Ministry of Economy and Finance of May 4, 1999). This tax cannot exceed € 14,000 if the taxpayer is not an individual. In this case, the abovementioned stamp duty provided for by Article 13 of the tariff attached to Decree 642 does not apply.

This tax is calculated on the market value of the Covered Bonds at the end of the relevant year or – if no market value figure is available – on the nominal value or the redemption or in the case the face or redemption values cannot be determined, on purchase value of such financial assets held outside the Italian territory. The amount of tax due, based on the value indicated by the Covered Bondholder in its own annual tax return, must be paid within the same date in which payment of the balance of the annual individual income tax is due.

Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due).

Financial assets held abroad are excluded from the scope of the Wealth Tax if such assets are administered by Italian financial intermediaries pursuant to an administration agreement. In this case the above-mentioned stamp duty provided for by Article 13 par. 2-ter of Part I of the tariff attached to Decree 642 does apply.

#### ***Tax Monitoring Obligations***

Italian resident individuals, non-commercial entities, non-commercial partnerships and similar institutions are required to report in their yearly income tax return, according to Law Decree No. 167 of 28 June 1990 converted with amendments by Law No. 227 of 4 August 1990, as amended from time to time, for tax monitoring purposes, the amount of Covered Bonds held abroad during each tax

year. The requirement applies also where the persons above, being not the direct holder of the financial instruments, are the actual owner of the instrument.

Furthermore, the above reporting requirement is not required to comply with respect to: (i) Covered Bonds deposited for management with qualified Italian financial intermediaries; (ii) contracts entered into through their intervention, upon condition that the items of income derived from the Covered Bonds have been subject to tax by the same intermediaries; or (iii) if the foreign investments are only composed by deposits and/or bank accounts and their aggregate value does not exceed a €15,000 threshold throughout the year.

## **Luxembourg Taxation**

The following information is a general description of certain Luxembourg withholding tax considerations relating to the Covered Bonds. It does not purport to be a complete analysis of all tax considerations relating to the Covered Bonds, whether in Luxembourg or elsewhere. Prospective purchasers of the Covered Bonds should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and/or disposing of the Covered Bonds and receiving payments of interest, principal and/or other amounts under the Covered Bonds and the consequences of such actions under the tax laws of Luxembourg. This information is based on the laws, regulations and administrative and judicial interpretations presently in force in Luxembourg and is subject to any change in law that may take effect after such date.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only.

### *Withholding Tax*

All payments of interest and principal by the Issuer in the context of the holding, disposal, redemption or repurchase of the Covered Bonds can be made free and clear of any withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by Luxembourg or any political subdivision or taxing authority thereof or therein, in accordance with the applicable Luxembourg tax laws currently in force and subject however to the application of the Luxembourg law of 23 December 2005, as amended, (the **Relibi Law**) which has introduced a 20% withholding tax on certain payments of interest made to Luxembourg resident individuals.

Under the Relibi Law, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 20%. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Payments of interest under the Covered Bonds coming within the scope of the Relibi Law will be subject to a withholding tax at a rate of 20 %.

Responsibility for the withholding of tax in application of the above-mentioned Relibi Law is assumed by the Luxembourg paying agent within the meaning of the Relibi Law and not by the Issuer.

## 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” 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. 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 Covered Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Covered Bonds, 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 Covered Bonds, 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 Covered Bonds 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. However, if additional Covered Bonds (as described under “Terms and Conditions of the Covered Bonds—Further Issues”) that are not distinguishable from previously issued Covered Bonds are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Covered Bonds, including the Covered Bonds offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Covered Bonds. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Covered Bonds, no person will be required to pay additional amounts as a result of the withholding.

## **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 since stated that it will not participate and on 16 March 2016 it completed the formalities required to leave the enhanced co-operation on FTT.

The Commission’s Proposal has very broad scope and could, if introduced in its current form, apply to certain dealings in Covered Bonds (including secondary market transactions) in certain circumstances.

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 Covered Bonds 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 participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of the Covered Bonds are advised to seek their own professional advice in relation to the FTT.

## SUBSCRIPTION AND SALE

### Dealer Agreement

Covered Bonds may be sold from time to time by the Issuer to the Dealers. The arrangements under which Covered Bonds may from time to time be agreed to be sold by the Issuer to, and purchased by, the Dealers are set out in the Dealer Agreement. The Dealer Agreement provides for, *inter alia*, an indemnity to the Dealer against certain liabilities in connection with the offer and sale of the Covered Bonds. The Dealer Agreement also provides for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other dealers either generally in respect of the Programme or in relation to a particular Series. The Dealer Agreement contains, *inter alia*, stabilising provisions. In the Dealer Agreement it is stated that Intesa Sanpaolo may offer and sell the Covered Bonds to or through one or more underwriters, dealers and agents, including Intesa Sanpaolo, or directly to purchasers.

The relevant Dealers will be entitled in certain circumstances to be released and discharged from their obligations in respect of a proposed issue of Covered Bonds under or pursuant to the Dealer Agreement prior to the closing of the issue of such Covered Bonds, including in the event that certain conditions precedent are not delivered or met to their satisfaction on or before the issue date of such Covered Bonds. In this situation, the issuance of such Covered Bonds may not be completed. Covered Bondholders will have no rights against the Issuer or the relevant Dealers in respect of any expense incurred or loss suffered in these circumstances.

### Subscription Agreements

Any Subscription Agreement between the Issuer and the Dealer and/or any additional or other dealers, from time to time, for the sale and purchase of Covered Bonds (each a **Relevant Dealer**) will, *inter alia*, provide for the price at which the relevant Covered Bonds will be subscribed for by the Relevant Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase.

Each Subscription Agreement will also provide for the confirmation of the appointment of the Representative of the Covered Bondholders by the Relevant Dealer as initial holder of the Covered Bonds then being issued.

### Selling restrictions

#### ***Prohibition of Sales to EEA Retail Investors***

If the Final Terms in respect of any Covered Bonds includes a legend entitled "*Prohibition of Sales to EEA Retail Investors*", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any of the Covered Bonds which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision the expression **retail investor** means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **EU MiFID II**); or
- (b) a customer within the meaning 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 EU MiFID II; or
- (c) not a qualified investor as defined in the Prospectus Regulation.

***Public Offer Selling Restrictions Under the Prospectus Regulation***

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

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

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

For the purposes of this provision, the expression an "**offer of Covered Bonds to the public**" in relation to any Covered Bonds in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds.

***Prohibition of Sales to UK Retail Investors***

If the Final Terms in respect of any Covered Bonds includes a legend entitles the "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Covered Bonds which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the 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 the UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**); or
- (ii) a customer within the meaning of the provisions of FSMA and any rules or regulations made under the FSMA to implement Directive (UE) 2016/97, where that customer would not qualify as a professional client as defined in point (8) of 2(1) of Regulation (EU) No. 600/2014 as it forms part of UK domestic law by virtue of EUWA.

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

- (a) *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the EUWA;
- (b) *Fewer than 150 offerees*: at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the EUWA), in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) *Other exempt offers*: at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Covered Bonds referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the EUWA.

For the purposes of this provision, the expression an **offer of Covered Bonds to the public** in relation to any Covered Bonds means the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Covered Bonds.

### ***United States of America***

The Covered Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) and may not be offered or sold within the United States of America 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.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, it will not offer, sell or deliver Covered Bonds, (a) as



part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in case of an issue of the Covered Bonds on a syndicated basis, the relevant lead manager, of all Covered Bonds of the Tranche of which such Covered Bonds are a part within the United States of America 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 Covered Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Covered Bonds within the United States of America 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 Tranche of Covered Bonds, an offer or sale of such Covered Bonds within the United States of America 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.

### ***Japan***

The Covered Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the **FIEA**) and, accordingly, each Dealer has represented and agreed, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Covered Bonds, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan. As used in this paragraph, “resident in Japan” means any person resident in Japan, including any corporation or entity organised under the laws of Japan.

### ***The 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) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Covered Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Covered Bond Guarantor, as the case may be; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Covered Bonds in, from or otherwise involving the United Kingdom.

### ***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, Covered Bonds to the public in 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 Covered Bonds and that such offers, sales and distributions have been and will be made in France only to qualified investors (*investisseurs qualifiés*), other than individuals, all as defined in, and in accordance with, articles L.411-1, L.411-2, D.411-1, L.533-16 and L.533-20 of the French Code *monétaire et financier*.

### ***The Republic of Ireland***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell any Covered Bonds except in conformity with the provisions of the Prospectus Regulation and, where applicable, implementing measures in Ireland and the provisions of the Irish Companies Act 2014 of Ireland and every other enactment that is to be read together with any of those Acts;
- (b) in respect of Covered Bonds issued by Intesa Sanpaolo which are not listed on a stock exchange and which do not mature within two years its action in any jurisdiction will comply with the then applicable laws and regulations of that jurisdiction, it will not knowingly offer to sell such Covered Bonds to an Irish resident, or to persons whose usual place of abode is Ireland, and that it will not knowingly distribute or cause to be distributed in Ireland any offering material in connection with such Covered Bonds. In addition, such Covered Bonds must be cleared through Euroclear, Clearstream, Luxembourg, or Depository Trust Company (or any other clearing system recognised for this purpose by the Revenue Commissioners) and have a minimum denomination of £300,000 or its equivalent at the date of issuance;
- (c) in respect of Covered Bonds issued by Intesa Sanpaolo which are not listed on a stock exchange and which mature within two years, such Covered Bonds must have a minimum denomination of €500,000 or US\$500,000 or, in the case of Covered Bond which are denominated in a currency other than euro or US dollars, the equivalent in that other currency of €500,000 (such amount to be determined by reference to the relevant rate of exchange at the date of first publication of this Programme). In addition, such Covered Bonds must be cleared through Euroclear, Clearstream, Luxembourg or Depository Trust Company (or any other clearing system recognised for this purpose by the Revenue Commissioners);
- (d) it has only issued or passed on, and will only issue or pass on, any document received by it in connection with the issue of Covered Bonds to persons who are persons to whom the document may otherwise lawfully be issued or passed on;
- (e) it has complied and will comply with all applicable provisions of S.I. No. 60 of 2007, the European Communities (Markets in Financial Instruments) Regulations 2007 and the provisions of the Investor Compensation Act 1998, with respect to anything done by it in relation to the Covered Bonds or operating in, or otherwise involving, Ireland is acting under and within the terms of an authorisation to do so for the purposes of Directive 2014/65/UE of the European Parliament and of the Council of 21 April 2014 and it has complied with any

applicable codes of conduct or practice made pursuant to implementing measures in respect of the foregoing Directive in any relevant jurisdiction;

- (f) it has not offered or sold or will not offer or sell any Covered Bonds other than in compliance with the provisions of the Central Bank Acts 1942-2013 (as amended) and any codes of conduct rules made thereunder; and
- (g) it has not offered or sold or will not offer or sell any Covered Bonds other than in compliance with the provisions of the Market Abuse (Directive 2003/6/EC) Regulations 2005 (as amended) and any rules issued under the Irish Companies Act 2014 by the Central Bank of Ireland.

### **Germany**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it shall only offer Covered Bonds in the Federal Republic of Germany in compliance with the provisions of the German Securities Prospectus Act (*Wertpapierprospektgesetz*) and any other laws applicable in the Federal Republic of Germany.

### **Republic of Italy**

The offering of Covered Bonds has not been registered pursuant to Italian securities legislation and, accordingly, no Covered Bonds may be offered, sold or delivered, nor may copies of the Base Prospectus or of any other document relating to any Covered Bonds be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 2 of the Prospectus Regulation and any applicable provision of Legislative Decree No. 58 of 24 February, 1998, as amended (the **Financial Law**) and/or Italian CONSOB regulations; or
- (b) in any other circumstances which are exempted from the rules on public offerings pursuant to article 1 of the Prospectus Regulation and in accordance with any applicable Italian laws and regulations.

Any such offer, sale or delivery of the Covered Bonds or distribution of copies of this Base Prospectus or any other document relating to the Covered Bonds in the Republic of Italy under (a) or (b) above must:

- (a) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Law, CONSOB Regulation No. 20307 of 15 February 2018 and Legislative Decree No. 385 of 1st September, 1993, as amended (the **Banking Law**);
- (b) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Law and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

### **General**

Other than with respect to the admission to listing, trading and/or quotation by such one or more listing authorities, stock exchanges and/or quotation systems as may be specified in the relevant

Final Terms, no action has been or will be taken in any country or jurisdiction by the Issuer or the Dealer that would permit a public offering of Covered Bonds, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands the Base Prospectus or any Final Terms comes are required by the Issuer and the Dealer to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Covered Bonds or have in their possession or distribute such offering material, in all cases at their own expenses.

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Covered Bonds or possesses or distributes the Base Prospectus, any offering material or any Final Terms, and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Covered Bonds under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuer, the Covered Bond Guarantor (if applicable) and any other Dealer shall have any responsibility therefore.

None of the Issuer, the Covered Bond Guarantor and the Dealers represents that Covered Bonds may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

## GENERAL INFORMATION

### **Listing, Admission to Trading and Minimum Denomination**

Application has been made for the Covered Bonds (other than the Registered Covered Bonds) to be admitted to the official list and be traded on the regulated market of the Luxembourg Stock Exchange.

Covered Bonds (other than the Registered Covered Bonds) may be listed on such other stock exchange as the Issuer and the Relevant Dealer(s) may agree, as specified in the relevant Final Terms, or may be issued on an unlisted basis.

Where Covered Bonds (other than the Registered Covered Bonds) issued under the Programme are admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Regulation, such Covered Bonds will not have a denomination of less than €100,000 (or, where the Covered Bonds are issued in a currency other than euro, the equivalent amount in such other currency).

The Registered Covered Bonds Condition will specify the minimum denomination for Registered Covered Bonds, which will not be listed.

### **Authorisations**

The establishment of the Programme was authorised by a resolution of the management board (*consiglio di gestione*) of the Issuer on 22 June 2010 and 19 March 2019.

The granting of the Covered Bond Guarantee was authorised by a resolution of the board of directors of the Covered Bond Guarantor on 23 June 2010, on 20 March 2019 and on 9 December 2020.

The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Covered Bonds.

### **Clearing of the Covered Bonds**

The Covered Bonds (other than the Registered Covered Bonds) issued in dematerialised form will be accepted for clearance through Monte Titoli (commercial name “*Euronext Securities Milan*”). The relevant Final Terms shall specify (i) any other clearing system as shall have accepted for clearance the relevant Covered Bonds (other than the Registered Covered Bonds) issued in dematerialised form, together with any further appropriate information or (ii) with respect to the Covered Bonds issued in any of the other forms which may be indicated in the relevant Final Terms, the indication of the agent or registrar through which payments to the holders of the Covered Bonds will be made.

The registered office of Monte Titoli S.p.A. is at Piazza degli Affari 6, Milan, Italy.

The Registered Covered Bonds will not be settled through a clearing system. The Registered Covered Bond Conditions will specify the agent or registrar through which payments to the Registered Covered Bonds will be performed.

### **Common codes and ISIN numbers**

The appropriate common code and the International Securities Identification Number (ISIN) in relation to the Covered Bonds of each Series will be specified in the Final Terms relating thereto.

### **The Representative of the Covered Bondholders**

Pursuant to the provisions of the Conditions and the Rules of the Organisation of the Covered Bondholders, there shall be at all times a Representative of the Covered Bondholders appointed to act in the interest and behalf of the Covered Bondholders. The initial Representative of the Covered Bondholders shall be KPMG Fides Servizi di Amministrazione S.p.A. KPMG Fides Servizi di Amministrazione S.p.A. shall be appointed by the Dealers in accordance with the Dealer Agreement and the relevant Subscription Agreements.

### **No material litigation**

Save as disclosed under paragraph “*Legal Proceedings*” in the section “*Description of the Issuer*” of this Base Prospectus during the twelve months preceding the date of this Base Prospectus, there have been no governmental, legal or arbitration proceedings, nor are the Issuer or the Covered Bond Guarantor aware of any pending or threatened proceedings of such kind, which have had or may have significant effects on the Issuer’s or the Covered Bond Guarantor’s financial position or profitability.

### **Trend Information / No Material Change**

Since (i) 31 December 2022 there has been no material adverse change in the prospects of the Issuer (ii) 30 September 2023 there has been no significant change in the financial performance of the Intesa Sanpaolo Group and (iii) 30 September 2023 there has been no significant change in the financial position of the Issuer and the Intesa Sanpaolo Group.

Since 31 December 2022 there has been no material adverse change in the prospects of the Covered Bond Guarantor. Since 31 December 2022, (i) there has been no significant change in the financial position of the Covered Bond Guarantor and (ii) there has been no significant change in the financial performance of the Guarantor.

### **Luxembourg Listing Agent**

The Issuer has undertaken to maintain a listing agent in Luxembourg so long as Covered Bonds (other than the Registered Covered Bonds) are listed on the official list of the Luxembourg Stock Exchange.

### **Independent auditors**

On 30 April 2019, the ordinary shareholders’ meeting of Intesa Sanpaolo appointed EY S.p.A. as independent auditors for the financial years 2021-2029. EY S.p.A. is an independent public accounting firm registered under no. 70945 in the Register of Accountancy Auditors (*Registro Revisori Contabili*) held by the Italian Ministry for Economy and Finance pursuant to Legislative Decree No. 39 of 27 January 2010 and the Ministerial Decree No. 145 of 20 June 2012. EY S.p.A. is also a member of the ASSIREVI – Associazione Nazionale Revisori Contabili, being the Italian Auditors Association. The business address of EY S.p.A. is Via Meravigli 12, 20123 Milan, Italy.

EY S.p.A. audited, in accordance with International Standards on Auditing (*ISA Italia*), the consolidated financial statements of the Intesa Sanpaolo Group, as at and for the years ended 31 December 2022 and 2021, as stated in the English translation of their audit reports incorporated by reference into this Base Prospectus. Further, EY S.p.A. reviewed, in accordance with CONSOB Regulation No.10867 of 31 July 1997, the unaudited condensed consolidated half-yearly financial statements of the Intesa Sanpaolo Group as at and for the six months ended June 30, 2023 and 2022, as stated in the English translation of their review reports incorporated by reference in this Base Prospectus.

The independent auditors of ISP CB Ipotecario, the Covered Bond Guarantor, are EY S.p.A. for the period 2021-2023. EY S.p.A. has audited the financial statements of ISP CB Ipotecario, the Covered Bond Guarantor, as at and for the years ended on 31 December 2022 and 31 December 2021 in accordance with International Standards on Auditing (*ISA Italia*). The independent auditors' reports on the 31 December 2022 and 2021 financial statements have been issued by EY S.p.A., respectively, on 16 March 2023 and 14 March 2022.

### **Documents available for inspection**

Without prejudice to the paragraph "*Publication on the Internet*" below, for so long as the Programme remains in effect or any Covered Bonds shall be outstanding and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange, copies and, where appropriate, English translations of the following documents may be inspected during normal business hours at the Specified Office of the Luxembourg Listing Agent, namely:

- (i) the Transaction Documents (but excluding, for avoidance of doubt, any document in respect of any Registered Covered Bonds) including the Covered Bond Guarantee (which is available on [https://group.intesasanpaolo.com/content/dam/portalgroup/repository-documenti/investor-relations/Contenuti/RISORSE/Documenti%20PDF/en\\_prosp\\_obg/20201204\\_Covered\\_Bond\\_Guarantee\\_CBI.pdf](https://group.intesasanpaolo.com/content/dam/portalgroup/repository-documenti/investor-relations/Contenuti/RISORSE/Documenti%20PDF/en_prosp_obg/20201204_Covered_Bond_Guarantee_CBI.pdf));
- (ii) the Issuer's memorandum of association (*Atto Costitutivo*) and by-laws (*Statuto*) as of the date hereof (which are also available on <https://group.intesasanpaolo.com/en/governance/company-documents/2019>);
- (iii) the Covered Bond Guarantor's memorandum of association and by-laws as of the date hereof (which are also available on <https://group.intesasanpaolo.com/it/investor-relations/prospetti/emissioni-internazionali/obbligazioni-bancarie/programma-obg-mutui-ipotecari-isp/programma-obg-mutui-ipotecari-isp> and <https://group.intesasanpaolo.com/en/investor-relations/prospectus/international-issue-documents/covered-bonds/intesa-sanpaolo-obg-mortgage-programme--originator-intesa-sanpao-obg-mortgage>);
- (iv) the Issuer's unaudited condensed consolidated interim financial statements of the Intesa Sanpaolo Group as at and for the nine months ended 30 September 2023;
- (v) the Issuer's unaudited condensed consolidated half-yearly financial statements of the Intesa Sanpaolo Group as at and for the six months ended 30 June 2023, as shown in the Intesa Sanpaolo Group 2023 Half-yearly Report;

- (vi) the Issuer's audited consolidated annual financial statements, including the auditors' report thereon, notes thereto and the relevant accounting principles in respect of the year ended on 31 December 2022;
- (vii) the Issuer's audited consolidated annual financial statements, including the auditors' report thereon, notes thereto and the relevant accounting principles in respect of the year ended on 31 December 2021;
- (viii) the Covered Bond Guarantor's audited annual financial statements, including the auditors' report thereon, in respect of the year ended on 31 December 2022;
- (ix) the Covered Bond Guarantor's audited annual financial statements, including the auditors' report thereon, in respect of the year ended on 31 December 2021;
- (x) the Terms and Conditions of the Covered Bonds contained in the prospectus dated 22 June 2023, pages from 307 to 352 (both included) prepared by the Issuer in connection with the Programme;
- (xi) a copy of this Base Prospectus together with any supplement thereto, if any, or further Base Prospectus;
- (xii) any reports, letters, balance sheets, valuations and statements of experts included or referred to in the Base Prospectus (other than consent letters);
- (xiii) any Final Terms relating to Covered Bonds which are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system. In the case of any Covered Bonds (other than the Registered Covered Bonds) which are not admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system, copies of the relevant Final Terms will only be available for inspection by the relevant Covered Bondholders.

Copies of all such documents shall also be available to Covered Bondholders at the Specified Office of the Representative of the Covered Bondholders.

In addition, copies of this Base Prospectus, any supplements to this Base Prospectus, each Final Terms relating to the Covered Bonds 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 (<https://www.luxse.com>).

#### **Financial statements available**

For so long as the Programme remains in effect or any Covered Bonds admitted to trading on the Regulated Market of the Luxembourg Stock Exchange shall be outstanding, copies and, where appropriate, English translations of the most recent publicly available financial statements and consolidated financial statements of the Issuer may be obtained during normal business hours at the specified office of the Luxembourg Listing Agent.

The external auditors have given, and have not withdrawn, their consent to the inclusion of their report on the accounts of the Issuer in this Base Prospectus in the form and context in which it is included.



## **Publication on the Internet**

This Base Prospectus, any supplement thereto and the Final Terms will be published by the Issuer on the internet site of the Luxembourg Stock Exchange, at <https://www.luxse.com>.

In any case, copy of this Base Prospectus together with any supplement thereto, if any, or further Base Prospectus, will be made publicly available by the Issuer in electronic form for at least 10 years on <https://group.intesasanpaolo.com/en/investor-relations/prospectus/international-issue-documents/covered-bonds/intesa-sanpaolo-obg-mortgage-programme--originator-intesa-sanpao-obg-mortgage>.

## **Material Contracts**

Neither the Issuer nor the Covered Bond Guarantor nor any of their respective subsidiaries has entered into any contracts in the last two years outside the ordinary course of business that have been or may be reasonably expected to be material to their ability to meet their obligations to Covered Bondholders.

## **Declaration of the officer responsible for preparing the Issuer's financial reports**

The officer responsible for preparing the Issuer's financial reports, Fabrizio Dabbene, declares, pursuant to paragraph 2 of Article 154-bis of the Financial Law (Legislative Decree No. 58 of 24 February 1998, as amended and supplemented from time to time), that the accounting information contained in this Base Prospectus corresponds to the Issuer's documentary results, books and accounting records.

## **Dealers transacting with the Issuer**

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and their affiliates in the ordinary course of business. Certain of the Dealers and their affiliates may have positions, deal or make markets in Covered Bonds issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and their 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. 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 Covered Bonds issued under the Programme. Any such short positions could adversely affect future trading prices of Covered Bonds issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and

instruments. For avoidance of doubt, the term “affiliates” in this paragraph includes also parent companies. Moreover Intesa Sanpaolo S.p.A. will be acting as Issuer, Arranger and Dealer in the context of the Programme.

## GLOSSARY

*The following terms and other terms used in this Base Prospectus are subject to, and in some cases are summaries of, the definitions of such terms as set out in the Transaction Documents, as they may be amended from time to time.*

**Account Banks** has the meaning ascribed to such expression in the Conditions

**Accounts** means the CA-CIB Accounts and the Intesa Accounts.

**Additional Business Centre** has the meaning given to it in the relevant Final Terms.

**Additional Interest Amount** means:

- (a) prior to the occurrence of an Issuer Event of Default, an amount equal to the algebraic sum of:
  - (i) the amount of Interest Available Funds;
  - (ii) (-) the sum of any amount paid under items from (i) to (xi) of the Pre-Issuer Default Interest Priority of Payments;or
- (b) following to the occurrence of an Issuer Event of Default, an amount equal to the algebraic sum of:
  - (i) (+) the amount of Available Funds;
  - (ii) (-) the sum of any amount paid under items from under items (i) to (ix) of the Post-Issuer Default Priority of Payments;or
- (c) following the occurrence of a Covered Bond Guarantor Event of Default an amount equal to the algebraic sum of:
  - (i) (+) the amount of Available Funds;
  - (ii) (-) the sum of any amount paid under items from under items (i) to (viii) of the Post-Guarantor Default Priority of Payments.

**Additional Seller** has the meaning ascribed to such expression in the Conditions.

**Adjusted Outstanding Principal Balance** has the meaning ascribed to such expression under paragraph headed “*Nominal Value Test*” under the section headed “*Credit Structure*”.

**Adjusted Required Redemption Amount** has the meaning ascribed to such expression in the Portfolio Administration Agreement.

**Adjustment Spread** has the meaning ascribed to such expression in the Conditions.

**Administrative Services Agreement** has the meaning ascribed to such expression in the Conditions.

**Administrative Services Provider** has the meaning ascribed to such expression in the Conditions.

**Affected Loan** has the meaning ascribed to such expression under paragraph headed “*Nominal Value Test*” under the section headed “*Credit Structure*”.

**Amortisation Test** has the meaning ascribed to such expression under paragraph headed “*Amortisation Test*” under the section headed “*Credit Structure*”.

**Amortisation Test Aggregate Portfolio Amount** has the meaning ascribed to such expression under paragraph headed “*Amortisation Test*” under the section headed “*Credit Structure*”.

**Amortisation Test Verification** has the meaning ascribed to such expression in the Asset Monitor Agreement.

**Approved Reorganisation** has the meaning ascribed to such expression in the Conditions.

**Article 74 Event** has the meaning given to such expression in the Conditions.

**Article 74 Notice to Pay** has the meaning ascribed to such expression in the Conditions.

**Asset Cover Report** means the report to be sent by the Calculation Agent in accordance with the Portfolio Administration Agreement.

**Asset Hedging Counterparty** has the meaning ascribed to such expression in the Conditions.

**Asset Monitor Agreement** has the meaning ascribed to such expression in the Conditions.

**Asset Monitor** has the meaning ascribed to such expression in the Conditions.

**Asset Monitor Report Date** has the meaning ascribed to such expression in the Asset Monitor Agreement.

**Asset Monitor Report** means the report to be sent by the Asset Monitor in accordance with the Asset Monitor Agreement.

**Asset Percentage** has the meaning ascribed to such expression under paragraph headed “*Tests*” under the section headed “*Credit Structure*”.

**Asset Swaps** has the meaning ascribed to such expression in the Conditions.

**Available Funds** has the meaning ascribed to such expression in the Conditions.

**Banking Law** has the meaning ascribed to such expression in the Conditions.

**Base Interest Amount** means 0.50% per annum.

**Base Prospectus** means this base prospectus prepared in connection with the Programme, as supplemented and amended from time to time.

**Benchmark Event** has the meaning ascribed to such expression in the Conditions.

**BoI OBG Regulations** means the supervisory instructions of Bank of Italy relating to covered bonds (*Obbligazioni Bancarie Garantite*) under Third Part, Chapter 3, of the Circular No. 285 of 17 December 2013 containing the “*Disposizioni di vigilanza per le banche*”, as replaced by the Implementing Provisions and as amended and supplemented from time to time.

**BoI Regulations** means the supervisory instructions issued by the Bank of Italy in relation to banks or financial intermediary, as amended and supplemented from time to time.

**Business Day Convention** has the meaning ascribed to such expression in the Conditions.

**Business Day** has the meaning ascribed to such expression in the Conditions.

**CA-CIB** means CRÉDIT AGRICOLE – CORPORATE AND INVESTMENT BANK, a bank incorporated under the laws of France with its registered offices at 9, Quai du Président Paul Doumer, 92920 Paris La Défense Cedex, registered with the Registre du Commerce et des Sociétés de Nanterre with No. SIREN 304 187 701, share capital Euro 6,775,271,784.

**CA-CIB Accounts** means the CA-CIB Collection Account, the CA-CIB Securities Account, the CA-CIB Investment Account, the CA-CIB Interest Securities Collection Account, the CA-CIB Principal Securities Collection Account, the CA-CIB Eligible Investments Account, the CA-CIB Payment Account, the CA-CIB Collateral Account and the Guarantee Collection Account.

**CA-CIB Collateral Account** means the account No. 002212097512 - IBAN IT54U0343201600002212097512 opened in the name of the Covered Bond Guarantor with CA-CIB and operating in accordance with the Cash Management and Agency Agreement and any replacement thereof.

**CA-CIB Collection Account** means the account No. 002212097593 - IBAN IT82Q0343201600002212097593 opened in the name of the Covered Bond Guarantor with CA-CIB and operating in accordance with the Cash Management and Agency Agreement and any replacement thereof.

**CA-CIB Eligible Investments Account** means the account No. 02558339111 opened in the name of the Covered Bond Guarantor with CA-CIB and operating in accordance with the Cash Management and Agency Agreement and any replacement thereof.

**CA-CIB Interest Securities Collection Account** means the account No. 0025587086847 – IBAN FR7631489000100025587086847 opened in the name of the Covered Bond Guarantor with CA-CIB and operating in accordance with the Cash Management and Agency Agreement and any replacement thereof.

**CA-CIB Investment Account** means the account No. 0025583391147 - IBAN FR763148900010000025583391147 opened in the name of the Covered Bond Guarantor with CA-CIB and operating in accordance with the Cash Management and Agency Agreement and any replacement thereof.

**CA-CIB Payment Account** means the account No. 002212097594 - IBAN IT59R0343201600002212097594 opened in the name of the Covered Bond Guarantor with CA-CIB and operating in accordance with the Cash Management and Agency Agreement and any replacement thereof.

**CA-CIB Principal Securities Collection Account** means the account No. 0025587077147 - IBAN FR7631489000100025587077147 opened in the name of the Covered Bond Guarantor with CA-CIB and operating in accordance with the Cash Management and Agency Agreement and any replacement thereof.

**CA-CIB Securities Account** means the account No. 02558708681 opened in the name of the Covered Bond Guarantor with CA-CIB and operating in accordance with the Cash Management and Agency Agreement and any replacement thereof.

**Calculation Agent** has the meaning ascribed to such expression in the Conditions.

**Calculation Date** means 7 January, 7 April, 7 July and 7 October in each calendar year or, in case such date is not a Business Day, the following Business Day, provided that the first Calculation Date will be 7 January 2011.

**Cash Management and Agency Agreement** has the meaning ascribed to such expression in the Conditions.

**Cash Manager** has the meaning ascribed to such expression in the Conditions.

**CB Interest Period** has the meaning ascribed to such expression in the Conditions.

**CB Payment Date** has the meaning ascribed to such expression in the Conditions.

**Clearstream** has the meaning ascribed to such expression in the Conditions.

**Collateral Accounts** means, alternatively as applicable, the CA-CIB Collateral Account or the Intesa Collateral Accounts.

**Collection Accounts** means, alternatively, as applicable, the CA-CIB Collection Account, the CA-CIB Interest Securities Collection Account, the CA-CIB Principal Securities Collection Account, the Guarantee Collection Account, or the Intesa Collection Accounts.

**Collection Date** means the last calendar day of February, May, August and November of each year.

**Collection Period** means each period from (but excluding) a Collection Date to (and including) the following Collection Date or, in respect of the first Collection Period, the period from (and including) the Evaluation Date of the transfer of the Initial Portfolio to (and including) the next following Collection Date.

**Collection Policies** has the meaning ascribed to such expression in the Servicing Agreement.

**Collections** means all the amounts collected from time to time by the Covered Bond Guarantor in respect of the Portfolio as principal, interest and/or expenses and any payment of damages and all the Excess Proceeds.

**Commercial Mortgage Loan** means a Mortgage Loan referred to under Article 129, Paragraph 1, letter (f) of the CRR and Article 7-novies of Law 130.

**Conditions** means, in relation to the Covered Bonds of any Series, the terms and conditions of the Covered Bonds of such Series, as amended and supplemented from time to time and **Condition** shall be construed accordingly.

**CONSOB** has the meaning ascribed to such expression in the Conditions.

**Corporate Account** means the corporate account IBAN IT20 Y030 6909 4001 0000 0001 145 opened in the name of the Covered Bond Guarantor with Intesa Sanpaolo (as Account Bank) and

operated in accordance with the Cash Management and Agency Agreement and any replacement thereof.

**Covered Bond Guarantee** means the guarantee issued by the Covered Bond Guarantor in order to secure the payment obligations of the Issuer under the Covered Bonds in accordance with the provisions of Article 7-bis of Law 130 and Article 4 of the MEF Decree, until the Implementation Date or, from the Implementation Date, of Articles 7-sexies and 7-quaterdecies of Law 130.

**Covered Bond Guarantor Acceleration Notice** means the notice to be served by the Representative of the Covered Bondholders on the Covered Bond Guarantor pursuant to the Intercreditor Agreement upon the occurrence of a Covered Bond Guarantor Event of Default.

**Covered Bond Guarantor Disbursement Amount** means on the Guarantor Payment Date falling in January of each calendar year, the difference between: (i) Euro 100,000.00 and (ii) any amount standing to the credit of the Expenses Account as at the Calculation Date immediately preceding such Guarantor Payment Date.

**Covered Bond Guarantor Event of Default** has the meaning ascribed to such expression in the Conditions.

**Covered Bond Guarantor** means ISP CB Ipotecario S.r.l., a limited liability company (*società a responsabilità limitata*) incorporated in the Republic of Italy pursuant to article 7-bis of Law 130, as applicable until the Implementation Date (which has been replaced by article 7-septies of Law 130) with share capital equal to Euro 120,000.00 (fully paid up) whose registered office is at Via Monte di Pietà 8, 20121 Milan, Italy, enrolled with the Companies' Register of Milan, under No. 05936180966, belonging to the Intesa Sanpaolo Group, subject to the direction and coordination (*direzione e coordinamento*), pursuant to Article 2497-bis of the Italian Civil Code, of Intesa Sanpaolo.

**Covered Bond Guarantor Retention Amount** means on the Guarantor Payment Date falling in January of each calendar year, the difference between: (i) Euro 90,000.00 and (ii) any amount standing to the credit of the Corporate Account as at the Calculation Date immediately preceding such Guarantor Payment Date.

**Covered Bondholders** has the meaning ascribed to such expression in the Conditions.

**Covered Bonds** means any covered bond issued under the Programme and denominated in such currency as may be agreed between the Issuer and the relevant Dealer which has such maturity and denomination as may be agreed between the Issuer and the relevant Dealer and issued or to be issued by the Issuer pursuant to the Dealer Agreement or any other agreement between the Issuer and the relevant Dealer.

**Crisis Code** means the "*Crisis and Insolvency Code*" issued in implementation of Law No. 155 of October 19, 2017, referred to in Legislative Decree No. 14 of January 12, 2019, as amended, supplemented and/or replaced from time to time.

**Criteria** means each of the General Criteria and the Specific Criteria.

**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 and amending Regulation (EU) No 648/2012, as amended and supplemented from time to time.

**Current Balance** has the meaning ascribed to such expression in the Portfolio Administration Agreement.

**Day Count Fraction** has the meaning ascribed to such expression in the Conditions.

**Data Protection Law** means the Privacy Law and the EU General Data Protection Regulation (2016/679) of the European Parliament and of the Council of 27 April 2016 (GDPR), as amended and supplemented from time to time, and the national implementing legislation.

**Dealer Agreement** means the dealer agreement entered into on or about the Programme Date between, *inter alios*, the Issuer and the Dealers, as amended and/or supplemented from time to time.

**Dealer** means each of the Initial Dealers and each “dealer” designated as such under the Dealer Agreement.

**Debtors in respect of Receivables** means any person, entity or subject, who is liable for the payment of amounts due, as principal and interest, in respect of any Receivables.

**Debtors in respect of Securities** means any entity, which is liable for the payment of amounts due, as principal and interest, in respect of any Securities.

**Debtors** means as, the case may be, the Debtors in respect of the Receivables or the Debtors in respect of the Securities.

**Decree 190** means the Italian Legislative Decree No. 190 of 5 November 2021, transposing Directive (EU) No. 2016/2102 into Italian Law.

**Decree 213** has the meaning ascribed to such expression in the Conditions.

**Decree 239** has the meaning ascribed to such expression in the Conditions.

**Decree 461** has the meaning ascribed to such expression in the Conditions.

**Decree 512** has the meaning ascribed to such expression in the Conditions.

**Decree 600** has the meaning ascribed to such expression in the Conditions.

**Deed of Charge and Assignment** has the meaning ascribed to such expression in the Conditions.

**Defaulted Asset** means any Mortgage Loan which has been classified by the Servicer on behalf of the Covered Bond Guarantor as a Defaulted Loan and/or any Security which have been classified by the Servicer on behalf of the Covered Bond Guarantor as a Defaulted Security.

**Defaulted Loan** means a Mortgage Loan in relation to which the relevant receivable is a Defaulted Receivable.

**Defaulted Receivable** means a Receivable classified as defaulted in accordance with the provisions of the Collection Policies, as applied in compliance with the provisions of the Bank of Italy’s supervisory regulations (*Istruzioni di Vigilanza della Banca d’Italia*) and in accordance with a prudent management of the Receivables carried out with the highest professional standards; as at the



date hereof, a Receivable is classified as defaulted if it is classified as *in sofferenza* in accordance with the provisions of the Bank of Italy's supervisory regulations (*Istruzioni di Vigilanza della Banca d'Italia*) and with the provisions of the Collection Policies when the Arrears Ratio is at least equal to (i) 10, in the case of Mortgage Loans providing for monthly instalments, (ii) 4, in the case of Mortgage Loans providing for quarterly instalments and (iii) 2, in the case of Mortgage Loans providing for semi-annual instalments. For the purposes of this definition, **Arrears Ratio** means, at the end of each monthly reference period, the ratio between (a) all amounts due and unpaid as principal and/or interest (excluding any default interest) in relation to the relevant Receivable and (b) the amount of the instalment of the relevant Receivable which was due immediately prior to the end of that month.

**Defaulted Securities** means the Securities which may be classified as defaulted in accordance with the provisions of the Collection Policies.

**Discount Factor** has the meaning ascribed to such expression under paragraph headed "*Net Present Value (NPV) Test*" under the section headed "*Credit Structure*".

**Due for Payment Date** means (i) a Scheduled Due for Payment Date, or (ii) following the occurrence of a Covered Bond Guarantor Event of Default, the date on which the Covered Bond Guarantor Acceleration Notice is served on the Covered Bond Guarantor. If the Due for Payment Date is not a Business Day, the Due for Payment Date will be the next following Business Day. For the avoidance of doubt, Due for Payment Date does not refer to any earlier date upon which payment of any Guaranteed Amounts may become due, by reason of prepayment, mandatory or optional redemption or otherwise.

**Earliest Maturing Covered Bonds** has the meaning ascribed to such expression in the Portfolio Administration Agreement.

**Early Redemption Amount** has the meaning ascribed to such expression in the Conditions.

**Early Redemption Date** has the meaning ascribed to such expression in the Conditions.

**Early Termination Amount** has the meaning ascribed to such expression in the Conditions.

**Eligible Assets** has the meaning ascribed to such expression in the Conditions.

**Eligible Investments Account** means, alternatively as applicable, the CA-CIB Eligible Investments Account or the Intesa Eligible Investment Account.

**Eligible Investments** means:

- (a) any Public Asset, as defined below, which have a maturity up to 3 Business Days prior to each Guarantor Payment Date; and/or
- (b) any other Euro denominated securities having the minimum rating as determined by the parties in accordance with the applicable rating methodology to be applicable or agreed by the Rating Agency from time to time, being, as at the date hereof, "P-1" by Moody's and which have a maturity of up to 30 calendar days or, if longer, which may be liquidated without loss within 30 days from a downgrade below "P-1" by Moody's and which qualify as Eligible Assets and/or Integration Asset and/or Liquid Asset; and/or

(c) reserve accounts, deposit accounts, and other similar accounts which qualifies as Integration Assets and/or Liquid Assets held with a bank having minimum ratings as determined by the parties in accordance with the applicable rating methodology to be applicable or agreed by the Rating Agency from time to time, being, as at the date hereof, “P-3” by Moody’s,

provided that any such investments shall be liquidated in accordance with the provisions of the Cash Management and Agency Agreement.

For the avoidance of doubt, the limit provided under Clause 5.4(b) of the Master Transfer Agreement will not apply to the Eligible Investments.

For the purposes of paragraph (i) above, “Public Assets” means (i) securities satisfying the requirements set forth under Article 129, Paragraph 1, letters (a) and (b) of the CRR, and (ii) loans extended to, or guaranteed by, the public entities set forth under Article 129, Paragraph 1, letters (a) and (b) of the CRR or guaranteed (on the basis of “*guarantees valid for the purpose of credit risk mitigation*”), by such public entities.

**Eligible Portfolio** has the meaning ascribed to such expression under paragraph headed “*Tests*” under the section headed “*Credit Structure*”.

**Eligible States** shall mean any States belonging to the European Economic Space, Switzerland and any other State attracting a zero per cent. risk weight factor in accordance with the Bank of Italy’s prudential regulations for banks - standardised approach.

**EMIR Regulation** means the Regulation (EU) 648/2012 of the European Parliament and Council dated 4 July 2012 on OTC derivatives, central counterparties and trade repositories as supplemented by the relevant delegated regulations, as amended from time to time.

**English Law Transaction Documents** has the meaning ascribed to such expression in the Conditions.

**Euribor** means the Euro-Zone Inter-Bank offered rate, as determined from time to time pursuant to the Transaction Documents.

**Euro Equivalent** has the meaning ascribed to such expression under paragraph headed “*Interest Coverage Test*” under the section headed “*Credit Structure*”.

**Euroclear** has the meaning ascribed to such term in the Conditions.

**Eurodollar Convention** has the meaning ascribed to such expression in the Conditions.

**Evaluation Date** means the date on which the economic effects of the assignment of the Initial Portfolio and/or any relevant Further Portfolio will occur, in accordance with the provisions of the Master Transfer Agreement.

**Excess Proceeds** has the meaning ascribed to such expression in the Conditions.

**Excluded Assets** means the Integration Assets and/or Liquid Assets in excess of the Exposure Limit to be excluded from the Portfolio.

**Excluded Swap** means the portion of the hedging arrangements, if any, corresponding to the Eligible Assets and Integration Assets excluded from the Eligible Portfolio.

**Expected Floating Payments** has the meaning ascribed to such expression under paragraph headed “*Interest Coverage Test*” under the section headed “*Credit Structure*”.

**Expenses Account** means the expenses account No. 1876 1000 1144 - IBAN IT43 X030 6909 4001 0000 0001 144 opened in the name of the Covered Bond Guarantor with Intesa Sanpaolo (as Account Bank) and operated in accordance with the Cash Management and Agency Agreement and any replacement thereof.

**Exposure Limit** means the limits set forth in Article 129, paragraph 1a, lett. (a), (b), (c) and (d) of CRR, provided that pursuant to Article 129 paragraph 3a (3-bis) of CRR such limits shall not apply to “*cessioni di ripristino*” pursuant to the Master Transfer Agreement for purposes of complying with the Nominal Value Test.

**Exposure Limit Verification** has the meaning ascribed to such expression in the Asset Monitor Agreement.

**Extendable Maturity** has the meaning ascribed to such expression in the Conditions.

**Extended Maturity Date** has the meaning ascribed to such expression in the Conditions.

**Extension Determination Date** has the meaning ascribed to such expression in the Conditions.

**Extraordinary Resolution** has the meaning ascribed to such expression in the Rules of the Organisation of the Covered Bondholders.

**Final Redemption Amount** has the meaning ascribed to such expression in the Conditions.

**Final Terms** means the specific final terms issued and published in accordance with the Conditions prior to the issue of each Series of Covered Bonds detailing certain relevant terms thereof which, for the purposes of that Series only, supplements the Conditions and the Base Prospectus and must be read in conjunction with the Base Prospectus.

**Financial Law** has the meaning ascribed to such expression in the Conditions.

**First Issue Date** has the meaning ascribed to such expression in the Conditions.

**First Special Servicer** means the entity appointed as such under the Servicing Agreement.

**First Special Servicer’s Delegates** means any entity appointed as such by the First Special Servicer in accordance with the Servicing Agreement.

**Fixed Component of the Eligible Portfolio** has the meaning ascribed to such expression under paragraph headed “*Interest Coverage Test*” under the section headed “*Credit Structure*”.

**Floating Component of the Eligible Portfolio** has the meaning ascribed to such expression under paragraph headed “*Interest Coverage Test*” under the section headed “*Credit Structure*”.

**French Law Security Document** means the pledge over bank accounts agreement (*contrat de nantissement de comptes bancaires*) with respect to the bank accounts opened in the name of the Covered Bond Guarantor on or about the 22 June 2012, entered into between, among others, the Covered Bond Guarantor and the Representative of the Covered Bondholders.

**Further Portfolio** has the meaning ascribed to such expression in the Conditions.

**General Criteria** means the general criteria applicable for the identification of the Receivables, as set out in the Master Transfer Agreement.

**German Paying Agent** has the meaning ascribed to such expression in the Conditions.

**Guaranteed Amounts** has the meaning ascribed to such expression in the Conditions.

**Guarantee Collection Account** means the account No. 002212097589 - IBAN IT12U0343201600002212097589 opened in the name of the Covered Bond Guarantor with CA-CIB and operating in accordance with the Cash Management and Agency Agreement and any replacement thereof.

**Guarantor Interest Period** means the period from (and including) the date of transfer of the Initial Portfolio to (and excluding) the immediately following Guarantor Payment Date and, thereafter, each period from (and including) a Guarantor Payment Date to (and excluding) the following Guarantor Payment Date.

**Guarantor** means any person, entity or subject, different from the Debtor, who has granted a guarantee in relation to a Receivable or Security or Liquid Assets, and any successor thereof.

**Guarantor Payment Date** has the meaning ascribed to such expression in the Conditions.

**Hard Bullet Covered Bonds** has the meaning ascribed to such expression in the Conditions.

**Hedging Counterparties** has the meaning ascribed to such expression in the Conditions.

**Hedging Senior Payment** has the meaning ascribed to such expression in the Conditions.

**Implementation Date** means 31 March 2023, it being the date into which the Implementing Provisions issued by the Bank of Italy entered into force.

**Implementing Provisions** means the implementing provisions amending the BoI OBG Regulations issued by the Bank of Italy pursuant to Law 130.

**Independent Adviser** has the meaning ascribed to such expression in the Conditions.

**Individual Purchase Price** means the purchase price of each Receivable or Security, as determined in accordance with the provisions of the Master Transfer Agreement.

**Initial Dealers** means Barclays and Intesa Sanpaolo.

**Initial MBS Notes** means the MBS Notes issued by Adriano Finance S.r.l. denominated “Euro 7,557,950,000 Class A Residential Mortgage Backed Floating Rate Notes due December 2055” (ISIN Code: IT0004398092; Common Code 038148630), listed with the Luxembourg Stock Exchange.

**Initial Portfolio** has the meaning ascribed to such expression in the Conditions.

**Insolvency Event** has the meaning ascribed to such expression in the Conditions.

**Insolvency Law** means Italian Royal Decree No. 267 of 16 March, 1942 (*Disciplina del fallimento, del concordato preventivo e della liquidazione coatta amministrativa*) as amended from time to time.

**Insolvency Proceedings** has the meaning ascribed to such expression in the Conditions.

**Integration Assets** has the meaning ascribed to such expression in the Conditions.

**Integration Assignment** has the meaning ascribed to such expression in the Conditions.

**Intercreditor Agreement** has the meaning ascribed to such expression in the Conditions.

**Interest Accumulation Amount** means an amount equal to the interest amounts due on the CB Payment Dates falling during the immediately following Guarantor Interest Period (excluding the first day of such Guarantor Interest Period if the Post-Issuer Default Priority of Payments is applicable), in respect of any Series of Covered Bonds in relation to which (i) no Liability Swaps have been entered into or (ii) the relevant Liability Swaps have been terminated.

**Interest Available Funds** means, with reference to each Guarantor Payment Date, the sum of (a) any interest received from the Portfolio (net of any Interest Component of the Purchase Price) during the Collection Period immediately preceding such Guarantor Payment Date, (b) any amount received by the Covered Bond Guarantor as remuneration of the Accounts (other than the Collateral Accounts, as applicable) and Eligible Investments (without any double counting) during the Collection Period immediately preceding such Guarantor Payment Date, (c) any interest amount received by the Covered Bond Guarantor as payments under the Swaps Agreements with the exception of any Delivery Amounts (as defined therein) on or prior to the relevant Guarantor Payment Date, (d) any amount (other than amounts being Principal Available Funds, as defined below) received by the Covered Bond Guarantor from any party to the Transaction Documents during the Collection Period immediately preceding such Guarantor Payment Date, (e) the Reserve Fund Required Amount, (f) the Interest Accumulation Amount, (g) any amount of Interest Available Funds retained in the Relevant Investment Account on the immediately preceding Guarantor Payment Date, and (h) following a Notice to Pay, and before a Covered Bond Guarantor Acceleration Notice, all interest amounts standing to the credit of the Liquidity Buffer Account as at the relevant Calculation Date.

**Interest Commencement Date** has the meaning ascribed to such expression in the Conditions.

**Interest Component of the Purchase Price** means, in respect of each Eligible Asset or Integration Asset or Liquid Assets, the amount of interest which was considered, from time to time, in order to calculate the relevant purchase price in accordance with the Master Transfer Agreement.

**Interest Coverage Test** has the meaning ascribed to such expression under paragraph headed “*Interest Coverage Test*” under the section headed “*Credit Structure*”.

**Interest Payments** has the meaning ascribed to such expression under paragraph headed “*Interest Coverage Test*” under the section headed “*Credit Structure*”.

**Intesa Accounts** means the Receivables Collection Account, the Intesa Securities Account, the Intesa Investment Account, the Intesa Interest Securities Collection Account, the Intesa Principal Securities Collection Account, the Intesa Eligible Investments Account, the Expenses Account, the Corporate Account, the Intesa Payment Account and the Intesa Collateral Accounts.

**Intesa Collateral Accounts** means the accounts (cash account IBAN IT75X0306909400100000001150 and securities account No. 187631003731916) opened in the name of the Covered Bond Guarantor with Intesa Sanpaolo (as Account Bank) and operating in accordance with the Cash Management and Agency Agreement and any replacement thereof.

**Intesa Collection Accounts** means, collectively, the Receivables Collection Account, the Intesa Interest Securities Collection Account and the Intesa Principal Securities Collection Account.

**Intesa Eligible Investments Account** means the eligible investments account No. 1876 3100 3731510 opened in the name of the Covered Bond Guarantor with Intesa Sanpaolo (as Account Bank) and operating in accordance with the Cash Management and Agency Agreement and any replacement thereof.

**Intesa Investment Account** means the investment account No. 1876 1000 1143 - IBAN IT66 W030 6909 4001 0000 0001 143 opened in the name of the Covered Bond Guarantor with Intesa Sanpaolo (as Account Bank) and operating in accordance with the Cash Management and Agency Agreement and any replacement thereof.

**Intesa Interest Securities Collection Account** means the interest securities collection account No. 07744 1000 543 – IBAN IT46 P030 6912 7111 0000 0000 543 opened in the name of the Covered Bond Guarantor with Intesa Sanpaolo (as Account Bank) and operated in accordance with the Cash Management and Agency Agreement and any replacement thereof.

**Intesa Payment Account** means the payment account IBAN IT58 E030 6909 4001 0000 0001 058 opened in the name of the Covered Bond Guarantor with Intesa Sanpaolo (as Account Bank) and operating in accordance with the Cash Management and Agency Agreement and any replacement thereof.

**Intesa Principal Securities Collection Account** means the principal securities collection account IBAN IT69 O030 6912 7111 0000 0000 542 opened in the name of the Covered Bond Guarantor with Intesa Sanpaolo (as Account Bank) and operated in accordance with the Cash Management and Agency Agreement and any replacement thereof.

**Intesa Securities Account** means the securities account No. 07744 0836 04010200 opened in the name of the Covered Bond Guarantor with Intesa Sanpaolo (as Account Bank) and operated in accordance with the Cash Management and Agency Agreement and any replacement thereof.

**Intesa Sanpaolo Group** means Intesa Sanpaolo and each of its consolidated subsidiaries.

**Intesa Sanpaolo** means Intesa Sanpaolo S.p.A., a bank organised as a joint stock company under the laws of the Republic of Italy, whose registered office is at Piazza San Carlo 156, 10121, Turin, Italy and secondary office at Via Monte di Pietà 8, 20121, Milan, Italy, incorporated with Fiscal Code number and registration number with the Turin Register of Enterprises 00799960158, VAT number 11991500015, and registered with the Bank of Italy pursuant to article 13 of the Banking Law under number 5361, head of Intesa Sanpaolo Group, agreed into the *Fondo Interbancario di Tutela dei Depositi* and into the *Fondo Nazionale di Garanzia*.

**Investment Account** means, alternatively, as applicable, the CA-CIB Investment Account or the Intesa Investment Account.

**Investor Report Date** means 10 Business Days following each Guarantor Payment Date.

**Investor Report** has the meaning ascribed to such expression in the Cash Management and Agency Agreement.

**ISP Mandate Agreement** means the mandate agreement entered into on 28 February 2014 between Intesa Sanpaolo, as Swap Service Provider, and the Covered Bond Guarantor, as amended and supplemented from time to time, for the performance of certain service to be provided under the Swap Agreements further to the approval of the EMIR Regulation.

**Issuance Collateralisation Assignment** has the meaning ascribed to such expression under paragraph headed “*Master Transfer Agreement*” under the section headed “*Description of the Transaction Documents*”.

**Issue Date** means, in respect of any Series of Covered Bonds, the date of Issue of such Series of Covered Bonds pursuant to and in accordance with the Dealer Agreement.

**Issue Price** means the price of Covered Bonds of each Series, which is at par or at a discount to, or premium over, par, as specified in the relevant Final Terms.

**Issuer Downgrade Event** means the Issuer being downgraded to ratings as determined to be applicable or agreed by Moody’s from time to time, being, as at the First Issue Date, to or below “P-2”.

**Issuer Event of Default** has the meaning ascribed to such expression in the Conditions.

**Issuer** means Intesa Sanpaolo in its capacity as issuer of the Covered Bonds.

**IT and Operational Services Provider** means Intesa Sanpaolo (or any of its successors, assignees or transferees) or any other entity replacing Intesa Sanpaolo pursuant to the Servicing Agreement or the Corporate Services Agreement.

**Italian Civil Code** has the meaning ascribed to such expression in the Conditions.

**Italian Civil Procedure Code** means the Italian Royal Decree No. 1443 of 28 October 1940, as amended and supplemented from time to time.

**Italian Insolvency Code** means the Crisis Code.

**Italian Law Transaction Documents** has the meaning ascribed to such expression in the Conditions.

**Latest Valuation** has the meaning given to such expression in the Portfolio Administration Agreement.

**Law 130** means Italian Law No. 130 of 30 April 1999 as published in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) No. 111 of 14 May 1999 (*legge sulla cartolarizzazione dei crediti*), as amended and supplemented from time to time.

**Liability Hedging Counterparty** has the meaning ascribed to such expression in the Conditions.

**Liability Swap Principal Accumulation Amount** means, in relation to any Guarantor Payment Date, (a) for a Series of Covered Bonds with a Maturity Date falling during the immediately following Guarantor Interest Period (excluding the first day of such Guarantor Interest Period), an amount equal to the principal amount due under the relevant Liability Swap, or (b) for a Series of Covered Bonds with a Maturity Date not falling during the immediately following Guarantor Interest Period, an amount equal to zero.

**Liability Swaps** has the meaning ascribed to such expression in the Conditions.

**Liquidation Costs** has the meaning ascribed to such expression under paragraph headed “*Tests*” under the section headed “*Credit Structure*”.

**Liquid Assets** means the assets referred to Article 7-*duodecies*, paragraph 2, letters (a) and (b) of Law 130, provided that such assets meet the requirements to qualify as eligible assets under Article 129 of the CRR and Law 130 also in the form of substitution assets.

**Liquidity Buffer Account** means the liquidity buffer account that may be opened in the name of the Covered Bond Guarantor with the Account Bank in accordance with the Cash Management and Agency Agreement.

**Liquidity Buffer Target Amount** has the meaning ascribed to such expression in the Conditions.

**Long Date Due for Payment Date** has the meaning ascribed to such expression in the Conditions.

**Long Dated Covered Bonds** has the meaning ascribed to such expression in the Conditions.

**Luxembourg Listing Agent** has the meaning ascribed to such expression in the Conditions.

**Mandatory Test** means each of the Nominal Value Test, the NPV Test and the Interest Coverage Test.

**Master Definitions Agreement** means the master definitions agreement entered into on or about the Programme Date between, *inter alios*, the Issuer, the Covered Bond Guarantor, the Paying Agent and the Calculation Agent, as amended and/or supplemented from time to time.

**Master Transfer Agreement** has the meaning ascribed to such expression in the Conditions.

**Maturity Date** means, with reference to each Series of Covered Bonds, with the exclusion of the Extended Maturity Date, as extended in accordance with the Conditions, the CB Payment Date, as indicated in the relevant Final Terms, on which such Series of Covered Bonds will be redeemed at their Outstanding Principal Balance.

**Maturity Extension** has the meaning ascribed to such term under Condition 9(b).

**MBS Notes Issuer** means each company incorporated under Law 130 which has issued MBS Notes.

**MBS Notes** means the securities issued in the context of securitisation transactions which was owned by the Seller before the Implementation Date and having the characteristics set forth under the OBG Regulations as in force until the Implementation Date.

**MBS Portfolio** means a portfolio of receivables purchased from an MBS Notes Issuer in the context of the relevant MBS Transaction.

**MBS Transaction** means each Italian law governed securitisation transaction carried out by an MBS Notes Issuer in the context of which MBS Notes have been issued.

**MEF Decree** means the Decree of the Ministry of economy and finance No. 310 of 14 December 2006, concerning the implementation of the provisions set forth in Article 7-bis of Law 130 about covered bonds, repealed by Decree 190.



**Minimum Required Account Bank Rating** has the meaning ascribed to such expression in the Conditions.

**Minimum Required Paying Agent Rating** means the short-term rating as determined to be applicable or agreed by the Rating Agency from time to time with reference to the entity which acts in its capacity as Paying Agent (or any institution guaranteeing its obligation on the basis of a guarantee satisfying the criteria of the Rating Agency), being, as at the date hereof, “P-3” by Moody’s.

**Minimum Required Pre-Maturity Liquidity Guarantor Rating** has the meaning ascribed to such expression in the Conditions.

**Minimum Required Ratings** means, in respect of the Account Bank and the Paying Agent, the Minimum Required Account Bank Rating and the Minimum Required Paying Agent Rating, respectively.

**Monte Titoli Account Holders** has the meaning ascribed to such expression in the Conditions.

**Monte Titoli** (commercial name “*Euronext Securities Milan*”) has the meaning ascribed to such expression in the Conditions.

**Moody’s** has the meaning ascribed to such term in the Conditions.

**Mortgage Loan Agreement** means any residential or commercial loan agreement pursuant to Article 129, Paragraph 1, letters (d) and (f) of the CRR and Article 7-novies of Law 130.

**Mortgage Loan** means a loan granted under a Mortgage Loan Agreement.

**Mortgage** means a mortgage granted over a Real Estate Asset in order to secure the Receivable arising from the relevant Mortgage Loan Agreement.

**Negative Carry Factor** has the meaning ascribed to such expression under paragraph headed “*Nominal Value Test*” under the section headed “*Credit Structure*”.

**Net Deposit** has the meaning ascribed to such expression under paragraph headed “*Tests*” under the section headed “*Credit Structure*”.

**Net Cumulative Liquidity Outflow** has the meaning ascribed to such expression under paragraph headed “*Tests*” under the section headed “*Credit Structure*”.

**Net Liquidity Outflow** has the meaning ascribed to such expression under paragraph headed “*Tests*” under the section headed “*Credit Structure*”.

**Net Interest Collections from the Eligible Portfolio** has the meaning ascribed to such expression under paragraph headed “*Interest Coverage Test*” under the section headed “*Credit Structure*”.

**Net Present Value** has the meaning ascribed to such expression under paragraph headed “*Net Present Value (NPV) Test*” under the section headed “*Credit Structure*”.

**Nominal Value of the Portfolio** has the meaning ascribed to such expression under paragraph headed “*Nominal Value Test*” under the section headed “*Credit Structure*”.

**Nominal Value Test** has the meaning ascribed to such expression under paragraph headed “*Nominal Value Test*” under the section headed “*Credit Structure*”.

**Notice to Pay** has the meaning ascribed to such expression in the Conditions.

**NPV Test** has the meaning ascribed to such expression under paragraph headed “*Net Present Value (NPV) Test*” under the section headed “*Credit Structure*”.

**OBG Regulations** means Law 130, as amended and supplemented from time to time, the MEF Decree (until the Implementation Date), the BoI OBG Regulations and Article 129 of CRR and any other applicable provision of CRR, as amended from time to time.

**Observed Eligible OC Amount** has the meaning ascribed to such expression under paragraph headed “*Tests*” under the section headed “*Credit Structure*”.

**Observed Eligible OC Amount Verification** has the meaning ascribed to such expression in the Asset Monitor Agreement.

**OC Verification** has the meaning ascribed to such expression under paragraph headed “*Tests*” under the section headed “*Credit Structure*”.

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

**Ordinary Resolution** has the meaning ascribed to such expression in the Rules of the Organisation of the Covered Bondholders.

**Other Secured Creditors** has the meaning ascribed to such expression in the Conditions.

**Outstanding Principal Balance** has the meaning ascribed to such expression in the Conditions.

**Paying Agent** has the meaning ascribed to such expression in the Conditions.

**Payment Account** means, alternatively, as applicable, the CA-CIB Payment Account or the Intesa Payment Account.

**Payments Report** means the report substantially in the form provided for under the Cash Management and Agency Agreement to be prepared by the Calculation Agent not later than 5 Business Days prior to each Guarantor Payment Date.

**Pledge Agreement** has the meaning ascribed to such expression in the Conditions.

**Portfolio Administration Agreement** has the meaning ascribed to such expression in the Conditions.

**Portfolio** has the meaning ascribed to such expression in the Conditions.

**Portfolio Manager** means the company appointed as portfolio manager in accordance with the Portfolio Administration Agreement and any successor thereof.

**Post-Guarantor Default Priority of Payments** has the meaning ascribed to such expression in the Intercreditor Agreement.

**Post-Issuer Default Priority of Payments** has the meaning ascribed to such expression in the Intercreditor Agreement.

**Potential Set-Off Amount** has the meaning ascribed to such expression under paragraph headed “Tests” under the section headed “Credit Structure”.

**Pre-Issuer Default Interest Priority of Payments** has the meaning ascribed to such expression in the Intercreditor Agreement.

**Pre-Issuer Default Principal Priority of Payments** has the meaning ascribed to such expression in the Intercreditor Agreement.

**Pre-Maturity Liquidity Account** has the meaning ascribed to such expression in the Conditions.

**Pre-Maturity Liquidity Required Rating** has the meaning ascribed to such expression in the Conditions.

**Pre-Maturity Liquidity Test Date** has the meaning ascribed to such expression under Condition 9 (*Redemption and Purchase*).

**Pre-Maturity Liquidity Test** has the meaning ascribed to such expression under Condition 9 (*Redemption and Purchase*).

**Pre-Maturity Rating Period** has the meaning ascribed to such expression in the Conditions.

**Principal Available Funds** means, with reference to each Guarantor Payment Date, the sum of: (a) any principal payment and any Interest Component of the Purchase Price received during the Collection Period immediately preceding such Guarantor Payment Date, (b) any amounts deriving from sale of Eligible Assets, Integration Assets, Liquid Assets and Eligible Investments (without any double counting) received during the Collection Period immediately preceding such Guarantor Payment Date, provided that any amount paid to the Covered Bond Guarantor by the Seller as purchase price for the Receivables and/or the Securities and/or the Liquid Assets repurchased by the Seller further to the exercise by the Issuer of its option right pursuant to the provisions of the Master Transfer Agreement shall form part of the Principal Available Funds applicable on such Guarantor Payment Date if, by no later than the Business Day prior to the Calculation Date immediately preceding such Guarantor Payment Date, (i) the relevant purchase price (as calculated in accordance with the provisions of the Master Transfer Agreement) has been paid in full, (ii) cleared funds in respect thereof have been credited to the Relevant Investment Account and/or Relevant Principal Securities Collection Account and/or Liquidity Buffer Account, (as the case may be and (iii) notice of the relevant payment and crediting has been given by the Seller and the Relevant Account Bank to the Calculation Agent (with a copy to the Representative of the Covered Bondholders), it being understood, for the avoidance of doubt, that any funds so applied shall not be double counted in respect of the Collection Period during which the relevant payment is made, (c) any amount of Principal Available Funds retained in the Relevant Investment Account on the immediately preceding Guarantor Payment Date, (d) any principal amount received by the Covered Bond Guarantor as payments under the Swap Agreements with the exception of any Delivery Amounts (as defined therein) on or prior to the relevant Guarantor Payment Date, (e) any amount credited to the Relevant Investment Account under item (vi) of the Pre-Issuer Default Interest Priority of Payments, (f) following the withdrawal of an Article 74 Notice to Pay, any principal amount received in respect

of the Excess Proceeds, and (g) all principal amounts standing to the credit of the Liquidity Buffer Account as at the relevant Calculation Date.

**Priorities of Payments** has the meaning ascribed to such expression in the Conditions.

**Privacy Law** means Italian Legislative Decree no. 196 of 30 June 2003 (*Codice in materia di protezione dei dati personali*), as amended and supplemented from time to time.

**Programme Date** has the meaning ascribed to such expression in the Conditions.

**Programme Limit** means the amount equal to Euro 25,000,000,000 or any other amount indicated as the programme limit in accordance with the Dealer Agreement.

**Programme** means the Euro 25,000,000,000 Covered Bond Programme described in this Base Prospectus, established by the Issuer for the issuance of *obbligazioni bancarie garantite*.

**Programme Resolution** has the meaning given to it in the Rules of the Organisation of the Covered Bondholders.

**Programme Termination Date** means 31 December 2100.

**Prospectus Regulation** means Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.

**Purchase Offer** means the purchase offer delivered, in accordance with the Master Transfer Agreement, by the Seller to the Covered Bond Guarantor in relation to the assignment of each Further Portfolio.

**Relevant Account Bank** means Intesa Sanpaolo (in its role as Account Bank) or CA-CIB, as the case may be.

**Quarterly Report Date** means the date on which the Servicer shall deliver the Servicer Quarterly Report in accordance with the provisions of the Servicing Agreement.

**Quota Capital Account** means the quota capital account (IBAN: IT89R0306909400615309751292) opened in the name of the Covered Bond Guarantor with the Account Bank and operated in accordance with the Cash Management and Agency Agreement and any replacement thereof.

**Quotaholders' Agreement** has the meaning ascribed to such expression in the Conditions.

**Quotaholders** means Intesa Sanpaolo and Stichting Viridis 2.

**Random Basis** has the meaning ascribed to such expression in the Portfolio Administration Agreement.

**Rating Agency Confirmation** means, with respect to the Rating Agency, receipt of a confirmation in writing that the then current ratings of the Covered Bonds will not be adversely affected by or withdrawn as a result of the relevant event or matter.

**Rating Agency** has the meaning ascribed to such expression in the Conditions.

**Real Estate Asset** means each real estate property burdened with the Mortgages.

**Receivables Collection Account** means the receivables collection account (IBAN: IT89V0306909400100000001142) opened in the name of the Covered Bond Guarantor with the Account Bank and operated in accordance with the Cash Management and Agency Agreement.

**Receivables** means the receivables deriving from or connected with any residential or commercial Mortgage Loan Agreements pursuant to Article 129, Paragraph 1, letters (d) and (f) of the CRR and art. 7-novies of Law 130, as detailed and indicated under the term "*Crediti*" of the Master Transfer Agreement.

**Registered Covered Bonds** means Covered Bonds issued in registered form also as German governed registered covered bonds (*Gedekte Namensschuldverschreibung*).

**Registered Covered Bonds Conditions** means the terms and conditions of the Registered Covered Bonds.

**Registered Covered Bondholder** means the registered holder for the time being of a Registered Covered Bond.

**Registrar** means any institution which may be appointed from time to time by the Issuer to act as registrar in respect of the Registered Covered Bonds issued under the Programme, provided that if the Issuer will keep the register and will not delegate such activity, any reference to the Registrar will be construed as a reference to the Issuer.

**Regulation 13 August 2018** has the meaning ascribed to such expression in the Conditions.

**Relevant Accounts** means the Intesa Accounts or the CA-CIB Accounts, as the case may be, and the term **Relevant** prior to the definition utilised to identify any of the Accounts shall indicate such Account with Intesa or CA-CIB, as the case may be.

**Relevant Account Bank** means Intesa Sanpaolo (in its role as Account Bank) or CA-CIB, as the case may be.

**Relevant Dealer(s)** has the meaning ascribed to such expression in the Conditions.

**Relevant Nominating Body** has the meaning ascribed to such expression in the Conditions.

**Representative of the Covered Bondholders** means the entity appointed as representative of the Covered Bondholders in accordance with the Intercreditor Agreement, the Dealer Agreement and any other Transaction Document, and any successor thereof appointed in accordance with the Rules of Organisation of the Covered Bondholders.

**Required Redemption Amount** has the meaning given to that term in the Portfolio Administration Agreement.

**Reserve Fund Rating Event** means the event occurring if the Issuer loses the minimum short-term credit rating as determined by the parties in accordance with the applicable rating methodology of the Rating Agency from time to time, being, as at the First Issue Date, a short-term rating from Moody's of at least "P-1".

**Reserve Fund Required Amount** means nil, as long as the Issuer has a minimum short-term credit rating as determined by the parties in accordance with the applicable rating methodology of the Rating Agency from time to time, being, as at the First Issue Date, a short-term rating from Moody's

of at least “P-1”. Otherwise, the Issuer will be required to maintain a reserve fund with an amount, as calculated by the Calculation Agent on or prior to each Calculation Date equal to: (a) interest accruing in respect to all outstanding Series of Covered Bonds during the immediately following Guarantor Interest Period; and (b) prior to the service of a Notice to Pay, the aggregate amount to be paid by the Covered Bond Guarantor on the immediately following Guarantor Payment Date in respect of the items (i) to (iv) of the Pre-Issuer Default Interest Priority of Payments.

**Residential Mortgage Loan** means a Mortgage Loan referred to under Article 129, Paragraph 1, letter (d) of the CRR.

**Resolutions** has the meaning ascribed to such term in the Rules of the Organisation of the Covered Bondholders.

**Resulting Entity** has the meaning ascribed to such expression in the Conditions.

**Revolving Assignment of Eligible Assets** has the meaning ascribed to such expression under paragraph headed “*Master Transfer Agreement*” under the section headed “*Description of the Transaction Documents*”.

**Revolving Assignment of Integration Assets and/or Liquid Assets** has the meaning ascribed to such expression under paragraph headed “*Master Transfer Agreement*” under the section headed “*Description of the Transaction Documents*”.

**Revolving Assignments** has the meaning ascribed to such expression under paragraph headed “*Master Transfer Agreement*” under the section headed “*Description of the Transaction Documents*”.

**Rules of the Organisation of the Covered Bondholders** has the meaning ascribed to such expression in the Conditions.

**Scheduled Due for Payment Date** has the meaning ascribed to such expression in the Conditions.

**Scheduled Interest** has the meaning ascribed to such expression in the Conditions.

**Scheduled Payment Date** has the meaning ascribed to such expression in the Conditions.

**Scheduled Principal** has the meaning ascribed to such expression in the Conditions.

**Second Special Servicer** means the entity appointed as such under the Servicing Agreement.

**Secured Creditors** has the meaning ascribed to such expression in the Conditions.

**Securities Account** means, alternatively, as applicable, the CA-CIB Securities Account or the Intesa Securities Account.

**Securities Collection Accounts** means (i) collectively, the Intesa Interest Securities Collection Account and the Intesa Principal Securities Collection Account or, alternatively, as applicable (ii) collectively, the CA-CIB Interest Securities Collection Account and the CA-CIB Principal Securities Collection Account.

**Securities** means, collectively, (i) the securities issued by central governments issued or guaranteed by a valid guarantee for the purposes of credit risk mitigation pursuant to Article 129, Paragraph 1,

lett. (a) and (b) of CRR and art. 7-novies of Law 130; and (ii) the securities having the characteristics set out in art. 7-duodecies, Paragraph 2, of Law 130 and any ancillary right thereto.

**Selected Assets** has the meaning ascribed to such expression in the Conditions.

**Selection Date** means the date, which shall be indicated under the relevant Purchase Offer, on which the Seller has applied the criteria for selecting the assets comprised in the relevant Further Portfolio.

**Seller** has the meaning ascribed to such expression in the Conditions.

**Series** has the meaning ascribed to such expression in the Conditions. Notwithstanding the foregoing, the term “Series” shall mean, in case of Registered Covered Bonds, each Registered Covered Bonds made out in the name of a specific Registered Covered Bondholder.

**Servicer** has the meaning ascribed to such expression in the Conditions.

**Servicer’s Delegates** meant any entity appointed as such by the Servicer in accordance with the Servicing Agreement.

**Servicer Quarterly Report** means the report to be prepared and delivered by the Servicer in accordance with the provisions of the Servicing Agreement.

**Servicer Termination Event** means one or more termination events listed under the Servicing Agreement.

**Servicing Agreement** has the meaning ascribed to such expression in the Conditions.

**Special Servicer** means the First Special Servicer, the Second Special Servicer and any other entity acting as Special Servicer pursuant to the Servicing Agreement, as the case may be.

**Specific Criteria** means the criteria for the selection of the Receivables to be included in any Further Portfolio listed in the relevant Purchase Offer.

**Specified Currency** has the meaning ascribed to such expression in the relevant Final Terms.

**Specified Office** has the meaning ascribed to such expression in the Conditions.

**Stabilising Manager** has the meaning ascribed to such expression in the Dealer Agreement.

**Stichting Viridis 2** means Stichting Viridis 2, a Dutch foundation constituted as a *stichting*, whose registered office is at De Entree 99 - 197, 1101 HE Amsterdam, The Netherlands.

**Subordinated Loan Agreement** has the meaning ascribed to such expression in the Conditions.

**Subordinated Loan** means the subordinated loan granted by the Subordinated Loan Provider to the Covered Bond Guarantor according to the Subordinated Loan Agreement.

**Subordinated Loan Provider** has the meaning ascribed to such expression in the Conditions.

**Subscription Agreement** means each subscription agreement to be entered into on or about the relevant Issue Date between the Issuer and the relevant Dealers.

**Successor Servicer** means any entity succeeding in the role as Servicer in accordance with the provisions of the Servicing Agreement.

**Successor Special Servicer** means any entity succeeding in the role of the Special Servicer in accordance with the provisions of the Servicing Agreement.

**Supplemental Liquidity Available Amount** has the meaning ascribed to such expression under paragraph headed “*Nominal Value Test*” under the section headed “*Credit Structure*”.

**Supplemental Liquidity Event** has the meaning ascribed to such expression under paragraph headed “*Nominal Value Test*” under the section headed “*Credit Structure*”.

**Supplemental Liquidity Reserve Account** means the additional account to be opened in the name of the Covered Bond Guarantor, if the Supplemental Liquidity Reserve Amount is set greater than zero and in accordance with the other provisions of the Cash Management and Agency Agreement.

**Supplemental Liquidity Reserve Amount** has the meaning ascribed to such expression under paragraph headed “*Nominal Value Test*” under the section headed “*Credit Structure*”.

**Swap Agreements** has the meaning ascribed to such expression in the Conditions.

**Swap Curve** has the meaning ascribed to such expression under paragraph headed “*Net Present Value (NPV) Test*” under the section headed “*Credit Structure*”.

**Swap Service Agreements** means ISP Mandate Agreement and any other mandate agreements that the Covered Bond Guarantor may enter, from time to time, into for the supply to the Covered Bond Guarantor of certain services due under the Swap Agreements pursuant to the EMIR Regulation.

**Swap Service Providers** means Intesa Sanpaolo and any other party that has entered or will enter, from time to time, into a Swap Service Agreement.

**Swap Transaction** has the meaning ascribed to such expression in the General Description of the Programme.

**T2 Settlement Day** has the meaning ascribed to such expression in the Conditions.

**Tests** has the meaning ascribed to such expression in the Conditions.

**Tranche** has the meaning ascribed to such expression in the Conditions.

**Transaction Documents** has the meaning ascribed to such expression in the Conditions.

**Transfer Agreement** has the meaning ascribed to such expression in the Conditions.

**Usury Law** means the Italian law No. 108 of March 7, 1996, as amended and supplemented from time to time.

**Zero Coupon Covered Bond** has the meaning ascribed to such expression in the Conditions.



**ISSUER**

**Intesa Sanpaolo S.p.A.**

Piazza San Carlo 156  
10121 Turin  
Italy

**GUARANTOR**

**ISP CB Ipotecario S.r.l.**

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Italy

**ARRANGERS**

**Barclays Bank Ireland PLC**

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D02RF29  
Ireland

**Intesa Sanpaolo S.p.A.**

*Divisione IMI Corporate &  
Investment Banking*

Via Manzoni 4  
20121 Milan

**Intesa Sanpaolo S.p.A.**

Via Verdi 11

20121 Milan  
Italy

**DEALERS**

**Intesa Sanpaolo S.p.A.**  
*Divisione IMI Corporate &*

*Investment Banking*

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