Base Prospectus dated 3 June 2019

MEDIOBANCA - Banca di Credito Finanziario S.p.A.

(incorporated with limited liability as a "*Società per Azioni*" under the laws of the Republic of Italy*)*

Euro 5,000,000,000 Covered Bond Programme

unconditionally and irrevocably guaranteed as to payments of interest and principal by

Mediobanca Covered Bond S.r.l.

(incorporated with limited liability as a "*Società a responsabilità limitata*" under the laws of the Republic of Italy)

The €5,000,000,000 Covered Bond Programme (the "**Programme**") described in this base prospectus (the "**Base Prospectus**") has been established in December 2011 by Mediobanca – Banca di Credito Finanziario S.p.A. (in its capacity as issuer of the Covered Bonds (as defined below), "**Mediobanca**" or the "**Bank**" or the "**Issuer**") for the issuance of covered bonds (the "**Covered Bonds**", which term includes, for the avoidance of doubt and as the context requires, Registered Covered Bonds, as defined below) guaranteed by Mediobanca Covered Bond S.r.l. (the "**Guarantor**") pursuant to Article 7-*bis* of law 30 April 1999, No. 130, as amended and supplemented from time to time ("**Law 130/99**"), Ministerial Decree No. 310 of the Ministry for the Economy and Finance of 14 December 2006 (the "**MEF Decree**") and the supervisory instructions of the Bank of Italy relating to covered bonds under Part III, 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 Regulations**" and together with Law 130/99 and the MEF Decree, the "**Covered Bonds Law**"), as amended and implemented from time to time. The maximum aggregate nominal amount of all the Covered Bonds from time to time outstanding under the Programme will not exceed € 5,000,000,000 (or its equivalent in other currencies calculated as described herein).

The Covered Bonds constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will rank *pari passu* without preference among themselves and (save for any applicable statutory provisions) at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer from time to time outstanding. In the event of a compulsory winding-up (*liquidazione coatta amministrativa*) of the Issuer, any funds realised and payable to the holders of the Covered Bonds (the "**Bondholders**") will be collected by the Guarantor on their behalf and will be included in the Cover Pool, in accordance with the provisions of Article 4, Paragraph 3 of the MEF Decree. The Guarantor issued a first demand (*a prima richiesta*), autonomous, unconditional and irrevocable guarantee securing the payment obligations of the Issuer under the Covered Bonds (the "**Guarantee**"), collateralised by a portfolio of residential and commercial mortgage loans assigned and to be assigned to the Guarantor by the Seller (and/or, as the case may be, by any Additional Seller) and of other Eligible Assets and Integration Assets, in accordance with the Covered Bonds Law. The recourse of the Bondholders to the Guarantor under the Guarantee will be limited to the assets of the Cover Pool subject to, and in accordance with, the relevant Priority of Payments pursuant to which specified payments will be made to other parties prior to payments to the Bondholders.

Application has been made to the *Commission de Surveillance du Secteur Financier* ("**CSSF**"), in its capacity as competent authority in Luxembourg under Directive 2003/71/EC as from time to time amended (the "**Prospectus Directive**") and relevant implementing measures in Luxembourg for approval of this Base Prospectus. The CSSF assumes no responsibility as to the economic and financial soundness of the transaction and the quality or solvency of the Issuer in line with the provisions of article 7(7) of the Luxembourg Law on prospectuses for securities. Approval by the CSSF relates only to the Covered Bonds and does not include the Registered Covered Bonds.

Application has also been made for Covered Bonds issued under the Programme (other than the Registered Covered Bonds) during the period of 12 months from the date of this Base Prospectus to be listed on the official list of the Luxembourg Stock Exchange (the "**Official List**") and admitted to trading on the regulated market of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments as from time to time amended. However, unlisted Covered Bonds may be issued pursuant to the Programme. The relevant Final Terms in respect of the issue of any Covered Bonds will specify whether or not such Covered Bonds will be listed on the Official List and admitted to trading on the Luxembourg Stock Exchange's regulated market (or any other stock exchange). Application may also be made for notification to be given to competent authorities in other Member States of the European Economic Area in order to permit Covered Bonds issued under the Programme to be offered to the public and admitted to trading on regulated markets in such other Member States in accordance with the procedures under the Prospectus Directive.

The terms of each Series or Tranche will be set out in a final terms document (the "**Final Terms**") relating to such Series or Tranche prepared in accordance with the provisions of this Base Prospectus and, if listed, to be delivered to the regulated market of the Luxembourg Stock Exchange on or before the date of issue of such Series or Tranche.

Amounts of interests payable under the Floating Rate Covered Bonds may be calculated by reference to EURIBOR or LIBOR, in each case as specified in the relevant Final Terms. As at the date of this Base Prospectus, EURIBOR is provided and administered by the European Money Markets Institute ("**EMMI**") and LIBOR is provided and administered by ICE Benchmark Administration Limited ("**ICE**"). As at the date of this Base Prospectus, ICE is authorised as a benchmark administrator, and included on, whereas EMMI is not included on 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 (the "**Benchmarks Regulation**").

As far as the Issuer is aware, as at the date of this Base Prospectus the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that EMMI is not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).

The Covered Bonds (other than Registered Covered Bonds) will be issued in dematerialised form (*emesse in forma dematerializzata*) on the terms of, and subject to, the Terms and Conditions of the Covered Bonds and the relevant Final Terms and will be held in such form on behalf of the beneficial owners, until redemption or cancellation thereof, by Monte Titoli S.p.A. ("**Monte Titoli**") for the account of the relevant Monte Titoli Account Holders. The expression "**Monte Titoli Account Holders**" means any authorised institution entitled to hold accounts on behalf of their customers with Monte Titoli (and includes any relevant Clearing System) which holds account with Monte Titoli or any depository banks appointed by 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. ("**Euroclear**") and Clearstream Banking, société anonyme, Luxembourg ("**Clearstream**"). Each Series (or Tranche) is and will be deposited with Monte Titoli on the relevant Issue Date (as defined in the "*Terms and Conditions of the Covered Bonds*" below). Covered Bonds (other than Registered Covered Bonds) will at all time be evidenced by, and title thereto will be transferrable by means of, book-entries in accordance with the provisions of (i) Article 83-*bis* and ff. of the Legislative Decree no. 58 of 24 February 1998 and (ii) the Joint Resolution (as defined below), as subsequently amended and supplemented from time to time. Monte Titoli shall act as depository for Clearstream and Euroclear. No certificate or physical document of title will be issued in respect of the Covered Bonds (other than the Registered Covered Bonds).

The Covered Bonds may also be issued in registered form as German law governed registered covered bonds (*Namensschuld verschreibungen*) (the "**Registered Covered Bonds**"). The terms and conditions of the relevant Registered Covered Bonds (the "**Registered CB Conditions**") will specify the minimum denomination for the relevant Registered Covered Bonds, which will not be listed.

Before the Maturity Date the Covered Bonds will be subject to optional redemption in whole or in part in certain circumstances, as set out in Condition 8 (*Redemption and Purchase*).

Each Series (or Tranche) issued under the Programme specified in the relevant Final Terms may be assigned a rating by Fitch Italia S.p.A. ("**Fitch**" or the "**Rating Agency**"). Conditions precedent to the issuance of any Series or Tranche include that the Rating Agency confirms (where applicable) that the issuance of such Series or Tranches will not result in a reduction or withdrawal of the then current ratings of any of the then outstanding Series or Tranche. Whether or not the credit rating applied for in relation to relevant Series of Covered Bonds will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies as from time to time amended (the "**CRA Regulation**") will be disclosed in the applicable Final Terms.

All the credit ratings included or referred to in this Base Prospectus have been issued by Fitch, which is established in the European Union and registered under the CRA Regulation. **A credit rating is not a recommendation to buy, sell or hold Covered Bonds and may be subject to suspension, reduction, revision or withdrawal by the assigning Rating Agency and each rating shall be evaluated independently of any other.**

An investment in* Covered Bonds *issued under the Programme involves certain risks. For a discussion of these risks, see "Risk Factors" beginning on page 38.

Arranger of the Programme

Mediobanca – Banca di Credito Finanziario S.p.A.

RESPONSIBILITY STATEMENTS AND NOTICE TO INVESTORS

This document constitutes a base prospectus for the Issuer for the purposes of Article 5.4 of the Prospectus Directive (the "*Base Prospectus*") and for the purposes of giving information with regard to the Issuer, the Seller, the Guarantor, the Covered Bonds and the Asset Monitor 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, of the Seller, of the Guarantor, of the Asset Monitor and of the rights attaching to the Covered Bonds.

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 and data contained in the Base Prospectus are in accordance with the facts and do not contain any omission likely to affect the import of such information and data.

The Seller accepts responsibility for the information contained in this Base Prospectus under the sections headed "*Description of the Seller*", "*Credit and Collection Policies*" and "*The Cover Pool*". To the best of the knowledge of the Seller (having taken all reasonable care to ensure that such is the case) the information and data in relation to which it is responsible as described above are in accordance with the facts and do not contain any omission likely to affect the import of such information and data. The Seller accepts responsibility for its relevant sections of this Base Prospectus, but does not accept responsibility for any other parts of this Base Prospectus.

The Guarantor accepts responsibility for the information contained in this Base Prospectus under the sections headed "*Description of the Guarantor*". To the best of the knowledge of the Guarantor (having taken all reasonable care to ensure that such is the case) the information and data in relation to which it is responsible as described above are in accordance with the facts and do not contain any omission likely to affect the import of such information and data. The Guarantor accepts responsibility for its relevant section of this Base Prospectus, but does not accept responsibility for any other parts of this Base Prospectus.

The Asset Monitor accepts responsibility for the information contained in this Base Prospectus under the sections headed "*Description of the Asset Monitor*". To the best of the knowledge of the Asset Monitor (having taken all reasonable care to ensure that such is the case) the information and data in relation to which it is responsible as described above are in accordance with the facts and do not contain any omission likely to affect the import of such information and data. The Asset Monitor accepts responsibility for its relevant section of this Base Prospectus, but does not accept responsibility for any other part of this Base Prospectus.

Each of the Issuer and the Guarantor, having made all reasonable enquiries, confirms that (i) this Base Prospectus contains all information with respect to the Issuer and the Guarantor, the Covered Bonds and the Guarantee which is material in the context of the issue and offering of the Covered Bonds, (ii) the statements contained in this Base Prospectus relating to the Issuer and the Guarantor are in every material respect true and accurate and not misleading, the opinions and intentions expressed in this Base Prospectus with regard to the Issuer and the Guarantor are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, (iii) there are no other facts in relation to the Issuer, the Guarantor, the Covered Bonds or the Guarantee the omission of which would, in the context of the issue and offering of Covered Bonds, make any statement in this Base Prospectus misleading in any material respect and (iv) all reasonable enquiries have been made by the Issuer and the Guarantor to ascertain such facts and to verify the accuracy of all such information and statements.

This Base Prospectus should be read and construed with any supplement hereto and with any documents incorporated by reference herein and, in relation to any Series/Tranche of Covered Bonds, should be read and construed together with the relevant Final Terms. Copies of the Final Terms will be available from the

registered office of the Issuer and the specified office set out below of the Luxembourg Listing Agent (as defined below) and on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Full information on the Issuer, the Guarantor, the Seller and any Series/Tranche of Covered Bonds is only available on the basis of the combination of the Base Prospectus, any supplements, the relevant Final Terms and the documents incorporated by reference.

Capitalised terms used in this Base Prospectus shall have the meaning ascribed to them in the "*Terms and Conditions of the Covered Bonds*" below, unless otherwise defined in the single section of this Base Prospectus in which they are used.

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

The contents of this Base Prospectus should not be construed as providing legal, business, accounting or tax advice. Each prospective investor 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 and should consult its own legal, business, accounting and tax advisers prior to making a decision to invest in the Covered Bonds.

The Arranger, the Dealers and the Representative of the Bondholders have not separately verified the information contained in this Base Prospectus. Accordingly none of the Arranger, the Dealers or the Representative of the Bondholders 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 or any other information provided by the Issuer, the Seller, the Guarantor or the Asset Manager in connection with the Covered Bonds or their distribution.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Covered Bonds constitutes an offer of, or an invitation by or on behalf of the Issuer, the Guarantor or any of the Dealers to subscribe for, or purchase, any Covered Bonds.

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Covered Bonds in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of the Covered Bonds may be restricted by law in certain jurisdictions. The Issuer, the Seller, the Guarantor, the Dealers, the Asset Monitor, the Arranger and the Representative of the Bondholders do not represent that this Base Prospectus may be lawfully distributed, or that any Covered Bond may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. No action has been taken by the Issuer, the Seller, the Guarantor, the Dealers, the Arranger and the Representative of the Bondholders which is intended to permit a public offering of any Covered Bonds outside Luxembourg or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Covered Bonds may be offered or sold, directly or indirectly, and neither this Base

Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Covered Bonds may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Covered Bonds. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Covered Bonds in the United States, Japan and the European Economic Area (including the United Kingdom, the Republic of Italy, Ireland, Luxembourg, France and the Netherlands), see also section headed "*Subscription and Sale*".

The language of the Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law. 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.

In this Base Prospectus, references to **€** or **euro** or **Euro** are to the single currency introduced at the start of the Third Stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended; references to **U.S.$** or **U.S. Dollar** are to the currency of the Unites States of America; references to **£** or **UK Sterling** are to the currency of the United Kingdom; 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 monetary amounts and currency conversions 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.

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

This Base Prospectus and any Final Terms may not be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.

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 Arranger is 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 Arranger or for providing advice in relation to the issue of the Covered Bonds.

PRIIPs / IMPORTANT - EEA RETAIL INVESTORS - If the Final Terms in respect of any Covered Bonds include a legend entitled "**Prohibition of Sales to EEA Retail Investors**", the Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. 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.

MIFID II PRODUCT GOVERNANCE / TARGET MARKET The Final Terms in respect of any Covered Bonds may 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 product governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for a Tranche of Covered Bonds is a manufacturer in respect of that Tranche, 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.

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 of 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.

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GENERAL DESCRIPTION OF THE PROGRAMME

The following section contains a general description of the Programme 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. PARTIES

Issuer	Mediobanca – Banca di Credito Finanziario S.p.A, a bank incorporated under the laws of Republic of Italy and having its registered office at Piazzetta E. Cuccia, 1, 20121, Milan, Italy, Fiscal Code, VAT number and registration with the companies' register in Milan under No. 00714490158, enrolled in the register of banks held by the Bank of Italy pursuant to Article 13 of the Legislative Decree of 1 September 1993, No. 385 (the "**Banking Act**") under No. 74753.5.0, and which is the parent company of the group composed of Mediobanca and its consolidated subsidiaries (the "**Mediobanca Group**" or the "**Group**") (the "**Issuer**" or the "**Bank**" or "**Mediobanca**"). See "*Description of the Issuer*", below.
Issuer Legal Entity Identifier (LEI):	PSNL19R2RXX5U3QWHI44
Arranger	Mediobanca.
Dealers	Mediobanca and Mediobanca International (Luxembourg) S.A., a *société anonyme* subject to Luxembourg law and having its registered office at 14 Boulevard Roosevelt L-2450 Luxembourg, registered at the Luxembourg trade and companies registry under registration number B 112885 ("**Mediobanca International**"), as well as any other dealer appointed from time to time in accordance with the Programme Agreement.
Guarantor	Mediobanca Covered Bond S.r.l., a limited liability company incorporated under the laws of the Republic of Italy, whose registered office at Galleria Del Corso No. 2, Milan, Italy, Fiscal Code and registration with the Companies Register in Milan, Monza-Brianza, Lodi No. 03915310969 (the "**Guarantor**"). The issued corporate capital of the Guarantor is equal to Euro 100,000 and is held by CheBanca S.p.A. 90% and SPV Holding S.r.l. 10% (the "**Quotaholders**"). See "*Description of the Guarantor*", below.
Seller	CheBanca! S.p.A., a joint stock company (*società per azioni*) incorporated under the laws of the Republic of Italy, having its registered office at Viale Bodio (palazzo 4), No. 37, 20158, Milan, Italy, Fiscal Code and VAT number and enrolment with the companies' register of Milan, Monza-Brianza, Lodi No.10359360152, under the direction and coordination (*direzione e coordinamento*) of Mediobanca – Banca di Credito Finanziario S.p.A. ("**CheBanca**" or the "**Seller**").

See "*Description of the Seller*", below.

Additional Sellers

Any entity (each an "**Additional Seller**"), other than the Seller, which is part of the Mediobanca Group that may sell Eligible Assets and/or Integration Assets to the Guarantor, subject to satisfaction of certain conditions, and that, for such purpose, shall, *inter alia*, accede to the Master Purchase Agreement by signing an accession letter substantially in the form attached to the Master Purchase Agreement and in accordance with the provisions of the Transaction Documents executed by the Seller.

Servicer

CheBanca will collect, recover and administer the Eligible Assets comprised in the Cover Pool on behalf of the Guarantor pursuant to the terms of the Servicing Agreement (the "**Servicer**").

See "*Transaction Summary - The Portfolio*", "*Description of the Seller*", "*The Credit and Collection Policies*", and "*Description of the Transaction Documents – Servicing Agreement*", below.

Successor Servicer

The party or parties which will be appointed in order to perform, *inter alia*, the servicing activities performed by the Servicer, and any successor or replacing entity thereto following the occurrence of a Servicer Termination Event (as defined below) (the "**Successor Servicer**").

See "*Description of the Transaction Documents – Servicing Agreement*", below.

Corporate Servicer

Studio Dattilo Commercialisti Associati, with registered office at Galleria del Corso, 2, 20122, Milan, Italy, VAT number 10246540156, is the corporate services provider to the Guarantor pursuant to the terms of the Corporate Services Agreement (the "**Corporate Servicer**").

See "*Description of the Transaction Documents –The Corporate Services Agreement*", below.

Asset Monitor

A reputable firm of independent accountants and auditors will be appointed as Asset Monitor pursuant to a mandate granted by the Issuer, and which will act as an independent monitor pursuant to an Asset Monitor Agreement in order to perform tests and procedures in favour of the Issuer, the Seller and/or the Guarantor, including those in accordance with the applicable legal regulations. The initial Asset Monitor will be BDO Italia S.p.A. (the "**Asset Monitor"**).

See "*Description of the Asset Monitor*", below.

Cash Manager and Calculation Agent

CheBanca will act as cash manager (in such capacity, the "**Cash Manager**"), for the purpose of operating the Collection Account, the Expenses Account, the Transaction Account, the Reserve Account and the Securities Account and as calculation agent (in such capacity, the "**Calculation Agent**") to the Guarantor pursuant to the Cash Management Agreement.

See "*Description of the Transaction Documents - The Cash Management Agreement*", below.

Account Bank and Investment

Mediobanca will act as account bank (in such capacity, the "**Account Bank**"), for the purpose of maintaining the Collection Account, the Expense Account, the Transaction Account, the Reserve Account and the Securities Account and as

Manager	investment manager (in such capacity, the "**Investment Manager**") pursuant to the Cash Management Agreement. See "*Description of the Transaction Documents - The Cash Management Agreement*", below.
Test Report Provider	CheBanca will act as test report provider pursuant to the Cash Management Agreement (in such capacity, the "**Test Report Provider**"). The Test Report Provider will perform certain calculations and conduct certain tests pursuant to the Cash Management Agreement and the Portfolio Management Agreement. See "*Description of the Transaction Documents - The Cash Management Agreement*", and "*Credit Structure*" below.
Cover Pool Swap Counterparty	Any swap counterparty which agrees to act as swap counterparty (the **"Cover Pool Swap Counterparty**") to the Guarantor under the Cover Pool Swap Agreements executed with the Guarantor in order to hedge interest rate risk on the Cover Pool (the "**Cover Pool Swap Agreements**"). The initial Cover Pool Swap Counterparty will be Mediobanca.
Covered Bond Swap Counterparty	Any institution which shall agree to act as covered bond swap counterparty (each, a "**Covered Bond Swap Counterparty**") to the Guarantor under a covered bond swap agreement executed with the Guarantor in order to hedge against currency (if any) and/or interest rate exposure in relation to obligations under the Covered Bonds (the "**Covered Bond Swap Agreement**"). The initial Covered Bond Swap Counterparty will be Mediobanca.
Swap Counterparties	The Cover Pool Swap Counterparty and each Covered Bond Swap Counterparty.
Swap Agreements	The Cover Pool Swap Agreement(s) and the Covered Bond Swap Agreement(s), which may be entered into in connection with any Series of Covered Bonds, each of which is documented in accordance with the documentation published by the International Swaps and Derivatives Association Inc. ("**ISDA**"), which are in particular: (i) 1992 ISDA Master Agreement with the Schedule thereto (the "**ISDA Master Agreement**"); (ii) 1995 ISDA Credit Support Annex (Transfer-English Law) to the Schedule to the ISDA Master Agreement (the "**CSA**"); and (iii) the relevant confirmation(s), to be entered into between the Guarantor and each Cover Pool Swap Counterparty and each Covered Bond Swap Counterparty, respectively.
Interest Determination Agent and Swap Collateral Account Bank	BNP Paribas Securities Services, a company incorporated under the laws of the Republic of France, with registered office at 3 Rue d'Antin, 75002 - Paris, France, acting through its Milan branch, with offices at Piazza Lina Bo Bardi 3, 20124, Milan, Italy, Fiscal Code, VAT code and enrolment with the Register of Enterprises of Milan No. 13449250151, enrolled with the register held by the Bank of Italy pursuant to article 13 of the Consolidated Banking Act under No. 5483 ("**BNP Paribas**") will act as interest determination agent and, swap account account

	bank, for the purpose of maintaining the Swap Collateral Account under the Programme pursuant to the provisions of the Cash Management Agreement (the "**Interest Determination Agent**" and, the "Swap Collateral **Account Bank**", respectively).
Paying Agent	Mediobanca, as long as it is an Eligible Institution and provided that an Issuer Event of Default has not occurred, otherwise BNP Paribas, pursuant to the Cash Allocation Management and Payment Agreement as amended and supplemented from time to time (each a "**Paying Agent**" and, together, the "**Paying Agents**").
Luxembourg Listing Agent	BNP Paribas Securities Services, a company incorporated under the laws of Republic of France whose registered office is at 3 Rue d'Antin, 75002 Paris, France, acting through its Luxembourg branch with offices at Branch 60 avenue JF Kennedy, L-2085 Luxembourg, Grand Duchy of Luxembourg will be the Luxembourg listing agent (the "**Luxembourg Listing Agent**") under the Programme.
Registrar	Any institution which may be appointed by the Issuer to act as registrar (the "**Registrar**") in respect of the German law governed covered bonds in registered form (*Namensschuld verschreibungen*) (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.
Registered Paying Agent	Any institution appointed by the Issuer to act as paying agent in respect of the Registered Covered Bonds issued under the Programme, if any.
Representative of the Bondholders	KPMG Fides Servizi di Amministrazione S.p.A., a joint stock company incorporated under the laws of the Republic of Italy, having its registered office at Via Vittor Pisani, 27, 20124, Milan, Italy, registered with the companies' register of Milan under No. 00731410155, will act as representative of the bondholders pursuant to the Programme Agreement, the Intercreditor Agreement and the Rules of the Organisation of Bondholders (the "**Representative of the Bondholders**").
Rating Agency	Fitch Italia S.p.A. ("**Fitch**" or the "**Rating Agency**").

2. THE COVERED BONDS AND THE PROGRAMME

Description	A covered bond issuance programme under which Covered Bonds (*Obbligazioni Bancarie Garantite*) will be issued by the Issuer to Bondholders and guaranteed by the Guarantor.
Programme Amount	Up to €5,000,000,000 (and for this purpose, any Covered Bonds (*Obbligazioni Bancarie Garantite*) 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 at any time (the "**Programme Limit**").
Distribution of the Covered Bonds	The Covered Bonds may be distributed on a syndicated or non-syndicated basis, in each case only in accordance with the relevant selling restrictions.

Selling Restrictions	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 Arranger to inform themselves about, and to observe, any such restriction. The Covered Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"). Subject to certain exceptions, 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 United Kingdom and the Republic of Italy, and in Japan. See "*Subscription and Sale*", below.
Specified Currency	Covered Bonds may be issued in such currency or currencies as may be agreed from time to time between the Issuer and the relevant Dealer(s) and indicated in the applicable Final Terms (each a "**Specified Currency**"), subject to compliance with all applicable legal, regulatory and/or central bank requirements.
Denomination of Covered Bonds	In accordance with the Conditions, the Covered Bonds (other than 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 (*Denomination, Form and Title*)). The minimum denomination of each Covered Bond (other than the Registrered Covered Bonds) 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 Directive will be €100,000 (or, if the Covered Bonds are denominated in a currency other than euro, the equivalent amount in such currency).
Issue Price	Covered Bonds may be issued at an issue price which is at par or at a discount to, or at a premium over, par, as specified in the relevant Final Terms (in each case, the "**Issue Price**" for such Series or Tranche).
Issue Date	The date of issue of a Series or Tranche of Covered Bonds, pursuant to, and in accordance with, the Programme Agreement (each, the "**Issue Date**" in relation to such Series or Tranche).
CB Payment Date	The dates 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 (as defined in the Conditions) (such date, a "**CB Payment Date**").
CB Interest Period	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.
Interest Commencement	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 (the "**Interest**

Date	**Commencement Date**").
Form of Covered Bonds	The Covered Bonds may be issued in dematerialised form or in registered form as Registered Covered Bonds.

The Covered Bonds issued in dematerialised form will be issued in bearer form and will be held in dematerialised form on behalf of the beneficial owners, until redemption or cancellation thereof, by Monte Titoli S.p.A., whose registered office is at Piazza degli Affari, 6, 20123 Milan ("**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 issued in dematerialised form will at all times be held in book entry form and title to such Covered Bonds will be evidenced by book entries in accordance with the provisions of (i) Article 83-*bis* and ff. of the Legislative Decree no. 58 of 24 February 1998, as amended (the "**Financial Services Act**") and (ii) the resolution dated 13 August, 2018 jointly issued by the Commissione Nazionale per le Società e la Borsa ("**CONSOB**") and the Bank of Italy and published in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) No. 201 of 30 August 2018, as from time to time amended (the "**Joint Resolution**"), each as subsequently amended and supplemented from time to time. 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 *Namensschuld verschreibungen*, each issued with a minimum denomination indicated in the applicable Registered CB Conditions attached thereto, together with the execution of the related Registered Covered Bonds rules of organisation agreement (the "**Registered CB Rules Agreement**") in relation to a specific issue of Registered Covered Bonds.

The relevant Registered Covered Bonds (*Namensschuld verschreibungen*), together with the related Registered CB Conditions attached thereto, the relevant Registered CB Rules Agreement 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 connection with the Registered Covered Bonds, references 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 relevant Registered CB Conditions, the Registered CB Rules Agreement relating thereto or any other document expressed to govern such Registered Covered Bonds and, as applicable, each other reference to Final Terms in the Base Prospectus shall be construed and read as a reference to such Registered CB Conditions, the Registered CB Rules Agreement thereto or any other document expressed to govern such issue of Registered Covered Bonds.

A transfer of Registered Covered Bonds shall not be effective until the transferee has delivered to the Registrar a duly executed Assignment Agreement and Registered CB Rules Agreement. A transfer can only occur for the minimum denomination indicated in the applicable Registered CB Conditions or multiples thereof.

Any reference to the Covered Bondholders shall include reference to the holders of the Covered Bonds and/or the registered holder for the time being of a Registered Covered Bond (the "**Registered Covered Bondholders**") as the context may require.

Unless the context otherwise requires, any reference to Covered Bonds shall include reference to the Registered Covered Bonds.

For further details on the Registered Covered Bonds, see the section headed "Key features of Registered Covered Bonds (*Namensschuld verschreibungen*" below).

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 Covered Bonds scheduled to be redeemed in full on the Maturity Date and Covered Bonds repayable in one or more instalments or a combination of any of the foregoing, depending on the Redemption/Payment Basis shown in the applicable Final Terms. Each Series or tranche shall be comprised of Fixed Rate Covered Bonds only or Floating Rate Covered Bonds only or Zero Coupon Covered Bonds only 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 or Tranche 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 Dealers, 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.

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.

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. Series may be issued in more than one tranche (each, a "**Tranche**") which are fungible among themselves within the Series and are identical in all respects, but having different issue dates, interest commencement dates, issue prices and dates for first interest payments. The Issuer will issue Covered Bonds without the prior consent

of the holders of any outstanding Covered Bonds but subject to certain conditions.

At the date of this Base Prospectus, the following series of Covered Bond have been already issued under the Programme: (i) a first series of Covered Bond for a nominal value of €1.5 billion, on 14 December 2011; such series has been fully redeemed by the Issuer on 11 October 2013; (ii) a second series of Covered Bond for a nominal value of €0.750 billion, on 17 October 2013; (iii) a third series of Covered Bond for a nominal value of €0.750 billion, on 17 June 2014; (iv) a fourth series of Covered Bond for a nominal value of € 0.750 billion, on 10 November 2015 and on 17 December 2015; (v) a fifth series of Covered Bond for a nominal value of € 0.750 billion, on 24 November 2017; and (vi) a sixth series of Covered Bond for a nominal value of € 0.750 billion, on 12 July and on 2 October 2018. See "*Conditions Precedent to the Issuance of a new series of Covered Bonds*" below.

Final Terms

Specific final terms will be issued and published in accordance with the generally applicable terms and conditions of the Covered Bonds, other than the Registered Covered Bonds (the "**Conditions**") prior to the issue of each Series or Tranche detailing certain relevant terms thereof which, for the purposes of that Series or Tranche only, supplements the Conditions and the Base Prospectus and must be read in conjunction with the Base Prospectus (such specific final terms, the "**Final Terms**"). The terms and conditions applicable to any particular Series or Tranche are the Conditions as supplemented, amended and/or replaced, by the relevant Final Terms.

The terms and conditions applicable to any particular Registered Covered Bond shall be set out in the relevant Registered CB Conditions, the relevant Registered CB Rules Agreement and any other document expressed to govern such particular Registered Covered Bonds.

Interest on the Covered Bonds

Except for the 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 principal amount outstanding of the relevant Covered Bonds (the "**Principal Amount Outstanding**"). 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 or Tranche.

Redemption of the Covered Bonds

The applicable Final Terms relating to each Series or Tranche of Covered Bonds will indicate either (a) that the Covered Bonds cannot be redeemed prior to their stated maturity (other than in specified cases, e.g. taxation reasons, or if it becomes unlawful for any Covered Bonds to remain outstanding, or following a Guarantor Event of Default), or (b) that such Covered Bonds will be redeemable at the option of the Issuer upon giving notice to the Representative of Bondholders on behalf of the holders of the Covered Bonds (the "**Bondholders**") and in accordance with the provisions of the Conditions and of the relevant Final Terms, on a date or dates specified prior to such maturity and 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) or (c) that such Covered Bonds will be redeemable at the option of the Bondholders, as provided in Condition 8(f) (*Redemption at the Option of Bondholders)*.

Covered Bonds may be redeemable at par. Covered Bonds may also be redeemable in two or more instalments on such dates and in such manner as may be specified in the relevant Final Terms.

Tax Gross Up and Redemption for taxation reasons

Payments in respect of the Covered Bonds to be made by the Issuer will be made without deduction or withholding for or on account of Tax (a "**Tax Deduction**"), unless such Tax Deduction is required to be made by applicable law.

Subject to the Condition 10 (*Taxation*), in the event that any such Tax 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 cannot 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 8(c) (*Redemption for tax reasons*).

The Guarantor will not be liable to pay any additional amount due to taxation reasons following an Issuer Event of Default (as defined below).

Maturity Date

The maturity date for each Series or Tranche (the "**Maturity Date**") will be specified in the relevant Final Terms, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the currency of the Covered Bonds. Unless previously redeemed as provided in Condition 8 (*Redemption and Purchase*), the Covered Bonds of each Series or Tranche will be redeemed at their Principal Amount Outstanding on the relevant Maturity Date.

Extended Maturity Date

The applicable Final Terms relating to each Series or Tranche of Covered Bonds may also provide that the Guarantor's obligations under the Guarantee to pay Guaranteed Amounts equal to the Final Redemption Amount (as defined below) of the applicable Series or Tranche of Covered Bonds on their Maturity Date may be deferred pursuant to the Conditions (the **Extended Maturity Date**). Such deferral will automatically occur, if so stated in the relevant Final Terms, if:

(a) an Issuer Event of Default has occurred; and

(b) the Guarantor has insufficient moneys available (in accordance with the Post-Issuer Event of 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 or Tranche of Covered Bond as set out in the relevant Final Terms (the "**Final Redemption Amount**") on the Extension Determination Date.

In these circumstances, on the Extension Determination Date the Guarantor shall pay (i) Guaranteed Amounts constituting the Scheduled Interest in respect of each such Covered Bond and (ii) to the extent that the Guarantor has sufficient Available Funds (as defined below), in part and *pro rata* (after paying or providing for payment of higher ranking or *pari passu* amounts in accordance with the relevant Priority of Payments) the Final Redemption Amount in respect of the

Series or Tranches of Covered Bonds. The obligation of the Guarantor to pay any amounts in respect of the balance of the Final Redemption Amount not so paid shall be deferred as described above.

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 Guarantor on any Scheduled Payment Date thereafter according to the relevant Final Terms, up to (and including) the relevant Extended Maturity Date. Interest will continue to accrue and be payable on any unpaid amount up to the Extended Maturity Date in accordance with Condition 8 (b) (*Extension of maturity*).

Ranking of the Covered Bonds

The Covered Bonds will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer, guaranteed by the Guarantor 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 130/99 and the Decree of the Ministry of Economy and Finance No. 310 of 14 December 2006 (the "**MEF Decree**") and with the terms and conditions of the relevant Transaction Documents (as defined below), the Bondholders will benefit from recourse on the Issuer and limited recourse on the Guarantor.

See section "*Credit Structure*", below.

Provisions of Transaction Documents

The 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 Bondholder, by reason of holding Covered Bonds, recognises the Representative of the Bondholders as its representative and accepts to be bound by the terms of each of the Transaction Documents signed by the Representative of the Bondholders as if such Bondholder was a signatory thereto.

Conditions Precedent to the Issuance of a new Series or Tranche of Covered Bonds

The Issuer will be entitled to (but not obliged to) 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 Guarantor or of the Issuer, issue further Series or Tranche of Covered Bonds other than the first issued Series or Tranche, subject to:

(i) compliance with the requirements of issuing banks (*Requisiti delle banche emittenti*; see Section II, Paragraph 1 of the BoI Regulations); and

(ii) satisfaction of the Mandatory Tests and the Asset Coverage Test with reference to the immediately preceeding Collection Period and immediately after such further issue; and

(iii) no Issuer Event of Default (as defined below) having occurred.

(collectively, the "**Issuance Test**")

The payment obligations under the Covered Bonds issued under all Series shall be cross-collateralised by all the assets included in the Cover Pool, through the

	Guarantee (as defined below) See also Section *Ranking of the Covered Bonds*, below.
Listing, Approval and Admission to trading	This Base Prospectus has been approved by the CSSF as competent authority under Directive 2003/71/EC as from time to time amended (the "**Prospectus Directive**"). CSSF only approves this Base Prospectus as meeting the requirements imposed under Luxembourg and EU law pursuant to the Prospectus Directive. Application has been made to the Luxembourg Stock Exchange for the Covered Bonds (other than the Registered Covered Bonds) issued under the Programme to be admitted to the Official List and trading on its regulated market. Such approval relates only to the Covered Bonds which are to be admitted to trading on the regulated market of the Luxembourg Stock Exchange or other regulated markets for the purposes of Directive 2014/65/EU or which are to be offered to the public in any Member State of the European Economic Area. Covered Bonds may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealers in relation to the Series or Tranche. Covered Bonds which are neither listed nor admitted to trading on any market may also be issued. The applicable Final Terms will state whether or not the relevant Covered Bonds are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets. The Registered Covered Bonds will not be listed and/or admitted to trading on any market.
Settlement	Monte Titoli / Euroclear / Clearstream. The Registered Covered Bonds will not be settled through a clearing system.
Governing law	The Covered Bonds (other than the Registered Covered Bonds) and the related Transaction Documents will be governed by Italian law, except for the Swap Agreements and the Deed of Charge, which will be governed by English law. The Registered Covered Bonds (*Namensschuld verschreibungen*) will be governed by the laws of the Federal Republic of Germany save that, in any case, certain provisions (including those relating to status, limited recourse of the Registered Covered Bonds and those applicable to the Issuer and the Portfolio) shall be governed by Italian law.
Ratings	Each Series or Tranche issued under the Programme may or may not be assigned a rating by the Rating Agency as specified in the relevant Final Terms on the relevant Issue Date. As at the date of the Base Prospectus S&P Global Ratings, acting through S&P Global Ratings Europe Limited, Italy Branch ("**S&P**") rated Mediobanca "A-2" (short-term debt), "BBB" (long-term debt) with a "negative" outlook; Fitch Italia S.p.A. ("**Fitch**") rated Mediobanca F2 (short-term debt), BBB (long-term debt) with a "negative" outlook and Moody's Investors Service Ltd. ("**Moody's**") rated Mediobanca "Baa1" (long-term debt) with "negative" outlook – see https://www.mediobanca.com/en/investor-relations/financing-rating/rating.html. Whether or not each credit rating applied for in relation to a Series of Covered Bonds will be issued by a credit rating agency established in the European Union

and registered under under Regulation (EU) No. 1060/2009 on credit rating agencies (as amended from time to time) (the "**CRA Regulation**") will be disclosed in the applicable Final Terms. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless the rating is provided by a credit rating agency operating in the European Union before 7 June, 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.

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.

3. GUARANTEE

Security for the Covered Bonds

In accordance with Law 130/99, by virtue of the Guarantee, the Bondholders will benefit from a guarantee issued by the Guarantor which will, in turn, hold a portfolio of receivables transferred by the Seller and Additional Sellers, if any, consisting of Eligible Assets and Integration Assets (as defined below).

The Eligible Assets

The receivables forming part of the Cover Pool may consist of:

(i) the Residential Mortgage Loans (as defined below);

(ii) the Commercial Mortgage Loans (as defined below);

(iii) the Public Assets (as defined below); and

(iv) the Asset Backed Securities (as defined below),

(collectively, the "**Eligible Assets**").

The Guarantee

Under the terms of the Guarantee, the Guarantor will be obliged to pay Guaranteed Amounts in respect of the Covered Bonds on the relevant Due for Payment Date (as defined therein).

In view of ensuring timely payment by the Guarantor, an Issuer Default Notice (as defined below) will be served on the Guarantor by the Representative of Bondholders as a consequence of an Issuer Event of Default.

The obligations of the Guarantor to make payments in respect of the Guaranteed Amounts when due for payment are subject to the conditions that an Issuer Event of Default has occurred, an Issuer Default Notice has been served on the Issuer and on the Guarantor. The obligations of the Guarantor will accelerate with respect to all Guaranteed Amounts once a Guarantor Default Notice has been delivered to the Guarantor.

The obligations of the Guarantor under the Guarantee shall constitute a first demand, unconditional and independent guarantee (*garanzia autonoma*) and certain provisions of the Italian civil code relating to no autonomous personal guarantees (*fidejussioni*), specified in the MEF Decree, shall not apply. Accordingly, the obligations shall be direct, unconditional, unsubordinated obligations of the Guarantor, with limited recourse to the Available Funds (as

defined below), irrespective of any invalidity, irregularity or unenforceability of any of the guaranteed obligations of the Issuer.

See "*Description of the Transaction Documents – Guarantee*", below.

4. ISSUER EVENTS OF DEFAULT, GUARANTOR EVENTS OF DEFAULT AND PRIORITIES OF PAYMENTS

Issuer Events of Default

If during the Programme, any of the following events occurs:

(a) *Non payment*: Default is made by the Issuer (a) for a period of 14 days or more in the payment of any principal or redemption amount due on the relevant CB Payment Date in respect of the Covered Bonds of any Series, or (b) for a period of 14 days or more in the payment of any interest amount due on the relevant Issuer Payment Date in respect of the Covered Bonds of any Series;

(b) *Breach of Tests*: Following the delivery of a Breach of Test Notice, the Mandatory Test and the Asset Coverage Test have not been cured within the immediately succeeding Calculation Date; or

(c) *Breach of other obligations*: the Issuer has incurred into a material default in the performance or observance of any of its obligations under or in respect of the outstanding Covered Bonds of any Series (other than any obligation for the payment of principal, redemption amount or interest in respect of the Covered Bonds of any Series and/or any obligation to ensure compliance of the Cover Pool with the Mandatory Test and the Asset Coverage Test) or any other Transaction Document to which the Issuer is a party and (unless certified by the Representative of the Bondholders, in its sole opinion, to be incapable of remedy) such default remains unremedied for more than 30 days after the Representative of the Bondholders has promptly given written notice thereof to the Issuer, certifying that such default is, in its opinion, materially prejudicial to the interests of the Bondholders and specifying whether or not such default is capable of remedy; or

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

(e) *Suspension of payments*: a resolution pursuant to Article 74 of the Banking Act is issued in respect of the Issuer;

(each, an "**Issuer Event of Default**"), then the Representative of the Bondholders:

will serve a notice (the "**Issuer Default Notice**") on the Issuer and Guarantor that an Issuer Event of Default has occurred. It being understood that a breach of the Mandatory Test and the Asset Coverage Test constitutes an Issuer Event of Default unless the Representative of the Bondholders, having exercised its discretion, resolves otherwise or an Extraordinary Resolution is passed resolving otherwise.

Upon the service of an Issuer Default Notice:

(a) *No further issue*: no further Series of Covered Bonds may be issued by the

Issuer;

(b) *Acceleration against the Issuer*: all Series of Covered Bonds will become immediately due and payable by the Issuer and they will rank *pari passu* among themselves against the Issuer;

(c) *Enforcement*: the Representative of the Bondholders may, at its discretion and without further notice, take such steps and/or institute such proceedings against the Issuer as it may think fit to enforce the payments due by the Issuer, but it shall not be bound to take any such proceeding or steps unless requested or authorised by an Extraordinary Resolution of the Bondholders;

(d) *Guarantee*: without prejudice to paragraph (b) (*Acceleration against the Issuer*) above, interest and principal falling due on the Covered Bonds will be payable by the Guarantor at the time and in the manner provided under these Conditions, subject to and in accordance with the terms of the Guarantee and the relevant Priority of Payments;

(e) *Disposal of Assets*: the Guarantor shall sell the Eligible Assets and the Integration Assets included in the Cover Pool in accordance with the Portfolio Management Agreement;

(f) *Tests*: the Amortisation Test shall apply;

provided that, (A) in case of the Issuer Event of Default referred to under paragraph (d) (*Insolvency*) above, (i) the payments due by the Issuer in favour of the Bondholders under the Terms and Conditions shall be directly made by the Guarantor on any Scheduled Due for Payment Date under the Guarantee and (ii) the Guarantor shall exercise, on an exclusive basis and in compliance with the provisions of art. 4 of the MEF Decree, the rights of the Bondholders against the Issuer and any amount recovered from the Issuer will be part of the Available Funds; and (B) in case of the Issuer Event of Default referred to under paragraph (e) (*Suspension of payments*) above, the effects listed in items (a) (*No further issue*), (d) (*Guarantee*) and (e) (*Disposal of Assets*) will only apply for as long as the suspension of payments will be in force and effect (the "**Suspension Period**"); being understood that the effects listed in items (b) (*Acceleration against the Issuer*), (c) (*Enforcement*) and (f) (*Tests*) will not be applicable. Accordingly (i) the Guarantor, in accordance with MEF Decree, shall be responsible for the payments of the amounts due and payable under the Covered Bonds during the Suspension Period and (ii) at the end of the Suspension Period the Issuer shall be responsible for meeting the payment obligations under the Covered Bonds (and for the avoidance of doubts, the Covered Bonds then outstanding will not be deemed to be accelerated against the Issuer).

Guarantor Events of Default

If, during the Programme, any of the following events occurs:

(i) *Non payment*: default is made by the Guarantor for a period of 14 days or more in the payment by the Guarantor of any amounts due for payment in respect of the Covered Bonds of any Series; or

(ii) *Breach of Test*: on any Calculation Date a breach of the Amortisation Test occurs (to the extent that such breach has not been cured within the

following Calculation Date); or

(iii) *Breach of other obligations*: default is made in the performance by the Guarantor of any material obligation under or in respect of the Covered Bonds of any Series (other than any obligation for the payment of principal, redemption amount or interest in respect of the Covered Bonds of any Series and/or any obligation to ensure compliance of the Cover Pool with the Amortisation Test) or any other Transaction Document to which the Guarantor is a party and (unless certified by the Representative of the Bondholders, in its sole opinion, to be incapable of remedy) such default remains unremedied for more than 30 days after the Representative of the Bondholders has given written notice thereof to the Guarantor, certifying that such default is, in its opinion, materially prejudicial to the interests of the Bondholders and specifying whether or not such default is capable of remedy; or

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

(each, a "**Guarantor Event of Default**")

then the Representative of the Bondholders (a) in cases under (i), (ii) and (iv) above, may but shall, if so directed by an Extraordinary Resolution of the Bondholders, and (b) in case under (iii) above, shall, if so directed by an Extraordinary Resolution of the Bondholders, serve to the Issuer, the Seller and the Guarantor a notice declaring that a Guarantor Event of Default has occurred (the "**Guarantor Default Notice**").

Upon the service of the Guarantor Event of Default:

(a) *Acceleration of the Covered Bonds*: all Series of Covered Bonds then outstanding will become immediately due and payable by the Guarantor and will rank *pari passu* among themselves in accordance with the Post Guarantor Event of Default Priority of Payments;

(b) *Disposal of Assets*: the Guarantor shall immediately sell all assets included in the Cover Pool in accordance with the procedures set out in the Portfolio Management Agreement;

(c) *Guarantee*: the Representative of the Bondholders, subject to and in accordance with the terms of the Guarantee, on behalf of the Bondholders, shall have a claim against the Guarantor for an amount equal to the Principal Amount Outstanding on each Covered Bond, together with accrued interest and any other amount due under the Covered Bonds (other than additional amounts payable under Condition 10 (a) (*Gross up by the Issuer*)) in accordance with the Post Guarantor Event of Default Priority of Payments; and

(d) *Enforcement*: the Representative of the Bondholders may, at its discretion and without further notice, take such steps and/or institute such proceedings against the Issuer or the Guarantor (as the case may be) as it may think fit to enforce such payments, but it shall not be bound to take any such proceedings or steps unless requested or authorised by an Extraordinary Resolution of the Bondholders and then only if it is

indemnified and/or secured to its satisfaction.

Cross Acceleration After the delivery of a Guarantor Default Notice with respect to a Series or Tranche, all Series or Tranche of Covered Bonds then outstanding will cross accelerate at the same time against the Guarantor.

Pre-Issuer Event of Default Interest Priority of Payments On each Guarantor Payment Date, prior to the service of an Issuer Default Notice, the Guarantor will use Interest 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 and all Taxes due and payable by the Guarantor, to the extent that such sums are not met by utilising the amounts standing to the credit of the Expenses Account;

(ii) *second*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof any 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 (the "**Expenses**");

(iii) *third*, to credit into the Expenses Account the amounts necessary to replenish the Expenses Account up to the Retention Amount;

(iv) *fourth*, to pay, in the following order any amount due and payable (including fees, costs and expenses) to the extent that these are not paid by the Issuer to:

(A) the Representative of the Bondholders,

(B) *pari passu* and *pro rata* according to the respective amounts thereof, the Cash Manager, the Calculation Agent, the Corporate Servicer, the Asset Monitor, the Account Bank, the Registered Paying Agent (if any), the Registrar (if any), the Paying Agent, the Interest Determination Agent, the Investment Manager and the Servicer;

(v) *fifth*, to pay any interest amount due to the Cover Pool Swap Counterparties, including any termination payment due and payable by the Guarantor, except the Excluded Swap Termination Amount;

(vi) *sixth*, to pay any interest amounts due to the Covered Bond Swap Counterparties, *pro rata* and *pari passu* in respect of each relevant Covered Bond Swap (including any termination payment due and payable by the Guarantor except the Excluded Swap Termination Amounts);

(vii) *seventh*, to credit to the Reserve Account an amount required to ensure that the Reserve Account is funded up to the Required Reserve Amount, as calculated on the immediately preceding Calculation Date;

(viii) *eighth*, to allocate to the credit of the Principal Available Funds an amount equal to the amounts paid under item (i) of the Pre-Issuer Event of Default Principal Priority of Payments in the preceding Guarantor

Payment Dates;

(ix) *ninth,* any Base Interests due and payable on each Guarantor Payment Date to the Seller pursuant to the terms of the Subordinated Loan Agreement, provided that the Asset Coverage Test and the Mandatory Test are satisfied on such Guarantor Payment Date and further provided that interests on the related Series of Covered Bonds have been paid by the Issuer on such Guarantor Payment Date (if any);

(x) *tenth*, to pay *pro rata* and *pari passu* in accordance with the respective amounts thereof any Excluded Swap Termination Amount;

(xi) *eleventh*, to pay any other amount due and payable under the Transaction Documents, to the extent not already paid under other items of this Priority of Payments (other than amounts referred to under the following item (xii));

(xii) *twelfth,* to pay any Premium Interests on the Subordinated Loan, provided that no breach of the Asset Coverage Test and the Mandatory Test has occurred and is continuing.

(the "**Pre-Issuer Event of Default Interest Priority of Payment**").

Pre-Issuer Event of Default Principal Priority of Payments

On each Guarantor Payment Date, prior to the service of an Issuer Default Notice, the Guarantor will use Principal 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 allocate the Interest Shortfall Amount to the Interest Available Funds;

(ii) *second*, to pay (a) any principal amounts (if any) due and payable to the relevant Covered Bond Swap Counterparties *pro rata* and *pari passu* in respect of each relevant Covered Bond Swap in accordance with the terms of the relevant Covered Bond Swap Agreement and (b) any principal amounts (if any) due and payable to the relevant Cover Pool Swap Counterparties *pro rata* and *pari passu* in respect of each relevant Cover Pool Swap Agreement in accordance with the terms of the relevant Cover Pool Swap Agreement;

(iii) *third*, to acquire Eligible Assets and/or Integration Assets (other than those funded through the proceeds of the Subordinated Loan);

(iv) *fourth*, to pay any amounts (in respect of principal) due and payable under the Subordinated Loan provided that in any case the Asset Coverage Test and the Mandatory Tests are satisfied and/or, where applicable, further provided that no amounts shall be applied to make a payment in respect of the Subordinated Loan if the principal amounts outstanding under the relevant Series or Tranche of Covered Bonds which have fallen due for payment on such Guarantor Payment Date have not been repaid in full by the Issuer.

(the "**Pre-Issuer Event of Default Principal Priority of**

Payments").

Post-Issuer Event of Default Priority of Payments

On each Guarantor Payment Date, following an Issuer Event of Default, but prior to the occurrence of a Guarantor Event of Default, the Guarantor 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, in order to preserve its corporate existence, to maintain it in good standing and to comply with applicable legislation;

(ii) *second*, to pay, in the following order, any amount due and payable to:

(A) the Representative of the Bondholders,

(B) *pari passu* and *pro rata* according to the respective amounts thereof, the Cash Manager, the Calculation Agent, the Corporate Servicer, the Asset Monitor, the Account Bank, the Paying Agent, the Interest Determination Agent, the Investment Manager, the Registered Paying Agent (if any), the Registrar (if any),the Portfolio Manager (if any) and the Servicer;

(iii) *third*, to credit into the Expenses Account the amounts necessary to replenish the Expenses Account up to the Retention Amount;

(iv) *fourth*, to pay *pro rata* and *pari passu*:

a) interest payments due to the Swap Counterparties (including any termination payment due and payable by the Guarantor but excluding any Excluded Swap Termination Amount); and

b) Interest due under the Covered Bond Guarantee in respect of each Series or Tranche of Covered Bonds;

(v) *fifth*, to pay *pro rata* and *pari passu*:

a) principal payments (if any) due to the Swap Counterparties (including any termination payment due and payable by the Guarantor but excluding any Excluded Swap Termination Amount); and

b) principal due under the Covered Bond Guarantee in respect of each Series or Tranche of Covered Bonds;

(vi) *sixth*, once payments from item (i) to (v) have been made in full, to credit the Transaction Account with the remaining available funds up to an amount equal to the Required Redemption Amount in respect of each outstanding Series or Tranche of Covered Bonds;

(vii) *seventh*, after each Series or Tranche of Covered Bonds has been fully repaid or repayment in full of the Covered Bonds has been provided for (such that the Required Redemption Amount has been accumulated in respect of each outstanding Series or Tranche of Covered Bonds under

the preceding item (vi)) to pay *pro rata* and *pari passu*, any Excluded Swap Termination Amount due and payable by the Guarantor;

(viii) *eighth*, once payments from item (i) to (vii) have been made in full, to pay any other amount due and payable under the Transaction Documents, to the extent not already paid under other items of this Priority of Payments;

(ix) *ninth*, to repay in full the amounts outstanding and to pay any Base Interests under the Subordinated Loan Agreement;

(x) *tenth*, to pay any Premium Interests under the Subordinated Loan Agreement.

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

Eligible Investments

The Investment Manager may invest funds standing to the credit of the Transaction Account and the Reserve Account in the Eligible Investments (as defined below).

Post-Guarantor Event of Default Priority of Payments

On each Guarantor Payment Date, following a Guarantor Event of Default, the Available Funds will be used 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, in order to preserve its corporate existence, to maintain it in good standing and to comply with applicable legislation;

(ii) *second*, to pay, in the following order, any amount due and payable to:

(A) the Representative of the Bondholders,

(B) *pari passu* and *pro rata* according to the respective amounts thereof, the Cash Manager, the Calculation Agent, the Corporate Servicer, the Asset Monitor, the Account Bank, the Paying Agent, the Interest Determination Agent, the Investment Manager, the Registered Paying Agent (if any), the Registrar (if any), the Portfolio Manager (if any) and the Servicer;

(iii) *third*, to credit into the Expenses Account the amounts necessary to replenish the Expenses Account up to the Retention Amount;

(iv) *fourth*, to pay *pro rata* and *pari passu*:

a) principal and interest payments due to the Swap Counterparties (including any termination payment due and payable by the Guarantor but excluding any Excluded Swap Termination Amount); and

b) principal and interests due under the Covered Bond Guarantee in respect of each Series or Tranche of Covered Bonds;

(v) *fifth*, to pay *pro rata* and *pari passu* any Excluded Swap Termination

Amount due and payable by the Guarantor;

(vi) *sixth*, to pay any other amount due and payable under the Transaction Documents, to the extent not already paid under other items of this Priority of Payments;

(vii) *seventh*, to repay in full the amounts outstanding and to pay any Base Interests under the Subordinated Loan Agreement;

(viii) *eighth*, to pay any Premium Interests under the Subordinated Loan Agreement.

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

5. CREATION AND ADMINISTRATION OF THE COVER POOL

Transfer of the Receivables

On 30 November, 2011 the Seller and the Guarantor entered into a master purchase agreement (as amended and supplemented from time to time, the **"Master Purchase Agreement**") pursuant to which (a) the Seller transferred to the Guarantor an initial portfolio comprising Residential Mortgage Loans (the "**Initial Portfolio**") and the parties agreed on the terms and conditions under which (b) the Seller may transfer to the Guarantor subsequent portfolios of Eligible Assets in order to collateralise and allow the issue of further series or tranches of Covered Bonds by the Issuer, subject to the limits to the assignment of further Eligible Assets set forth by the BoI Regulations (each, a "**Subsequent Portfolio**"), (c) the Guarantor, until an Issuer Event of Default has occurred, may purchase from the Seller further portfolios of Eligible Assets in order to invest the Principal Available Funds, subject to the Limits to the Assignment, provided that there are sufficient Principal Available Funds to be applied in accordance with the *Pre-Issuer Event of Default Principal Priority of Payments* (each, a "**Further Portfolio**") and (d) the Seller may assign and transfer to the Guarantor from time to time further Eligible Assets and/or Integration Assets in order to ensure compliance with the Tests in accordance with the Portfolio Management Agreement.

Pursuant to the Master Purchase Agreement, and subject to the conditions provided therein, the Seller shall be allowed to repurchase Eligible Assets which have been assigned to the Guarantor.

The Eligible Assets and the Integration Assets will be assigned and transferred to the Guarantor without recourse (*pro soluto*) in accordance with the Covered Bonds Law and subject to the terms and conditions of the Master Purchase Agreement.

Under the Master Purchase Agreement, the Seller has made certain representations and warranties regarding itself and the Eligible Assets transferred from time to time to the Guarantor.

General Criteria

Each of the receivables deriving from the Mortgage Loans forming part of the

Cover Pool shall comply with all of the following criteria (the "**Mortgage Loans General Criteria**"):

1. receivables arising from loans advanced by, or purchased by, CheBanca! S.p.A. (formerly Micos S.p.A. and Micos Banca S.p.A.);

2. mortgage receivables, in respect of which the ratio between the loan's amount outstanding added to the principal amount outstanding of any higher ranking mortgage loans secured by the same property does not exceed on the Valuation Date 80 percent for the residential mortgage loans or 60 percent for the commercial mortgage loans, as the case may be, of the value of the property, in accordance with Ministry of Economy and Finance Italian Decree 14 December 2006, No. 310;

3. receivables that did not provide at the time of disbursement for any subsidy or other benefit in relation to principal or interest (*mutui agevolati*);

4. receivables that have not been granted to public entities (*enti pubblici*), clerical entities (*enti ecclesiastici*) or public consortium (*consorzi pubblici*);

5. receivables that are not consumer loans (*crediti al consumo*);

6. receivables that are not a *mutuo agrario* pursuant to Articles 43, 44 and 45 of the Legislative Decree 1 September 1993, n. 385;

7. receivables that are secured by a mortgage created, in accordance with the laws and regulations applicable from time to time, over real estate assets sited in the Republic of Italy;

8. receivables the payment of which is secured by a first ranking mortgage (*ipoteca di primo grado economico*), such term meaning (i) a first ranking mortgage or (ii) a second or subsequent ranking priority mortgage in respect of which (A) the mortgage(s) ranking prior to such second or subsequent mortgage has been formally consented by the relevant lender to the total cancellation; or (B) the obligations secured by the mortgage(s) ranking prior to such second or subsequent mortgage have been fully satisfied; or (C) the lender secured by the mortgage(s) ranking prior to such second or subsequent mortgage is CheBanca! S.p.A. (even if the obligations secured by such ranking priority mortgage(s) have not been fully satisfied) provided that the relevant receivables secured by such second or subsequent ranking priority mortgages meet the Mortgage Loans General Criteria;

9. receivables in respect to which the hardening period (*periodo di consolidamento*) applicable to the relevant mortgage has expired and the relevant mortgage is not capable of being cancelled pursuant to Article 67 of Royal Decree 16 March 1942, No. 267 and, if applicable, of Article 39, fourth paragraph, of Legislative Decree 1 September 1993, n. 385;

10. receivables that are fully disbursed and in relation to which there is no obligation or possibility to make additional disbursement;

11. receivables that, as of the transfer date, did not have any instalment pending for more than 30 days from its due date and in respect of which all other previous instalments due before the transfer day have been fully paid;

12. receivables that are governed by Italian Law;

13. receivables that have been granted to individuals (*persone fisiche*) that as of the relevant Valuation Date were not employees of companies included in the Mediobanca Group or of the different bank originating the loans from which such receivables arise;

14. receivables that are denominated in Euro (or disbursed in a different currency and then re-denominated in Euro);

15. receivables in respect of which at least one instalment (*rata*) is fallen due and paid, including in case of interest instalment;

16. receivables related to loan agreements executed with borrowers that are resident in Italy.

Each of the receivables deriving from the Public Assets which may form part of the Cover Pool shall comply with all of the following criteria (the "**Public Assets General Criteria**"):

Loans granted to, or guaranteed by, and securities issued by, or guaranteed by, the entities indicated in Article 2, paragraph 1, lett. (c) of the MEF Decree.

Each of the receivables deriving from the Asset Backed Securities which may form part of the Cover Pool shall comply with all of the following criteria (the "**ABS General Criteria**").

Securities issued in the framework of securitisations having as underlying assets Mortgage Loans or Public Assets, pursuant to Article 2, paragraph 1, lett. (d) of the MEF Decree.

The receivables comprised in each Subsequent Portfolio, in each Further Portfolio as well as the Eligible Assets transferred to the Guarantor in order to ensure compliance with the Tests shall also comply with the relevant Specific Criteria.

"**Specific Criteria**" means, collectively, the Specific Criteria of the Initial Portfolio and the Specific Criteria of the Subsequent and Further Portfolios.

"**Specific Criteria of the Initial Portfolio**" means the criteria for the selection of the receivables included in the Initial Portfolio to which such criteria are applied, set forth in Schedule 1, Part II, to the Master Purchase Agreement.

"**Specific Criteria of the Subsequent and Further Portfolios**" means the criteria for the selection of the receivables to be included in the Subsequent Portfolios and/or Further Portfolios to which such criteria are applied, set forth in Schedule 1, Part III, to the Master Purchase Agreement.

"**General Criteria**" means the Mortgage Loans General Criteria and/or the Public Assets General Criteria and/or the ABS General Criteria.

In addiction to the General Criteria and the Specific Criteria, the Seller and the Guarantor may agree on applying to the Subsequent Portfolios and/or to the Further Portfolios further selection criteria, specifying them in the Schedule B to the relevant Transfer Proposal (the "**Further Criteria**").

"**Criteria**" means jointly the General Criteria, the Specific Criteria and (to the extent applicable) the Further Criteria.

Tests

The Mandatory Tests

Starting from the First Issue Date and until the earlier of:

(i) the date on which all Series or Tranches of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with the Conditions; and

(ii) the date on which a Issuer Default Notice is served on the Guarantor as a consequence of an Issuer Event of Default,

in compliance with the provisions of the Portfolio Management Agreement and the MEF Decree, the Issuer and the Seller undertake to procure that, with respect to the Cover Pool, each of the following tests is met:

(i) the outstanding aggregate notional amount of the assets comprised in the Cover Pool shall be, at least equal to the aggregate notional amount of all outstanding Series of Covered Bonds issued under the Programme; prior to the delivery of an Issuer Default Notice, this test will be deemed met to the extent that the Asset Coverage Test is met (the "**Nominal Value Test**");

(ii) the net present value of the Cover Pool together with the expected cash flows to be received by the Guarantor under any hedging arrangement entered into in relation to the transaction (net of the transaction costs to be borne by the Guarantor including the expected costs and costs of any hedging arrangement entered into in relation to the transaction) shall be at least equal to the net present value of the outstanding Series of Covered Bonds issued under the Programme (the "**NPV Test**");

(iii) the amount of interests and other revenues generated by the assets included in the Cover Pool (net of the transaction costs to be borne by the Guarantor including the expected costs and costs of any hedging arrangement entered into in relation to the transaction) taking into account the expected cash flows to be received by the Guarantor under any hedging arrangement entered into in relation to the transaction shall be at least equal to the interests and costs due by the Issuer under the Covered Bonds issued under the Programme (the "**Interest Coverage Test**" and, together with the Nominal Value Test and the NPV Test, the "**Mandatory Test**").

The Mandatory Tests will be made by CheBanca (the "**Test Report Provider**") on any Calculation Date with reference to the last day of the preceding Collection Period.

The Asset Coverage Test

Starting from the First Issue Date and until the earlier of:

(i) the date on which all Series or Tranches of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with the Conditions; and

(ii) the date on which a Issuer Default Notice is served on the Guarantor as a consequence of an Issuer Event of Default,

the Issuer and the Seller undertake to procure that on any Calculation Date the Adjusted Aggregate Loan Amount is at least equal to the aggregate Principal Amount Outstanding of the Covered Bonds. For a more detailed description, see section "*Credit structure*".

The Amortisation Test

For so long as the Covered Bonds remain outstanding, on each Calculation Date following the occurrence of an Issuer Event of Default but prior to a Guarantor Event of Default, the Amortisation Test Aggregate Loan Amount shall be equal to or higher than the Principal Amount Outstanding of the Covered Bonds (the "**Amortisation Test**").

For a more detailed description, see section "*Credit structure - Tests*".

Test Performance Report

Compliance with the Tests will be verified by the Test Report Provider on each Calculation Date (with reference to the last day of the immediately preceding Collection Period) and on any other date on which the verification of the Tests is required pursuant to the Transaction Documents. The calculations performed by the Test Report Provider in respect of the Tests will be tested from time to time by the Asset Monitor in accordance with the provisions of the Asset Monitor Agreement and the Engagement Letter, as the case may be.

On any Calculation Date, the Test Report Provider shall prepare and deliver to the Issuer, the Seller (and any Additional Seller, if any), the Guarantor, the Servicer, the Representative of the Bondholders, the Asset Monitor and the Rating Agency, a report setting out the calculations carried out by it with respect of (i) the Mandatory Tests, the Asset Coverage Test and the percentage of the Integration Assets (taking into account the Liquidity) comprised in the Cover Pool, prior to the delivery of an Issuer Default Notice and (ii) the Amortisation Test, following an Issuer Default Notice (the "**Test Performance Report**"). Such report shall specify the occurrence of a breach of the Mandatory Test and/or of the Asset Coverage Test and/or the Amortisation Test and/or the Integration Assets Limit.

See section "*Credit Structure – Tests*", below.

Breach of the Tests Following the notification by the Test Report Provider, in the relevant Test Performance Report, of a breach of any Test, the Guarantor, shall purchase Eligible Assets from the Seller (and/or any Additional Seller, if any) and/or the Issuer in accordance with the Master Purchase Agreement and/or purchase, or invest in, Integration Assets, in order to ensure that, within the Test Grace Period,

all Tests are satisfied with respect to the Cover Pool.

Should the relevant breach have not been remedied prior to the expiry of the applicable Test Grace Period, in accordance with the Article 4.1 of the Portfolio Management Agreement, a Segregation Event has occurred and the Representative of the Bondholders shall serve a notice (the "**Breach of Test Notice**") to the Issuer, the Seller and the Guarantor.

Upon the occurrence of a Segregation Event:

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

(b) the purchase price for any Eligible Assets or Integration Assets to be acquired by the Guarantor shall be paid only using the proceeds of a Subordinated Loan, except where the breach referred to in the Breach of Test Notice is related to the Interest Coverage Test and may be cured by using the Available Funds.

It is understood that:

(i) the consequences set out in paragraph (a) and (b) above shall be applied at any time if a Test is not compliant with the Covered Bonds Law and/or the provisions of the Portfolio Management Agreement;

(ii) following the occurrence of a Segregation Event and until an Issuer Default Notice has been delivered, payments due under the Covered

(iii) Bonds will continue to be made by the Issuer.

After the service of a Breach of Test Notice to the Issuer, the Seller and the Guarantor, the Guarantor (or the Servicer on behalf of the Guarantor) may sell any Eligible Assets and Integration Assets included in the Cover Pool in accordance with the rules set out in Article 5 and 6 of the Portfolio Management Agreement, provided that the Representative of the Bondholders has been duly informed.

Once a Breach of Test Notice has been delivered to the Issuer, the Seller and the Guarantor, should the relevant Test has not been remedied by the following Calculation Date, the Representative of the Bondholders shall deliver an Issuer Default Notice to the Issuer, the Seller and the Guarantor unless the Representative of the Bondholders, having exercised its discretion, resolves otherwise or an Extraordinary Resolution is passed resolving otherwise.

After the service of an Issuer Default Notice to the Issuer, the Seller and the Guarantor, the Guarantor (or the Servicer on behalf of the Guarantor) shall sell any Eligible Assets and Integration Assets included in the Cover Pool in accordance with the rules set out in Article 5 and 6 of the Portfolio Management Agreement, provided that the Representative of the Bondholders has been duly informed.

It being understood that should a breach of the Amortisation Test occur after an Issuer Event of Default, the Representative of the Bondholders may but shall, if so directed by an Extraordinary Resolution of the Bondholders, serve to the Issuer, the Seller and the Guarantor the Guarantor Default Notice if such a breach is not

cured within the following Calculation Date.

After a Guarantor Event of Default, the Guarantor shall immediately sell (through the Portfolio Manager) all Eligible Assets and Integration Assets included in the Cover Pool in accordance with the procedures described in the Portfolio Management Agreement, provided that the Guarantor will instruct the Portfolio Manager to use all reasonable endeavours to procure that such sale is carried out as quickly as reasonably practicable taking into account the market conditions at that time and subject to any right of pre-emption in favour of the Seller under the Master Purchase Agreement and the Portfolio Management Agreement.

See section "*Credit Structure – Tests*" and section "*Description of the Transaction Documents – Portfolio Management Agreement*", below.

Role of the Asset Monitor

The Asset Monitor will perform specific agreed upon procedures set out in an engagement letter entered into with the Issuer (the "**Engagement Letter**"). The Asset Monitor will also perform the other activities provided under the Asset Monitor Agreement entered into on or about the First Issue Date.

6. THE TRANSACTION DOCUMENTS

Master Purchase Agreement

On November, 30 2011 the Seller and the Guarantor entered into a Master Purchase Agreement, pursuant to which the Seller assigned and transferred, without recourse (*pro soluto*), to the Guarantor the Initial Portfolio, in accordance with the Covered Bonds Law. Pursuant to the Master Purchase Agreement, the Seller and the Guarantor agreed that the Seller may assign and transfer Subsequent Portfolios and/or Further Portfolios to the Guarantor from time to time in the cases and subject to the limits set out in the Master Purchase Agreement.

See Sections "*The Cover Pool*" and *"Description of the Transaction Documents - Description of the* Master Purchase Agreement*"*.

Subordinated Loan Agreement

Pursuant to the terms of a subordinated loan agreement entered into on November, 30 2011 between the Subordinated Lender and the Guarantor (the "**Initial Subordinated Loan Agreement**"), the Subordinated Lender has undertaken to make available to the Guarantor a subordinated loan of a total amount of Euro 2,000,000,000.00, for the purposes of (i) providing the Guarantor with the funds necessary to purchase the Initial Portfolio in the context of the first issue of Covered Bond and (ii) funding the purchase by the Guarantor of the Eligible Assets and Integration Assets in order to remedy (or prevent) a breach of the Tests. Under the Intercreditor Agreeement the parties have agreed that, within the context of the Programme, the Subordinated Lender may enter into subsequent subordinated loan agreements (the "**Subsequent Subordinated Loan Agreements**" and, together with the Initial Subordinated Loan Agreement, the "**Subordinated Loan Agreements**") which will have substantially the same terms and conditions of the Initial Subordinated Loan Agreement.

The Guarantor will pay interest and/or Premium in respect of each Subordinated Loan but will have no liability to gross up for Tax.

Payments from the Guarantor to the Seller under the Subordinated Loans will be

limited recourse and subordinated and paid in accordance with the Priority of Payments to the extent the Guarantor has available funds.

See "*Description of the Transaction Documents – Initial Subordinated Loan Agreement*", below.

Servicing Agreement and Collection Policies

Pursuant to the terms of a servicing agreement entered into on 30 November, 2011 (as amended and supplemtented from time to time, the "**Servicing Agreement**"), the Servicer has agreed to administer and service the Assets comprised in the Cover Pool, on behalf of the Guarantor.

The Servicer has undertaken, *inter alia*, to prepare and submit quarterly reports to the Guarantor, the Seller, the Issuer, the Asset Monitor, the Representative of Bondholders, the Swap Counterparty, the Corporate Servicer 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 Guarantor in respect of the Assets as principal, interest and/or expenses and any payment of damages (the "**Collections**"), as a result of the activity of the Servicer pursuant to the Servicing Agreement during the preceding Collection Period.

See section "*Description of the Transaction Documents - Servicing Agreement*" and "*Credit and Collection Policies*", below.

Guarantee

On or about the First Issue Date the Guarantor issued a guarantee securing the payment obligations of the Issuer under the Covered Bonds (the "**Guarantee**"), in accordance with the provisions of the Covered Bonds Law.

See sections "*Transaction Summary –Guarantee*" and *"Description of the Transaction Documents - Guarantee"*, below.

Corporate Services Agreement

Pursuant to a corporate services agreement entered into on 30 November, 2011 (the "**Corporate Services Agreement**"), the Corporate Servicer has agreed to provide the Guarantor with certain administrative services, including the keeping of the corporate books and of the accounting and tax registers.

See "*Description of the Transaction Documents - Corporate Services Agreement*", below.

Intercreditor Agreement

Under the terms of an intercreditor agreement entered into on or about the First Issue Date (as amended and supplemented from time to time, the "**Intercreditor Agreement**") among, the Guarantor, the Quotaholders, the Seller, the Servicer, the Subordinated Lender, the Investment Manager, the Calculation Agent, the Representative of the Bondholders, the Asset Monitor, the Cover Pool Swap Provider, the Covered Bond Swap Provider, the Account Bank, the Paying Agents, the Test Report Provider, the Interest Determination Agent, the Corporate Servicer (collectively, with the sole exclusion of the Guarantor and the Quotaholders, the "**Secured Creditors**"), the parties agreed that all the Available Funds of the Guarantor will be applied in or towards satisfaction of the Guarantor's payment obligations towards the Bondholders as well as the other Secured Creditors, in accordance with the relevant Priorities of Payments provided in the Intercreditor Agreement.

According to the Intercreditor Agreement, the Representative of the Bondholders

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

The obligations owed by the Guarantor to each of the Bondholders and each of the other Secured Creditors will be limited recourse obligations of the Guarantor. The Secured Creditors will have a claim against the 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 "*Description of the Transaction Documents –Intercreditor Agreement*", below.

Cash Management Agreement

In accordance with a cash management and agency agreement entered into on or about the First Issue Date, among, *inter alios*, the Issuer, the Guarantor, the Servicer, the Seller, the Account Bank, the Investment Manager, the Cash Manager, the Calculation Agent, the Interest Determination Agent, the Paying Agent, the Test Report Provider and the Representative of the Bondholders (as amended and supplemented from time to time, the **"Cash Management Agreement**"), the Account Bank, the Paying Agents, the Interest Determination Agent, the Test Report Provider, the Investment Manager, the Cash Manager, and the Calculation Agent will provide the Guarantor with certain calculation notification and reporting services together with account handling and cash management services in relation to moneys from time to time standing to the credit of the Accounts.

See "*Description of the Transaction Documents - Cash Management and Agency Agreement*", below.

Asset Monitor Agreement

In accordance with an asset monitor agreement entered into on or about the First Issue Date, among the Asset Monitor, the Issuer, the Guarantor, the Seller, the Servicer, the Representative of the Bondholders and the Test Report Provider (as amended and supplemented from time to time, the "**Asset Monitor Agreement**"), the Asset Monitor will conduct independent tests in respect of the calculations performed by the Interest Determination Agent and Calculation Agent for the Tests, as applicable on a quarterly basis, with a view to verifying the compliance by the Guarantor with such tests.

See "*Description of the Transaction Documents - Asset Monitor Agreement*".

Portfolio Management Agreement

By a Portfolio management agreement entered into on or about the First Issue Date, among, *inter alia*, the Issuer, the Seller, the Servicer, the Test Report Provider, the Guarantor, the Calculation Agent and the Representative of the Bondholders (as amended and supplemented from time to time, the "**Portfolio Management Agreement**"), the Seller and the Issuer have undertaken certain obligations for the replenishment of the Cover Pool in order to prevent and/or cure a breach of the Tests.

See "*Description of the Transaction Documents - Portfolio Management Agreement*", below.

Quotaholders Agreement

The quotaholders' agreement entered into on or about the First Issue Date among the CheBanca and SPV Holding S.r.l. (as amended and supplemented from time to time, the "**Quotaholders' Agreement**"), contains provisions and undertakings in relation to the management of the Guarantor.

See "*Description of the Transaction Documents –Quotaholders' Agreement*", below.

Deed of Pledge

By a deed of pledge (the "**Deed of Pledge**") executed by the Guarantor in the context of the Programme, the Guarantor has pledged in favour of the Bondholders and the other Secured Creditors all the monetary claims and rights and all the amounts payable from time to time (including payments for claims, indemnities, damages, penalties, credits and guarantees) to which the Guarantor is entitled pursuant or in relation to the Transaction Documents (other than the English Law Documents and the Deed of Pledge), other than those to be received by the Guarantor under to the Subordinated Loan Agreement, including the monetary claims and rights relating to the amounts standing to the credit of the Accounts (other than the Quota Capital Account) and any other account established by the Guarantor in accordance with the provisions of the Transaction Documents.

See "*Description of the Transaction Documents - Deed of Pledge*", below.

Deed of Charge

By a deed of charge (the "**Deed of Charge**") executed by the Guarantor on or about the First Issue Date, the Guarantor has, with full title guarantee, assigned absolutely to the Representative of the Bondholders (acting as security trustee for the Bondholders and the other Secured Creditors, the "**Security Trustee**"), by way of first fixed security, all of its rights under the Swap Agreements as security for the payment and discharge of its obligations under the Guarantee.

See "*Description of the Transaction Documents - Deed of Charge*", below.

Programme Agreement

By a programme agreement to be entered into on or about the First Issue Date among the Issuer, the Representative of Bondholders and the Dealers (the "**Programme Agreement**"), the Dealers have been appointed as such. The Programme Agreement contains, *inter alia*, provisions for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other dealers either generally in respect of the Programme or in relation to a particular Series or Tranche. By a subscription agreement form of which is attached to the Programme Agreement, to be entered into within the Programme among the Issuer and the Dealers (the "**Relevant Dealers**"), the Relevant Dealers will agree to subscribe for the relevant tranche of Covered Bonds and pay the Issue Price subject to the conditions set out therein (the **"Subscription Agreement**").

See "*Description of the Transaction Documents - Description of the Programme Agreement*", below.

Cover Pool Swap Agreements

In order to hedge the interest rate risks related to the Cover Pool, the Guarantor may enter into one or more swap transactions with the relevant Cover Pool Swap Counterparty subject to an ISDA Master Agreement, the CSA and the relevant confirmation (the "**Cover Pool Swaps**" and each a "**Cover Pool Swap**").

Covered Bond Swap Agreements	In order to hedge the currency and/or interest rate exposure in relation to obligations under the Covered Bonds, the Guarantor may enter into one or more swap transactions with the relevant Covered Bond Swap Counterparty, on or about each Issue Date, subject to an ISDA Master Agreement, the CSA and the relevant confirmation (the "**Covered Bond Swaps**" and each a "**Covered Bond Swap**").
Provisions of Transaction Documents	The 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 Bondholder, by reason of holding Covered Bonds, recognises the Representative of the Bondholders as its representative and accepts to be bound by the terms of each of the Transaction Documents signed by the Representative of the Bondholders as if such Bondholder was a signatory thereto.

RISK FACTORS

The Issuer and the Guarantor believe that the factors described below represent the principal risks inherent in investing in the Covered Bonds issued under the Programme. However, the inability of the Issuer and/or the Guarantor to pay interest, principal or other amounts on or in connection with the Covered Bonds or the Guarantor may occur for other reasons that may not be considered significant risks by the Issuer and the Guarantor or which they may not currently be able to anticipate based on information currently available to them. In purchasing Covered Bonds, investors assume the risk that the Issuer and the 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 Guarantor becoming unable to make all payments due in respect of the Covered Bonds. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer and the Guarantor may not be aware of all relevant factors and certain factors which they currently deem not to be material may become material as a result of the occurrence of events outside the Issuer's and the Guarantor's control. The Issuer and the 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. Most of these factors are contingencies that may or may not occur and the Issuer and the Guarantor are not in a position to express a view on the likelihood of any such contingency occurring.

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

Prospective Bondholders should also read the detailed information set out elsewhere in this Base Prospectus (including any documents incorporated by reference hereto) and the Transaction Documents and reach their own views, based upon their own judgement and upon advice from such financial, legal and tax advisers as they have deemed necessary, prior to making any investment decision. Additional risks and uncertainties not presently known to the Issuer, the Seller, the Guarantor or that it currently believes to be immaterial could also have a material impact on its business operations. Words and expressions defined in the Conditions or elsewhere in this Base Prospectus have the same meanings in this section. Investing in the Covered Bonds involves certain risks. Prospective investors should consider, among other things, the following:

1. GENERAL INVESTMENT CONSIDERATIONS

Suitability

(a) Prospective investors should determine whether an investment in the Covered Bonds is appropriate in their particular circumstances and should consult with their legal, business and tax advisers to determine the consequences of an investment in the Covered Bonds and to arrive at their own evaluation of the investment.

(b) 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:

1. have the requisite knowledge and experience in financial and business matters to evaluate the merits and risks of an investment in the Covered Bonds;

2. have access to, and knowledge of, appropriate analytical tools to evaluate such merits and risks in the context of their financial situation;

3. be capable of bearing the economic risk of an investment in the Covered Bonds; and

4. recognise that it may not be possible to dispose of the Covered Bonds for a substantial period of time, if at all.

(c) Prospective investors in the Covered Bonds should make their own independent decision whether to invest in the Covered Bonds and whether an investment in the Covered Bonds is appropriate or proper for them, based upon their own judgment and upon advice from such advisers as they may deem necessary.

(d) 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.

(e) Prospective investors in the Covered Bonds should not rely on or construe any communication (written or oral) of the Issuer, the Seller or the Arranger, as investment advice or as a recommendation to invest in the Covered Bonds, it being understood that information and explanations related to the Conditions shall not be considered to be investment advice or a recommendation to invest in the Covered Bonds.

No communication (written or oral) received from the Issuer, the Seller or the Arranger or from any other person shall be deemed to be an assurance or guarantee as to the expected results of an investment in the Covered Bonds.

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. The Guarantor has no obligation to pay the Guaranteed Amounts payable under the Guarantee until the occurrence of an Issuer Event of Default.

The Covered Bonds will not represent an obligation or be the responsibility of any of the Arranger, Dealers, the Representative of the Bondholders or any other party to the Transaction Documents, their officers, members, directors, employees, security holders or incorporators, other than the Issuer and the Guarantor. The Issuer and the Guarantor will be liable solely in their corporate capacity for their obligations in respect of the Covered Bonds and such obligations will not be the obligations of their respective officers, members, directors, employees, security holders or incorporators.

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

In the exercise of its powers, trusts, authorities and discretions the Representative of the Bondholders shall only have regard to the interests of the Bondholders and the other Secured Creditors but if, in the opinion of the Representative of the Bondholders, there is a conflict between all or any of these interests, the Representative of the Bondholders shall have regard solely to the interests of the Bondholders. If, in connection with the exercise of its powers, trusts, authorities or discretions, the Representative of the Bondholders is of the opinion that the interests of the Bondholders of any one or more Series would be materially prejudiced thereby, the Representative of the Bondholders shall not exercise such power, trust, authority or discretion without the approval of such Bondholders by Extraordinary Resolution or by a direction in writing of such Bondholders of at least 75% of the principal amount outstanding of Covered Bonds of the relevant Series then outstanding.

Limited liquidity

There is not at present an active and liquid secondary market for the Covered Bonds. The Covered Bonds will not be registered under the Securities Act and will be subject to significant restrictions on resale in the United States. Although the application has been made to list the Covered Bonds on the Luxembourg Stock Exchange, there can be no assurance that a secondary market for any of the Covered Bonds will develop, or, if a secondary market does develop in respect of any of the Covered Bonds, that it will provide the holders of such Covered Bonds with liquidity of investments or that it will continue until the final redemption or cancellation of such Covered Bonds. Consequently, any purchaser of the Covered Bonds must be prepared to hold such Covered Bonds until the final redemption or cancellation. Illiquidity may have a severely adverse effect on the market value of Covered Bonds. In an illiquid market, an investor might not be able to sell its Covered Bonds at any time at fair market prices. The possibility to sell the Covered Bonds might additionally be restricted by country specific reasons.

Exchange rate 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 (i) the Investor's Currency equivalent yield on the Covered Bonds, (ii) the Investor's Currency equivalent value of the principal payable on the Covered Bonds and (iii) 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.

Ratings of the Covered Bonds

One or more independent credit rating agencies may assign credit ratings to the Covered Bonds. The ratings assigned to the Covered Bonds address:

(i) the likelihood of full and timely payment to Bondholders of all payments of interest on each CB Payment Date; and

(ii) the likelihood of ultimate payment of principal to Bondholders on (a) the Maturity Date thereof or (b) if the Covered Bonds are subject to an Extended Maturity Date in respect of the Guarantee in accordance with the applicable Final Terms, on the Extended Maturity Date thereof.

The expected ratings of the Covered Bonds will be set out in the relevant Final Terms for each Series or Tranche of Covered Bonds. Any rating agency may lower its rating or withdraw its rating if, *inter alia*, in the sole judgment of the relevant rating agencies, the credit quality of the Covered Bonds has declined or is in question. If any rating assigned to the Covered Bonds is lowered or withdrawn, the market value of the Covered Bonds may be reduced.

The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Covered Bonds. 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 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 an investment account, 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.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) Covered Bonds are legal investments for it, (b) Covered Bonds can be used as collateral for various types of borrowing and "repurchase" agreements and (c) 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.

Covered Bonds Law

The Law 130/99 was enacted in Italy in April 1999 and amended to allow for the issuance of covered bonds in 2005. The Law 130/99 was further amended by Law Decree no. 145 of 23 December 2013 (the "**Destinazione Italia Decree**") as converted into Law no. 9 of 21 February 2014,by Law Decree no. 91 of 24 June 2014 (the "**Decree Competitività**") as converted into Law no. 116 of 11 August 2014 and by Law no. 145 0f 30 December 2018. As at the date of this Base Prospectus, no interpretation of the application of the Law 130/99 as it relates to covered bonds has been issued by any Italian court or governmental or regulatory authority, except for (i) the Decree of the Italian Ministry for the Economy and Finance No. 310 of 14 December 2006 (the "**MEF Decree**"), setting out the technical requirements of the guarantee which may be given in respect of covered bonds and(ii) the supervisory instructions of the Bank of Italy relating to covered bonds under Part III, 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 Regulations**") concerning guidelines on the valuation of assets, the procedure for purchasing integration assets and controls required to ensure compliance with the legislation. Moreover, it is possible that such or different authorities may issue further regulations relating to the Law 130/99 as it relates to covered bonds 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 transaction and, *inter alia*, the issue of the Covered Bonds and the rating assigned to the Covered Bonds are based on Italian and (in the case of the Deed of Charge and the Swap Agreements) English law, on 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. No assurance can be given as to any possible change to Italian or English law, tax or administrative practice after the First Issue Date.

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

payment to the holders of the Covered Bonds of such Series of interest or principal on such Covered Bonds on a timely basis or at all.

2. RISK FACTORS RELATING TO THE ISSUER AND MEDIOBANCA GROUP

(A) The Issuer's financial results may be affected by events which are difficult to anticipate

The Issuer's earning and business are affected by general economic conditions, the performance of financial markets, interest rate levels, currency exchange rates, changes in laws and regulation, changes in the policies of central banks, particularly the Bank of Italy and the European Central Bank, and competitive factors, in each case on a regional, national and international level. Each of these factors can change the level of demand for the Issuer's products and services, the credit quality of borrowers and counterparties, the interest rate margin of the Issuer between lending and borrowing costs and the value of the Issuer's investment and trading portfolios.

(B) Risks arising from the Eurozone sovereign debt crisis

The sovereign debt crisis has raised concerns about the long-term sustainability of the European Monetary Union (the "**EMU**"). In the last few years, several EMU countries have requested financial aid from European authorities and from the International Monetary Fund (the "**IMF**") and are currently pursuing an ambitious programme of reforms.

Rising market tensions might affect negatively the funding costs and economic outlook of some euro member countries. This, together with the risk that some countries (even if not very significant in terms of gross domestic product) might leave the euro area, would have a material and negative impact on the Group and/or on the Group's clients, with negative implications for the Group's business, results and financial position.

Lingering market tensions might affect negatively the global economy and hamper the recovery of the euro area. Moreover, the tightening fiscal policy by some countries might weigh on households' disposable income and on corporate profits with negative implications for the Group's business, results and financial position. This trend will likely continue in the coming quarters.

Any further deterioration of the Italian economy would have a material adverse effect on the Group's business, in light of the Group's significant exposure to the Italian economy. In addition, if any of the countries in which the Group operates witnessed a significant deterioration in economic activity, the Group's results of operations, business and financial condition would be materially and adversely affected.

The possibility that the European Central Bank could halt or reconsider the current set up of unconventional measures would impact negatively the value of sovereign debt instruments. This would have a materially negative impact on the Group's business, results and financial position.

Despite the several initiatives of supranational organisations to deal with the heightened sovereign debt crisis in the euro area, global markets remain characterised by high uncertainty and volatility. Any further acceleration of the European sovereign debt crisis may significantly affect the inter-bank funding which may become generally unavailable or available only at elevated interest rates, which might have an impact on the Group's access to, and cost of, funding. Should the Group be unable to continue to source a sustainable funding profile which can absorb these sudden shocks, the Group's ability to fund its financial obligations at a competitive cost, or at all, could be adversely affected.

(C) Risks in connection with the exposure of the Group to Eurozone sovereign debt

In carrying out its activities, the Group holds substantial volumes of public-sector bonds, including bonds issued by European countries. The Group's total exposure in this respect as at 30 June 2017 is set out in the

tables A.1.2a and A.1.2b of Part E on page 201 of the audited consolidated annual financial statements of Mediobanca as at and for the year ended 30 June 2017 incorporated by reference into this Base Prospectus. This could give rise to operational disruptions to the Group's business.

Furthermore, Mediobanca is affected by disruptions and volatility in the global financial markets. In particular, Mediobanca's credit ratings are potentially exposed to the risk of reductions in the sovereign credit rating of Italy. On the basis of the methodologies used by rating agencies, any downgrades of Italy's credit rating may have a potential knock-on effect on the credit rating of Italian issuers such as Mediobanca and make it more likely that the credit rating of Covered Bonds issued under the Programme are downgraded.

Thus, any negative developments in the Group's sovereign exposure could adversely affect its results of operations, business and financial condition.

(D) The Issuer's financial results are affected by changes in interest rates

Fluctuations in interest rates in Italy and in the other markets in which the Mediobanca Group operates influence the Mediobanca Group's performance. The results of each Issuer's banking operations are affected by its management of interest rate sensitivity. Interest rate sensitivity refers to the relationship between changes in market interest rates and changes in net interest income. A mismatch of interest-earning assets and interest-bearing liabilities in any given period, which tends to accompany changes in interest rates, may have a material effect on the Issuer's financial condition or results of operations.

(E) The Issuer's financial results may be affected by market declines and volatility

The results of the Issuer may be affected by general economic, financial and other business conditions. During recessionary periods, there may be less demand for loan products and a greater number of the Issuer's customers may default on their loans or other obligations. Interest rate rises may also impact the demand for mortgages and other loan products. The risk arising from the impact of the economy and business climate on the credit quality of the Issuer's borrowers and counterparties, including sovereign states, can affect the overall credit quality and the recoverability of loans and amounts due from counterparties.

The Issuer is therefore exposed by its very nature to potential changes in the value of financial instruments, including securities issued by sovereign states, due to fluctuations in interest rates, exchange rates and currencies, stock market and commodities prices and credit spreads, and/or other risks.

(F) The Issuer is subject to credit and market risk. Current market conditions are unprecedented

The credit and capital markets have been experiencing extreme volatility and disruption in recent months. To the extent that any of the instruments and strategies the Issuer uses to hedge or otherwise manage its exposure to credit or capital markets risk are not effective, the Issuer may not be able to mitigate effectively the Issuer's risk exposures in particular market environments or against particular types of risk. The Issuer's trading revenues and interest rate risk are dependent upon its ability to identify properly, and mark to market, changes in the value of financial instruments caused by changes in market prices or interest rates. The Issuer's financial results also depend upon how effectively the Issuer determines and assesses the cost of credit and manages its credit risk and market risk concentration. In addition, due to market fluctuations, weak economic conditions and/or a decline in stock and bond prices, trading volumes or liquidity, the Issuer's financial results may also be affected by a downturn in the revenues deriving from its margin interests, principal transactions, investment banking and securities trading fees and brokerage activities.

(G) Sustained market weakness and volatility may adversely affect the Issuer's investment banking and financial advisory revenues and subject the Issuer to risks of losses from clients and other counterparties

The Issuer's investment banking revenues, in the form of financial advisory and debt and equity underwriting fees, are directly related to the number and size of the transactions in which the Issuer participates and may be impacted by continued or further credit market dislocations or sustained market downturns. Sustained market downturns or continued or further credit market dislocations and liquidity issues would also likely lead to a decline in the volume of capital market transactions that the Issuer executes for its clients and, therefore, to a decline in the revenues that it receives from commissions and spreads earned from the trades the Issuer executes for its clients. Further, to the extent that potential acquirers are unable to obtain adequate credit and financing on favourable terms, they may be unable or unwilling to consider or complete acquisition transactions, and as a result the Issuer's merger and acquisition advisory practice would suffer.

In addition, declines in the market value of securities can result in the failure of buyers and sellers of securities to fulfil their settlement obligations, and in the failure of the Issuer's clients to fulfil their credit obligations. During market downturns, the Issuer's counterparties in securities transactions may be less likely to complete transactions. Also, the Issuer often permits its clients to purchase securities on margin or, in other words, to borrow a portion of the purchase price from the Issuer and collateralize the loan with a set percentage of the securities. During steep declines in securities prices, the value of the collateral securing margin purchases may drop below the amount of the purchasers' indebtedness. If the clients are unable to provide additional collateral for these loans, the Issuer may lose money on these margin transactions. In addition, particularly during market downturns, the Issuer may face additional expenses defending or pursuing claims or litigation related to counterparty or client defaults.

(H) Protracted market declines can reduce liquidity in the markets, making it harder to sell assets and leading to material losses

In some of the Issuer's businesses, protracted adverse market movements, particularly asset price declines, can reduce the level of activity in the market or reduce market liquidity. These developments can lead to material losses if the Issuer cannot close out deteriorating positions in a timely way. This may especially be the case for assets of the Issuer for which there are not very liquid markets to begin with. Assets that are not traded on stock exchanges or other public trading markets, such as derivatives contracts between banks, may have values that the Issuer calculates using models other than publicly quoted prices. Monitoring the deterioration of prices of assets like these is difficult and failure to do so effectively could lead to losses that the Issuer did not anticipate or that were higher than those anticipated. This in turn could adversely affect the Issuer's results of operations and financial condition.

(I) Market volatility and difficult access to debt capital markets can adversely affect the Issuer's liquidity

In the event that the extreme volatility and disruption experienced by international and domestic markets in previous months continue in the future, the Issuer's liquidity can be adversely affected. The Issuer's funding activity relies, for more than 20 per cent., on retail deposits with the Group company CheBanca! and on medium and long-term debt capital market issues offered to institutional investors and to the public. The placement to retail investors is made through public offerings (carried out by means of single banking networks – including that of Banco Posta – with exclusivity or through syndicated joined banking groups) and sold directly on the Mercato Telematico delle Obbligazioni managed by Borsa Italiana S.p.A. (MOT). Demand from institutional investors is met through public offerings on the Eurobond market and private placements of instruments tailored on the basis of the specific needs of the subscriber.

The volatility of the debt capital markets in Italy and abroad may impair the Issuer's ability to raise funding through fixed-income instruments and may affect its liquidity in the long term. In addition, the wider credit spreads that the markets are experiencing can affect the Issuer's aggregate cost of funding and have an impact on its financial results.

(J) Intense competition, especially in the Italian market, where the Issuer has the largest concentration of its business, could materially adversely affect the Issuer's revenues and profitability

Competition is intense in all of the Mediobanca Group's primary business areas in Italy and the other countries in which the Issuer conducts its business. The Mediobanca Group derives most of its total banking income from its banking activities in Italy, a mature market where competitive pressures have been increasing quickly. If the Mediobanca Group is unable to continue to respond to the competitive environment in Italy with attractive product and service offerings that are profitable for the Mediobanca Group, it may lose market share in important areas of its business or incur losses on some or all of its activities. In addition, downturns in the Italian economy could add to the competitive pressure, through, for example, increased price pressure and lower business volumes for which to compete.

(K) The Issuer's risk management policies, procedures and methods may nevertheless leave the Issuer exposed to unidentified or unanticipated risks, which could lead to material losses

The Issuer has devoted significant resources to developing policies, procedures and assessment methods to manage market, credit, liquidity and operating risk and intends to continue to do so in the future. Nonetheless, the Issuer's risk management techniques and strategies may not be fully effective in mitigating its risk exposure in all economic market environments or against all types of risks, including risks that the Issuer fails to identify or anticipate. If existing or potential customers believe that the Issuer's risk management policies and procedures are inadequate, the Issuer's reputation as well as its revenues and profits may be negatively affected.

(L) The Issuer is subject to operational risk

The Issuer, like all financial institutions, is exposed to many types of operational risk, including the risk of fraud by employees and outsiders, unauthorised transactions by employees or operational errors, including errors resulting from faulty computer or telecommunication systems. The Issuer's systems and processes are designed to ensure that the operational risks associated with the Issuer's activities are appropriately monitored. Any failure or weakness in these systems, however, could adversely affect the Issuer's financial performance and business activities.

(M) Systemic risks in connection with the economic/financial crisis

It should be noted that the earnings capacity and stability of the financial system in which the Issuer operates may be impacted by the general economic situation and the trends on financial markets, and, in particular, by the solidity and growth prospects of the economies of the country or countries in which the Issuer operates, including its/their credit standing, as well as the solidity and growth prospects of the Eurozone as a whole.

The Issuer's performance is also influenced by the general economic situation, both national and for the Eurozone as a whole, and by the trend on financial markets, in particular by the solidity and growth prospects of the geographical areas in which the Issuer operates. The macroeconomic scenario currently reflects considerable areas of uncertainty, in relation to: (a) the trends in the real economy with reference to the prospects of recovery and growth in the national economy and/or resilience of growth in the economies of those countries, such as the United States and China, which have delivered growth, even substantial, in recent years; (b) future developments in the monetary policy of the European Central Bank for the Eurozone

area, and the U.S. Federal Reserve Board for the US dollar area, and the policies implemented by various countries to devalue their own currencies for competitive reasons; (c) the sustainability of the sovereign debt of certain countries, and the tensions noted more or less frequently on financial markets. In this connection, attention should be drawn in particular to: (i) the recent developments in the Greek sovereign debt crisis, which raised considerable uncertainties (as yet not entirely dispelled) over the prospects of Greece remaining part of the Eurozone, not to mention, in an extreme scenario, the risk of contagion between the sovereign debt markets of the various countries, and indeed the very resilience of the European monetary system based on the single currency; (ii) the recent turbulence on the main Asian financial markets, in particular China. There is therefore the risk that the future development of these scenarios could impact adversely on the Issuer's capital, earnings and financial situation.

Such factors, particularly during periods of economic and financial crisis, could lead the Issuer to incur losses, increases in the cost of financing, reductions in the value of assets held, with a potentially negative impact on the Issuer's liquidity and the solidity of its capital.

More generally, continuation of the adverse economic conditions, or a slower recovery in Italy, or the countries in which the Issuer principally operates, than the other Eurozone countries, could impact negatively on the operating results or financial conditions of the Issuer.

(N) Risks connected to the presence of OTC derivatives in the Group's portfolio

The investors should note that the portfolio of the Group contains so-called "over the counter" ("**OTC**") derivatives. The fair value of these OTC derivatives depends upon both the valuation and the perceived credit risk of the instrument insured or guaranteed or against which protection has been bought and the credit quality of the protection provider. Market counterparties have been adversely affected by their exposure to residential mortgage linked products, and their perceived creditworthiness has deteriorated significantly since 2007. Although the Group seeks to limit and manage direct exposure to market counterparties, indirect exposure may exist through other financial arrangements and counterparties. If the financial condition of market counterparties or their perceived creditworthiness deteriorates further, the Group may record further credit valuation adjustments on the underlying instruments insured by such parties.

Any primary or indirect exposure to the financial condition or creditworthiness of these counterparties could have a material adverse impact on the results of operations, financial condition and prospects of the Group.

(O) Risks relating to the EMIR Regulation

Investors should also note that the OTC derivatives would be subject to the regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories, known as the European Market Infrastructure Regulation ("**EMIR**") that came into force on 16 August 2012.

EMIR and the relevant implementing regulations introduced certain requirements in respect of OTC derivative contracts applying to financial counterparties ("**FCPs**"), such as investment firms, credit institutions and insurance companies, and non-financial counterparties ("**Non-FCPs**"). Such requirements include, amongst other things, the mandatory clearing of certain OTC derivative contracts (the "**Clearing Obligation**") through an authorised central counterparty (a "**CCP**"), the reporting of OTC derivative contracts to a trade repository (the "**Reporting Obligation**") and certain risk mitigation requirements in relation to derivative contracts which are not centrally cleared.

The Clearing Obligation applies to FCPs and certain Non-FCPs which have positions in OTC derivative contracts exceeding specified 'clearing thresholds'. Such OTC derivative contracts also need to be of a class of derivative which has been designated by ESMA as being subject to the Clearing Obligation.

A CCP will be used to meet the Clearing Obligation by interposing itself between the counterparties to the eligible OTC derivative contracts. For the purposes of satisfying the Clearing Obligation, EMIR requires

derivative counterparties to become clearing members of a CCP, a client of a clearing member or to otherwise establish indirect clearing arrangements with a clearing member. Each derivative counterparty will be required to post both initial and variation margin to the clearing member (which in turn will itself be required to post margin to the CCP). EMIR requires CCPs to only accept highly liquid collateral with minimal credit and market risk, which is defined in the relevant implementing regulations as cash, gold and highly rated government bonds.

The Reporting Obligation applies to all types of counterparties and covers the entry into, modification or termination of cleared and non-cleared derivative contracts which were entered into (i) before 16 August 2012 and which remain outstanding on 16 August 2012, or (ii) on or after 16 August 2012. The details of all such derivative contracts are required to be reported to a trade repository. It will therefore apply to the Swap Agreements and any replacement swap agreements.

FCPs and Non-FCPs which enter into non-cleared derivative contracts must ensure that appropriate procedures and arrangements are in place to measure, monitor and mitigate operational and counterparty credit risk. Such procedures and arrangements include, amongst other things, the timely confirmation of the terms of a derivative contract and formalised processes to reconcile trade portfolios, identify and resolve disputes and monitor the value of outstanding contracts. In addition, FCPs and those Non-FCP which exceed the specified clearing thresholds must also mark-to-market the value of their outstanding derivative contracts on a daily basis and have risk-management procedures that require the timely, accurate and appropriately segregated exchange of collateral.

The EU regulatory framework and legal regime relating to derivatives is set not only by EMIR but also by the European Directive No 65/2014 ("**MIFID II**") and the European Regulation No. 600/2014 ("**MIFIR**"), both of which came into force on 3 July 2014. MIFID II amends existing provisions on authorisation, conduct of business and organizational requirements for providers of investment services. These rules aim at strengthening the protection of investors, through the introduction of new requirements on product governance, independent investment advice and cross-selling, the extension of existing rules to structured deposits and the improvement of requirements in several areas, including on the responsibility of management bodies, inducements, information and reporting to clients, remuneration of staff and best execution. MIFIR establishes, inter alia, uniform requirements in relation to disclosure of trade data to the public, reporting of transactions to the competent authorities, trading of derivatives on organised venues, benchmarks and intervention powers of competent authorities, ESMA and EBA.

MiFID II has been implemented in Italy through Legislative Decree 3 August 2017, No. 129 and apply from 3 January 2018. By the proposal for amending MIFID II which came into force on 10 February 2016, the provisions of MIFID II and MIFIR – according to article 93, as amended – apply from 3 January 2018 except for certainminor provisions which shall apply from 3 September 2019. In addition, many of the provisions of the MIFID II and MIFIR will be implemented by means of technical standardsdrafted by ESMA.

In this respect, it is difficult to predict the full impact of these regulatory requirements on the Issuer. Prospective investors should be aware that the regulatory changes arising from EMIR, MiFID II and MIFIR may in due course significantly raise the costs of entering into derivative contracts and may adversely affect the Issuer's ability to engage in transactions in OTC derivatives. As a result of such increased costs or increased regulatory requirements, investors may receive less interest or return, as the case may be. Investors should be aware, however, that such risks are material and that the Issuer could be materially and adversely affected thereby. As such, investors should consult their own independent advisers and make their own assessment about the potential risks posed by EMIR, MIFID II and MIFIR, in making any investment decision in respect of the Covered Bond. In addition, given that the date of application of some of the EMIR provisions and the EMIR technical standards remains uncertain and given that additional technical standard or amendments to the existing EMIR provisions may come into effect in due course, prospective investors should be aware that the relevant Transaction Documents may need to be amended during the course of the Transaction, without the consent of any Noteholder, to ensure that the terms thereof and the parties obligations thereunder are in compliance with EMIR and/or the then subsisting EMIR technical standards.

(P) Risks connected to a potential rating downgrade

The risk linked to an issuer's ability to fulfil its obligations, which arise after the issuance of debt instruments and money market instruments, is in practice defined by way of a reference to the credit ratings assigned by independent rating agencies. When investors are analyzing credit risks linked to financial instruments, valuation on the potential rating downgrade as well as relating surveys may be of assistance in reason of their indication about the about issuer' ability to fulfil its obligations.

The lower the rating assigned on the respective scale the higher the risk, evaluated by the rating agency, that an issuer will not fulfil its obligations at maturity or that it will not fully and/or timely fulfil them. On the other hand, the outlook represents the parameter indicating the expected short-term trend for the ratings assigned to an issuer.

A rating, however, does not represent a recommendation to purchase, sell or retain any bond issued and may be suspended, reduced or withdrawn at any time by the rating agency which issued it. A suspension, reduction or withdrawal of a rating assigned may have a negative impact on the market price of the Covered Bonds issued and, furthermore, on the stock price of the same issuer. The risk linked to an issuer's ability to fulfil its obligations, which arise after the issuance of debt instruments and money market instruments, is in practice defined by way of a reference to the credit ratings assigned by independent rating agencies. At the date of this Prospectus, Mediobanca is rated by (i) S&P Global Ratings, acting through S&P Global Ratings Europe Limited, Italy Branch (formerly, Standard & Poor's Credit Market Services Italy S.r.l.) ("**S&P**"), (ii) Fitch Italia S.p.A. ("**Fitch**") and (iii) Moody's Investor Service Ltd. ("**Moody's**"), which are established in the European Union and registered under Regulation (EC) No. 1060/2009 on credit rating agencies, (as amended from time to time) (the "**CRA Regulation**") as set out in the list of credit rating agencies registered in accordance with the CRA Regulation published on the website of the European Securities and Markets Authority pursuant to the CRA Regulation. A downgrade of Mediobanca's rating (for whatever reason) might result in higher funding and refinancing costs for Mediobanca in the capital markets. In addition, a downgrade of Mediobanca's rating may limit Mediobanca's opportunities to extend mortgage loans and may have a particularly adverse effect on Mediobanca's image as a participant in the capital markets, as well as in the eyes of its clients. These factors may have an adverse effect on Mediobanca's financial condition and/or the results of its operations.

(Q) Changes in the Italian and European regulatory framework could adversely affect the Issuer's business

The Issuer is subject to extensive regulation and supervision by the Bank of Italy, the *Commissione Nazionale per le Società e la Borsa* (the Italian securities market regulator or "**CONSOB**"), the European Central Bank and the European System of Central Banks. The rules applicable to banks and other entities in banking groups are mainly provided by implementation of measures consistent with the regulatory framework set out by the Basel Committee on Banking Supervision and aim at preserving their stability and solidity and limiting their risk exposure. The banking laws to which the Issuer is subject govern the activities in which banks and foundations may engage and are designed to maintain the safety and soundness of banks, and limit their exposure to risk. In addition, the Issuer must comply with financial services laws that govern its marketing and selling practices. The regulatory framework governing the international financial markets is currently being amended in response to the credit crisis, and new legislation and regulations are being introduced in Italy and could significantly alter the Issuer's capital requirements.

The supervisory authorities mentioned above govern various aspects of the Issuer, which may include, among other things, liquidity levels and capital adequacy, the prevention and combating of money laundering and terrorism financing (according to Legislative Decree No. 231 of 21 November 2007 as recently amended by Legislative Decree no. 90 of 25 May 2017 implementing Directive (UE) no. 849 of 2015), privacy protection, ensuring transparency and fairness in customer relations and registration and reporting obligations. In order to operate in compliance with these regulations, Mediobanca has in place specific procedures and internal policies. 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 Group's results of operations, business and financial condition. The above risks are compounded by the fact that, 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.

(R) Basel III and CRD IV

In the wake of the global financial crisis that began in 2008, the Basel Committee on Banking Supervision approved, in the fourth quarter of 2010, revised global regulatory standards ("**Basel III**") on bank capital adequacy and liquidity, higher and better-quality capital, better risk coverage, measures to promote the build-up of capital that can be drawn down in periods of stress and the introduction of a leverage ratio as a backstop to the risk-based requirement as well as two global liquidity standards which were subsequently revised in 2013 in light of concerns raised by the banking industry. The Basel III framework adopts a gradual approach, with the requirements to be implemented over time, with full enforcement in 2019.

In addition, in January 2013 the Basel Committee revised its original proposal in respect of the liquidity requirements in light of concerns raised by the banking industry, providing for a gradual phasing-in of the "Liquidity Coverage Ratio" with a full implementation in 2019, as well as expanding the definition of high quality liquid assets to include lower quality corporate securities, equities and residential mortgage backed securities. Regarding the other liquidity requirement, the "Net Stable Funding Ratio", the Basel Committee published the final rules in October 2014 which have taken effect from 1 January 2018.

The Basel III framework has been implemented in the EU through new banking regulations: Directive 2013/36/EU of the European Parliament and 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 Directive**") and Regulation (EU) No. 575/2013 of the European Parliament and the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (the "**CRR**" and together with the CRD IV Directive, the "**CRD IV Package**"). Full implementation began on 1 January 2014, with particular elements being phased in over a period of time (the requirements will be largely fully effective by 2019 and some minor transitional provisions provide for phase-in until 2024) but it is possible that in practice implementation under national laws may be delayed until after such date. Additionally, it is possible that EU Member States may introduce certain provisions at an earlier date than that set out in the CRD IV Package.

The Basel III agreements provide for the introduction of a Liquidity Coverage Ratio or ("**LCR**"), in order to establish and maintain a liquidity buffer which will permit the bank to survive for 30 days in the event of serious stress, and a Net Stable Funding Ratio ("**NSFR**"), with a time period of more than one year, introduced to ensure that the assets and liabilities have a sustainable expiry structure. In the case of LCR, within the CRR framework, the LCR Delegated Act (Commission Delegated Regulation (EU) 2015/61) technically specifies the calculation rules of the LCR and provides that it is to be phased in gradually, from 60% from 1 October 2015 to 100% from 1 January 2018. In the case of NSFR, although the proposal of the Basel Committee foresaw that the 100% level is to be met as of 1 January 2018 without any phase in, the CRR does not provide for the regulatory limit on structural liquidity. On 17 December 2015, the European Banking Authority published its report recommending the introduction of the NSFR in the EU in order to ensure stable funding structures and outlining its impact assessment and proposed calibration. In November 2016, the European Commission announced the EU Banking Reform which proposed a binding 3% leverage ratio and a binding detailed NSFR, which will require credit institutions and systemic investment firms to finance their long-term activities (assets and off-balance sheet items) with stable sources of funding (liabilities) in order to increase banks' resilience to funding constraints. In particular, under the proposal, the binding 3% leverage ratio is added to the own funds requirements in the CRR which institutions are required to meet in addition to/in parallel with their risk-based requirements, and will apply to all credit institutions and investment firms that fall under the scope of the CRR, subject to selected adjustments.

In addition, on 13 April 2017, the ECB published guidelines and a recommendation addressed to national competent authorities ("**NCAs**") concerning the exercise of options and national discretions available in

European Union law that affect banks which are directly supervised by NCAs (*i.e.* less significant institutions). Both documents are intended to further harmonise the way banks are supervised by NCAs in the 19 countries to which the SSM (as defined below) applies.

The aim is to ensure a level playing field and the smooth functioning of the euro area banking system as a whole.

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, as subsequently amended and supplemented from time to time ("**Circular No. 285**")) which came into force on 1 January 2014, implementing the CRD IV Package, and setting 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 updates being the 25th update 23 October 2018. The CRR and CRD IV are also supplemented in Italy by technical rules relating to the CRD IV and the CRR published through delegated regulations of the European Commission and guidelines of the European Banking Authority.

According to Article 92 of the CRR, institutions shall at all times satisfy the following own funds requirements: (i) "CET1 Capital ratio" of 4.5 per cent., (ii) "Tier I Capital ratio" of 6 per cent., and (iii) "Total Capital ratio" of 8 per cent. These minimum ratios are complemented by the following capital buffers to be met with "CET1 capital", reported below as applicable with reference to 30 September 2018:

- *Capital conservation buffer*:set at (i)1.875% from 1 January 2018 to 31 December 2018, and (ii) 2.5 per cent from 1 January 2019 (pursuant to Article 129 of the CRD IV and Part I, Title II, Chapter I, Section II of Circular No. 285, as amended in October 2016);

- *Counter-cyclical capital buffer*: set by the relevant competent authority between 0 per cent. and 2.5 per cent. (but may be set higher than 2.5 per cent. where the competent authority considers that the conditions in the Member State justify it), with gradual introduction from 1 January 2016 and applying temporarily in the periods when the relevant national authorities judge the credit growth excessive (pursuant to Article 130 of the CRD IV and Part I, Title II, Chapter I, Section III of Circular No. 285). By a press release announced dated 21 September 2018, the Bank of Italy has set the Counter-cyclical capital buffer (relating to exposures towards Italian counterparties) at 0% for the fourth quarter of 2018);

- *Capital buffers for global systemically important banks (G-SIBs):* set as an "additional loss absorbency" buffer ranging from 1.0 per cent. to 3.5 per cent. determined according to specific indicators (e.g., size, interconnectedness, lack of substitutes for the services provided, global activity and complexity); to be phased in from 1 January 2016 (Article 131 of the CRD IV Directive), becoming fully effective on 1 January 2019; and

- *Capital buffers for systemically important banks at a domestic level*: up to 2.0 per cent. as set by the relevant competent authority and must be reviewed at least annually from 1 January 2016, to compensate for the higher risk that such banks represent to the domestic financial system (Article 131 of the CRD IV Directive and Part I, Title II, Chapter 1, Section IV of the Circular No. 285). The capital buffer for important banks at domestic level belonging to a group which is a global systemically important bank is limited. This buffer shall not exceed the higher of 1 per cent. of the total risk exposure amount and the global systemically important bank buffer rate applicable to the group at consolidated level.

In addition to the above listed capital buffers, under Article 133 of the CRD IV Directive each Member State may introduce a systemic risk buffer of "Common Equity Tier 1 capital" for the financial sector or one or more subsets of the sector, in order to prevent and mitigate long term non-cyclical systemic or macro-prudential risks with the potential of serious negative consequence to the financial system and the real

economy in a specific Member State. Until 2015, in case of buffer rates of more than 3 per cent., a Member State will need prior approval from the European Commission, which will take into account the assessments of the European Systemic Risk Board ("**ESRB**") and the European Banking Authority (the "**EBA**"). From 2015 onwards and for buffer rates between 3 and 5 per cent, the Member States setting the buffer will have to notify the European Commission, the EBA, and the ESRB. The European Commission will provide an opinion on the measure decided and if this opinion is negative, the Member States will have to "comply or explain". Buffer rates above 5 per cent. will need to be authorized by the European Commission through an implementing act, taking into account the opinions provided by the ESRB and by the EBA.

Failure to comply with such combined buffer requirements triggers restrictions on distributions and the need for the bank to adopt a capital conservation plan on necessary remedial actions (Articles 140 and 141 of the CRD IV Directive).

As part of the CRD IV Package transitional arrangements, regulatory capital recognition of outstanding instruments which qualified as "Tier I" and "Tier II" capital instruments under the framework which the CRD IV Package has replaced (CRD III) that no longer meet the minimum criteria under the CRD IV Package will be gradually phased out. Fixing the base at the nominal amount of such instruments outstanding on 1 January 2013, their recognition was capped at 80% in 2014, with this cap decreasing by 10% in each subsequent year (see, in particular, Part Two, Chapter 14, Section 2 of Circular No. 285).

The new liquidity requirements introduced under the CRD IV Package are the "liquidity coverage ratio" and the "Net Stable Funding Ratio" (the "**NSFR**"). The Liquidity Coverage Ratio Delegated Act has been adopted in October 2014 and published in the Official Journal of the European Union in January 2015 and became fully applicable from 1 January 2018.

The CRD IV Package has introduced a new leverage ratio with the aim of restricting the level of leverage that an institution can take on to ensure that an institution's assets are in line with its capital. Institutions have been required to disclose their leverage ratio from 1 January 2015. The CRD IV Package contains specific mandates for the EBA to develop draft regulatory or implementing technical standards as well as guidelines and reports related to liquidity coverage ratio and leverage ratio in order to enhance regulatory harmonisation in Europe through the "Single Rule Book".

Therefore, should the Issuer not be able to implement the approach to capital requirements it considers optimal in order to meet the capital requirements imposed by the CRD IV Package, it may be required to maintain levels of capital which could potentially impact its credit ratings, funding conditions and limit the Issuer's growth opportunities.

(S) The Group may be subject to the provisions of the Regulation establishing the Single Resolution Mechanism

After having reached an agreement with the Council, in April 2014, the European Parliament adopted the Regulation (EU) No. 806/2014 establishing the Single Resolution Mechanism (the "**SRM**") fully operational from 1 January 2016. There are, however, certain provisions including those concerning the preparation of resolution plans and provisions relating to the cooperation of the Single Resolution Board (the "**Board**") with national resolution authorities, which entered into force on 1 January 2015.

The SRM, which will complement the ECB Single Supervisory Mechanism, applies to all banks supervised by the Single Supervisory Mechanism of the European Central Bank. It provides for the Board and a Single Resolution Fund (the "**Fund**").

Decision-making will be centralised with the Board, and will involve the European Commission and the Council of the European Union (which will have the possibility to object to the Board's decisions) as well as the ECB and national resolution authorities.

The Fund, which will back resolution decisions mainly taken by the Board, will be divided into national

compartments during an eight year transition period, as envisaged by an Intergovernmental Treaty, whose ratification is a precondition for the entry into force of the SRM Regulation. Banks have started to pay contributions in 2015 to national Resolution Funds that are mutualizing gradually into the Single Resolution Fund starting from 2016 (and on top of the contributions to the national Deposit Guarantee Schemes).

The establishment of the SRM is designed to ensure that supervision and resolution is exercised at the same level for countries that share the supervision of banks within the Single Supervisory Mechanism.

The participating banks are required to finance the Fund. The Issuer will therefore be required to pay contributions to the SRM in addition to contributions to the national Deposit Guarantee Scheme. The SRM is not operational yet and the manner in which it will be implemented is still evolving, so there remains some uncertainty as to how the SRM will affect the Group once implemented and fully operational.

(T) 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**"). From 4 November 2014 the SSM Regulation has given the ECB, in conjunction with the national regulatory authorities of the Eurozone and participating member states, direct supervisory responsibility over "banks of systemic importance" in the Eurozone.

In this respect, "bank of systemic importance" include, *inter alia*, any Eurozone bank that: (i) has assets greater than EUR 30 billion or – unless the total value of its assets is below €5 billion -;greater than 20 per cent. of its national gross domestic product; (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 of the European Stability Mechanism; or (iv) is considered by 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 these criteria, the ECB, on its own initiative after consulting with national competent authorities or upon request by a national competent authority, may declare an institution significant to ensure the consistent application of high-quality supervisory standards. The Regulation (EU) No. 468/2014 of the ECB, dated 16 April 2014, established the framework for co-operation within the Single Supervisory Mechanism between the ECB and national competent authorities and with national designated authorities (the "**SSM Framework Regulation**").

The relevant national competent authorities for the purposes of the SSM Regulation and the SSM Framework Regulation continue to be responsible 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, on the other hand, is exclusively responsible for key tasks concerning the prudential supervision of credit institutions, which includes, *inter alia*, the power to: (i) authorise and withdraw authorisation of all "banks of systemic importance" in the Eurozone and in the Member States participating to the SSM; (ii) assess acquisition and disposal of holdings in other banks; (iii) ensure compliance with all prudential requirements laid down in general EU banking rules; (iv) set, where necessary, higher prudential requirements for certain banks to protect financial stability under the conditions provided by EU law; (v) impose robust corporate governance practices and internal capital adequacy assessment controls; and (vi) intervene at the early stages when risks to the viability of a bank exist, in coordination with the relevant resolution authorities. The ECB also has the right to impose pecuniary sanctions.

With regard to national options and discretions, so far such powers have been exercised at the national level by the national competent authorities. However, with the adoption of the Regulation (EU) 2016/445 by the ECB, such powers will be exercised in a largely harmonised manner throughout the European Banking Union (the "**Banking Union**"). Such Regulation, in fact, provides for a guide on options and discretions

available under European Union law (the "**ECB Guide**"- as supplemented by the Addendum published on 10 August 2016). Regulation (EU) 2016/445 entered into force on 1 October 2016, while the ECB Guide has been operational since its publication. The aforementioned documents lay down how the exercise of options and discretions in banking legislation (CCR, CRD IV and LCR Delegated Act) will be harmonised in the Euro area. Notably, such provisions shall apply exclusively with regard to those credit institutions classified as "significant" in accordance with Article 6(4) of the SSM Regulation and Part IV and Article 147(1) of the SSM Framework Regulation. Additional/lower capital requirements may result, depending on the manner in which these options/discretions have so far been exercised by the national competent authorities and on the manner in which the SSM will exercise them in the future.

Furthermore, in order to foster consistency and efficiency of supervisory practices across the Eurozone, the EBA is continuing to develop a single supervisory handbook applicable to EU member states (the "**EBA Supervisory Handbook**").

(U) The Bank Recovery and Resolution Directive (BRRD) is intended to enable a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing. The implementation of the directive or the taking of any action under it could materially affect the value of the Covered Bonds

On 2 July 2014, Directive 2014/59/EU providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (the "**Bank Recovery and Resolution Directive**" or 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 unsound or failing institution 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 the following four resolution tools and powers which may be used alone or in combination where the relevant 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 iinto shares or other instruments of ownership (i.e. shares, other instruments that confer ownership, instruments that are convertible into or give the right to acquire shares or other instruments of ownership, and instruments representing interests in shares or other instruments of ownership) (the "**General Bail-in Tool**"), which equity could also be subject to nay future application of the General Bail-in Tool.

The BRRD also provides for a Member State as a last resort, after having assessed and availed itself of the

above resolution tools (including the General Bail-in Tool) to the maximum extent practicable whilst maintaining financial stability, to be able to provide extraordinary public financial support through additional financial stabilisation tools. These consist of the public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the burden sharing requirement of the EU state aid framework and the BRRD. In particular, a single resolution fund financed by bank contributions at a national level is being established and Regulation (EU) No. 806/2014 establishes the modalities for the use of the fund and the general criteria to determine the contributions to the fund.

An institution will be considered as failing or likely to fail when: (i) it is, or is likely in the near future to be, in breach of its requirements for continuing authorisation; its assets are, or are likely in the near future to be, less than its liabilities; (ii) it is, or is likely in the near future to be, unable to pay its debts as they fall due; or (iii) it requires extraordinary public financial support (except in limited circumstances).

In addition to the General Bail-in Tool, the BRRD provides for resolution authorities to have the further power to permanently write-down or convert into equity capital instruments such as subordinated notes at the point of non-viability and before any other resolution action is taken ("non-viability loss absorption"). Any shares issued to holders of subordinated notes upon any such conversion into equity may also be subject to any application of the General Bail-in Tool.

For the purposes of the application of any non-viability loss absorption measure, the point of non-viability under the BRRD is the point at which the relevant authority determines that the institution or group of institution meets the conditions for resolution (but no resolution action has yet been taken) or that the institution or group of institution will no longer be viable unless the relevant capital instruments (such as subordinated notes) are written-down or converted or extraordinary public support is to be provided and without such support the appropriate authority determines that the institution or group of institution would no longer be viable.

The BRRD provides that Member States should apply the new "crisis management" measures from 1 January 2015, except for the General Bail-In Tool applicable from 1 January 2016. In the context of these resolution tools, the resolution authorities have the power to amend or alter the maturity of debt instruments and other eligible liabilities issued by an institution under resolution or amend the amount of interest payable under such instruments and other eligible liabilities, or the date on which the interest becomes payable, including by suspending payment for a temporary period, except for those secured liabilities which are subject to Article 44(2) of the BRRD.

The BRRD has been implemented in Italy through the adoption of two Legislative Decrees by the Italian Government, namely, Legislative Decrees No. 180/2015 of 16 November 2015 and 181/2015 (together, the "BRRD Decrees"), both of which were published in the Italian Official Gazette (Gazzetta Ufficiale) on 16 November 2015. Legislative Decree No. 180/2015 of 16 November 2015 is a stand-alone law 181/2015 of 16 November 2015 amends the existing Italian Banking Act and deals principally with recovery plans, early intervention and changes to the creditor hierarchy. The BRRD Decrees entered into force on the date of its publication in the Italian Official Gazette (i.e. 16 November 2015), save that: (i) the bail-in tool is applicable 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 will apply from 1 January 2019.

The powers set out in the BRRD will impact credit institutions and investment firms and how they are managed as well as, in certain circumstances, the rights of creditors. The exercise of any power under the BRRD or any suggestion or perceived suggestion of such exercise could, therefore, materially adversely affect the rights of holders of the Notes, the price or value of their investment in any Notes and/or the ability of the Issuer to satisfy its obligations under any Notes.

The legislative decree intended to implement the revised Deposit Guarantee Schemes Directive in Italy – namely, Legislative Decree No. 30 of 15 February 2016 – has been published in the Italian Official Gazette No. 56 of 8 March 2016. The Decree came into force on 9 March 2016, except for Article 1 comma 3, let. A),

which came into force on 1 July 2018. Amongst other things, the Decree amends Italian Banking Act and: (i) establishes that the maximum amount of reimbursement to depositors is EUR 100,000 (this level of coverage has been harmonised by the Directive and is applicable to all deposit guarantee schemes); (ii) lays down the minimum financial budget that national guarantee schemes should have; (iii) details intervention methods of the national deposit guarantee scheme; and (iv) harmonises the methods of reimbursement to depositors in case of insolvency of a credit institution.

Moreover, the European Commission has proposed a harmonised national insolvency ranking of unsecured debt instruments to facilitate credit institutions' issuance of such loss absorbing debt instruments, by creating, inter alia, a new asset class of "non-preferred" senior debt instruments with a lower rank than ordinary senior unsecured debt instruments in insolvency. In such perspective, the proposed amendments to Article 108 of the BRRD aim at enhancing the implementation of the bail-in tool and at facilitating the application of the "minimum requirement for own funds and eligible liabilities" ("**MREL**") requirement concerning the loss absorption and recapitalisation capacity of credit institutions and investment firms. As such, the amendments provide an additional means for credit institutions and certain other institutions to comply with the forthcoming MREL requirement and improve their resolvability, without constraining their respective funding strategies.

The proposal of the European Commission resulted in the adoption of Directive (EU) No. 2017/2399 of 12 December 2017 amending the BRRD as regards the ranking of unsecured debt instruments in insolvency hierarchy which was published in the Official Journal of the EU on 27 December 2017 and must be transposed into national law by the Member States by 29 December 2018. In this regard, the Italian Law No. 205/2017, approved by the Italian Parliament on 27 December 2017, contains the implementing provisions pertaining to "non-preferred" senior debt instruments.The powers set out in the BRRD and the application of the MREL requirement will impact the management of credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors, including holders of Notes issued under the Programme. In addition to the above please see also the risk factor "*Forthcoming regulatory and accounting changes*" below.

(V) The Group may be subject to a proposed EU regulation on mandatory separation of certain banking activities

On 29 January 2014, the European Commission adopted a proposal for a new regulation on structural reform of the European banking sector following the recommendations released on 31 October 2012 by the High Level Expert Group (the "**Liikanen Group**") on the mandatory separation of certain banking activities. The proposed regulation contains new rules which would prohibit the biggest and most complex banks from engaging in the activity of proprietary trading and introduce powers for supervisors to separate certain trading activities from the relevant bank's deposit-taking business if the pursuit of such activities compromises financial stability. Alongside this proposal, the Commission has adopted accompanying measures aimed at increasing transparency of certain transactions in the shadow banking sector.

The proposed regulation will apply to European banks that will eventually be designated as global systemically important banks (G-SIBs) or that exceed the following thresholds for three consecutive years: a) total assets are equal or exceed €30 billion; b) total trading assets and liabilities are equal or exceed €70 billion or 10 per cent. of their total assets. The banks that meet either one of the aforementioned conditions will be automatically banned from engaging in proprietary trading defined narrowly as activities using a bank's own capital or borrowed money to take positions in any type of transaction to purchase, sell or otherwise acquire or dispose of any financial instrument or commodities for the sole purpose of making a profit for own account, and without connection to actual or anticipated client activity ort for the purpose of hedging the entity's risk as a result of actual or anticipated client activity. In addition, such banks will be prohibited also from investing in or holding shares in hedge funds, or entities that engage in proprietary trading or sponsor hedge funds. Other trading and investment banking activities – including market-making, lending to venture capital and private equity funds, investment and sponsorship of complex securitisation, sales and trading of derivatives – are not subject to the ban, subject to the discretion of the bank's competent

authority, however they might be subject to separation if such activities are deemed to pose a threat to financial stability.

Should a mandatory separation be imposed, additional costs at Group level are not ruled out, in terms of higher funding costs, additional capital requirements and operational costs due to the separation, lack of diversification benefits. Due to a relatively limited trading activity, Italian banks could be penalised and put at a relative disadvantage in comparison with their main global and European competitors (e.g. French and German banking institutions). As a result, the proposal could lead to the creation of an oligopoly where only the biggest players will be able to support the separation of the trading activities and the costs that will be incurred. An additional layer of complexity, leading to uncertainty, is the high risk of diverging approaches throughout Europe on this issue.

(W) Risk of increasingly high levels of corporate income taxes

The financial industry in Italy is subject to the payment of income tax which tends to be higher than the income tax payable in respect of many other commercial activities.

In recent years, the tax regime applicable to financial companies (including the Issuer) has changed. For example, Law No. 208 of 28 December 2015, as amended by Law No. 232 of 11 December 2016 and by Law No. 205 of 27 December 2017, introduced the application of an additional corporate income tax to the financial sector. For companies acting in such a sector an additional tax rate of 3.5% applies, so that a final tax rate of 27.5% is levied respect to the ordinary 24% tax rate applicable on corporate income.

Any future adverse changes in the income tax rate or other taxes or charges applicable to the Group may have a material adverse effect on the Group's future business, financial condition, cash flow and/or results of operations which could, in turn, and have an adverse effect on the Issuer's ability to meet its obligations under the Covered Bonds.

(X) The Group may be affected by a proposed EU Financial Transactions Tax

On 14 February 2013 the European Commission published a new legislative proposal on the Financial Transaction Tax (the "**FTT**"). The proposal followed the Council's authorisation to proceed with the adoption of the FTT through enhanced cooperation, i.e. adoption limited to 10 countries - among which Italy, France, Germany and Austria are included.

The impact on the 'real economy' of the FTT as currently envisaged – especially for corporations – could be severe as many financial transactions are made on behalf of businesses that would bear the additional costs of the tax. For example, a transaction tax would raise the cost of the sale and purchase of corporate bonds in a time where it is widely acknowledged that access to capital markets by corporate issuers has to be incentivised.

Moreover, it is a matter of concern for the Group that the proposal does not exempt the transfers of financial instruments within a group. Thus, if a financial instrument is not purchased for a client but only moved within a banking group, each transaction would be subject to taxation. Also, the inclusion of derivatives and repos/lending transactions in the taxation scope clashes with the efficiency of financial markets.

(Y) The Issuer may be affected by new accounting and regulatory standards

Following the entry into force and subsequent application of new accounting standards and/or regulatory rules and/or the amendment of existing standards and rules, the Issuer may have to revise the accounting and regulatory treatment of some operations and the related income and expense, with potentially negative effects on the estimates contained in the financial plans for future years and with the need to restate already published financial statements.

IFRS 9 “Financial instruments” has been issued on 24 July 2014. This new standard will introduce significant changes with regard to classification, measurement, impairment and hedge accounting of instruments, including financial instruments, replacing IAS 39 “Financial instruments: Recognition and Measurement”.

IFRS 9 replaces IAS 39 and is applicable starting from the date on which the first financial year starting on 1 January 2018 or thereafter.The European Commission endorsed the following accounting principles and interpretations that are applicable starting from the 2015 financial statements:

- Annual Improvements to IFRSs 2011-2013 Cycle (EU Regulation 1361/2014);
- Annual Improvements to IFRSs 2010-2012 Cycle (EU Regulation 28/2015); and
- Defined Benefit Plans: Employee Contributions (amendments to IAS 19) (EU Regulation 29/2015).

Risk related to IFRS 9 on "Financial Instruments" coming into force

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

In this regard, an important change is expected in 2018 from when IFRS 9 "Financial Instruments" comes into force. On 24 July 2014, the International Accounting Standard Board (the IASB) issued the final version of the new IFRS 9 which replaces the previous versions published in 2009 and 2010 for the classification and measurement stage, and in 2013 for the hedge accounting stage and completes the IASB project to replace IAS 39 "Financial Instruments: Recognition and Measurement".

With particular reference to the accounting standards which will be effective in future periods, the Issuer highlights that IFRS 9:

- will introduce significant changes, compared to IAS 39, to classification and measurement of loans and debt instruments based on the "business model" and on the characteristics of the cash flows of the financial instrument (SPPI - Solely Payments of Principal and Interests criteria);
- requires the classification of the equity instruments at fair value either through profit or loss or through "other comprehensive income". In this second case, unlike previous requirements for available for sale assets set by IAS 39, IFRS 9 has eliminated the request to recognize impairment losses and provide that, in case of disposal of the instruments, the gain or losses from disposal shall be recycled to other equity reserve and not to profit and loss accounts;
- will introduce a new accounting model for impairment, based on expected losses approach substituting the current approach based on the incurred losses and will introduce the concept of "lifetime" expected losses which may require an anticipation and increase of the structural provisioning with particular reference to credit losses;
- works on the hedge accounting, rewriting the rules for the designation of a hedge accounting relationship and for the verification of its effectiveness in order to achieve a stronger alignment between the hedge accounting treatment and the underlying risk management logics. It should be noted that the principle allows the entity to make use of the possibility to continue to apply IAS 39 hedge accounting rules until the IASB has completed the project on definition of the macrohedging rules; and

– changes the accounting treatment of "own credit", in other words changes in the fair value of issued debt liabilities designated at fair value not attributable to changes of the own credit price. The new accounting standard requires these changes shall be recognised in a specific equity reserve, rather than to the income statement, as requested under IAS 39, therefore removing a volatility source from the economic results.

The effective date of IFRS 9 is 1 January 2018, following the entry into force on 19 December 2016 of Regulation (EU) No. 2016/2067 of the Commission of 22 November 2016.

It is expected that at the first application date the main impacts on the Issuer could come from the application of the new impairment accounting model based on an expected losses approach, which is expected to cause an increase in the write-downs made to unimpaired assets (specifically receivables from customers), as well as the application of the new rules for the transfer of positions between the different classification stages under the new standard. Specifically, it is expected that greater volatility may be generated in the financial results between the different accounting periods, due to the dynamic change between the different stages of financial assets recorded in the financial statements (particularly between Stage 1 which will mainly include the new positions supplied and all the fully performing positions and Stage 2 which will include the positions in financial instruments which have suffered a deterioration in credit quality compared with the time of initial recognition). The changes in the book value of financial instruments due to the transition to IFRS 9 will be recognised against shareholders' equity at 1 January 2018.

On 10 November 2016, the EBA published a report that summarises the main results of the analysis of the impact on a sample of 50 European banks. As far as the quality component of the questionnaire is concerned, the authority highlighted how the sample of banks involved an operational complexity, specifically with regard to the aspects related to the quality of data, and technology in the introduction of the new principle. The report also pointed out how the change to the impairment model would lead, in the sample of banks examined, to average growth of the IAS 39 provisions (of approximately 18 per cent.) as well as having an impact on common equity tier 1 and on the total capital of 59 and 45 percentage points, respectively.

On 26 November 2016, the EBA launched a second impact assessment exercise, on the same sample of banks, in order to gather more detailed and updated insights regarding the implementation of the new Standard.

Further to the entry into force of IFRS9, the European Council has adopted a regulation that will allow, as an option, financial institutions to adopt a transitional regime where the additional loan loss provisions could be included in CET1 with a "phase-in" mechanism over 5 years starting from 2018.

In that regard, the proposals under discussion would allow, as an option, financial institutions to adopt a transitional regime where the additional loan loss provisions could be included in CET1 with a "phase-in" mechanism over 5 years starting from 2018. Nevertheless the final terms of that mechanism are still to be finalised.

For the sake of completeness, also note that the IASB issued, respectively on 28 May 2014 and 13 January 2016, the final versions of IFRS 15 "Revenues from contracts with customers" and IFRS 16 "Leases".

The new IFRS 15 applies from 1 January 2018, with the possibility of opting for early application, subject to the completion of the endorsement process by the European Union, in progress at the date of this Base Prospectus. This principle changes the current set of IFRS replacing the principles and interpretations of "revenue recognition" in force at the date of this Base Prospectus and, specifically, IAS 18. IFRS 15 includes:

– two approaches for measuring revenues ("at point in time" or "over time");

– a new transactions analysis model ("Five steps model") focused on the transfer of control; and

– greater information to be included in the notes to the financial statements.

The new IFRS 16, on the other hand, will apply from 1 January 2019 once it has been endorsed by the European Union.

IFRS 16 changes the current set of international accounting principles and interpretations in force on leasing, and, specifically IAS 17. IFRS 16 introduces a new definition of leasing and confirms the current distinction between the two types of leasing (operating and financial) with regard to the accounting model that the lessor must apply.

With reference to the accounting treatment to be applied by the lessee, the new accounting standard sets, for all the leasing typologies, the recognition as an asset, representing the right of use of the underlying asset and, at the same time, a liability reflecting the future payments of the lease contract.

After the initial recognition the right-of-use will be measured on the basis of the provisions set for tangible assets applying the cost model less any accumulated depreciation and any eventual accumulated impairment losses, at the revaluation model of the fair value model set by IAS 16 or IAS 40.

From the time the above principle comes into force there are plans from 1 January 2019 for the quantitative effects resulting from its adoption, not currently available, to form part of the Issuer's future estimates. It is, however, expected that the application of IFRS 16 could result in a revision, for the relevant Issuer and/or the Guarantor, as the case may be, of the accounting methods for revenues and costs relating to existing transactions as well as the recording of new assets and liabilities associated with operating lease agreements signed. These effects will create the consequent need to consistently and retrospectively revise the previous.

Based on regulatory and/or technological developments and/or the business context, it is also possible that the Issuer and/or the Guarantor could, in the future, further revise the operating methods for applying the IFRS, with possible negative impacts, including significant ones, on the operating results and capital and financial position of the relevant Issuer and/or the Guarantor, as the case may be.

The Mediobanca Group applies the new standard starting with effect from 1 July 2018.

(Z) Forthcoming regulatory and accounting changes

In addition to the substantial changes in capital and liquidity requirements introduced by Basel III and the CRD IV Package, there are several other initiatives, in various stages of finalisation, which represent additional regulatory pressure over the medium term and will impact the EU's future regulatory direction. These initiatives include, among others, a revised Markets in Financial Instruments EU Directive and Markets in Financial Instruments EU Regulation which are expected to apply as of 3 January 2018, subject to certain transitional arrangements The Basel Committee on Banking Supervision ("**BCBS**") has also published certain proposed changes to the current securitization framework which may be accepted and implemented in due course.

Moreover, the Basel Committee has embarked on a very significant risk weighted assets ("**RWAs**") variability agenda. This includes the Fundamental Review of the Trading Book, revised standardised approaches (e.g.credit, market, operational risk), constraints to the use of internal models as well as the introduction of a capital floor. The regulator's primary aim is to eliminate unwarranted levels of RWA variance. The new setup will have a significant impact on risk modelling. From a credit risk perspective, an impact is expected both on capital held against the exposures assessed via standardised approach and on those evaluated via an internal ratings based approach ("IRB"), due to the introduction of capital floors that, according to the new framework, will be calculated based on the revised standardised approach. Implementation of these new rules on risk models will take effect from 1 January 2022.

On 23 November 2016, the European Commission presented a comprehensive package of reforms designed to further strengthen the resilience of EU banks (the "**EU Banking Reform**"). The proposals contained in the EU Banking Reform amend many of the existing provisions set forth in CRD IV, the BRRD and the SRM Regulation.

On 25 May, 2018, the Council of the European Union published Presidency compromise proposals relating to the European Commission's above package of proposals and on 25 and 28 June, 2018, the European Parliament Committee on Economic and Monetary Affairs published reports containing its proposed amendments to the European Commission's package of proposals (the European Commission's package of proposals together with the Presidency compromise proposals, and the proposed amendments of the European Parliament, the EU Banking Reforms). On 4 December 2018, the European Parliament and the Council of the European Union reached a provisional political agreement on the banking package, a comprehensive set of reforms that the Commission proposed to further strengthen the resilience and the resolvability of EU banks. The timing for the final implementation of these reforms as at the date of this Information Memorandum is unclear.

On 7 December 2017 the Basel Committee endorsed the outstanding Basel III post-crisis regulatory reforms. The reforms, which include revisions to the measurement of the leverage ratio and a leverage ratio buffer for global systemically important banks (G-SIBs), which will take the form of a Tier 1 capital buffer set at 50% of a G-SIB's risk weighted capital buffer, will take effect from 1 January 2022 and will be phased in over five years.

In addition, the EU Banking Reform aims at changing the rules for calculating the capital requirements for market risks against the trading book positions set out in the CRR. The proposal seeks to transpose the work done by the Basel Committee (but not yet finalised in all its elements at that time) with the Fundamental Review of the Trading Book into EU law by establishing clearer and more easily enforceable rules on the scope of application to prevent regulatory arbitrage; improving risk capture, making requirements proportionate to reflect more accurately the actual risks to which banks are exposed; and strengthening the conditions to use internal models to enhance consistency and risk-weight comparability across banks. The proposed new rules envisage a phase-in period.There can be no assurance that the implementation of the new capital requirements, standards and recommendations described above will not require the Issuers to issue additional securities that qualify as regulatory capital, to liquidate assets, to curtail business or to take any other actions, any of which may have adverse effects on the Issuers' business, financial condition and results of operations. Furthermore, increased capital requirements may negatively affect Issuers' return on equity and other financial performance indicators.

As regards accounting rules relevant for the Issuer, on 24 July 2014 the International Accounting Standards Board published IFRS 9 relating to "Financial Instruments", which is set to replace IAS 39 from 1 January 2018, except that for a selective early adoption. IFRS 9 has been approved by Commission Regulation (EC) No. 2067/2016 published in the Official Gazette of the EU on 29 November 2016. IFRS 9 amends and complements the rules on the classification and measurement of financial instruments; introduces a new impairment model based on "expected credit losses" (the current model is based on provisions for "incurred losses"); and introduces new rules on general hedge accounting.

The application of IFRS 9 and the new approach based on "expected credit losses" could result in substantial additional impairment charges for the Issuer and add volatility to its regulatory capital ratios, and will result in additional costs to the Issuer relating to the implementation of such rules. The economic, financial and capital adequacy related effects of the implementation of IFRS 9 are not quantifiable, and investors should be aware that implementation of the IFRS 9 may have a material adverse effect on the business, financial condition and/or results of operations of the Issuer.

(AA) The Issuer's operation is dependent upon the correct functioning of the IT systems, which might expose the Group to certain risks

The Issuer's operation depends on, among other things, the correct and adequate operation of the Issuer's IT systems, as well as the continuous maintenance and constant updating.

The Issuer has always invested significant resources in upgrading its IT systems and improving its defense and monitoring systems. However, possible risks remain with regard to the reliability of the systems (e.g. disaster recovery), the quality and integrity of the data managed and the threats to which IT systems are subject, as well as physiological risks related to the management of software changes (change management), which could have negative effects on the Issuer's business, results of operations and financial condition.

Among the risks that the Issuer might face relating to the management of IT systems are the possible violations of its systems due to unauthorized access to the Issuer's corporate network or IT resources, the introduction of viruses into computers or any other form of abuse committed via internet. Like attempted hacking, such violations have become more frequent over the years throughout the world and therefore can threaten the protection of information relating to the Issuer and its customers and can have negative effects on the integrity of the Issuer's IT systems, as well as on the confidence of its customers and on the Issuer reputation, with possible negative effects on the Issuer's business, results of operations and financial condition.

Risks associated with the economic context and consequences of the United Kingdom's exit from the European Union (Brexit)

On 23 June 2016, a referendum took place in the United Kingdom on the permanence of the United Kingdom within the European Union. At the end of such referendum the majority of votes indicated the will to exit from the European Union (the "**Brexit**").

On 29 March 2017 the United Kingdom notified the European Council of its intention to withdraw from the European Union within the meaning and for the purposes of Article 50(2) of the Treaty on European Union. Article 50(2) requires that, in the light of the guidelines provided by the European Council, the Union shall negotiate and conclude an agreement with the United Kingdom, setting out the arrangements for its withdrawal from the European Union, taking account of the framework for its future relationship with the Union. Article 50 requires that such agreement shall be negotiated in accordance with Article 218(3) of the European Treaty on the Functioning of the European Union and concluded on behalf of the European Union by the European Council, acting by a qualified majority, after obtaining the consent of the European Parliament. Under Article 50(3) of the Treaty, the EU Treaties shall cease to apply to United Kingdom from the date of entry into force of the withdrawal agreement or, failing that, two years after the notification referred to in Article 50(2), unless the European Council, in agreement with the Member State concerned, unanimously decides to extend this period. Absent such extension, and subject to the terms of any withdrawal agreement, the United Kingdom shall withdraw from the European Union no later than 29 March 2019.

As part of the negotiations between the UK and Europe, a transitional period has been agreed in principle which would extend the application of EU law and provide for continuing access to the EU single market, until the end of 2020. Absent such abovementioned, the UK will withdraw from the EU no later than 29 March 2019. There are a number of uncertainties in connection with such negotiations, including their timing, and the future of the UK's relationship with the EU. However, regardless of the time scale and the term of the United Kingdom's exit from the European Union, the result of the referendum in June 2016 created significant uncertainties with regard to the political and economic outlook of the United Kingdom and the European Union. Amongs others, the following factors should be taken into account: the possibility that other European Union countries could hold similar referendums to the one held in the United Kingdom and/or call into question their membership of the European Union; the possibility that one or more countries

that adopted the Euro as their national currency might decide, in the long term, to adopt an alternative currency or prolonged periods of uncertainty connected to these eventualities could have significant negative impacts on global economic conditions and the stability of international financial markets; the political instability in light of the upcoming election within the European Union which could create new alliages and new centers of powers. Overall, these could include further falls in equity markets, a further fall in the value of the pound and, more in general, an increase in financial markets' volatility, reduce global market liquidity with possible negative consequences on the asset prices, operating results and capital and/or financial position of the Issuer.

Brexit could cause an increase in volatility in financial markets, a worsening in the terms of financing, especially in the so-called "peripheral" countries, including Italy, and consequently a possible economic slowdown. The consequences of Brexit are uncertain in particular (but without limitation), with respect to the application of the European Union integration process, the consequences of the failure to reach an agreement, the length and nature of the rights and obligations of the United Kingdom during an implementation or transitional period following the formal withdrawal from the European Union and the nature of trade, access by companies within the United Kingdom to other aspects of the European Union single market (including the provision of services throughout the European Union), security, defense and other relationships between the United Kingdom and the European Union following any such implementation or transitional period.

EU reform of "benchmarks" (including LIBOR, EURIBOR and other interest rate index and equity, commodity and foreign exchange rate indices)

The London Interbank Offered Rate ("**LIBOR**") Euro Interbank Offered Rate ("**EURIBOR**") and other indices which are deemed "benchmarks" are the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such "benchmarks" to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to a "benchmark".

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

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

On 17 May 2016, the Council of the European Union adopted the Benchmarks Regulation. The Benchmarks Regulation was published in the Official Journal on 29 June 2016 and entered into force on 30 June 2016. Subject to various transitional provisions, the Benchmarks Regulation applies from 1 January 2018, except that the regime for "critical" benchmarks has applied from 30 June 2016 and certain amendments to Regulation (EU) No. 596/2014 (the "**Market Abuse Regulation**") have applied from 3 July 2016. The Benchmarks Regulation applies to the provision of "benchmarks", the contribution of input data to a "benchmark" and the use of a "benchmark" within the EU. It will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or

otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities (such as the Issuer) of "benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The scope of the Benchmarks Regulation is wide and, in addition to applying to so-called "critical benchmark" indices such as EURIBOR, could also potentially apply to many other interest rate indices, as well as equity, commodity and foreign exchange rate indices and other indices (including "proprietary" indices or strategies) which are referenced in listed financial instruments (including listed Covered Bonds), financial contracts and investment funds.

The Benchmarks Regulation could also have a material impact on any Covered Bond linked to a "benchmarks" index, including in any of the following circumstances:

(i) an index which is a "benchmarks" 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 "benchmarks" and the applicable terms of the Covered Bond, the Covered Bond could be delisted (if listed), adjusted, redeemed or otherwise impacted;

(ii) the methodology or other terms of the "benchmarks" related to a Covered Bond could be changed in order to comply with the terms of the Benchmarks Regulation, and such changes could have the effect of reducing, increasing or affecting the volatility of the published rate or level of the relevant "benchmarks",and could lead to adjustments to the terms of the Covered Bond.

Any of the international, national or other reforms or the general increased regulatory scrutiny of "benchmarks" could increase the costs and risks of administering or otherwise participating in the setting of a "benchmarks" and complying with any such regulations or requirements.

For example, the sustainability of the London interbank offered rate ("**LIBOR**") has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of regulatory reforms) for market participants to continue contributing to such "benchmarks".

Such factors may have the effect of discouraging market participants from continuing to administer or participate in certain "benchmarks", trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the disappearance of certain "benchmarks". Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Covered Bond.

On 27 July 2017, the United Kingdom Financial Conduct Authority (the "**UK FCA**") announced that banks will no longer be persuaded or compelled to to submit rates for the calculation of the LIBOR "benchmark" after 2021 (the "**UK FCA Announcement**"). The UK FCA Announcement indicated that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. The potential elimination of the LIBOR "benchmark" or any other "benchmark", or changes in the manner of administration of any "benchmark", could require an adjustment to the terms and conditions, or result in other consequences, in respect of any Covered Bonds referencing such "benchmark". Consequently, such factors may have the effect of discouraging market participants from continuing to administer or participate in certain "benchmarks", trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the disappearance of certain "benchmarks". Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any such Covered Bonds.

Pursuant to the terms and conditions of any applicable Floating Rate Covered Bonds or any other Covered Bonds whose return is determined by reference to any benchmark, if the Issuer or Calculation Agent determines at any time that the Relevant Screen Page on which the Reference Rate for such Covered Bonds appears has been discontinued or following the adoption of a decision to withdraw the authorization or registration as set out in Article 35 of the Benchmarks Regulation or any other benchmark administrator

previously authorized to publish any Replacement Reference Rate under any applicable laws or regulations, the Issuer will appoint a Reference Rate Determination Agent (which may be (i) a leading bank or a broker-dealer in the principal financial center of the Specified Currency (which may include one of the Dealers involved in the issue of such Covered Bonds) as appointed by the Issuer, (ii) the Issuer or an affiliate of the Issuer (but in which case any such determination shall be made in consultation with an independent financial advisor), (iii) the Calculation Agent (if agreed in writing by the relevant Calculation Agent with the Issuer) or (iv) any other entity which the Issuer considers has the necessary competences to carry out such role) who will determine a Replacement Reference Rate, as well as any necessary changes to the business day convention, the definition of business day, the interest determination date, the day count fraction, and any method for obtaining the Replacement Reference Rate, including any adjustment factor needed to make such Replacement Reference Rate comparable to the Relevant Screen Page on which the Reference Rate appears. Such Replacement Reference Rate and any such other changes will (in the absence of manifest error) be final and binding on the Bondholders, the Issuer, the Calculation Agent and the Paying Agent and any other person, and will apply to the relevant Covered Bonds without any requirement that the Issuer obtain consent of any Bondholders.

The Replacement Reference Rate may have no or very limited trading history and accordingly its general evolution and/or interaction with other relevant market forces or elements may be difficult to determine or measure. In addition, the replacement rate may perform differently from the discontinued benchmark. For example, there are currently proposals to replace LIBOR (which generally has a term of one, three or six months) with an overnight rate. Similarly, proposals have been made to use a rate on highly rated government obligations to replace LIBOR, which is currently based on interbank lending rates and carries an implicit element of credit risk of the banking sector. These and other changes could significantly affect the performance of an alternative rate compared to the historical and expected performance of LIBOR or any other relevant benchmark. There can be no assurance that any adjustment factor applied to any Series of Covered Bonds will adequately compensate for this impact. This could in turn impact the rate of interest on, and trading value of, the affected Covered Bonds.

If the Reference Rate Determination Agent is unable to determine an appropriate Replacement Reference Rate for any discontinued Reference Rate or a decision to withdraw the authorization or registration as set out in Article 35 of the Benchmarks Regulation or any other benchmark administrator previously authorized to publish any Replacement Reference Rate under any applicable laws or regulations is adopted but for any reason a Replacement Reference Rate is not determined, then the provisions for the determination of the rate of interest on the affected Covered Bonds will not be changed. In such cases, the Terms and Conditions of the Covered Bonds provide that the relevant Interest Rate on such Covered Bonds will be the last Reference Rate available for the immediately preceding Interest Period on the Relevant Screen Page as determined by the Calculation Agent, effectively converting such Covered Bonds into fixed rate Covered Bonds.

Furthermore, in the event that no Replacement Reference Rate is determined by the Reference Rate Determination Agent and the affected Covered Bonds are effectively converted to fixed rate Covered Bonds as described above, investors holding such Covered Bonds might incur costs from unwinding hedges. Moreover, in a rising interest rate environment, holders of such Covered Bonds will not benefit from any increase in rates. The trading value of such Covered Bonds could therefore be adversely affected. Such factors may have the following effects on certain "benchmarks": (i) discourage market participants from continuing to administer or contribute to such "benchmark"; (ii) trigger changes in the rules or methodologies used in the "benchmarks" or (iii) lead to the disappearance of the "benchmark". Any of the above changes or any other consequential changes as a result of international, national or other proposals for reform or other initiatives or investigations, could have a material adverse effect on the value of and return on any Covered Bonds linked to a "benchmark".

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

3. RISK FACTORS RELATING TO THE COVERED BONDS

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

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. Series may be issued in more than one Tranche which are fungible among themselves within the Series and are identical in all respects, but having different issue dates, interest commencement dates, issue prices and dates for first interest payments. 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 Guarantor under the Guarantee. If an Issuer Event of Default and a Guarantor Events of Default occur and result 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. Set out below is a description of the most common of such features:

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.

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 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.

Variable Rate Covered Bonds with a multiplier or other leverage factor

Covered Bonds with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps, floors or collars (or any combination of those features or other similar related features), their market values may be even more volatile than those for securities that do not include those features. However investors should consider that the aforementioned multipliers or other leverage factors (if any) will never be indexed to an underlying.

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.

Interest rate risks

Investments in Fixed Rate Covered Bonds involve the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Covered Bonds.

Floating rate risks

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

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 remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Risks related to Covered Bonds generally

Set out below is a brief description of certain risks relating to the Covered Bonds generally:

Programme Resolutions

Any Programme Resolution to direct the Representative of the Bondholders to take any enforcement action must be passed at a single meeting of the holders of all Covered Bonds of all Series then outstanding as set out in the Rules of the Organisation of the Bondholders attached to the Conditions as Schedule 1 and cannot be decided upon at a meeting of Bondholders of a single Series. A Programme Resolution will be binding on all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

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

(a) provided that in the opinion of the Representative of the Bondholders which may be based on the advice of, or information obtained from, any lawyer, accountant, banker, tax advisor, Rating Agency or other expert, as described in the Conditions such modification is not materially prejudicial to the interests of any of the Bondholders of any Series; or

(b) which in the opinion of the Representative of the Bondholders which may be based on the advice of, or information obtained from, any lawyer, accountant, banker, tax advisor, Rating Agency or other expert, as described in the Conditions are made to correct a manifest error or an error established as

such to the satisfaction of the Representative of the Bondholders or of a formal, minor or technical nature or are made to comply with mandatory provisions of law.

Controls over the transaction

The BoI Regulations require that certain controls be performed by the Issuer (see "*Selected aspects of Italian law – Controls over the transaction*"), aimed, *inter alia*, at mitigating the risk that any obligation of the Issuer or the Guarantor under the Covered Bonds is not complied with. Whilst the Issuer believe they have 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 Guarantor's ability to perform their obligations under the Covered Bonds. However investors should consider that, in accordance with the BoI Regulations, a qualified entity (being an auditing firm) has been appointed as asset monitor in the context of the Programme to carry out controls on the regularity of the transaction (*regolarità dell'operazione*) and the integrity of the Guarantee (*integrità della garanzia*) (see "*Description of the Asset Monitor*").

Limits to Integration

Under the BoI Regulations, the integration of the Cover Pool, whether through Eligible Assets or through Integration Assets shall be carried out in accordance with the methods, and subject to the limits, set out in the BoI Regulations (see "*Selected aspects of Italian law – Tests set out in the MEF Decree*").

More specifically, under the BoI Regulations, Integration is allowed exclusively for the purpose of (a) complying with the tests provided for under the MEF Decree; (b) complying with any contractual overcollateralisation requirements agreed by the parties to the relevant agreements or (c) complying with the Integration Assets Limit.

Investors should note that such integration of the Cover Pool is not allowed in circumstances other than as set out in the BoI Regulations and specified above.

Tax consequences of holding the Covered Bonds

Prospective investors in the Covered Bonds should consult their own tax advisers concerning the overall tax consequences under Italian tax law, under the tax laws of the country in which they are resident for tax purposes and of any other potentially relevant jurisdiction of acquiring, holding and disposing of the Covered Bonds and receiving payments of interest, principal and/or other amounts under the Covered Bonds, including in particular the effect of any state, regional or local tax laws.

Payments under the Covered Bonds may be subject to withholding tax pursuant to the U.S. Foreign Accountc Tax Compliance Act

Whilst the Covered Bonds are in global form and held within Euroclear and Clearstream, Luxembourg (together, the "**ICSDs**"), in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the ICSDs. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA), provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation

of FATCA and how FATCA may affect them. The obligations of the Issuer and of the Guarantor, if applicable, under the Covered Bonds are discharged once it has paid the common depositary or common safekeeper for the ICSDs (as bearerholder of the Covered Bonds) and the Issuer and the Guarantor, if applicable, have therefore no responsibility for any amount thereafter transmitted through hands of the ICSDs and custodians or intermediaries.

Base Prospectus to be read together with applicable Final Terms

In relation to Covered Bonds other than Registered Covered Bonds, the terms and conditions of the Covered Bonds included in this Base Prospectus apply to the different types of Covered Bonds (other than the Registered Covered Bonds) which may be issued under the Programme. The *full* terms and conditions applicable to each Series of Covered Bonds (other than the Registered Covered Bonds) can be reviewed by reading the master Terms and Conditions as set out in *full* in this Base Prospectus, which constitute the basis of all Covered Bonds (other than the Registered Covered Bonds) to be offered under the Programme, together with the applicable Final Terms which applies and/or disapplies, supplements and/or amends the master Terms and Conditions of the Programme in the manner required to reflect the particular terms and conditions applicable to the relevant Series of Covered Bonds (other than the Registered Covered Bonds).

As better specified under the Section "*Key features of Registered Covered Bonds (namensschuld verschreibungen)*" of this Base Prospectrus, 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 terms and conditions set out in this Base Prospectus. Such legal documentation will comprise the relevant Registered CB Conditions, the Assignment Agreement, the related Registered Covered Bonds Rules Agreement and the letter of appointment of (i) any Registered Paying Agent in respect of the Registered Covered Bonds and (ii) the Registrar in respect of the Registered Covered Bonds. 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.

Changes of law

The structure of the issue of the Covered Bonds and the ratings which are to be assigned to them are based on the law of the Republic of Italy in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible change to the law of Italy or administrative practice in Italy after the date of this Base Prospectus.

4. RISK FACTORS RELATING TO THE GUARANTOR AND THE GUARANTEE

Guarantor only obliged to pay guaranteed amounts on the Due for Payment Date

The Guarantor has no obligation to pay the Guaranteed Amounts payable under the Guarantee until service of an Issuer Default Notice by the Representative of the Bondholders on the Guarantor following the occurrence of an Issuer Event of Default.

An Issuer Default Notice can only be served if an Issuer Event of Default occurs. A Guarantor Default Notice can only be served if a Guarantor Event of Default occurs.

Following service of an Issuer Default Notice on the Guarantor (provided that (a) an Issuer Event of Default has occurred and (b) no Guarantor Default Notice has been served) under the terms of the Guarantee, the Guarantor will be obliged to pay Guaranteed Amounts on the Due for Payment Date. Such payments will be subject to and will be made in accordance with the Post-Issuer Event of Default Priority of Payments. In these circumstances, other than the Guaranteed Amounts, the 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.

Extendable obligations under the Guarantee

With respect to the Series (or Tranche) of Covered Bonds in respect of which the Extended Maturity Date is specified as applicable in the relevant Final Terms, if the Guarantor is obliged under the Guarantee to pay a Guaranteed Amount and has insufficient funds available under the relevant priority of payments to pay such amount on the Extension Determination Date, then the obligation of the Guarantor to pay such Guaranteed Amounts shall automatically be deferred to the relevant Extended Maturity Date. However, to the extent the Guarantor has sufficient moneys available to pay in part the Guaranteed Amount in respect of the relevant Series (or Tranche) of Covered Bonds, the Guarantor shall make such partial payment in accordance with the relevant Priorities of Payments, as described in Condition 8 (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, Condition 8 (Redemption and Purchase), mutatis mutandis. In these circumstances, except where the Guarantor has failed to apply money in accordance with the relevant Priorities of Payments in accordance with Condition 8 (Redemption and Purchase), failure by the 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 in case of an applicable grace period) shall not constitute a Guarantor Events of Default. However, failure by the 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 Guarantee will (subject to any applicable grace period) constitute a Guarantor Events of Default.

No Gross-up for Taxes

Notwithstanding anything to the contrary in this Base Prospectus, if Tax Deduction is imposed on any payment under the Covered Bonds, the Guarantor will make the required Tax Deduction for the account of the Bondholders, as the case may be, and shall not be obliged to pay any additional amounts to the Bondholders.

Limited resources available to the Guarantor

The Guarantor's ability to meet its obligations under the Guarantee will depend on the realisable value of the Cover Pool, the amount of principal and interest generated by the Cover Pool and the timing thereof, the proceeds of any Eligible Investments and amounts received from the Swap Counterparties. The Guarantor will not have any other source of funds available to meet its obligations under the Guarantee.

If a Guarantor Event of Default occurs, the proceeds of the Cover Pool may not be sufficient to meet the claims of all the Bondholders. If the Bondholders 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.

The Bondholders should note that the Asset Coverage Test and the Amortisation Test have been structured to ensure that the outstanding nominal amount of the Cover Pool shall be equal to, or greater than, the nominal amount of the outstanding Covered Bonds. In addition the MEF Decree and the BoI Regulations provide for certain further mandatory tests aimed at ensuring that (a) the net present value of the Cover Pool (net of certain costs) shall be equal to, or greater than, the net present value of the Covered Bonds; and (b) the amount of interests and other revenues generated by the Cover Pool (net of certain costs) shall be equal to, or greater than, the interests and costs due by the Issuer under the Covered Bonds.

However there is no assurance that there will not be a shortfall.

The Bondholders and the other Secured Creditors have undertaken in the Intercreditor Agreement not to petition or commence proceedings for a declaration of insolvency (nor join any such petition or proceedings) against the Guarantor at least until (i) one year and one day after the Maturity Date of the Latest Maturing Covered Bonds, (ii) in case of prepayment in full of the Covered Bonds, two years and one day after the date

on which the Covered Bonds have been repaid in full and cancelled in accordance with the Conditions or (iii) one year and one day after the full redemption and cancellation of the covered bonds issued in the context of any other covered bonds programme which may be implemented by the Guarantor in its capacity of guarantor (if any).

Reliance of the Guarantor on third parties

The Guarantor has entered into agreements with a number of third parties, which have agreed to perform services for the Guarantor. In particular, but without limitation, the Servicer has been (and the Successor Servicer may be) appointed to service the Cover Pool and the Asset Monitor has been appointed to monitor compliance, *inter alia*, with the Mandatory Test. 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 Cover Pool or any part thereof may be affected, or, pending such realisation (if the Cover Pool or any part thereof cannot be sold), the ability of the Guarantor to make payments under the Guarantee may be affected. For instance, if the Servicer has failed to adequately administer the Cover Pool, this may lead to higher incidences of non-payment or default by Debtors. The Guarantor is also reliant on the Swap Counterparties to provide it with the funds matching its obligations under the Guarantee.

If a Servicer Termination Event occurs pursuant to the terms of the Servicing Agreement, then the Guarantor and/or the Representative of the Bondholders will be entitled to terminate the appointment of the Servicer and appoint a Successor Servicer in its place. There can be no assurance that a substitute servicer with sufficient experience of administering the Cover Pool would be found who would be willing and able to service the Cover Pool on the terms of the Servicing Agreement. The ability of a Successor 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 may affect the realisable value of the Cover Pool or any part thereof, and/or the ability of the Guarantor to make payments under the Guarantee.

The Representative of the Bondholders is not obliged in any circumstances to act as a Servicer or to monitor the performance by any Servicer of its obligations.

Reliance on Swap Counterparty

To provide a hedge against interest rate risk on the Cover Pool, the Guarantor may enter into one or more Cover Pool Swap Agreement(s) with the relevant Cover Pool Swap Counterparty. In addition, to provide a hedge against currency (if any) and/or interest rate exposure in relation to obligations under the Covered Bonds, the Guarantor may enter into one or more Covered Bond Swap Agreement(s) with the relevant Covered Bond Swap Counterparty.

If the 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 Swap Counterparty is (unless otherwise stated in the relevant Swap Agreement) only obliged to make payments to the Guarantor as long as the Guarantor complies with its payment obligations under the relevant Swap Agreement. In circumstances where non-payment by the Guarantor under a Swap Agreement does not result in a default under that Swap Agreement, the Swap Counterparty may be obliged to make payments to the Guarantor pursuant to the Swap Agreement as if payment had been made by the Guarantor. Any amounts not paid by the Guarantor to a Swap Counterparty may in such circumstances incur additional amounts of interest by the Guarantor, which would rank senior to amounts due on the Covered Bonds. If the Swap 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 Guarantor on the payment date under the Swap Agreements, the Guarantor will be exposed to changes in the relevant currency exchange rates to Euro and to any changes in the relevant rates of interest. In addition, the Guarantor may hedge only part of the potential risk and, in such circumstances, may have insufficient funds to make payments under the Covered Bonds or the Guarantee.

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

If the Guarantor is obliged to pay a termination payment under any Swap Agreement, such termination payment may rank *pari passu* with (or under certain circumstances ahead of) certain amounts due on the Covered Bonds. Accordingly, the obligation to pay a termination payment may adversely affect the ability of the Guarantor to meet its obligations under the Covered Bonds.

Downgrading events of the counterparties

The parties to the Transaction Documents who receive and hold monies pursuant to the terms of such documents (such as the Account Bank or the Servicer) are required to satisfy certain criteria in order to continue to receive and hold such monies.

These criteria include, *inter alia*, requirements in relation to the long-term, unguaranteed and unsecured ratings or the short-term, unguaranteed and unsecured ratings (as the case may be) ascribed to such party by the Rating Agency or alternatively to the controlling party in the specific case of the Servicer. If the party concerned ceases to satisfy the ratings criteria, (i) the rights and obligations of that party (including the right or obligation to receive monies, or to effect payments, on behalf of the Guarantor) may be required to be transferred to another entity which does satisfy the applicable criteria or (ii) in the case of the controlling party to the Servicer, a guarantee may be required or alternatively, *inter alia*, a third party entity satisfying the applicable criteria shall deposit an amount able to cover the set-off risk. In these circumstances, the terms agreed with the replacement entity may not be as favourable as those agreed with the original party pursuant to the Transaction Documents.

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

Limited description of the Cover Pool

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

(a) the Seller or the Additional Seller (if any) selling further Eligible Assets and/or Integration Assets (also Eligible Assets which are of a type that have not previously been comprised in the Cover Pool to the Guarantor); and

(b) the Seller or the Additional Seller (if any) repurchasing certain Eligible Assets and/or Integration Assets in accordance with the Master Purchase Agreement;

(c) the Seller or the Additional Seller (if any) and the Servicer being granted by the Guarantor with a power to renegotiate the terms and conditions of the Assets comprised in the Cover Pool.

However, each claim will be required to meet the Criteria and to conform to the representations and warranties set out in the Master Purchase Agreement — see "*Description of the Transaction Documents — Master Purchase Agreement*". In addition, the Mandatory Test are intended to ensure, *inter alia*, that the

ratio of the Guarantor's assets to the Covered Bonds is maintained at a certain minimum level and the Test Report Provider will provide on each Calculation Date a report that will set out, *inter alia*, certain information in relation to the Mandatory Test.

Maintenance of the Cover Pool

Pursuant to the terms of the Master Purchase Agreement and the Portfolio Management Agreement, the Seller has agreed (and the Additional Seller(s), if any, will agree pursuant to the relevant master purchase agreement) to transfer further Eligible Assets and/or Integration Assets to the Guarantor and the Guarantor has agreed to purchase further Eligible Assets and/or Integration Assets in order to ensure that the Cover Pool is in compliance with the Tests. The purchase price of the Initial Portfolio shall be funded through the proceeds of the Initial Subordinated Loan; the purchase price of the Subsequent Portfolios will be funded through the proceeds of the Subsequent Subordinated Loans; the purchase price of the Further Portfolios will be funded through the Principal Available Funds and the purchase price of the Eligible Assets and/or the Integration Assets transferred by the Seller to the Guarantor to comply with the Tests will be funded through the proceeds of Subordinated Loans (or through the Available Funds, but only in order to cure the Interest Coverage Test).

Under the terms of the Portfolio Management Agreement, the Issuer and the Seller have undertaken to ensure that on each Calculation Date the Cover Pool is in compliance with the Tests. If on any Calculation Date the Cover Pool is not in compliance with the Tests, then the Seller and, to the extent that the Seller does not meet such obligation, the Issuer shall assign to the Guarantor, and the Guarantor shall purchase by the Seller or the Issuer, as the case may be, Integration Assets and/or other Eligible Assets using the proceeds deriving from the Subordinated Loans to cure the relevant Test, representing an amount sufficient to allow the Tests to be met on the next following Calculation Date. If the Cover Pool is not in compliance with the Tests on the next following Calculation Date, the Representative of the Bondholders will serve a Breach of Test Notice on the Issuer and the Guarantor. The Representative of the Bondholders shall revoke the Breach of Test Notice if on the next following Calculation Date the Tests are subsequently satisfied and without prejudice to the obligation of the Representative of the Bondholders to serve a Breach of Test Notice in the future. If, following the delivery of a Breach of Test Notice, the Tests are not met on, or prior to, the next Calculation Date, the Representative of the Bondholders will serve an Issuer Default Notice on the Issuer and the Guarantor.

If the aggregate collateral value of the Cover Pool has not been maintained in accordance with the terms of the Tests, that may affect the realisable value of the Cover Pool or any part thereof (both before and after the occurrence of a Guarantor Event of Default) and/or the ability of the Guarantor to make payments under the Guarantee. However, failure to satisfy the Amortisation Test on any Calculation Date following an Issuer Event of Default will constitute a Guarantor Event of Default, thereby entitling the Representative of the Bondholders to accelerate the Covered Bonds against the Issuer (to the extent not already accelerated against the Issuer) and the Guarantor's obligations under the Guarantee against the Guarantor subject to and in accordance with the Conditions.

Prior to the delivery of an Issuer Default Notice and subject to receipt of the relevant information from the Issuer, the Asset Monitor will perform specific agreed upon procedures set out in an engagement letter entered into with the Issuer on or about the First Issue Date concerning, *inter alia*, (a) the compliance with the issuing criteria set out in the BoI Regulations in respect of the issuance of covered bonds; (b) the compliance with the eligibility criteria set out under the MEF Decree with respect to the Eligible Assets and Integration Assets included in the Cover Pool; (c) the arithmetical accuracy of the calculations performed by the Test Report Provider in respect of the Mandatory Tests and the compliance with the limits set out in the MEF Decree; (d) the compliance with the limits to the transfer of the Eligible Assets set out under the MEF Decree and BoI Regulations; (e) the effectiveness and adequacy of the risk protection provided by any Swap Agreement which may be entered into in the context of the Programme; and (f) the completeness, truthfulness and the timely delivery of the information provided to investors pursuant to article 129,

paragraph 7, of CRR.. In addition, the Asset Monitor will, pursuant to the terms of the Asset Monitor Agreement, (i) prior to the delivery of Issuer Default Notice, verify on behalf of the Issuer, on an annual basis or more frequently upon occurrence of some circumstances set out thereunder, the arithmetical accuracy of the calculations performed by the Test Report Provider in respect of the Mandatory Test and the Asset Coverage Test; and (ii) following the delivery of a Issuer Default Notice, verify, on behalf of the Guarantor, the arithmetical accuracy of the calculations performed by the Test Report Provider in respect of the Amortisation Test on a quarterly basis. See further "*Description of the Transaction Documents – Asset Monitor Agreement*".

The Representative of the Bondholders shall not be responsible for monitoring compliance with, nor the verification of, the Tests or any other test, or supervising the performance by any other party of its obligations under any Transaction Document.

Sale of Selected Assets following the occurrence of an Issuer Event of Default

If a Issuer Default Notice is served on the Guarantor, then the Guarantor may be obliged to sell (through a Portfolio Manager) Selected Assets (selected on a random basis) in order to make payments to the Guarantor's creditors including making payments under the Guarantee, see "*Description of the Transaction Documents — Portfolio Management Agreement*".

There is no guarantee that a buyer will be found to acquire Selected 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, which may affect payments under the Guarantee. However, the Selected Assets may not be sold by the Guarantor for less than an amount equal to the Required Outstanding Principal Balance Amount for the relevant Series of Covered Bonds until 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. In the six months prior to, as applicable, the Maturity Date or Extended Maturity Date, the Guarantor is obliged to sell the Selected Assets for the best price reasonably available notwithstanding that such price may be less than the Required Outstanding Principal Balance Amount.

Realisation of assets following the occurrence of a Guarantor Event of Default

If a Guarantor Events of Default occurs and a Guarantor Default Notice is served on the Guarantor, then the Representative of the Bondholders shall, in the name and on behalf of the Guarantor direct the Portfolio Manager to sell all the Eligible Assets and the Integration Assets as quickly as reasonably practicable taking into account the market conditions at that time (see "*Description of the Transaction Documents — Portfolio Management Agreement*").

Following the service of a Guarantor Default Notice, there is no guarantee that the proceeds of realisation of the Cover Pool will be in an amount sufficient to repay all amounts due to creditors (including the Bondholders) under the Covered Bonds and the Transaction Documents.

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

Following the occurrence of an Issuer Event of Default, the service of an Issuer Default Notice on the Issuer and on the Guarantor, the realisable value of Selected Assets comprised in the Cover Pool may be reduced (which may affect the ability of the Guarantor to make payments under the Guarantee) by, *inter alia*:

(f) default by borrowers of amounts due on their receivables;

(g) changes to the lending criteria of the Seller;

(h) set-off risks in relation to some types of Eligible Assets included in the Cover Pool;

(i) decrease of the economic value of the Assets comprised in the Cover Pool;

(j) possible regulatory changes by the Bank of Italy, Consob and other regulatory authorities (including, without limitation, regulations in Italy that could lead to some terms of the Eligible Assets included in the Cover Pool being unenforceable);

(k) unwinding cost related to the hedging structure.

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

Value of the Cover Pool

The Guarantee granted by the Guarantor in respect of the Covered Bonds will be backed by the Cover Pool and the recourse against the Guarantor will be limited to such assets. Since the economic value of the Cover Pool may increase or decrease, the value of the Guarantor's assets may decrease (for example if there is a general decline in property values). The 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 property market in Italy experiences an overall decline in property values, the value of the Mortgage Loan could be significantly reduced and, ultimately, may result in losses to the Bondholders if such security is required to be enforced.

No representations or warranties to be given by the Guarantor or the Seller if Selected Assets and their related security interests are to be sold

After the service of a Breach of Test Notice or of Issuer Default Notice on the Guarantor, the Guarantor may, and following an Issuer Default Notice shall, sell the Selected Assets and their related security interests included in the Cover Pool, on the terms and conditions set out in the Portfolio Management Agreement, subject to a right of pre emption granted to the Seller pursuant to the terms of the Master Purchase Agreement and of the Portfolio Management Agreement. In respect of any sale of Selected Assets and their related security interests to third parties, however, the Guarantor will not provide any warranties or indemnities in respect of such Selected Assets and related security interests and there is no assurance that the Seller itself would give or repeat any warranties or representations in respect of the Selected Assets and related security interests. Any representations or warranties previously given by the Seller in respect of the Assets included in the Cover Pool may not have value for a third party purchaser if the Seller is then insolvent. Accordingly, there is a risk that the realisable value of the Selected Assets and related security interests could be adversely affected by the lack of representations and warranties which in turn could adversely affect the ability of the Guarantor to meet its obligations under the Guarantee.

Claw-back of the transfer of the Claims

The transfer of the Assets under the relevant transfer agreement is subject to claw-back upon bankruptcy of the related Seller under article 67 of the Insolvency Law, but only in the event that the covered bonds transaction (or the purchase of the Assets) is perfected within three months prior to the adjudication of bankruptcy of the relevant Seller or, in cases where paragraph 1 of article 67 applies, within six months prior to the adjudication of bankruptcy.

Default by borrowers in paying amounts due on their Mortgage Loans

Borrowers may default on their obligations due under the Mortgage Loans for a variety of reasons. The receivables arising from the Mortgage Loans 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 borrowers, and could ultimately have an adverse impact on the ability of borrowers to repay the Mortgage Loans. Loss of earnings, illness, divorce and other similar factors may lead to an increase in default by and bankruptcies of borrowers, and could ultimately have an adverse impact on the ability of borrowers to repay the Mortgage Loans. In addition, the ability of a borrower to sell a property given as security for a Mortgage Loan at a price sufficient to repay the amounts outstanding under that Mortgage Loan will depend upon a number of factors, including the availability of buyers for that property, the value of that property and property values in general at the time.

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

Law 3 August 1998, No. 302 allowed notaries, accountants and lawyers to conduct certain stages of the enforcement procedures in place of the courts in order to reduce the length of enforcement proceedings by between two and three years.

Insurance coverage

All Mortgage Loans provide that the relevant real estate assets must be covered by an Insurance Policy issued by leading insurance companies approved by the Seller. There can be no assurance that all risks that could affect the value of the real estate assets are or will be covered by the relevant Insurance Policy or that, if such risks are covered, the insured losses will be covered in full. Any loss incurred in relation to the real estate assets which is not covered (or which is not covered in full) by the relevant Insurance Policy could adversely affect the value of the real estate assets and the ability of the relevant Debtor to repay the relevant mortgage loan.

Changes to the lending criteria of the Seller

Each of the Mortgage Loans originated by the Seller will have been originated in accordance with its lending criteria at the time of origination. Each of the Mortgage Loans sold to the Guarantor by the Seller, but originated by a person other than a Seller (an "**Originator**"), will have been originated in accordance with the lending criteria of such Originator at the time of origination. It is expected that the Seller's or the Originator's, as the case may be, 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 Loans to the Guarantor, the Seller will warrant that (a) such Mortgage Loans as were originated by it were originated in accordance with the Seller's lending criteria applicable at the time of origination and (b) such Mortgage Loans as were originated by an Originator were originated in accordance with the Originator's lending criteria applicable at the time of origination. An Originator may additionally revise its lending criteria at any time. The Seller may revise its lending criteria from time to time. However, if such lending criteria change in a manner that affects the creditworthiness of the Mortgage Loans, that may lead to increased defaults by borrowers and may affect the realisable value of the Cover Pool and the ability of the Guarantor to make payments under the Guarantee.

Unwinding cost related to the hedging structure

If a Swap Agreement terminates, then the Guarantor may be obliged to make a termination payment to the relevant Swap Counterparty according to the relevant Priority of Payments. There can be no assurance that

the Guarantor will have sufficient funds available to make a termination payment under the relevant Swap Agreement, nor can there be any assurance that the Guarantor will be able to enter into a replacement swap agreement.

Legal risks relating to the Mortgage Loans

The ability of the Guarantor to recover payments of interest and principal from the Mortgage Loans is subject to the legal risksset out below:

Set-off risks

Under general principles of Italian law, the borrowers under the Mortgage Loans are entitled to exercise rights of set-off in respect of amounts due under any Mortgage Loan to the Guarantor against any amounts payable by the Seller to the relevant borrowers and which came into existence prior to the later of: (i) the publication of the notice of assignment of the Claims in the Italian Official Gazette (*Gazzetta Ufficiale della Repubblica Italiana*) and (ii) the registration of such notice in the competent companies' register. Under the representations and warranties contained in the Master Purchase Agreement, the Seller has agreed to indemnify the Guarantor in respect of any reduction in amounts received by the Guarantor in respect of the Cover Pool as a result of the exercise by any borrower of a right of set-off. In addition, the exercise of set-off rights by borrowers may adversely affect any sale proceeds of the Cover Pool and, ultimately, the ability of the Guarantor to make payments under the Guarantee.

Consequently, the rights of the Guarantor may be subject to the direct rights of the borrowers against the Seller or, as applicable the relevant Originator, including rights of set-off on claims arising or existing prior to notification in the Official Gazette and registration at the local Companies' Registry. In addition, the exercise of set-off rights by the borrowers may adversely affect any sale proceeds of the Cover Pool and, ultimately, the ability of the Guarantor to make payments under the Guarantee.

Moreover, Destinazione Italia Decree introduced certain amendments to article 4 of Law 130/99. As a consequence of such amendments, it is now expressly provided by Law 130/99 that the borrowers cannot exercise rights of set-off against the Guarantor on claims arising *vis-à- vis* the Seller after the publication of the notice of assignment in the Italian Official Gazette (*Gazzetta Ufficiale della Repubblica Italiana*).

Usury Law

The interest payments and other remuneration paid by the Borrowers under the Mortgage Loans are subject to Italian law No. 108 of 7 March 1996 (the "**Usury Law**", as amended by, *inter alia*, Law Decree no. 70 of 13 May 2011 (converted into law, with amendments, by Law no. 106 of 12 July 2011 published in the Official Gazette no. 160 of 12 July 2011)), which introduced legislation preventing lenders from applying interest rates equal to, or higher than, rates (the "**Usury Rates**") set every three months on the basis of a decree issued by the Italian Ministry of Economy and Finance (the last such decree having been issued on 27 September, 2018). In addition, even where the applicable Usury Rates are not exceeded, interest and other advantages and/or remuneration may be held to be usurious if: (i) they are disproportionate to the amount lent (taking into account the specific situations of the transaction and the average rate usually applied for similar transactions); and (ii) the person who paid or agreed to pay them was in financial and economic difficulties. The provision of usurious interest, advantages or remuneration has the same consequences as non-compliance with the Usury Rates.

The Italian Government, with law decree No. 394 of 29 December 2000 (the "**Usury Law Decree**" and, together with the Usury Law, the "**Usury Regulations**"), converted into law by law No. 24 of 28 February 2001, has established, *inter alia*, that interest is to be deemed usurious only if the interest rate agreed by the parties exceeds the Usury Rate applicable at the time the relevant agreement is reached, regardless of the time at which interest is repaid by the borrower. The Usury Law Decree also provides that, as an extraordinary measure due to the exceptional fall in interest rates in the years 1998 and 1999, interest rates due on instalments payable after 2 January 2001 on loans already entered into on the date on which the

Usury Law Decree came into force (such date being 31 December 2000) are to be substituted with a lower interest rate fixed in accordance with parameters determined by the Usury Law Decree.

Despite such authentic interpretation, a jurisprudential debate has taken place over recent years on the interpretation of the Usury Law. In particular, a few commentators and court decisions held that, irrespective of the principle set out in the Usury Law Decree, 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 authomatically reduced to the then applicable usury limit. Recently, the Italian Supreme Court in joint session (*Corte di Cassazione a Sezioni Unite*), under decision No. 24675/2017 has resolved the above debate ruling that the interest rate is to be deemed usurious only with respect to the Usury Rate applicable at the time the relevant agreement is entered into, irrespective of the time of payment. Therefore, in case the interest rate became higher than the Usury Rate at a later date, then it would not be deemed usurious and, consequently, the relevant provision would not be invalid.

If a Mortgage Loan is found to contravene the Usury Regulations, the relevant borrower might be able to claim relief on any interest previously paid and to oblige the Guarantor to accept a reduced rate of interest, or potentially no interest on such Mortgage Loan. In such cases, the ability of the Guarantor to maintain scheduled payments of interest and principal on the Covered Bonds may be adversely affected. Pursuant to the Master Purchase Agreement, the Seller has undertaken to indemnify the Guarantor in respect of the non-usury portion of interest.

*Compounding interest (*anatocismo*)*

Pursuant to article 1283 of the Italian civil code, accrued interest in respect of a monetary claim or receivable may be capitalised after a period of not less than six months only (i) under an agreement subsequent to such accrual or (ii) 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 (*usi*) to the contrary. Banks and financial companies in the Republic of Italy have traditionally capitalised accrued interest on a three-monthly basis on the grounds that such practice could be characterised as a customary practice (*uso normativo*). However, a number of recent judgments from Italian courts (including the judgment from the Italian Supreme Court (*Corte di Cassazione*) No. 2374/99, No. 2593/2003, No. 21095/2004 and No. 10376/06, confirmed by recent decisions No. 24418/2010 and No. 13861/2016) have held that such practices are not *uso normativo*. Consequently, if customers of the Seller were to challenge this practice and such interpretation of the Italian civil code were to be upheld before other courts in the Republic of Italy, there could be a negative effect on the returns generated from the Mortgage Loans.

The Seller has consequently undertaken in the relevant transfer agreement to indemnify the Guarantor in respect of any losses, costs and expenses that may be incurred by the Guarantor in connection with any challenge in respect of interest on interest. In this respect, it should be noted that article 25, paragraph 3, of legislative decree No. 342 of 4 August 1999 ("**Law No. 342**"), enacted by the Italian Government under a delegation granted pursuant to law No. 142 of 19 February 1992, has considered the capitalisation of accrued interest (*anatocismo*) made by banks prior to the date on which it came into force (19 October 1999) to be valid. After such date, the capitalisation of accrued interest is no longer possible upon the terms established by a resolution of the CICR issued on 22 February 2000. Law No. 342 has been challenged and decision No. 425 of 17 October 2000 of the Italian Constitutional Court has declared as unconstitutional the provisions of Law No. 342 regarding the validity of the capitalisation of accrued interest made by banks prior to the date on which Law No. 342 came into force.

Article 1, paragraph 629 of law No. 147 of 27 December 2013 (so called, "*Legge di Stabilità 2014*") amended article 120, paragraph 2, of the Banking Act, providing that interests shall not accrue on capitalised interests.

In addition, Article 17 *bis* of Law Decree 18 of 14 February 2016 as converted into Law no. 49 of 8 April 2016 further amended article 120, paragraph 2, of the Banking Act, providing that accrued interest shall not

produce further interests, except for default interests, and are calculated exclusively on the principal amount. On 8 August 2016, the Decree no. 343 of 3 August 2016 issued by the Minister of Economy and Finance, in his quality of President of the CICR, implementing article 120, paragraph 2, of the Banking Act, has been published. However, 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.

Furthermore there have been two rulings of Italian Courts that have held that the calculations applicable to the instalments under certain mortgage loan agreements that were based upon the amortisation method known as "French amortisation" (i.e. mortgage loans with fixed instalments, made up of an amount of principal (that progressively increases) and an amount of interest (that decreases as repayments are made) calculated with specific formula), triggered a violation of the Italian law provisions on the limitations on the compounding of interest (*divieto di anatocismo*). However, it should be pointed out that these were isolated judgements, still under appeal, and more recently various court rulings on the same matter have declared that the "French amortisation" method does not entail an illegal compounding element. However the Issuer is not able to exclude the risk that in the future other judgments may follow the two isolated decisions described above.

2008 Budget Law - Borrower's right to suspend payments under a mortgage loan

The Italian Law No. 244 of 24 December 2007 (the "**2008 Budget Law**") provided for the right of borrowers, under mortgage loans related to the purchase of the first house and unable to pay the relevant instalments, to request the suspension of payments of instalments due under the relevant mortgage loans for a maximum of two times and for a maximum aggregate period of 18 months. The 2008 Budget Law also provided for the establishment of a fund (so called "*fondo di solidarietà*", the "**Fund**") created for the purpose of bearing certain costs deriving from the suspension of payments and refers to implementing regulation to be issued for the determination of: (i) the requirements that the borrowers must comply with in order to have the right to the aforementioned suspension and the subsequent aid of the Fund; and (ii) the formalities and operating procedures of the Fund.

On 21 June 2010, the Ministry of Treasury and Finance (*Ministro dell'economia e delle finanze*) adopted ministerial decree No. 132 ("**Decree 132**") detailing the requirements and formalities which any Borrower must comply with in order to exercise the payment suspension right.

Following and in compliance with Decree 132, the Ministry of Economy and Finance, on 27 October 2010, issued the guidelines (*Linee Guida*) (the "**Guidelines**") – published on the website www.dt.tesoro.it (for the avoidance of doubt, such website does not constitute part of this Prospectus) which establish the procedures that borrowers must follow in order to exercise the payment suspension right.

In light of the above, pursuant to the Decree of the General Director of Treasury Department of the Ministry of Economy and Finance issued on 14 September 2010, CONSAP (*Concessionaria Servizi Assicurativi S.p.A.*), was selected as managing company of the Fund. The request to access to the aid granted by the Fund must be presented by borrowers starting from 15 November 2010, by using the relevant form of suspension-request duly prepared in compliance with the Guidelines and accompanied by the relevant documentation indicated therein.

The Decree 132 has been amended by the ministerial decree No. 37 adopted by the Ministry of Treasury and Finance (*Ministro dell'economia e delle finanze*) on 22 February 2013 (the "**Decree 37**") with reference to the requirements that the borrowers must comply with for the purposes of the payment suspension right and in relation to certain effects thereof. The Decree 37 has also specified that the payment suspension right can be granted also in favour of mortgage loans which have been assigned in the context of securitisation transactions or covered bond transactions pursuant to Law 30 April 1999, No. 130 (as previously already specified in the Guidelines).

The 2008 Budget Law has been supplemented by Law No. 92 of 28 June 2012 (the "**Law 92**"), which has modified the requirements to be met by borrowers to benefit of the aids provided for by the Fund. In

particular, Law 92 provides that the suspension of the payment of mortgage loans instalments can be granted for a period of 18 (eighteen) months upon the occurrence of at least one of the following events with respect to the relevant borrower:

(i) termination of an employment contract of indeterminate duration;

(ii) termination of a fixed term employment contract;

(iii) termination of one of the employment relationships provided for by Article 409, No. 3) of the Italian civil procedure code; or

(iv) death or declaration of handicap or disability for at least 80%.

Decree 132 has been supplemented by a new decree, entered into force on 27 April 2013, which has been enacted for the purpose of making Decree 132 compliant with the new provisions of Law 92.

Starting from 27 April 2013, new requests to access to the aids granted by the Fund shall be submitted (in accordance with the requirements and the conditions provided for by Law 92) by using the documentation published on the CONSAP official website http://www.consap.it/ (for the avoidance of doubt, such website does not constitute part of this Prospectus). As to regard, the requests submitted to CONSAP before 17 July 2012, such requests shall be regulated by the provisions of the Decree 132.

As specified in Law 92, the suspension of payments of the instalments can be granted also in favour of mortgage loans which have been object of securitisation transactions or covered bond transactions pursuant to Law 30 April 1999, No. 130.

Any borrower who will comply with the requirements set out in Law 92 might have the right to suspend the payment of the instalments of its Mortgage Loan and therefore there is the risk that the Guarantor will experience a consequential delay in the collection of the relevant instalments. A significant number of applications by borrowers concentrated over a specific period will have an adverse impact on the Guarantor's cash flow of that period, although it should be considered that the aforementioned aids will be granted to the borrowers within the limits of the budget available to the Fund. Pursuant to the Italian Law Decree No. 102 of 31 August 2013, converted into Italian Law No. 124 of 28 October 2013, the budget of the Fund is increased of Euro 20,000,000 for each of 2014 and 2015 years.

In addition to the above, it should be noted that according the Specific Criteria applicable to the Initial Portfolio set out in the Master Purchase Agreement, the Initial Portfolio did not comprise Mortgage Loan Agreements in respect of which, as at the Initial Valuation Date, any Borrower benefited from a suspension of payments of the mortgage loan instalments pursuant to legislative or regulatory provisions.

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 and was required to be implemented in Member States by 21 March 2016.

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.

In Italy the Government has approved 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**").

The Mortgage Legislative Decree clarifies that the new legal framework shall apply, *inter alia*, to (i) residential mortgage loans and (ii) loans relating to the purchase or preservation of the property rights on a residential immovable.

Moreover such decree 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 transfer or the sale of the mortgaged assets has as a consequence that the entire debt is settled 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. Otherwise if the estimated value of the assets or the proceeds deriving from the sale of the assets is higher than the remaining amount due by the debtor, the excess amount shall be returned to the consumer. Given the novelty of this new legislation and the absence of any jurisprudential interpretation, the impact of such new legislation may not be predicted as at the date of this Base Prospectus. No assurance can be given that the implementation of the Mortgage Legislative Decree will not adversely affect the ability of the Guarantor to make payments under the Guarantee.

The SME Moratorium, the Piano Famiglie and the Decreto Sviluppo

On 3 August 2009, ABI and the the Ministry of Economic and Finance entered into a convention (the "**SME Moratorium**") providing for, *inter alia*, a suspension of payments of instalments in respect of the principal of mortgage loans granted to small and medium enterprises ("**SME**") for a period of 12 months. For the suspention to apply, certain requirements shall be met. In particular:

(i) the instalments shall be timely paid or in case of late payments, the relevant instalment shall not have been outstanding for more than 180 days from the date of request of the suspension;

(ii) the SME must bear positive economic perspectives and be able to guarantee a business continuity or, in any case, be under "temporary" financial difficulties;

(iii) on 30 September 2008, the relevant positions were classified by the banks as performing;

(iv) at the time of the request of the suspension, there had not been any positions which could be classified as suffering and defaulting and no enforcement procedures were commenced.

Notably, the Ministry of Economics and Finance's communication dated 13 January 2010 clarified that such suspension can be requested up to 30 June 2010. On 23 February 2011, such term was extended to 31 July 2011 under ABI communication.

ABI communication dated 14 January 2010 (*Integrazione all'Avviso Comune per la Sospensione dei Debiti delle PMI verso il settore creditizio*) and ABI communication of 12 February 2010 provide for certain further integrations and clarifications of the SME Moratorium and, in particular, extended the applicability of the objective to mortgage loans assisted by public benefits, where expressly resolved upon by the lender. Furthermore, on 28 February 2012 ABI, the Ministry of Economic and Finance and the Ministry of Economic Development entered into a convention, as further amended, that updated the SME Moratorium

(*Nuove misure per il credito alle Piccole e Medie Imprese*). Such convention provides, *inter alia*, for a suspension of payments of instalments in respect of the principal of mortgage loans granted to the SME for a further period of 12 months provided that (i) such instalments have not matured for more than 90 days and (ii) the suspension is applied for by 31 December 2012. Such convention also provides that SME may apply for the extension of the mortgage loans' duration provided that certain conditions are met.

Subsequently ABI, the Ministry of Economic and Finance and the Ministry of Economic Development entered into new conventions that updated the SME Moratorium, the most recent conventions was entered into on 1 July 2013 and, *inter alia*, provided that (i) the suspension could be requested up to 30 September 2013 and (ii) any request for the extension of the mortgage loans' duration can be made up to 30 June 2014, or 31 December 2014, in respect of those loans which will be suspended as at 30 June 2014.

This latest agreement, which expired on 30 June 2014, was extended on 5 July 2014 by the signatories until 31 December 2014 and later until 31 March 2015, with the same contents. The convention between ABI and the consumers' associations (the "**Piano Famiglie**"), stipulated on 18 December 2009 and extended on, respectively, 26 January 2011 and 25 July 2011, provides for a 12 month period suspension of payment of instalments relating to mortgage loans, where requested by the relevant Debtor during the period from 1 February 2010 to 31 January 2012 provided that the relevant requirements are satisfied before 31 December 2011.

The suspension is allowed only where the following events have occurred:

(i) termination of employment relationship;

(ii) termination of employment relationships regulated under article 409 n. 3 of the Italian Civil Procedure Code;

(iii) death or the occurrence of conditions pertaining to non-self sufficiency; and/or

(iv) suspension from work or reduced working hours for a period of at least 30 days.

The relevant events satisfying the subjective requirements must have occurred in respect of the relevant Debtor during the period from 1 January 2009 to 31 December 2011. The suspension can be requested only once, provided that the mortgage loans are granted for amounts not exceeding 150,000 Euro, granted for the purchase, construction or renovation of a primary residence (*mutui prima casa*): (i) mortgage loans assigned under securitisation or covered bond transactions pursuant to Law 130, (ii) renegotiated mortgage loans and (iii) mortgage loans whereby the relevant lender was subrogated pursuant to the Bersani Decree.

On 31 January 2012 ABI and the consumers' associations entered into a convention (*Nuovo accordo*) that provides that the suspension of payment of instalments relating to mortgage loans may be applied for by 31 July 2012. Such convention amended the following conditions to be met in order to benefit from the suspension: (i) the conditions to benefit from the Piano Famiglia must be met by 30 June 2012; and (ii) the payment delays of instalments cannot exceed 90 days (instead of 180 days).

On 31 July 2012 ABI and the consumers' associations entered into a *Protocollo d'intesa*, amending the "*Nuovo Accordo"* above mentioned as follows: 1) the final term to apply for the suspension of payments has been postponed to the earlier between (i) the date on which regulations implementing the Article 2, paragraph 475 and followings of Law No. 244 of 24 December 2007 relating to the Fund (as defined in the paragraph below) will be issued, and (ii) 31 January 2013. 2) the final term to meet the conditions necessary to benefit from the suspension of payment has been postponed to the earlier between (i) the date on which regulations implementing the Art. 2, paragraph 475 and followings of Law No. 244 of 24 December 2007 relating to the Fund (as defined in the paragraph below) will be issued, and (ii) 31 December 2012.

Furthermore, on 30 January 2013 ABI and the consumers' associations entered into a new *Protocollo d'intesa* amending the aforementioned conventions, which provided that the suspension of payment of instalments relating to mortgage loans may be applied for no later than 31 March 2013 and, in order to

benefit from the suspension, (i) the conditions must be met by 28 February 2013 and (ii) the payment delays of instalments cannot exceed 90 days.

Law decree No. 70 of 13 May 2011, as converted into Law No. 106 of 12 July 2011 (the "**Decreto Sviluppo**") provide for the right to renegotiate, subject to certain conditions and up to 31 December 2012, the floating rate or the final maturity of the mortgage loans executed prior to (and excluding) 14 May 2011 for the purpose of purchase, building or maintenance of the debtors' principal residence. Article 1, paragraph 48, let. (c) of Italian law No. 147, dated 27 December 2013 introduced, *inter alios*, a special fund (*Fondo di garanzia per la prima casa*, hereinafter referred to as the "**Fondo Prima Casa**") with the Ministry of Economic and Finance, implemented by Ministerial Decree dated 31 July 2014, whereby first demand, unconditional and irrevocable guarantees may be granted with respect to mortgage loans, with amounts not exceeding 250,000 Euro, granted by banks and financial intermediaries for purchasing and restructuring a primary residence (*prima casa*) in Italy.

Such guarantees may be granted up to 50% of the quota capital of the relevant loan and with priority to young couples, persons with children under the age of 18 years, tenants of council houses as well as people under the age of 35 years with an atypical job relation (*rapporto di lavoro atipico*) pursuant to article 1 of Italian law No. 92, dated 28 June 2012.

Furthermore, on 8 October 2014 ABI and the Ministry of Economic and Finance entered into a Protocollo d'intesa for the purposes of allowing banks and financial intermediaries to grant loans assisted by the Fondo Prima Casa. Moreover, on 31 March 2015, ABI and the consumers' associations entered into a new agreement (*accord per la sospensione del credito alle famiglie*) which provides for the suspension, for a period not exceeding 12 months, of payment of the quota capital of certain kinds of loans (i.e. (a) consumer loans with a maturity of more than 24 months, and (b) in some cases, mortgage loans on the principal residence) granted in favour of families. On 27 November 2017, ABI and the consumers' associations, in order to provide continuity to the abovementioned measures, have agreed to extend the agreement until 31 July 2018.

In general terms, eligible subjects may ask for such suspension, only one time and within 31 December 2017, and only if the events specified in the agreement occur (such as dismissal, reduction or suspension of the working schedule, or death). Such suspension may be granted also to families who have already taken advantage of such moratorium in the previous years, unless the moratorium was requested in the last 24 months.

In addition, on 31 March 2015, ABI and the associations representative of corporations entered into a convention ("**Accordo per il credito 2015**"), replacing the previous SME Moratorium, which comprises the following initiatives in favour of SME:

(a) *Imprese in ripresa*, for the purposes of suspension of loans for a period up to 12 months and extension

of loans;

(b) *Imprese in sviluppo*, for financing entrepreneurial investment projects and strengthening the

patrimonial structure of SME;

(c) *Imprese e Pa*, for disinvestment of SME' claims towards public administrations.

All SMe active in Italy are eligible for benefit from the Accordo per il credito 2015, including those in financial difficulties provided that at the moment of the relevant application they are in bonis (i.e. they do not have, in general terms, exposures classified as *in sofferenza*, *inadempienze probabili* or *esposizioni scadute e/o sconfinanti* by the relevant bank).

The Accordo per il credito 2015 expiring date was 31 December 2017 (without prejudice to the rights of the parties to withdraw by 31 December of each year), but in December 2017 and July 2018, with two specific addendum, the validity period of the 2015 SME Convention has been extended from 31 December 2017 to

31 July 2018 and from 31 July 2018 to 31 October 2018, respectively. On 15 November 2018, ABI and the associations representative of corporations entered into a new convention (Accordo per il credito 2019), which comprises the following initiatives in favour of SME:

(a) the strengthening of the collaboration between the ABI and the associations representative of corporations in order to carry out a joint action for the analysis and definition of shared positions on European and international regulatory and regulatory initiatives that impact on access to credit for businesses;

(b) the introduction of some adjustments to the "Impresa in ripresa" measure, related to the suspension and extension of loans to SMEs, envisaged by the Accordo per il credito 2015.

This legislation may have an adverse effect on the Portfolio and, in particular, on any cash flow projections concerning the Portfolio as well as on the over-collateralisation required in order to maintain the then current rating of the Covered Bonds (if assigned).

Patto Marciano

On 4 May 2016, Law Decree 3 May 2016, no. 59 ("**Decree 59/2016**" – later on converted into Law No. 119 of 30 June 2016, as published in the Offical Gazette of the Republic of Italy No. 153 of 2 July 2016) came into force introducing, *inter alia*, a new article 48-*bis* into the Banking Law ("**Article 48-*bis***"). Pursuant to such 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***" or "**Agreement**").

Notably, the parties may agree on the Patto Marciano while entering into the loan agreement or even after. In such latter case, the Patto Marciano shall be agreed upon by way of 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.

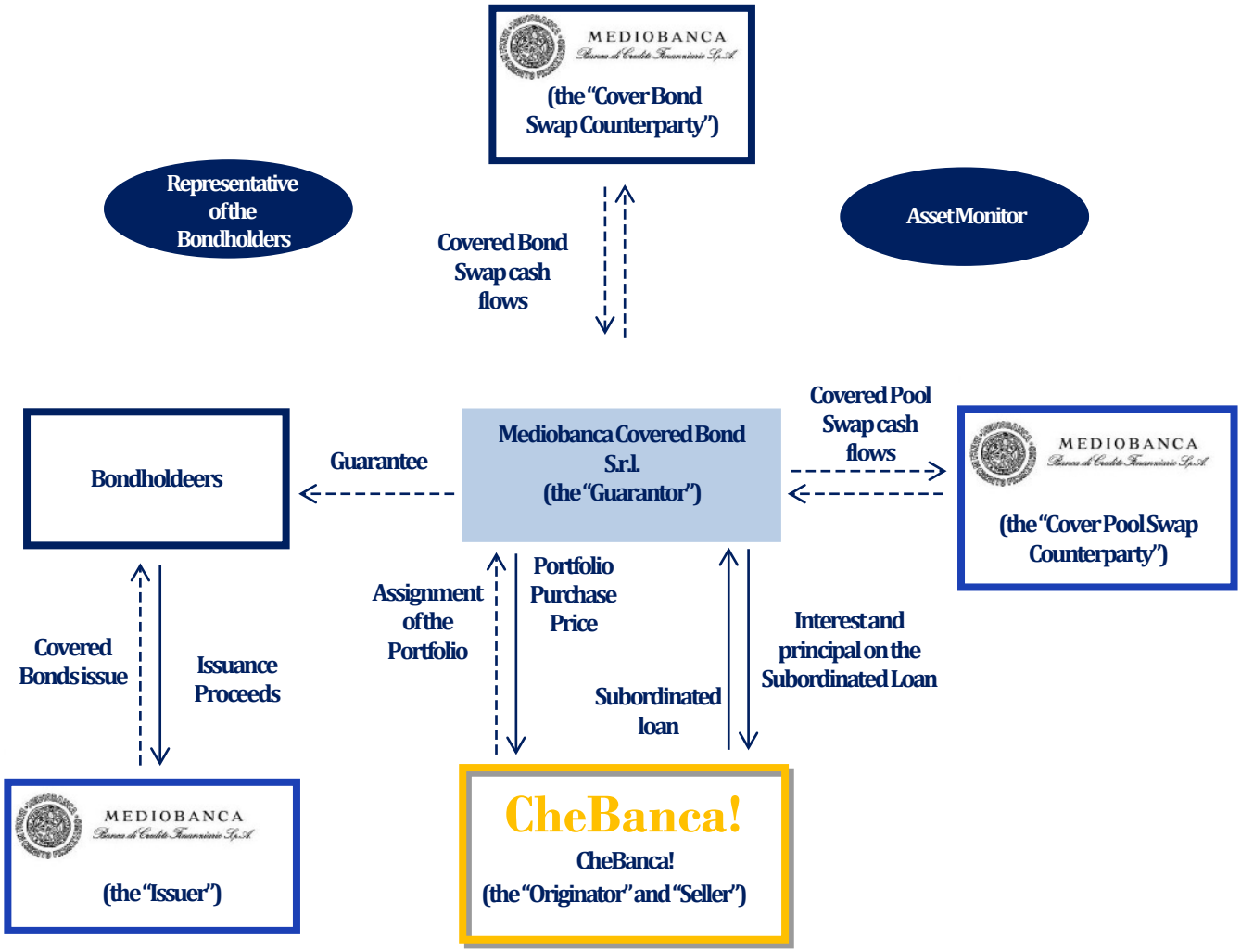
The default occurs: (i) in case of repayment in monthly instalments, when the failure to pay continues for more than nine months after the expiry of at least three instalments, even if not consecutive, and (ii) in case of repayment in a single instalment or with instalments in periods of more than one 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 59/2016 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 evaluation is made by court appointed expert. 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.

Pursuant to Decree 59/2016, automatic application of the Covenat takes place upon the debtor default. Considering that certain risks may arise from the management by the creditor of the relevant property, such new legislation is expected to facilitate the recovery of the relevant claims. However, given the novelty of this new legislation and the absence of any jurisprudential interpretation, the impact of Article 48-*bis* may not be predicted as at the date of this Prospectus.

The Issuer believes that the risks described above are the principal risks for the Bondholders inherent in the transaction, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Covered Bonds may occur for other reasons. The Issuer does not represent that the above stated risk factors are exhaustive. The Issuer believes that the structural elements described elsewhere in this Base Prospectus go to mitigate a number of these risks for the Bondholders, nevertheless the Issuer cannot give any assurance that those will be sufficient to ensure timely payment of interest, principal or any other amounts on or in connection with the Covered Bonds to the Bondholders.

STRUCTURE DIAGRAM



DOCUMENTS INCORPORATED BY REFERENCE

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

1. Issuer's audited consolidated annual financial statements in respect of the year ending on 30 June 2018, as uploaded on the Issuer's website www.mediobanca.com under the section "Investor Relations/ Results and presentations";

2. Issuer's audited consolidated annual financial statements in respect of the year ending on 30 June 2017, as uploaded on the Issuer's website www.mediobanca.com under the section "Investor Relations/ Results and presentations";

3. Guarantor's audited annual financial statements in respect of the year ending on 30 June 2018;

4. Guarantor's audited annual financial statements in respect of the year ending on 30 June 2017;

5. Issuer's consolidated interim financial statements for the six months ended 31 December 2018, as uploaded on the Issuer's website www.mediobanca.com under the section "Investor Relations//Results and presentations";

6. the press release dated 9 May 2019 headed "*BoD Mediobanca – Financial statements for 9M FY 2018-2018 approved (as at 31/3/19)*" and available at https://www.mediobanca.com/en/media-relations/press-releases/bod-9m-fy-2018-19-approved.html.

In the case of the above-mentioned financial statements, together with the accompanying notes and (where applicable) auditor's reports, save that any statement contained in this Base Prospectus or in any of the documents incorporated by reference in, and forming part of, this Base Prospectus shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained in any document subsequently incorporated by reference by way of supplement prepared in accordance with Article 16 of the Prospectus Directive modifies or supersedes such statement.

Each document incorporated herein by reference is current only as at the date of such document, and the incorporation by reference herein of such documents shall not create any implication that there has been no change in the affairs of the Issuer, the Guarantor or the Group since the date thereof or that the information contained therein is current as at any time subsequent to its date.

Each of the Issuer and the Guarantor will provide, without charge to each person to whom a copy of this Base Prospectus has been delivered, upon the request of such person, a copy of any or all the documents deemed to be incorporated by reference herein unless such documents have been modified or superseded as specified above, in which case the modified or superseded version of such document will be provided. Request for such documents should be directed to each of the Issuer and the Guarantor at their offices set out at the end of this Base Prospectus. In addition, such documents will be available, without charge, at the principal office of the Paying Agent, on the Luxembourg Stock Exchange's website (www.bourse.lu) and, where applicable, on Mediobanca's website (www.mediobanca.com).

Any websites included in the Prospectus are for information purposes only and do not form part of the Prospectus.

Cross-reference list

The following table shows where the information required under Annexes IX and XI of Commission Regulation (EC) No. 809/2004 can be found in the above mentioned documents incorporated by reference.

The information incorporated by reference that is not included in the crossreference list, is considered as additional information and is not required by the relevant schedules of Commission Regulation (EC) N° 809/2004, as amended. Non-incorporated parts of the documents incorporated by reference are not relevant for the investors or covered elsewhere in this Base Prospectus.

Mediobanca - Consolidated annual financial statements as at 30 June, 2018 and 2017 (audited)

Commission Regulation (EC) No. 809/2004, Annex XI, Paragraph 11.1	**June 2018**	**June 2017**
Consolidated Balance sheet	Pages 82 – 83	Pages 80 - 81
Consolidated Profit and Loss Account	Page 84	Page 82
Consolidated Comprehensive Profit and Loss Account	Page 85	Page 83
Statement of Changes to Consolidated Net Equity	Pages 86 – 87	Pages 84 -85
Consolidated Cash Flow Statement Direct Method	Pages 88 - 89	Pages 86 - 87
Notes to the Accounts	Pages 92 - 296	Pages 90 - 281
External Auditors' reports	Pages 72 - 79	Pages 70 - 77

Mediobanca Covered Bond S.r.l. - annual financial statements as at 30 June, 2018 and 2017 (audited)

Commission Regulation (EC) No. 809/2004, Annex IX, Paragraph 11.1	**2018**	**2017**
Directors' report	Pages 2 – 7	Pages 1 – 7
Balance sheet	Page 8	Page 8
Statement of income	Page 9	Page 8
Cashflow statement	Page 12	Page 11
Statement of changes in equity	Page 10	Page 9
Accounting policies and explanatory notes	Pages 13 – 71	Pages 12 – 70
Auditors' reports	Pages 72 – 76	Pages 71 - 74

Mediobanca - Consolidated interim financial statements as at 31 December, 2018 (unaudited)

Commission Regulation (EC) No. 809/2004, Annex XI, Paragraph 11.1	**December 2018**
Consolidated Balance sheet	Pages 68-69
Consolidated Profit and Loss Account	Page 70
Consolidated Comprehensive Profit and Loss Account	Page 71
Statement of Changes to Consolidated Net Equity	Pages 72 – 73
Consolidated Cash Flow Statement Direct Method	Pages 74 - 75
Notes to the Accounts	Pages 78 - 269
External Auditors' reports	Pages 62 - 64

DESCRIPTION OF THE ISSUER

HISTORY AND DEVELOPMENT OF MEDIOBANCA

Legal status and information

Mediobanca – Banca di Credito Finanziario S.p.A. was set up on 10 April 1946 by virtue of a notarial deed drawn up by Notary public Arturo Lovato, file no. 3041/52378. Mediobanca is a joint stock company incorporated under Italian law registered in the Milan, Monza-Brianza-Lodi Companies' Register under Registration no. 00714490158 having its registered office and administrative headquarters in Piazzetta Enrico Cuccia 1, 20121 Milan, Italy, tel. No.: (0039) 02-88291. In accordance with its by-laws, the duration of Mediobanca is until 31 June 2050. Mediobanca operates under Italian law, and the court of Milan has jurisdiction over any disputes arising against it.

Important events in Mediobanca's recent history

Since 30 June 2018 there have been no negative changes either to the financial position or prospects of either Mediobanca or the Group headed up by it.

Neither Mediobanca nor any company in the Group have carried out transactions that have materially affected or that might be reasonably expected to materially affect, Mediobanca's ability to meet its obligations towards third parties.

As at the date of this Base Prospectus, S&P rated Mediobanca "A-2" (short-term debt), "BBB" (long-term debt) with negative outlook; as at the date of this Base Prospectus, Fitch Italia S.p.A. rated Mediobanca "F2" (short-term debt), "BBB" (long-term debt) with negative outlook and Moody's Investors Service Ltd. ("**Moody's**") rated Mediobanca "Baa1" (long-term debt) with stable outlook – see https://www.mediobanca.com/en/investor-relations/financing-rating/rating.html.

To the knowledge of Mediobanca, each of S&P Global Ratings, acting through S&P Global Ratings Europe Limited, Italy Branch, Fitch Italia S.p.A. and Moody's Investors Service Ltd. is a credit rating agency which is established in the European Union and has been registered in accordance with Regulation 1060/2009/EC on credit rating agencies (as amended from time to time) (the "**CRA**"). As such each of S&P, Fitch and Moody's is included in the latest list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA – see https://www.esma.europa.eu/supervision/credit-rating-agencies/risk.

BUSINESS OVERVIEW

The Mediobanca Group's operations are segmented as follows:

- **Corporate & Investment Banking (CIB):** this division brings together all services provided to corporate clients:
  - Wholesale Banking: Client Business (lending, advisory, capital markets activity) and proprietary trading;
  - Specialty Finance, which comprises factoring (MBFacta) and credit management (Creditech).
- **Consumer Banking (CB):** this division provides retail clients with the full range of consumer credit products, ranging from personal loans to salary-backed finance (Compass and Futuro);
- **Wealth Management (WM):** this new division brings together all asset management services offered to the following client segments:

- Affluent & Premier, addressed by CheBanca!;
- Private & HNWI, addressed in Italy by Mediobanca Private Banking (formerly Banca Esperia and now an internal division of Mediobanca) and Spafid, and in the Principality of Monaco by Compagnie Monégasque de Banque;
- This division also comprises Mediobanca Asset Management, the product factory which Mediobanca intends to set up to serve the MB Group sale networks by leveraging on existing capabilities: Cairn Capital (alternative AM), Duemme SGR (formerly Esperia), and Compagnie Monégasque de Gestion (CMG, formerly CMB).

- **Principal Investing (PI):** this division brings together the Group's portfolio of equity investments and holdings, including the stake in Assicurazioni Generali S.p.A.;
- **Holding Functions:** this division houses the Group's Treasury and ALM activities (which were previously included in the CIB division), with the objective of optimizing management of the funding and liquidity processes; it also includes all costs relating to Group staffing and management functions, most of which were also previously allocated to CIB; and continues to include the leasing operations.

This new segmentation, in force since 16 November 2016, was approved in conjunction with the guidelines for the 2016-19 strategic plan with a view to seizing opportunities deriving from the current competitive scenario and prioritizing development of the new Wealth Management division.

In the course of the financial year 2017-18 Mediobanca acquired a 69% stake in RAM Active Investments, an alternative asset management company.

- As at 30 June 2018, Mediobanca had a market capitalization of approx. €7.1 billion.

Consolidated financial information as at 30/06/18*

Profit and loss account (€m)	**Corporate & Investment Banking**	**Consumer**	**Wealth Management**	**Principal investing**	**Holding Functions**	**Total**
Net interest income	266.1	868.8	255.2	(7.2)	(37.5)	1,359.4
Total income	631.0	996.2	526.0	295.0	(8.9)	2,419.3
Profit before tax	392.1	463.2	94.2	384.7	(239.0)	1,095.8
Net profit	264.5	315.3	69.2	373.8	(158.9)	863.9

Source: Mediobanca audited consolidated annual financial statement as at and for the year ended on 30 June 2018.

Wholesale Banking

Mediobanca seeks to provide its corporate clients with advisory services and financial services to help them grow and develop.

The wholesale banking division comprises three different units: Corporate Finance, Lending and Structured Finance, Capital Markets.

1. Corporate Finance

Mediobanca is the leader in Italy and has an increasingly significant role at the European level in financial advisory services through its branches in London, Paris, Frankfurt and Madrid. A client-based approach is adopted, backed by indepth knowledge of the financial issues and a consolidated track record in executing deals. The operating unit is organized into different industry teams covering individual industries in order to provide greater focus.

Corporate finance involves the following activities:

- defining strategic objectives for companies and identifying extraordinary financing transactions in order to help meet them;
- extraordinary financing transactions: mergers and acquisitions, joint ventures and partnerships, disposals and spinoffs;
- liability restructuring: earnings/financial analysis of companies/groups undergoing restructuring; working out financial rebalancing scenarios; negotiating with key creditors;
- corporate restructuring: LBOs, MBOs, spinoffs and tax-/inheritance-related issues;
- company valuations, on a standalone basis and for purposes of setting exchange ratios;
- relations with authorities: assistance in handling relations with market and regulatory authorities, principally CONSOB and Borsa Italiana.

2. Lending & Structured Finance

The Financing teams serve the Issuer's Italian and international customers, through the branch offices located in Paris, Frankfurt, London, Madrid and Istanbul to offer:

- advice in evaluating possible capital structures and financing solutions available from among a vast series of debt products, including considering possible implications in terms of rating;
- structuring and executing lending transactions;
- access to the international syndicated loans market;
- facility and security agent services for corporate and structured lending transactions.

The main products of the Lending and Structured Finance unit are:

- **Corporate Lending** (bilateral loans, club deals and syndicated loans): corporate loans aimed at supporting customers' financial requirements generated by investments or related to their companies' growth; the financial solutions offered are aimed primarily at medium-/large-sized firms operating on domestic and international markets, in industrial and service-based sectors;
- **Structured Finance** (acquisition finance, loans for LBO/MBOs, project finance, infrastructure finance, real estate finance): financial support to corporate counterparties and institutional investors as part of leveraged transactions to acquire stakes in listed and unlisted companies; a wide range of lending transactions are developed, arranged, structured, underwritten and executed based on complex structures, and because of their size these are often syndicated on the international market. On the back of its solid track record in various sectors, customers are provided with advisory services covering the entire process of structuring deals to support investment and infrastructure or industrial projects, including offering strategies, selection of the most effective debt instruments, hedging strategies, financial modelling and structuring contracts; and
- **Factoring** (with and without recourse, maturity and supply credit): sale and discount of trade receivables to help refinance companies' working capital. As well as the financial benefits, factoring can also provide insurance (guarantee against insolvency or delays in payments) and facilitate operations (credit management, accounting, collection and recovery).

3. Capital Markets

The Issuer operates on both the primary and secondary markets, trading equities and fixed-income securities, foreign exchange products and credit risk, interest rate and exchange rate derivatives.

In the **equity** market (primary and secondary), activity is divided into the following areas:

- **Equity Capital Markets**: Mediobanca is the Italian leader and has a role of increasing importance internationally in structuring, co-ordinating and executing equity capital markets transactions, such as IPOs, rights issues, secondary offerings and ABOs, and bonds convertible into equity solutions (equity derivatives to manage investments and treasury shares): this unit structures and implements extraordinary financing transactions involving equity investments and treasury shares; using a dedicated trading platform, the team offers customers innovative, high value-added solutions, and also handles any legal, accounting, tax and regulatory issues;

- **Equity Finance** (securities lending, equity repos, collateralized financing): the unit offers tailored securities lending solutions, which range from simple loans to hedge short-/medium-term positions, to equity repos, to upgrades and collateralized financing;

- **Equity Derivatives Institutional Marketing:** a range of equity-linked investments are offered to banks, insurances, asset managers and family offices, from synthetic replications of simple underlying assets to sophisticated protection mechanisms and solutions for increasing the return on portfolios, funded or unfunded;

- **MB Securities:** this is the Issuer's equity brokerage division, offering global access to equity markets and research on the Italian market (over 100 companies are covered), plus a pan-European focus on the financial sector (banks and insurances). A dedicated team also offers corporate broking services.

As for the **debt** market, the activity is divided into the following areas of operation:

- **Debt Capital Market**: this team originates, structures, executes and places corporate and financial bond issues, covered bonds and securitizations to meet its customers' financing needs.

- **CRAL Solutions**: this area structures solutions based on interest rates, credit and alternative products; it targets corporate clients, banks and institutional investors who need to restructure their investment portfolios, increase asset liquidity and diversify their sources of funding. An activity of advisory services and structuring of *ad hoc* solutions on alternative investments focusing on institutional investors.

- **Proprietary Funding:** this team is responsible for structuring, issuing and placing debt products, the revenues from which finance the Bank's own activities. Fund raising, supported by the Bank's high credit rating, takes place primarily through the issuance of securities, both plain vanilla and structured securities. Securities are placed with retail investors through public offers (executed using the CheBanca! owned network, and via networks of individual third banks – including that of BancoPosta – either on an exclusive basis or via groups of banks in syndicates), and direct sales are made over the screen-based bond market (MOT) operated by Borsa Italiana. Demand from institutional investors is met via public offers of securities on the Euromarket and private placements of products customized to meet the subscribers' specific needs.

Specialty Finance

Our Specialty Finance activities include managing and financing credit and working capital. The Group carries out operations in factoring with MBFacta and in the credit management sector with MBCredit Solutions.

- **MBCredit Solutions** has for many years performed credit recovery activities (on behalf of the Group companies and third parties) and NPL portfolio acquisitions. The 2016-19 strategic plan envisages the company growing from niche operator to leading player in the credit management sector (servicing *inter alia* for third parties) and in the acquisition of non-performing loans (NPLs).

- **MBFacta** provides trade receivables sale and discount services (with and without recourse, maturity, supply credit) to refinance corporate working capital. As well as the financial benefits, this service can also include an insurance component (guarantee against insolvency or delays in payments) and/or a management component (portfolio management, accounting, collection and recovery). The factoring platform's offering will be tailored specifically to developing the mid corporate segment in synergy with the other services offered by CIB to this category of firm.

Consumer Credit - Compass

Mediobanca has operated in the consumer credit sector since the 1960s through its subsidiary Compass Banca S.p.A. ("**Compass**").

Compass today is one of the leading consumer credit operators on the Italian market, with a market share of 12%.

Compass offers a wide range of products (personal loans, special purpose loans for acquisition of consumer durable goods, credit cards and salary-backed finance), using a highly diversified distribution network consisting of approximately 171 own branches, distributing agreements with banking partners and retailers, and BancoPosta.

As at the balance-sheet date it had approximately € 12bn in loans outstanding, plus a total of 1,429 staff on the books.

On 3 August 2018, Compass announced it had reached an agreement to acquire 19.9% of PT BFI Finance Indonesia TBK ("**BFI**") from the Trinugraha consortium.

PT Aryaputra Teguharta ("**APT**") has taken action against Mediobanca and Compass challenging the legitimacy of the sale and purchase agreement in respect of 19.9% of the shares of BFI, asking for it to be declared null and void and seeking for damages. For further information, see "*Legal and Arbitration Proceeding*" below. The proceeding is pending at the court of Milan and the next hearing has been set for the end of September 2019.

APT had also launched a precautionary measure to prevent Compass from proceeding to close the acquisition and to order the shares to be seized. The court of Milan, in a ruling issued on 6 November 2018, rejected all the requests made by APT, arguing that the grounds for the precautionary measure were non-existent.

The BFI deal has been closed in April 2019; the impact on capital was approx. 30bps of CET1.

Affluent & Premier - CheBanca!

Mediobanca has been operative in retail banking through CheBanca!. This subsidiary, incorporated in 2008, effectively served as retail deposit gatherer for the Mediobanca Group throughout the financial crisis. In the last four years it has developed a distribution model which is innovative, transparent and with high technology content, while at the same time refocusing its mission from deposit gather to asset gatherer, raising € 8.5 billion in AUM and breaking even at the operating level in 2017.

Today CheBanca! is distinguished by its:

- High brand recognition;

- Effective, innovative multi-channel distribution (internet, 141 own branches, 226 Financial Agents and 416 wealth Advisors);
- Simple, transparent products;
- Substantial customer base (approximately 800,000 customers);
- Strong commercial results: €14.2 billion in deposits, €8.4 billion in assets under management, and €8.1 bn in mortgage loans disbursed.

At 30 June 2018, the company employed a total of 1,321 staff.

Private & HNWI

The range of services offered to clients is split between:

- **Mediobanca Private Banking**, formerly Banca Esperia, now 100% owned and merged into Mediobanca offering private banking services. The 125 bankers and fifteen branches at the same time are expected to work to develop their asset management activity and the mid-cap platform, acting as a bridge between corporate and private activities in conjunction with Spafid, the Mediobanca Group multi-family office. The MB Private Banking product offering for high net worth clients includes portfolio management, advisory and financing services. Independence, operational autonomy, focus on private banking activities and excellence and quality of service are the hallmarks of a bank which has approximately €19 billion in total financial assets at its 12 branches in Bergamo, Bologna, Brescia, Cesena, Florence, Genoa, Milan, Padua, Parma, Rome, Turin and Treviso.
- **Compagnie Monégasque de Banque ("CMB")** is 100% owned by the Issuer. CMB is market leader in the Principality of Monaco, with total deposits of approximately €7 billion. Its geographical position, indepth knowledge of markets and absolute independence make it a player of primary importance, able to provide exclusive services to its customers, ranging from loans to asset management.
- **Spafid**, 100% owned by the Issuer, this company provides fiduciary administration services in respect of equity investments, securities market investments and fiduciary services for issuers. Spafid currently has assets under administration worth approximately €4.5 billion.

MB Asset Management

As part of the reorganization of the Wealth Management division, a new MB Asset Management product factory has been set up bringing together Cairn Capital, RAM Mediobanca SGR, Mediobanca SGR and Compagnie Monégasque de Gestion (formerly CMB). In this division the individual companies' support units are centralized (Human Resources, Legal and Compliance, etc.) and a dedicated sales force will be set up with responsibility for distribution of all product lines.

- **Cairn Capital**, a 51% stake having been acquired in this company in December 2015. Cairn Capital is the largest company in this division, and is an asset manager and advisor based in London specializing in credit products. Assets managed by the company total approximately €2.5 billion, plus a further €3.9 billion under long-term advice.
- **RAM Active Investments**, in which 69% stake was acquired in March 2018, is one of the leading European systematic asset managers, offering a wide range of alternative funds to a vast range of institutional and professional investors. As at 30 April 2018, RAM Active Investments had € 5 billion under management in fourteen funds, with 41 stuff.

Principal investing

Mediobanca has an equity portfolio of investments made over time, consisting of minority stakes in leading Italian and international companies, most of which are listed. As a result of the recent introduction of tighter regulations on regulatory capital and the Bank's desire to concentrate more on highly-specialized banking activities, this portfolio of investments is in the process of being reduced. Disposals were completed during the course of the financial year 2017/18: stakes worth approximately €287 million were sold, yielding gains of almost €98 million. In view of the size of the investments and the role played by the Issuer in the governance of the companies concerned, the shareholdings in Generali and RCS MediaGroup are assigned to the Principal investing division.

Company	Sector	% of share capital	Book value as at 30/6/18 €m
Assicurazioni Generali	Insurance	13.0%	3,171
RCS Mediagroup	Publishing – media	6.6%	37
Atlantia	Infrastructure	6.1%	61

Leasing

Mediobanca owns a direct 60% stake in the SelmaBipiemme Leasing group, with the other 40% held by the Banca Popolare di Milano. The group operates in financial leasing.

In the twelve months ended 30 June 2018, the Group disbursed approximately €400 million in leases, on leases outstanding totalling approximately €2.1 billion.

As at 30 June 2018 the headcount numbered 141 staff.

Brief description of the Mediobanca's principal activities, with an indication of the main categories of products sold and/or services provided

As stated in Article 3 of Mediobanca's Articles of Association, the Mediobanca's purpose is to raise funds and provide credit in any of the forms permitted, especially medium and long-term credit to corporates.

Within the limits laid down by current regulations, Mediobanca may execute all banking, financial and intermediation-related operations and services, and carry out any transaction deemed to be instrumental to or otherwise connected with the achievement of Mediobanca's purpose.

There are no significant new products and/or services that have been introduced and no development of new products and services has been disclosed.

Principal markets

The Mediobanca Group's activities are principally focused on the domestic market (from a geographical standpoint Italy accounts for approximately 80% of the Group's loan book). In particular:

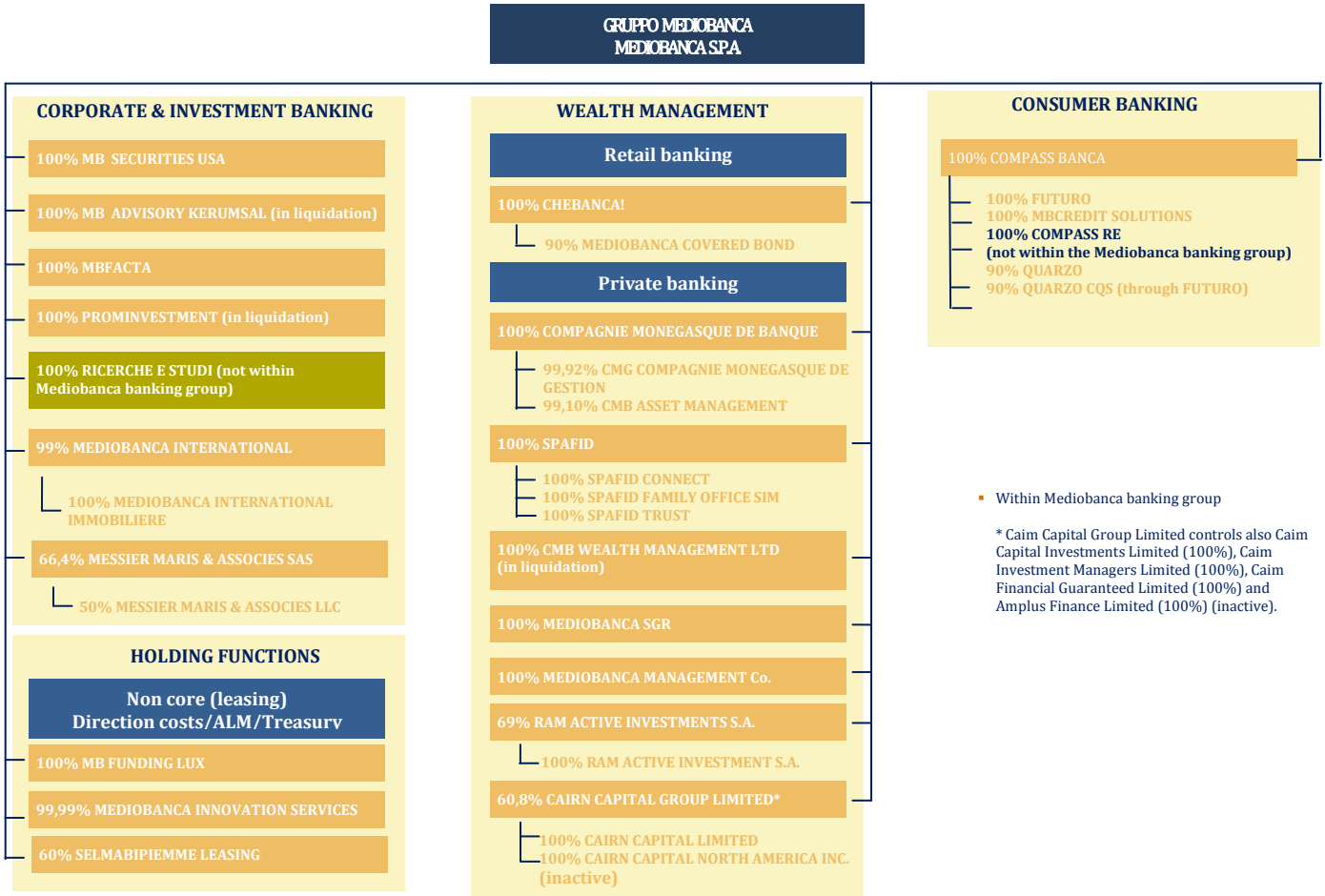
- Corporate & Investment Banking (CIB): half of the revenues and loan book for this division is originated by the Italian market, the other half by other countries (notably France, Germany, Spain and the United Kingdom): the division employs approximately 590 staff, around 160 of whom are based outside Italy;
- Consumer banking: activities focus exclusively on the Italian market, and employ approximetely 1,429 staff at more than 171 branches (not including the recent entry to the Indonesian market with the acquisition of a 20% stake in BFI Finance);
- Wealth Management (WM): this division's activity is focused primarily on the Italian market, with the exception of CMB (which operates in the Principality of Monaco), RAM AI (which operates throughtout Europe from its headquarters in Switzerland) and Cairn Capital (which operates in the United Kingdom); and employs around 1,900 staff at over 110 branches;
- Leasing activities chiefly target the domestic market.

ORGANIZATIONAL STRUCTURE

Description of organizational structure of group headed up by Mediobanca

The Mediobanca Group is registered as a banking group in the register instituted by the Bank of Italy.

The following diagram illustrates the structure of the Mediobanca Group as at the date of this Base Prospectus.



SUBSIDIARIES AND MAIN INVESTEE COMPANIES

Mediobanca is the parent company of the Mediobanca Banking Group. No individual or entity controls Mediobanca within the meaning of Article 93 of the Financial Services Act.
A list of the main Group companies included in the area of consolidation for the consolidated financial statements as at the date of this Base Prospectus is shown below:

Group companies			
COMPASS Banca S.p.A.	Italy	100%	(dir)
CHEBANCA! S.p.A.	Italy	100%	(dir)
SELMABIPIEMME LEASING S.p.A.	Italy	60%	(dir)
Compagnie Monégasque de Banque – CMB S.A.M.	Principality of Monaco	100%	(dir)

MEDIOBANCA INTERNATIONAL (Luxembourg) S.A.	Luxembourg	100%*	(dir)
SPAFID S.p.A.	Italy	100%	(dir)
SPAFID TRUST S.R.L.	Italy	100%	(indir)
SPAFID CONNECT S.p.A.	Italy	100%	(indir)
MEDIOBANCA SECURITIES USA LLC	United States	100%	(dir)
Mediobanca SGR S.P.A.	Italy	100%	(dir)
Mediobanca Management Company S.A.	Luxembourg	100%	(dir)
MBCREDIT SOLUTIONS S.p.A.	Italy	100%	(indir)
RICERCHE E STUDI S.p.A.	Italy	100%	(dir)
Mediobanca Innovation Services S.c.p.A	Italy	100%**	(dir)
FUTURO S.p.A.	Italy	100%	(indir)
PROMINVESTMENT S.p.A. in liquidation and composition with creditors	Italy	100%	(dir)
MBFACTA S.p.A.	Italy	100%	(dir)
QUARZO S.r.l.	Italy	90%	(indir)
QUARZO CQS S.r.l.	Italy	90%	(indir)
MEDIOBANCA COVERED BOND S.r.l.	Italy	90%	(indir)
C.M.B. ASSET MANAGEMENT S.A.M.	Principality of Monaco	99.10%	(indir)
C.M.G. COMP. MONEG. D.G. S.A.M.	Principality of Monaco	99.92%	(indir)
CMB WEALTH MANAGEMENT in liquidation	United Kingdom	100%	(dir)
COMPASS RE S.A.	Luxembourg	100%	(indir)
MB ADVISORY KURUMSAL DANISMANLIK HIZMETLERI A.S. in liquidation	Turkey	100%	(dir)
MEDIOBANCA INTERNATIONAL IMMOBILIERE S.à r.l.	Luxembourg	100%	(indir)
CAIRN CAPITAL GROUP Ltd	United Kingdom	60,8%	(dir)
CAIRN CAPITAL Ltd	United Kingdom	60,8%	(indir)
CAIRN CAPITAL NORTH AMERICA Inc. (not operative)	United States	60,8%	(indir)
CAIRN FINANCIAL GUARANTEE Ltd. (not operative)	United Kingdom	60,8%	(indir)
CAIRN CAPITAL INVESTMENTS Ltd. (not operative)	United Kingdom	60,8%	(indir)
CAIRN INVESTMENTS MANAGERS Ltd. (not operative)	United Kingdom	60,8%	(indir)
AMPLUS FINANCE Ltd. (not operative)	United Kingdom	60,8%	(indir)
MB FUNDING LUX S.A.	Luxembourg	100%	(dir)

SPAFID FAMILY OFFICE SIM S.p.A.	Italy	100%	(indir)
RAM ACTIVE INVESTMENTS S.A.	Switzerland	69%	dir
RAM ACTIVE INVESTMENTS (LUXEMBOURG) S.A.	Luxembourg	69%	indir
MESSIER MARIS & ASSOCIÉS SAS	France	66.4%	(dir)
Messier Maris & Associés LLC	France	50%	(indir)

* 99% Mediobanca and 1% Compass Banca

** 99.99 Mediobanca and 0.01% subsidiary companies

In view of the size of the investment and the role played by the Bank in the companies' governance, as at 30 June 2018, the values reflected by the investments in Assicurazioni Generali were as follows:

Company	**Sector**	**% of share capital**	**Book value as at 30/6/18**
			€m
Assicurazioni Generali	Insurance	13.0%	2,997

BODIES RESPONSIBLE FOR GOVERNANCE, MANAGEMENT AND SUPERVISION OF MEDIOBANCA

Board of Directors

The Board of Directors appointed on 28 October 2017 for the 2018, 2019 and 2020 financial years with new directors co-opted on 20 September 2018 (and subsequently appointed by the Issuer's ordinary shareholders meeting held on 27 Octorber 2018) as at the date of this Base Prospectus is made up of fifteen members, eleven of whom qualify as independent under Article 148, paragraph 3 of the Financial Services Act, and among them eight qualify as independent under Article 19 of the Issuer's articles of association (the requisites for which definition are substantially aligned with those of the voluntary code of corporate governance issued by Borsa Italiana S.p.A. (the "**Code of Conduct**") in respect of listed companies). Its composition also reflects the legal requirements in terms of gender balance.

Name	Post held	Place and date of birth	Term of office expires	Posts held in other companies
Renato Pagliaro	Chairman **(4)	Milan, 20/2/57	28/10/20	-
Maurizia Angelo Comneno*	Deputy Chairman (1)	Rome, 18/6/48	28/10/20	-
Alberto Pecci	Deputy Chairman (5)	Pistoia, 18/9/43	28/10/20	Chairman, Pecci Filati Director El.En. Chairman, Tosco –Fin
Alberto Nagel*	Chief Executive Officer **	Milan, 7/6/65	28/10/20	-
Francesco Saverio Vinci *	General Manager**	Milan, 10/11/62	28/10/20	-
Marie Bollorè	Director (1)(4)	Neully sur Seine, 8/5/88	28/10/20	Director, Bolloré Director, Financière de l'Odet Director, Bolloré Participations Director, Financière V Director, Omnium Bolloré Director, Blue Solutions Director, Societé Industrielle et Financière de l'Artois Member of Supervisory Board, Sofibol Chairman of Supervisory Board, Compagnie du Cambodge CEO, Electric Mobility Application Division of Bolloré Group
Maurizio Carfagna	Director (1) (2)(3)(5)	Milan, 13/11/47	28/10/20	Chief Executive Officer, H-Invest Diector, FingProg Italia Director, Futura Invest
Maurizio Costa	Director (1)(2)(4)	Pavia, 29/10/1948	28/10/20	Director, Amplifon

Angela Gamba	Director (1)(2)(3)	Palazzolo sull'Oglio (BS), 15/8/70	28/10/20	Director, Parmalat
Valérie Hortefeux	Director (1)(2)(3)(5)	Aulnay (France), 14/12/67	28/10/20	Director, Blue Solutions Director, Ramsay – Generale de Santé
Maximo Ibarra	Director (1)(2)	Calì (Colombia), 13/12/68	28/10/20	CEO, Royal KPN
Alberto Lupoi	Director (1)(2)(4)(5)	Roma, 29/3/70	28/10/20	-
Elisabetta Magistretti	Director (1)(2)(3)(4)	Busto Arsizio, 21/7/47	28/10/20	Director, Luxottica Group Director, Smeg.
Vittorio Pignatti-Morano Campori	Director (1)(2)(3)	Rome, 14/9/57	28/10/20	Executive Chairman, Trilantic Europe (to this end holds the post of Director in the individual Trilantic fund management companies) Director, Marex Spectron Group Ltd Director, Pharmacontract; Chairman of Board of Directors, Gamenet S.p.A.; Director, ICS Maugeri Director, Lilium Restaurants Ltd Director, Marchesi de' Frescobaldi S.p.A.
Gabriele Villa*	Director (1)	Milan, 18/6/64	28/10/20	Standing Auditor, Edison Standing Auditor, Transalpina di Energia, Standing Auditor, Otis Servizi

* *Member of Executive Committee.*

** *Member of Mediobanca senior management.*

(1) Independent Director pursuant to Article 148, paragraph 3 of the Financial Services Act.

(2) Independent Director pursuant to Article 19 of the Issuer's articles of association.

(3) Member of the Risks Committee (which also performs the duties of the Related Parties Committee) pursuant to Article 20 of the Issuer's articles of association.

(4) Member of the Appointsments Committee pursuant to Article 20 of the Issuer's articles of association.

(5) Member of the Remunerations Committee pursuant to Article 20 of the Issuer's articles of association.

All Board members are in possession of the requisites to hold such office by law, in terms of fitness, professional qualifications and independence (in the latter case applicable only to the independent directors).

The address for all members of the Board of Directors for the duties they discharge is: Piazzetta E. Cuccia 1, Milan, Italy.

Statutory Audit Committee

Composition of Statutory Audit Committee:

Post held	Name	Place and date of birth	Term expires	Principal outside activities
Chairman	Natale Freddi	Rho, 6/6/52	FY 28/10/20	-
Standing auditor	Francesco Di Carlo	Milan, 4/10/69	FY 28/10/20	Chairman of Statutory Audit, Committee, Italmobiliare, Director, Milano Investment, Partners SGR
Standing auditor	Laura Gualtieri	Reggio Emilia, 18/10/68	FY 28/10/20	Standing Auditor, Prysmian
Alternate auditor	Alessandro Trotter	Vimercate, 09/06/40	FY 28/10/20	Alternate Deputy Chairman, Credito Valtellinese S.p.A. Chairman of Statutory Audit Committee, Credito Fondiario Chairman of Statutory Audit Committee, ePIC SIM Standing Auditor, Eurotlx SIM Standing Auditor, Salini-Impregilo
Alternate auditor	Barbara Negri	Alessandria, 13/06/73	FY 28/10/20	Standing Auditor, Burgo Distribuzione Standing Auditor, Edison Energy Solutions – Edison Exploration & Production – Edison International – Edison Partecipazioni Energie Rinnovabili
Alternate auditor	Stefano Sarubbi	Milan, 6/12/65	FY 28/10/20	Chairman of Statutory Audit Committee, Coca Cola Italia Chairman of Statutory Audit Committee, Comfactor Chairman of Statutory Audit Committee, Infrastrutture Wireless Italiane – Inwiit CEO, Sigmagest and Chairman of Board of Directors, Sigma Business Management and Sigmagest financial

All Statutory Audit Committee members are in possession of the requisites to hold such office by law, in terms of fitness, professional qualifications and independence; and are all registered as auditors.

The address for all members of the Statutory Audit Committee for the duties they discharge is: Piazzetta E. Cuccia 1, Milan, Italy.

Conflicts of interest among bodies responsible for governance, management and supervision

A ban was instituted pursuant Article 36 of Italian Decree Law 201/11, as converted into Italian Law 214/11, on representatives of banks, insurers and financial companies from holding positions in companies which operate in the same sectors. Each year the Board of Directors assesses the positions of the individual directors, which may have changed as a result of changes in the activities or size of the other companies in which they hold posts. To this end, each director, including in order to avoid potential conflict of interest, shall inform the Board of any changes in the positions assumed by them in the course of their term of office.

Mediobanca also adopts the procedure recommended under Article 136 of the Banking Act for approval of transactions involving individuals who perform duties of management and control in other companies controlled by such parties.

Transactions with "related parties" are described in part H of the financial statements for the twelve months ended 30 June 2018 (see "*Documents incorporated by reference*" above).

The members of the Board of Directors and the Statutory Audit Committee of Mediobanca do not have any conflicts or potential conflicts of interest between their duties to Mediobanca and their private interests or other duties.

SHARE CAPITAL

Amount of share capital issued

As at the date of this Base Prospectus, Mediobanca's share capital, fully subscribed and paid up, is equal to €443,608,088.50 made up of 887,216,177 par value €0.50 shares.

MAIN SHAREHOLDERS

Information on ownership structure

As at 22.01.2019, individuals or entities who based on the shareholders' register and publicly available information own directly or indirectly financial instruments representing share capital with voting rights in excess of 3% of the company's share capital, directly or indirectly, are listed below:

	Shareholder	% of share capital
1	UniCredit group	8.40
2	Bolloré group	7.86
3	Black Rock Group*	4.98
4	Mediolanum group	3.28
5	Invesco Ltd	3.01

* Black Rock Inc. (NY) through fifteen asset management subsidiaries, 0.514% of which potential investment and 0.216% of which attributable to securities out on loan "Contracts of differences".

On 20 December 2018, in view of the termination with effect from 1 January 2019 of the previous shareholders' agreement, certain shareholders of Mediobanca holding No. 183,887,317 shares representing approximately 20.73% of the share capital of the Issuer entered into a prior consultation shareholders' agreement (the "**Shareholders' Agreement**") pursuant to Article 122, point 5, letter a) of the Financial Services Act. Such Shareholders' Agreement is effective from 1 January 2019.

No provision is made in the Shareholders' Agreement for commitments in terms of lock-up or votes in respect of the shares syndicated to it.

An excerpt of the Shareholders' Agreement may be found on the Issuer's website at https://www.mediobanca.com/en/media-relations/press-releases/estratto_accordo.html.

Agreements the performance of which may result in a change of control subsequent to the date hereof

Mediobanca is not aware of any agreements aimed at bringing about future changes regarding the ownership structure of Mediobanca.

TREASURY SHARES BUY-BACK PROGRAMME

Following the shareholders' meeting authorisation on 27 October 2018 and following the Euroepan Central Bank's approval, on 8 November 2018 the Issuer has launched an eighteen-month-long buyback programme for the purchase and disposal of treasury shares (the "**Buy-Back Programme**") having the following terms:

(i) the Buy-Back Programme may involve up to 3% of the Issuer's outstanding share capital;

(ii) the minimum purchase price shall not be lower than the nominal value of the share itself (*i.e.* €0.50), whereas the maximum price shall not be more than 5% higher than the closing price on the market day prior to the execution of each individual acquisition;

(iii) in accordance with the provisions of Commission Delegated Regulation (UE) 2016/1052, the volume of shares acquired in each trading day may not exceed 25% of the average daily volume of shares traded at the trading venue where the acquisition was made in October 2018. No acquisition may take place at a price above the higher of the price of the most recent independent trade and the current highest bid offer submitted at the trading venue where the purchase is made. In addition, treasury shares may not be traded in the thirty days prior to announcement of the approval of the Issuer's annual results or the interim report on operations that the Issuer discloses to the public;

(iv) the purchases shall be made exclusively on regulated markets in one or more tranches, within the limits of the distributable earnings and available reserves stated in the most recently-approved financial statements.

AUDITORS OF THE FINANCIAL STATEMENTS

External auditors and auditors responsible for auditing the financial statements

At the annual general meeting held on 27 October 2012, the shareholders of Mediobanca appointed PricewaterhouseCoopers S.p.A. to audit the Bank's separate and consolidated full-year and interim financial statements up to and including the financial year ending 30 June 2021.

PricewaterhouseCoopers S.p.A. a company with its registered offices in via Monte Rosa 91, Milan, Italy, has audited the separate and consolidated financial statements of Mediobanca as at 30 June 2016 and as at 30 June 2018. PricewaterhouseCoopers S.p.A is registered under No. 119644 in the Register of Accounting Auditors (*Registro dei Revisori Legali*) maintained by MEF (*Ministero dell'Economia e delle Finanze*) in compliance with the provisions of Legislative Decree No. 39 of 27 January 2010, as amended (the "**Decree 39/2010**").

Information regarding resignations, dismissals or failures to renew the appointment of the external auditors or the auditors responsible for auditing the financial statements

No resignations, dismissals or failures to renew the appointment of the external auditors have occurred during the period under review.

LEGAL AND ARBITRATION PROCEEDINGS

As at 31 December 2018, none of Mediobanca and its consolidated subsidiaries is or has been involved in any governmental, legal, arbitration or administrative proceedings relating to claims or amounts of money which may have, or have had in the recent past, a material impact on the Group's financial position or profitability, and as far as Mediobanca is aware, no such litigation, arbitration or administrative proceedings has either been announced or is pending. A description of the main tax disputes and litigation pending is provided below, purely for information purposes:

Litigation pending and tax disputes

The most significant litigation still pending against Mediobanca is as follows:

- For the alleged failure to launch a full takeover bid for La Fondiaria in 2002, a total of sixteen claims had been made against Mediobanca and UnipolSai. Of this total just two are still pending, with total damages claimed jointly from the defendants (known as the petitum in Italian law), of approximately €1m (plus interest and expenses); Mediobanca's share of this amount is approximately €300,000 (plus interest and expenses);

  The state of proceedings in these two claims is as follows:

  - For one, the date of the hearing at the Court of Cassation has still to be set. The appeal was submitted by a former shareholder of Fondiaria S.p.A. against the ruling issued by the Court of Appeal in Milan which partly revised the first degree ruling, reducing the amount of the damages to be refunded to the former shareholder; and

  - For the other, the terms for submission of an appeal against the Court of Appeal in Milan's ruling against Mediobanca and Unipol to the Court of Cassation are still pending; but an agreement has now been reached with the plaintiff for out-of court settlement;

- Claim for damages by Monte dei Paschi di Siena ("**FMPS**") against – *inter alia* – Mediobanca, in respect of participation with criminal intent by virtue of an alleged non-contractual liability, jointly with the other twelve lender banks, for alleged damages to FMPS in connection with the execution of the Term Facility Agreement on 4 June 2011 and the consequent breach of FMPS's Articles of Association (20% limit on debt/equity ratio) in a total amount of €286m. The case is currently pending with the court of Florence. At the first hearing, the judge upheld the objection made by the former members of the administrative body and the former superintendent regarding the failure to obtain the necessary authorization from the Italian Ministry for the Economy and Finance to take action against them, and set a deadline of 15 November 2017 for the said authorization to be obtained. The judge's decision regarding the preliminary objection to non-Italian arbitration raised by the defendant banks is also still pending. The next hearing has been set for 30 November 2017.

With reference to the disputes outstanding with the Italian revenue authorities, as at 30 June 2017 the Mediobanca Group had cases pending in respect of higher tax worth for a notified amount of €24.5m, plus interest and fines, down sharply on the €43.2m reported in the previous year with no new addition save in respect of those for the Esperia group companies which totalled €1.7m (against a provision for risks and charges totalling €1.5m).

During the twelve months under review SelmaBipiemme chose to avail itself of the simplified procedure introduced pursuant to Italian decree law 193/16 to shorten the timescales for tax litigation, in respect of the yacht leasing disputes in which the company has been unsuccessful at both stages of the proceedings. This decision has enabled the company, in return for a payment of €24.9m, €17.4m of which by way of tax, to settle its debts with the Italian revenue authority in respect of all the positions involved which amounted to a total risk (including fines, interest and collection charges) of €61.2m.

The Issuer's audited consolidated annual financial statements in respect of the year ending on 30 June 2018 and the Issuer's consolidated interim financial statements for the six months ended 31 December 2018 contain a more detailed description of the pending tax disputes. For further information, see the section of the notes to the audited consolidated annual financial statements of the Issuer as at and for the financial year ended on 30 June 2018 and the notes to the Issuer's consolidated interim financial statements for the six months ended 31 December 2018, in each case headed "*Part B – Notes to the consolidated balance sheet – Liabilities – Section 12*", incorporated by reference in this Base Prospectus.

There is no other significant litigation pending as at the date of this Base Prospectus.

The provision for risks and charges amply covers any charges that may be payable as a result of the claims made against Mediobanca and the Group companies.

MATERIAL AGREEMENTS

Neither Mediobanca nor any of the companies controlled by Mediobanca has entered into or participates in agreements outside of their normal course of business which could result an obligation or entitlement for Group members that would impact significantly on the Issuer's ability to meet its obligations in respect of the holders of financial instruments issued or to be issued.

RECENT DEVELOPMENTS

Acquisition of Messier Maris & Associes

In April 2019, Mediobanca completed the acquisition of a 66% stake in Messier Maris & Associes S.A.S, one of France's leading corporate finance boutiques, in order to further strengthen the distribution of its products and services on the French market, as part of a more general development of its leading position in the European investment banking sector.

Mediobanca Board of Directors approved the quarterly results at 31 March 2019

On 9 May 2019, the Board of Directors of Mediobanca approved the quarterly financial statements for the nine months as at 31/3/2019. For further information see the press release dated 9 May 2019 headed "*BoD Mediobanca – Financial statements for 9M FY 2018-2018 approved (as at 31/3/19)*" which is incorporated by reference in this Base Prospectus.

FINANCIAL INFORMATION OF MEDIOBANCA – BANCA DI CREDITO FINANZIARIO S.P.A.

The consolidated annual financial statements of Mediobanca as at and for the years ended 30 June 2018 and 2017 were prepared in accordance with IFRS, as endorsed by the European Union.

The consolidated interim financial statements of Mediobanca for the six months ended 31 December 2018 were prepared in accordance with IFRS, as endorsed by the European Union.

The consolidated annual financial statements as at and for the years ended 30 June 2018 and 30 June 2017 have been audited by PricewaterhouseCoopers S.p.A., whose report thereon is attached to such annual consolidated financial statements.

All of the above consolidated annual financial statements, in each case together with the notes thereto, are incorporated by reference in this Base Prospectus. See "*Documents Incorporated by Reference*".

DESCRIPTION OF THE SELLER

CheBanca! overview

CheBanca! is the retail bank of the Mediobanca Group. It was established in May 2008 by merge from Micos Banca (which used to operate exclusively in the mortgage business) thus creating a new banking operator offering both mortgage and banking services.

CheBanca! distribution model now encompasses: branches, internet & call center, partnership, financial advisors.

In August 2016 it was completed the acquisition of a selected perimeter of the Barclays' retail banking business in Italy through CheBanca!. The deal allowed CheBanca! to significantly speed up its growth process, to double indirect funding, mortgage loans up 60%, direct funding to rise 30% and the client base to increase by 40% to 800,000.

The product portfolio includes:

- Checking and saving account for retail and business customers
- Securities account
- Prepaid/credit card
- A full set of mortgage products combined with insurance products (life, unemployment, accidents)
- Investment products
- Personal loans (originated by Compass, consumer credit factory within MB Group)
- Advisory service "Yellow Advice" +

CheBanca! Strategy

Products

- Simple products, clear pricing, no hidden clauses, no bad surprises for the customers;
- Strong focus on the whole customer experience: product communication, subscription and management;
- Competitive pricing; high value for money, no price leadership;
- Products evolution on the base of customer needs; because of prolonged and expected low interest rates, volatility: customers are now focused on protecting long-term financial goals and needs dedicated advisory service. To match these needs CheBanca! put in place a wide platform of asset management products and a dedicated advisory service "Yellow Advice". Over 130.000 customers are now supported by a personal banker.

Brand

- Significant investments in the brand to create strong and sustainable brand awareness;
- Consistent brand "delivery" through all the "touch points": advertising, branch, web site, product design.

Distribution

- Integrated channel management: customers can buy and operate with their products across all the channels (internet, call center, branches, financial advisors);
- Branch focused on sales and value added services (such as sale of asset management products), online banking more simple, comprehensive and efficient to facilitate independent transactions;
- Strategy to be the leading digitally omni-channel bank and serve our clients in all their banking needs.

Economic Results in detail

At the end of June 2018 the net interest income of CheBanca! amounted to € 209 millions and net fees increased at € 79 millions. The net banking income amounted to € 289 millions (€ 145 millions at the end of the first half 2018/2019). Net of impairment losses on receivables and other financial items (€ 16.5 millions), the net result on financial operations increased to € 272.1 millions.

PROFIT AND LOSS STATEMENT (€000)	June 2017	June 2018	H1 December 2018
Interest and similar income	336,570	324,762	166,166
Interest and similar expenses	-132,597	-115,582	-62,529
Net interest income	**203,973**	**209,180**	**103,637**
Fee income	81,811	99,917	56,185
Fee expense	-13,250	-21,066	-14,873
Net fees	**68,561**	**78,851**	**41,312**
Other Gain/(losses)	1,747	785	385
Net banking income	**274,280**	**288,816**	**145,334**
Net adjustments for impairment of loans	-21,593	-16,521	-9,570
Net gains/(losses) on financial operations	**252,688**	**272,295**	**135,764**
Administrative expenses	-209,541	-232,641	-126,244
Net provisions for liabilities and charges	-24,966	-11,923	212
Operating costs	**-234,506**	**-244,564**	**-126,031**
Gains/(losses) on equity investments	-1	-0	0
Profit/(Loss) from continuing operations before tax	**18,181**	**27,730**	**9,733**
Income taxes for the period on continuing operations	-1,773	-8,731	-3,586
Profit/(Loss) for the period	**16,407**	**18,999**	**6,147**

Operating costs at the end of June 2018 amounted to €245 millions, consistently increased compared to 2017 mainly due to the growth of the business. The profit at the end of the period is equal to € 19 millions.

BALANCE SHEET ASSETS (€000)	June 2017	June 2018	H1 December 2018
Cash and cash equivalents	70,706	60,798	92,416
Financial assets available for sale	161,710	8,309	13,244

Due from banks	10,758,523	11,193,691	10,826,121
Due from customers	7,991,404	8,482,883	9,071,541
Hedging derivatives	39,233	27,542	20,176
Equity investments	69	69	69
Property, plant and equipment	3,712	5,528	6,119
Intangible assets	23,164	18,457	15,501
Tax assets	40,548	53,654	44,548
Other assets	220,144	281,199	208,829
Total assets	**19,309,213**	**20,132,130**	**20,298,565**

BALANCE SHEET LIABILITIES & EQUITY (€000)	June 2017	June 2018	H1 December 2018
Due to banks	5,199,937	5,340,387	5,267,375
Due to customers	13,353,292	14,162,997	14,414,327
Hedging derivatives	1,848	13,370	25,943
Tax liabilities	8,488	7,765	8,145
Other liabilities	308,940	218,502	197,309
Provisions for employee termination benefits	2,123	2,074	2,050
Provisions for liabilities and charges	89,468	58,791	48,936
Valuation reserves	665	-268	-263
Reserves	-131,955	-150,486	-131,405
Issue premiums	233,750	233,750	233,750
Share capital	226,250	226,250	226,250
Profit (Loss) for the period (+/-)	16,407	18,999	6,147
Total liabilities and net equity	**19,309,213**	**20,132,130**	**20,298,565**

Source: audited annual financial statements of the Seller as at and for the years indicated in the relevant tables,

The Originator's Position in the Loan Mortgage Market in Italy

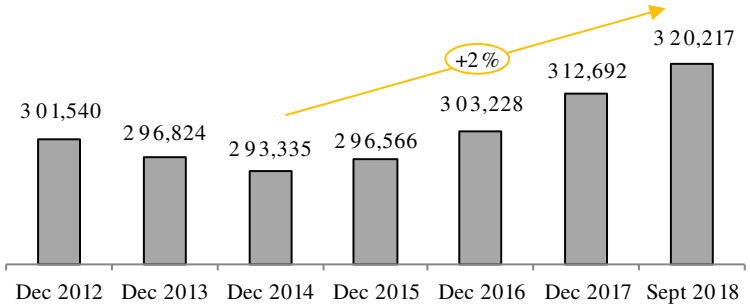
Residential Mortgage Market Trend 2012 – 2018 IIIQ

In Italy the growth of residential mortgages stock continues; since 2014 shows an **annual growth rate of 2%** (trend also confirmed in September 2018).

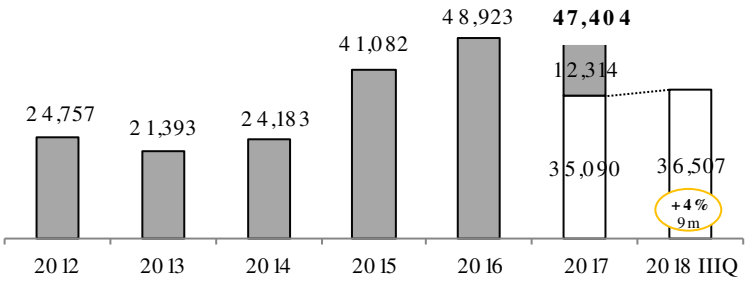
In the first nine months of 2018 Italian families received funding for the house purchases for € 36,507 million. Compared to the same period of 2017, there was an **increase in disbursements of + 4%**

The growth in disbursements that characterized the period 2013-2016 was led by the collapse in interest rates and the substitution operations, **at this moment we are facing an important growth in financing related to real estate market**. The increase of real estate market compensate the collapse of the substitution market and pushed the total market of disbursements to the growth recorded just above (+ 4%).

Stock of residential mortgages, € m



Disbursement of residential mortgages, € m

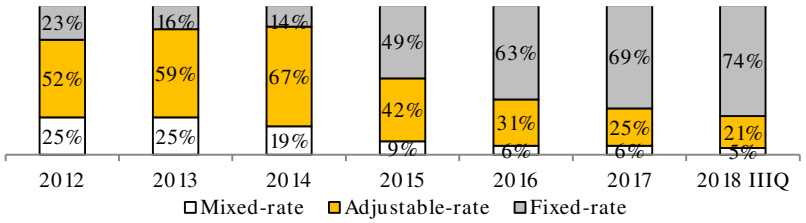


(Source: Bank of Italy)

In 2018 Italian households confirmed their preference to fixed rate mortgages, that accounted 74% of total disbursement.

Floating rate mortgages at the end of September 2018 registered at 21%.

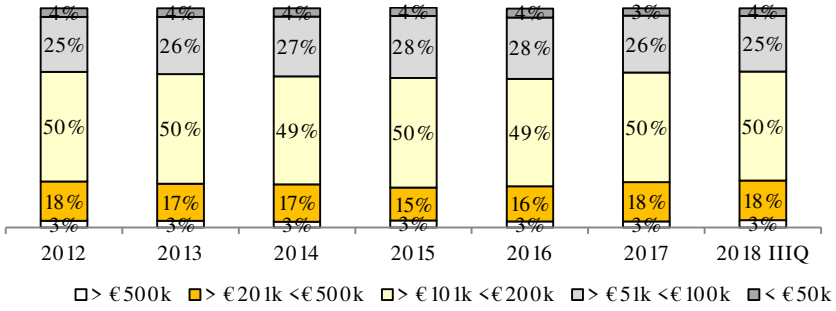
Breakdown of disbursement of residential mortgages, %



(Source: Assofin)

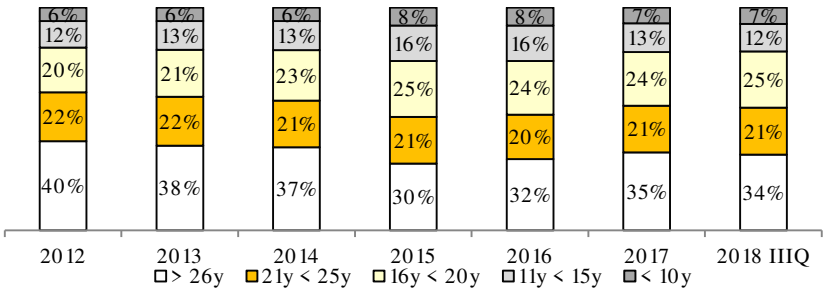
Italian households continued to prefer amount between € 101k and € 200k and relatively long maturity (>26 years).

Amount of disbursement, %



(Source: Assofin)

Maturity of disbursement, %



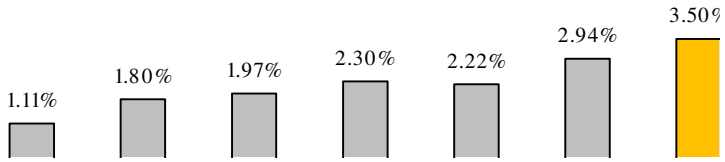
(Source: Assofin)

In the first nine months of 2018 **CheBanca! increased the disbursements to € 1,277 m** (+26% compared to the same period of 2017 € 1,011 m) in a positive growth environment. 2018 confirm the positive trend, with reference to the first months of 2018:

- Most of the disbursements regarded **home purchases or home renovation (70 %)** of which 8% from substitution
- Most of the disbursements referred to **long-term maturities** (71% referred to contract terms of more than 20 years)
- **Fixed rate mortgages** accounted for the 47%, considering the "rata protetta" product, a mortgage with floating rate and fixed payment, the percentage grow up to 93%.

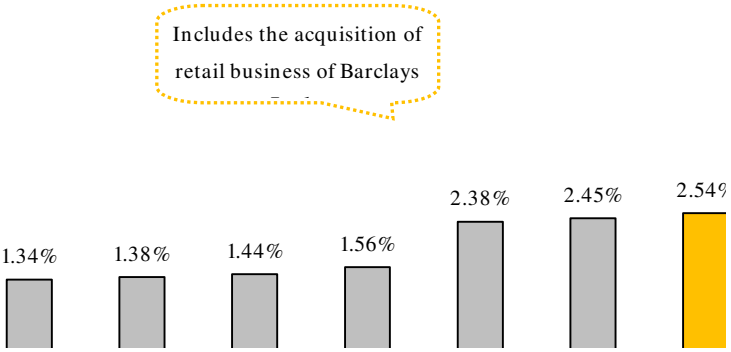
Direct channel share is about 20%, consistently with Strategic plan.

Market Share of Disbursement, %



€/m	2012	2013	2014	2015	2016	2017	IIIQ 2018
CheBanca! Disbursement	276	386	475	947	1,087	1,394	1,277
Market Disbursement	24,757	21,393	24,183	41,082	48,923	47,423	36,507
CheBanca!'s mkt share	**1.11%**	**1.80%**	**1.97%**	**2.30%**	**2.22%**	**2.94%**	**3.50%**

Market Share of Stock, %



€/m	2012	2013	2014	2015	2016	2017	IIIQ 2018
CheBanca! Stock	4,044	4,106	4,244	4,637	7,231	7,670	8,137
Market Stock	301,540	296,824	294,134	296,566	303,228	313,066	320,217
CheBanca!'s mkt share	**1.34%**	**1.38%**	**1.44%**	**1.56%**	**2.38%**	**2.45%**	**2.54%**

Source Bank of Italy and CheBanca! analysis, Note: due to renewal and consolidation of data from Bank of Italy, data from 2015 to 2017 could be subjet to variaton respect previous reports.

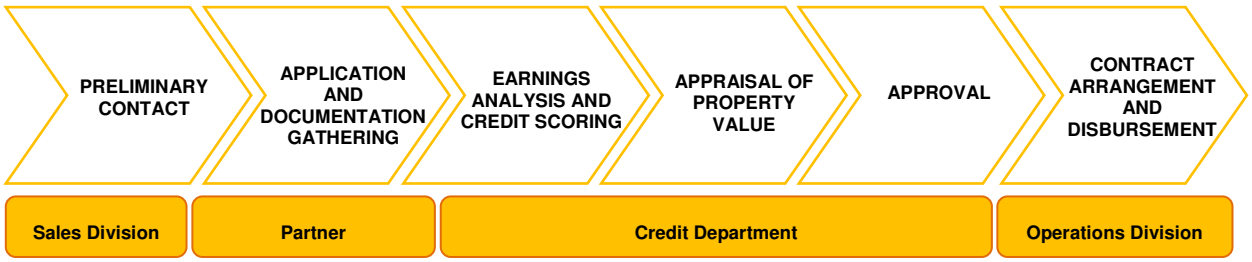
CREDIT AND COLLECTION POLICIES

Introduction

The Bank's policies for granting mortgages provide for restrictions in relation to the specific product (term, disbursement limit vis-à-vis the appraised value, maximum/minimum amount, minimum guarantees). There are also three types of requirements for all mortgages:

- specific requirements for the applicant, with regard to:
  - personal requirements (minimum/maximum age, citizenship, residence);
  - profession and professional experience (free-lance professional, self-employed worker, full-time employee, retired);
  - earnings situation (ratio of monthly installment to monthly net income, minimum disposable income, level of debt);
- specific requirements for the guarantor with regard to the level of debt and the specific relationship with the applicant;
- specific requirements for the property with regard to:
  - restrictions on location and on the property's state and conditions;
  - restrictions on specific elements that may reduce the possibility for the Bank to take an interest in an unencumbered asset.

Credit Review and Approval Process



The credit application and approval process for the disbursement to a new customer includes the following activities:

- preliminary contact, aimed at detecting the needs and the pre-requirements for granting the loan;
- gathering of the documentation needed for a preliminary feasibility assessment;
- evaluation through the credit policies based on customer monthly income/debt position;
- property appraisal by an external company;
- final approval and subsequent closing of the contract.

Preliminary contact

During the phase the Bank evaluates the applications from the customer and identifies the applicant's financial needs. It could be done with the branch manager, the call center operator, the Internet site or Brokers partnered with CheBanca! .

Application and Gathering Documentation

Upon presentation of the application for the mortgage, the customer is asked to supply the following **documentation** (the list is an example and is not all inclusive)**:**

Personal data:

- fiscal code and valid ID document (ID cart, passport or driver's license);
- family Status certificate;
- residence certificate.

Income information:

- most recent earnings statement issued for tax purposes, 2 most recent payroll stubs, income tax return;
- ID card / certification for registration on a professional register, document for issuance of a value-added tax number;
- employer's statement of employment and hire date;
- most recent quarterly bank account statement, updated to the most recent month, with evidence; of the crediting of payroll or business volume for a professional.

Investment Detail:

- copy of preliminary sale-purchase contract and/or proposal to purchase;
- deed of origin (current owner's deed of ownership);
- floor plan and up-to-date cadastral survey.

Before submitting to the credit analyst CheBanca! sale rep checks that the documentation is complete and runs a first feasibility assessment on the basis of the documentation and CRIF databank (to determine the presence, if any, of protests or other serious impediments and the feasibility of the transaction).

Credit Scoring Assessment

The first evaluation at the Credit Department foresees three main steps:

1. Preliminary Overview

Once the application is received at the Credit Department, the analyst:

- maps the customer's outstanding loans;
- checks the declared sources of income introducing discounted rates where needed;
- verifies how the application credit "ratios" stand versus the threshold set in the credit policy;

- performs a preliminary enquiry to Bank of Italy's Central Credit Register (Centrale dei Rischi) to gather information on the overall risk profile of all subjects involved into the operation (borrower, co-borrower, guarantor);
- checks for the presence of protests and impediments.

2. Credit Scoring

   After the preliminary check, the analyst carries out an automated credit scoring process that calculates a credit risk score through a proprietary algorithm based on:

   - CRIF Credit Bureau Score, an application risk score provided by CRIF (CRIF is a private credit information bureau, specialized in credit information systems and management of a private central information file);
   - CheBanca!'s internal score, based on information concerning the credit request and borrower characteristics.

   At present the algorithm is implemented in SAS environment of Mediobanca.

3. In-depth Analysis

   Interrogation of Bank of Italy's Central Credit Register (Centrale dei Rischi) and depending on the outcome, the process continues with the customer's debt position "quality"and evaluation of customer's current account (whether in/outflows are consistent with income/debt/spending attitude) .

At this step, in case the application is "border line", the analyst may suggest the sale rep to:

- reduce the mortgage amount;
- increase the mortgage maturity;
- acquire a mortgage guarantor.

Once this step is completed the analyst may:

- Proceed the application to the next step (in case the mortgage amount complains with his/her approved threshold);
- submit to a higher approving body for the authorization to proceed with the approval;
- reject the application.

Appraisal of Property to Secure the Mortgage

A property appraisal by an outside company is required for any transaction (regardless of the amount) pre-approved through the credit analysis: the company in charge of the appraisal visits the property and documents the visit with photos.

The external company does the appraisal on the basis of certified and standardized evaluation criteria.

The quarterly key evaluation data are used to re-evaluate the property value, through statistical methodologies based on market quotation indexes provided by Nomisma. In case of significant depreciation (>10%) against the original value of the property, it must be appraised again.

Once the appraisal is received, the analyst verifies:

- comprehensiveness;
- compliance with credit policies as far as property concerns;
- property value vs. benchmark;
- property value vs. mortgage amount, considering the maximum LTV admitted;
- consistency of cadastral data;
- the property's current conditions, habitability and compliance with regulation.

Checking of parameters and approving resolution

Once the application package is complete (including the notary's preliminary report), the check of consistency is carried out. The analyst inputs a definitive recommendation and submits the file to the person/body having in charge the mortgage approval (in terms of amount). During this process, the information system automatically checks the compliance of:

- parameters for the capacity to finance (as provided by the Bank of Italy);
- parameters defined by internal procedures (i.e. debt ratio);
- usury threshold parameters.

In order to ensure the proper application of credit policy, mortgages are approved according to an authorization procedure formalized on the basis of operating authority limits established for the persons responsible. The system checks the extent of the analyst's approval authority with respect to the amount and the credit risk score of the financing.

The approval of any exceptions vis-à-vis the limits provided by credit policy must be done through the authorization procedure. The application must be submitted to the person who has the authority (by amount and credit risk score) to approve it.

Contract signature and disbursement

The specialist of the Perfection of Contracts Office performs a final correctness check of the practice and in particular the documentation for the mortgage stipulation to send to the Notary:

- Approval letter;
- Letter of instructions for notary;
- Notary deed draft;
- Summary document;
- Repayment plan
- Deed summons.

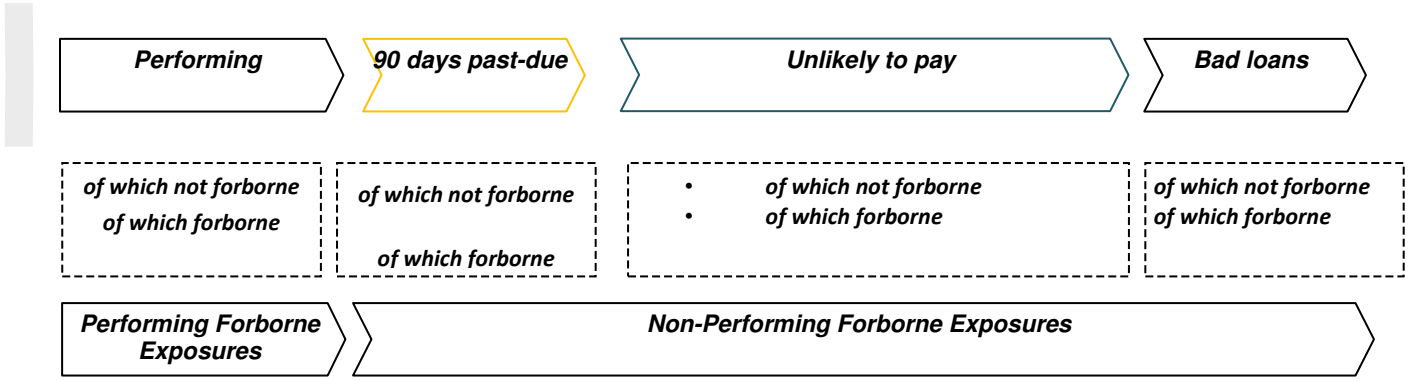
The documentation is sent to the head office and checked once again by the staff before proceeding to the next step.

The process ends by signing of the mortgage documents at the notary's office.

The disbursement is concomitant with the closing of the contract and may take place through the issuance of cashier's cheque or via bank to bank transfers.

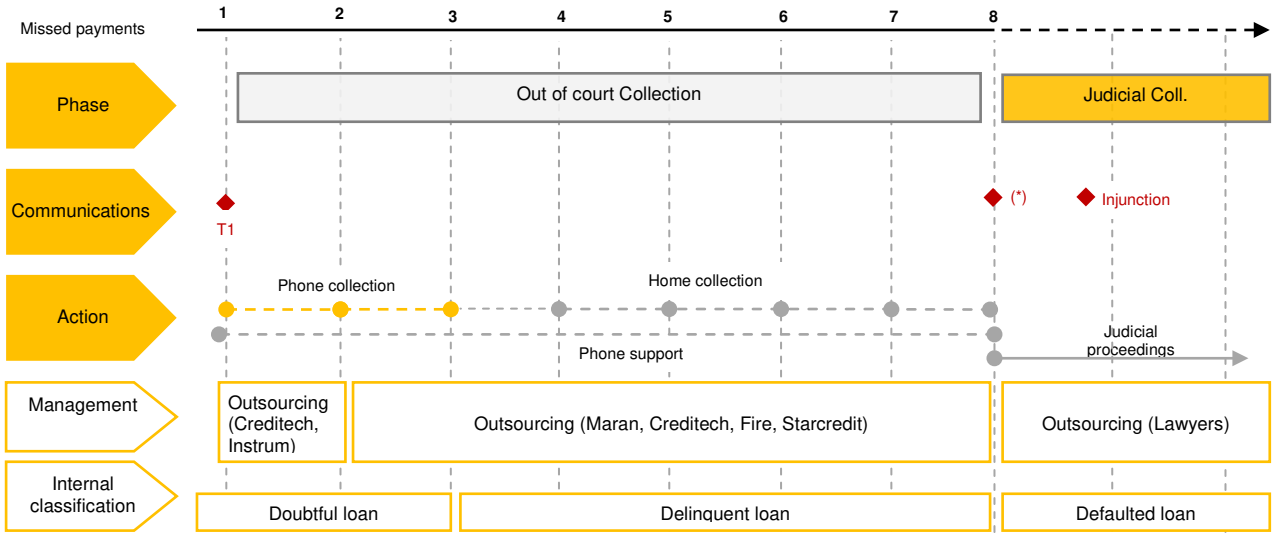
Credit Monitoring and Collection Process

According to Bank of Italy, Here below loans classification:



At the end of foreclosure procedures, or whether the borrower offers to pay a considerable amount of the debt, the write off will be set out.

The Collection Process



Phase 1: Early collection

- outsourced telephone solicitation and in-house written communication ("raccomandata") at the 1st technical or effective missed payment (T1);

Phone collection activities are carried out by outsourced resources, who are responsible for calling borrowers to understand reasons of missed installments and solicit the recovery.

The pipeline schedules two 30 days phases of Phone Collection managed by two different outsourcers.

A web application has been set up in order to support the overall management of customers. The application schedules different activities according to the number of missed installments and default gravity, balancing the daily effort between all the resources involved.

Phase 2: Monitoring and Home collection

- Outsourcing home collection on customers not found by the Phone Collection or on customers that still have missed installments;

When the Phone collection outsourcers do not succeed in their recovery purpose, a deeper action is set up, and another outsourcer is in charge to go directly to the house of the borrower, in order to exert a strong action on him/her and to arrange recovery plan.

The pipeline schedules five 30 days phases of Home Collection, all in outsourcing.

Phase 3: Out of court collection

- in-house written communication (DBT or "Last call" letter) and report to Central Credit Register (Bank of Italy);
- defaulted loans classification status at the 8th missed payment.

Phase 4: Judicial collection

- starting of the judicial proceedings (Injunction), followed by the lawyer geographically competent;
- starting the foreclosure procedures, according to the Italian regulation (cpc, art. 491).

DESCRIPTION OF THE GUARANTOR

Introduction

Mediobanca Covered Bond S.r.l. (the "**Guarantor**") is a limited liability company (*società a responsabilità limitata*) incorporated on 31 March 2003 under the denomination of "Sessanta Finance S.r.l." in the Republic of Italy under article 7-*bis* of Italian law No. 130 of 30 April 1999 (*Disposizioni sulla cartolarizzazione dei crediti*) as amended from time to time (the "**Law 130/99**"), as a special purpose vehicle for the purpose of issuing a guarantee in relation to the Covered Bonds.

By way of a shareholder's resolution passed on 17 March, 2009, the corporate name of the Guarantor was changed into Mediobanca Covered Bond S.r.l.

By way of a shareholders' resolution adopted on 17 March, 2009, the by-laws of the company has been amended in order to allow the company to act as a special purpose vehicle within covered bond transactions in accordance with article 7-bis of Law 130/99.

In accordance with the Guarantor's by-laws, the corporate duration of the Guarantor is limited to 30 June, 2050 and may be extended by quotaholders' resolution. The Guarantor is registered with the companies' register of Milan, Monza-Brianza, Lodi under number 03915310969, and its tax identification number (*codice fiscale*) and VAT number is 03915310969. The registered office of the Guarantor is Galleria del Corso, 2, Milan, Italy. The telephone number of the registered office of the Guarantor is + 39 02 7636 981.

Since the date of its incorporation on 31 March 2003, the Guarantor has not engaged in any business, has not declared or paid any dividends or incurred any indebtedness, other than the Guarantor's costs and expenses of incorporation as weel as all the activites connected to its role as Guarantor in the context of the issuance of the first Series of Covered Bond under the Programme, including in particular (i) the purchase of the Initial Portfolio on 30 November, 2011, and (ii) the issuance of the Guarantee on 12 December, 2011 to secure the payment obligations of the Issuer under the Covered Bonds.

The Guarantor has no employees.

Quotaholding

As at the date of this Base Prospectus, the authorised equity capital of the Guarantor is € 100,000. The issued and paid-up equity capital of the Guarantor is € 100,000: 90% is held by CheBanca! S.p.A. and the remaining 10% is held by SPV Holding S.r.l.

Italian company law combined with the holding structure of the Guarantor and the role of the Representative of the Bondholders are together intended to prevent any abuse of control of the Guarantor.

The Guarantor is under the management and co-ordination (*direzione e coordinamento*) activity of Mediobanca – Banca di Credito Finanziario S.p.A.

Multi-purpose vehicle

The Guarantor has been established as a multi-purpose vehicle with the purpose of issuing guarantees in accordance with Law 130/99, accordingly, it may carry out other Covered Bond issue program transactions in addition to that one contemplated in this Base Prospectus, subject to certain conditions.

Business Overview

The exclusive purpose of the Guarantor is to purchase from banks, against payment, receivables and notes issued in the context of securitization transaction, in compliance with article 7-bis of Law 130/99 and the relevant implementing provisions, by means of loans granted or guaranteed also by selling banks, as well as to issue guarantees for the Covered Bond issued by such bank or entities.

The Guarantor has granted the guarantee to the benefit of the Representative of the Bondholders (acting in the name and on behalf of the Bondholders), of the counterparts of derivative 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 130/99.

Under the terms of the Guarantee the Guarantor will be obliged to pay Guaranteed Amounts in respect of the Covered Bonds on the relevant Due for Payment Date.

Accounting treatment of the Portfolio

Pursuant to the Bank of Italy's regulations, the accounting information relating to the securitisation of the Receivables will be contained in the explanatory notes to the Guarantor's accounts (*nota integrativa*). The explanatory notes, together with the balance sheet and the profit and loss statements, form part of the financial statements of Italian limited liability companies (*società a responsabilità limitata*).

Accounts of the Guarantor

Starting from fiscal year 2009, the fiscal year of the Guarantor begins on 1 July of each calendar year and ends on 30 June of the next calendar year.

Directors of the Guarantor

As at the date of this Base Prospectus, the board of directors of the Guarantor is composed by the following directors:

Name	Address	Principal Activities	Posts held in other companies
Stefano Radice	c/o CheBanca S.p.A., Viale Luigi Bodio No. 37 (Palazzo 4) – 20158 – Milan	Chairman of the board of director	Chief Financial Officer, CheBanca!
Barbara Berini	c/o Mediobanca S.p.A., Piazzetta Cuccia No. 1– 20121 – Milan	Company director	Director – Debt Capital Market and Securitisation, Mediobanca
Maurizio Nicola Giuseppe Dattilo	Galleria del Corso No. 2 – 20122 - Milan	Company director	Company Director, Ariris Srl - Statutory auditor; Costrusioni Barletta; Chairman of the board of director, Cryptovalues Soc. Consortile arl; Statutory auditor, Delfina spa; Chairman of the board of director, Digital Rock Holding srl; Company Director, Duecentoventi 9/10 Srl; Statutory auditor, Europromotion Spa; Statutory auditor, Fratelli Omini; Statutory auditor, Generfid; Chairman of

	the board of director, Gl & Partners srl; Chairman of the board of director, Immobiliare La.Co Srl; Statutory auditor, Inv.A.G. Srl; Statutory auditor, Italia Distribuzioni; Company Director, Oet Trade Srl; Statutory auditor, Raffaele Caruso; Company Director, SPV Holding Srl; Company Director, Sviluppo Immobiliare Santa Teresa Srl; Statutory auditor, Telco Spa; Company Director, Bluefin Media Srl; Company Director, Dormag Srl; Company Director, Globalsystem Spa; Company Director, Gruppo Barletta Spa; Company Director, Hold4951 Srl.

Conflicts of interest

There are no existing or potential conflicts of interest between the duties of the directors and their private interests or other duties.

Statutory auditors of the Guarantor

The Guarantor has no statutory auditors.

Capitalisation and indebtedness statement

The capitalisation and indebtedness of the Guarantor as at the date of this Base Prospectus are as follows:

	in euro (€)
Issued equity capital	
€ 100,000 fully paid up	100,000
Borrowings	
Subordinated Loan	5,350,286,857

Financial statements

The financial statements of the Guarantor as of and for the financial years ended on, respectively, 30 June 2018 and 30 June 2017 are incorporated by reference in this Base Prospectus. The financial statements have been translated into the English language solely for the convenience of international readers. The Guarantor accepts responsibility for the correct translation of the information set out therein.

Since 30 June 2018 there have been no negative changes either to the financial position or prospects of the Guarantor.

Independent auditors' report

The financial statements of the Guarantor as at and for the year ended 30 June 2018 were audited, without qualification and in accordance with generally accepted auditing standards in the Republic of Italy, by PricewaterhouseCoopers S.p.A.

The financial statements of the Guarantor as at and for the year ended 30 June 2017 were audited, without qualification and in accordance with generally accepted auditing standards in the Republic of Italy, by PricewaterhouseCoopers S.p.A.

PricewaterhouseCoopers S.p.A. is registered under No. 119644 in the Register of Accounting Auditors (*Registro dei Revisori Legali*), maintained by MEF (*Ministero dell'Economia e delle Finanze)* in compliance with the provisions of Decree 39/2010, and is also a member of the *ASSIREVI - Associazione Nazionale Revisori Contabili*. The business address of PricewaterhouseCoopers S.p.A. is Via Monte Rosa 91, Milan, Italy.

DESCRIPTION OF THE ASSET MONITOR

The BoI Regulations require that the Issuer appoints a qualified entity to be the asset monitor to carry out controls on the regularity of the transaction and the integrity of the Guarantee and, following the latest amendments to the BoI Regulations introduced by way of inclusion of the new Part III, Chapter 3 (*Obbligazioni Bancarie Garantite*) in Bank of Italy's Circular No. 285 of 17 December 2013, the information to be provided to investors.

Pursuant to the BoI Regulations, the asset monitor must be independent auditor, enrolled with the Register of Certified Auditors held by the Ministry of Economy and Finance and shall be independent from the Issuer and any other party to the programme and from the accounting firm who carries out the audit of the Issuer and the Guarantor.

Pursuant to an engagement letter entered into on or about the First Issue Date, the Issuer has appointed BDO Italia S.p.A., a company incorporated under the laws of the Republic of Italy, fiscal code, VAT number and enrolment number with the companies' register of Milan no. 07722780967 and enrolled under number 167911 with the Register of Certified Auditors (*Registro Dei Revisori Legali*) maintained by the Ministry of Economy and Finance, having its registered office at Viale Abruzzi, 94, 20131 Milan, Italy, acting in its capacity as asset monitor (the "**Asset Monitor**") in order to perform, subject to receipt of the relevant information from the Issuer, specific monitoring activities concerning, *inter alia*, (i) the compliance with the issuing criteria set out in the BoI Regulations in respect of the issuance of covered bonds; (ii) the compliance with the eligibility criteria set out under the MEF Decree with respect to the Eligible Assets and Integration Assets included in the Cover Pool; (iii) the arithmetical accuracy of the calculations performed by the Test Report Provider in respect of the Mandatory Tests and the compliance with the limits set out in the MEF Decree; (iv) the compliance with the limits on the transfer of the Eligible Assets set out under the MEF Decree and the BoI Regulations; (v) the effectiveness and adequacy of the risk protection provided by any swap agreement which may be entered into in the context of the Programme; and (vi) the completeness, truthfulness and the timely delivery of the information provided to investors pursuant to article 129, paragraph 7, of CRR.

The engagement letter was amended on 22 April, 2015 in order to reflect latest amendments made to the BoI Regulations and to be in line with the provisions contained therein in relation to the monitoring activities and reports to be prepared and submitted by the Asset Monitor also to the Board of Statutory Auditors (*collegio sindacale*) of the Issuer and will be amended everytime in connection with the amendments of BoI Regulations.

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 or about the First Issue Date, the Guarantor, the Issuer, the Seller, the Servicer, the Representative of the Bondholders and the Test Report Provider entered into the Asset Monitor Agreement, as more fully described under the section "*Description of the Transaction Documents - Asset Monitor Agreement*".

THE COVER POOL

The Cover Pool is and/or will be comprised of (a) Mortgage Loans transferred pursuant to the Master Purchase Agreement, (b) other Eligible Assets, in accordance with Law 130/99, the MEF Decree and the BoI Regulations, (c) any Integration Assets, (d) the Collections arising from the Assets and (e) all the positive amounts arising from the Swap Agreements.

As at the date of this Base Prospectus, the Initial Portfolio consist only of Residential Mortgage Loans transferred by the Seller to the Guarantor in accordance with the terms of the Master Purchase Agreement, as more fully described under "*Description of the Transaction Documents – Master Purchase Agreement*".

The Cover Pool has characteristics that demonstrate capacity to produce funds to service any payment due and payable on the Covered Bonds.

For the purposes hereof:

Asset Backed Securities means securities issued in the framework of securitisations having as underlying assets Mortgage Loans or Public Assets, pursuant to Article 2, paragraph 1, lett. (d) of the MEF Decree.

Eligible Assets means the Mortgage Loans, the Public Assets and the Asset Backed Securities.

Further Portfolio means all the Eligible Assets, compliant with the General Criteria, the relevant Specific Criteria and the relevant Further Criteria (if any), which may be purchased as a pool (*in blocco*) and *pro soluto* by the Guarantor, pursuant to Clause 4 (*Cessione di Ulteriori Portafogli su base revolving*) of the Master Purchase Agreement.

Initial Portfolio means the portfolio of Receivables arising form Residential Mortgage Loan Agreement purchased by the Guarantor on 30 November, 2011 pursuant to Article 2 of the Master Purchase Agreement in connection with the first issue of Covered Bonds under the Programme.

Mortgage Loans means Italian residential and commercial mortgage loans (mutui ipotecari residenziali e commerciali) pursuant to Article 2, paragraph 1, lett. (a) and (b), of the MEF Decree.

Public Assets means, collectively, the Public Entities Receivables and Public Entities Securities.

Public Entity Receivables means, pursuant to article 2, sub-paragraph 1, of MEF Decree, any receivables owned by or receivables which have been benefit of a guarantee eligible for credit risk mitigation granted by:

(i) Public Entities, including ministerial bodies and local or regional bodies, located within the European Economic Area or Switzerland for which a risk weight not exceeding 20% is applicable in accordance with the Bank of Italy's prudential regulations for banks - standardised approach; and

(ii) Public Entities, located outside the European Economic Area or Switzerland, for which a 0% risk weight is applicable in accordance with the Bank of Italy's prudential regulations for banks - standardised approach - or regional or local public entities or non-economic administrative entities, located outside the European Economic Area or Switzerland, for which a risk weight not exceeding 20% is applicable in accordance with the Bank of Italy's prudential regulations for banks - standardised approach, provided that, the Public Entities Receivables described under item (ii) above may not amount to more than 10% of the aggregate nominal value of the Cover Pool.

Public Entity Securities means pursuant to article 2, sub-paragraph 1, of MEF Decree, any securities issued by or which have benefit of a guarantee eligible for credit risk mitigation granted by:

(i) Public Entities, including ministerial bodies and local or regional bodies, located within the European Economic Area or Switzerland for which a risk weight not exceeding 20% is applicable in accordance with the Bank of Italy's prudential regulations for banks - standardised approach; and

(ii) Public Entities, located outside the European Economic Area or Switzerland, for which a 0% risk weight is applicable in accordance with the Bank of Italy's prudential regulations for banks - standardised approach - or regional or local public entities or non-economic administrative entities, located outside the European Economic Area or Switzerland, for which a risk weight not exceeding 20% is applicable in accordance with the Bank of Italy's prudential regulations for banks - standardised approach, provided that, the Public Entities Securities described under item (ii) above may not amount to more than 10% of the aggregate nominal value of the Cover Pool.

Residential Mortgage Loan means, pursuant to article 2, sub-paragraph 1, of MEF Decree, a residential mortgage loan in respect of which the relevant amount outstanding added to the principal amount outstanding of any higher ranking mortgage loans secured by the same property, does not exceed 80 per cent of the value of the property and for which the hardening period with respect to the perfection of the relevant mortgage has elapsed.

Specific Criteria means, collectively, the Specific Criteria of the Initial Portfolio and the Specific Criteria of the Subsequent and Further Portfolios.

Specific Criteria of the Initial Portfolio means the criteria for the selection of the receivables included in the Initial Portfolio to which such criteria are applied, set forth in Schedule 1, Part II, to the Master Purchase Agreement.

Specific Criteria of the Subsequent and Further Portfolios means the criteria for the selection of the receivables to be included in the Subsequent Portfolios and/or Further Portfolios to which such criteria are applied, set forth in Schedule 1, Part III, to the Master Purchase Agreement.

Subsequent Portfolios means any portfolio of Eligible Assets which may be purchased by the Guarantor in order to allow Mediobanca to issue other Series of Covered Bonds during the Revolving Period pursuant to the terms and subject to the conditions of the Master Purchase Agreement.

The Receivables transferred and to be transferred from time to time to the Guarantor pursuant to the Master Purchase Agreement will meet the following criteria on each relevant Transfer Date.

Each of the receivables deriving from the Mortgage Loans forming part of the Cover Pool shall comply with all of the following criteria (the "**Mortgage Loans General Criteria**"):

1. receivables arising from loans advanced by, or purchased by, CheBanca! S.p.A. (formerly Micos S.p.A. and Micos Banca S.p.A.);

2. mortgage receivables, in respect of which the ratio between the loan's amount outstanding added to the principal amount outstanding of any higher ranking mortgage loans secured by the same property does not exceed on the Valuation Date 80 percent for the residential mortgage loans or 60 percent for the commercial mortgage loans, as the case may be, of the value of the property, in accordance with Ministry of Economy and Finance Italian Decree 14 December 2006, No. 310;

3. receivables that did not provide at the time of disbursement for any subsidy or other benefit in relation to principal or interest (*mutui agevolati*);

4. receivables that have not been granted to public entities (*enti pubblici*), clerical entities (*enti ecclesiastici*) or public consortium (*consorzi pubblici*);

5. receivables that are not consumer loans (*crediti al consumo*);

6. receivables that are not a *mutuo agrario* pursuant to Articles 43, 44 and 45 of the Legislative Decree 1 September 1993, n. 385;

7. receivables that are secured by a mortgage created, in accordance with the laws and regulations applicable from time to time, over real estate assets sited in the Republic of Italy;

8. receivables the payment of which is secured by a first ranking mortgage (*ipoteca di primo grado economico*), such term meaning (i) a first ranking mortgage or (ii) a second or subsequent ranking priority mortgage in respect of which (A) the mortgage(s) ranking prior to such second or subsequent mortgage has been formally consented by the relevant lender to the total cancellation; or (B) the obligations secured by the mortgage(s) ranking prior to such second or subsequent mortgage have been fully satisfied; or (C) the lender secured by the mortgage(s) ranking prior to such second or subsequent mortgage is CheBanca! S.p.A. (even if the obligations secured by such ranking priority mortgage(s) have not been fully satisfied) provided that the relevant receivables secured by such second or subsequent ranking priority mortgages meet the Mortgage Loans General Criteria;

9. receivables in respect to which the hardening period (*periodo di consolidamento*) applicable to the relevant mortgage has expired and the relevant mortgage is not capable of being cancelled pursuant to Article 67 of Royal Decree 16 March 1942, No. 267 and, if applicable, of Article 39, fourth paragraph, of Legislative Decree 1 September 1993, n. 385;

10. receivables that are fully disbursed and in relation to which there is no obligation or possibility to make additional disbursement;

11. receivables that, as of the transfer date, did not have any instalment pending for more than 30 days from its due date and in respect of which all other previous instalments due before the transfer day have been fully paid;

12. receivables that are governed by Italian Law;

13. receivables that have been granted to individuals (*persone fisiche*) that as of the relevant Valuation Date were not employees of companies included in the Mediobanca Group or of the different bank originating the loans from which such receivables arise;

14. receivables that are denominated in Euro (or disbursed in a different currency and then re-denominated in Euro);

15. receivables arising from mortgage loan in respect of which at least one instalment (*rata*) is fallen due and paid, including in case of interest instalment;

16. receivables related to loan agreements executed with borrowers that are resident in Italy.

Each of the receivables deriving from the Public Assets which may form part of the Cover Pool shall comply with all of the following criteria (the "**Public Assets General Criteria**"):

Loans granted to, or guaranteed by, and securities issued by, or guaranteed by, the entities indicated in Article 2, paragraph 1, lett. (c) of the MEF Decree.

Each of the receivables deriving from the Asset Backed Securities which may form part of the Cover Pool shall comply with all of the following criteria (the "**ABS General Criteria**"):

Securities issued in the framework of securitisations having as underlying assets Mortgage Loans or Public Assets, pursuant to Article 2, paragraph 1, lett. (d) of the MEF Decree.

The receivables comprised in each Subsequent Portfolio, in each Further Portfolio as well as the Eligible Assets transferred to the Guarantor in order to ensure compliance with the Tests shall also comply with the relevant Specific Criteria.

CREDIT STRUCTURE

The Covered Bonds will be direct, unsecured, unconditional obligations of the Issuer guaranteed by the Guarantor. The Guarantor has no obligation to pay the Guaranteed Amounts under the Guarantee until the occurrence of an Issuer Event of Default, serviced by the Representative of the Bondholders to the Guarantor of an Issuer Default Notice. The Issuer will not be relying on payments by the Guarantor in order to pay interest or repay principal under the Covered Bonds.

There are a number of features of the Programme which enhance the likelihood of timely and, as applicable, ultimate payments to Bondholders:

(a) the Guarantee provides credit support to the Issuer;

(b) the Mandatory Test is intended to ensure that the Cover Pool is at all times sufficient to pay any interest and principal under the Covered Bonds;

(c) the Asset Coverage Test is intended to test the asset coverage of the Guarantor's assets in respect of the Covered Bonds prior to the service of an Issuer Default Notice, applying for the purpose of such coverage an Asset Percentage factor determined in order to provide a degree of over-collateralisation with respect to the Cover Pool;

(d) the Amortisation Test is periodically performed, following the occurrence of an Issuer Event of Default and service of an Issuer Event of Default, for the purpose of testing the asset coverage of the Guarantor's assets in respect of the Covered Bonds;

(e) the Swap Agreements are intended to hedge certain interest rate, currency or other risks in respect of amounts received and amounts payable by the Guarantor;

(f) a Reserve Account will be established and credited with an amount equal to the Reserve Required Amount on or about the Second Issue Date.

Certain of these factors are considered more fully in the remainder of this section.

Guarantee

The Guarantee provided by the Guarantor guarantees payment of Guaranteed Amounts on the Due for Payment Date in respect of all Covered Bonds issued under the Programme. The Guarantee will not guarantee any other amount becoming payable in respect of the Covered Bonds for any other reason. In this circumstance (and until a Guarantor Event of Default occurs and a Guarantor Default Notice is served), the Guarantor's obligations will only be to pay the Guaranteed Amounts on the Due for Payment Date.

See further "*Description of the Transaction Documents —Guarantee*", as regards the terms of the Guarantee.

Mandatory Test and Asset Coverage Test

Under the terms of the Portfolio Management Agreement, the Issuer and the Seller must ensure that the Cover Pool is in compliance with the Mandatory Test and Asset Coverage Test described below.

See section "*Description of the Transaction Documents – Portfolio Management Agreement*"

Mandatory Test

Starting from the First Issue Date and until the earlier of:

(i) the date on which all Series or Tranches of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with the Conditions; and

(ii) the date on which a Issuer Default Notice is served on the Guarantor as a consequence of an Issuer Event of Default,

the Issuer and Seller shall procure on a ongoing basis until the service of an Issuer Default Notice that each of the following tests is met:

(i) the outstanding aggregate notional amount of the assets comprised in the Cover Pool shall be, at least equal to the aggregate notional amount of all outstanding Series of Covered Bonds issued under the Programme; prior to the delivery of an Issuer Default Notice, this test will be deemed met to the extent that the Asset Coverage Test is met (the "**Nominal Value Test**");

(ii) the net present value of the Cover Pool together with the expected cash flows to be received by the Guarantor under any hedging arrangement entered into in relation to the transaction (net of the transaction costs to be borne by the Guarantor including the expected costs and costs of any hedging arrangement entered into in relation to the transaction) shall be at least equal to the net present value of the outstanding Series of Covered Bonds issued under the Programme (the "**NPV Test**");

(iii) the amount of interests and other revenues generated by the assets included in the Cover Pool (net of the transaction costs to be borne by the Guarantor including the expected costs and costs of any hedging arrangement entered into in relation to the transaction) taking into account the expected cash flows to be received by the Guarantor under any hedging arrangement entered into in relation to the transaction shall be at least equal to the interests and costs due by the Issuer under the Covered Bonds issued under the Programme (the "**Interest Coverage Test**" and, together with the Nominal Value Test and the NPV Test, the "**Mandatory Test**").

The Test Report Provider, on the basis of the information provided to it pursuant to the Transaction Documents, shall verify compliance with the Mandatory Test on each Calculation Date and on any other date on which the verification of the Mandatory Test is required pursuant to the Transaction Documents.

Prior to the occurrence of an Issuer Event of Default, the Nominal Value Test is deemed to be met if the Asset Coverage Test (as defined below) is met. Following the occurrence of an Issuer Event of Default, the Nominal Value Test will be deemed to be met of the Amortisation Test (as defined below) is met.

The calculations performed by the Test Report Provider in respect of the Mandatory Test will be tested from time to time by the Asset Monitor in accordance with the provisions of the Asset Monitor Agreement.

Asset Coverage Test

Starting from the First Issue Date and until the earlier of:

(i) the date on which all Series or Tranches of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with the Conditions; and

(ii) the date on which a Issuer Default Notice is served on the Guarantor as a consequence of an Issuer Event of Default,

the Issuer and the Seller, pursuant to the terms and conditions set out in the Portfolio Management Agreement, undertake to procure that on any Calculation Date the Adjusted Aggregate Loan Amount is at least equal to the aggregate Principal Amount Outstanding of the Covered Bonds issued under the Programme (the "**Asset Coverage Test**"). The Adjusted Aggregate Loan Amount will be calculated as follows:

A+B+C+D+E-X-Z

where,

A is equal to the lower of (i) and (ii), where:

(i) means the sum of the "LTV Adjusted Principal Balance" of each Mortgage Loan which shall be the lower of (1) the actual Outstanding Principal Balance of the relevant Mortgage Loan in the Cover Pool as calculated on the last day of the immediately preceding Collection Period, and (2) the Latest Valuation relating to that Mortgage Loan multiplied by M (where M is: (a) equal to 80 per cent. for all Mortgage Loans that are not Delinquent Assets and Defaulted Assets; (b) equal to 60 per cent. for all Commercial Mortgage Loans that are not Delinquent Assets and Defaulted Assets; (c) equal to 50 per cent. for all the Delinquent Assets; and (d) equal to 0 per cent. for all Defaulted Assets)

minus

the aggregate sum of the following deemed reductions occurred during the previous Collection Period:

- a loan was, in the immediately preceding Collection Period, in breach of the representations and warranties ("Affected Loan"). In this event, the aggregate LTV Adjusted Principal Balance of the Mortgage Loans will be reduced by an amount equal to the LTV Adjusted Principal Balance of the relevant Affected Loan; and/or

- the Seller, in any preceding Collection Period, was in breach of any other material warranty and/or the Servicer was, in any preceding Collection Period, in breach of a material term of the Servicing Agreement. In this event, the aggregate LTV Adjusted Principal Balance of the loans will be reduced, by an amount equal to the resulting financial loss incurred by the Guarantor in the immediately preceding Collection Period (such financial loss to be calculated by the Test Report Provider without double counting and to be reduced by any amount paid (in cash or in kind) to the Guarantor by the Seller to indemnify the Guarantor for such financial loss) ("Breach Related Loss");

AND

(ii) means the aggregate "Asset Percentage Adjusted Principal Balance" of the Mortgage Loans in the Cover Pool which in relation to each Mortgage Loan shall be the lower of (1) the actual Outstanding Principal Balance of the relevant Mortgage Loan as calculated on the last day of the immediately preceding Collection Period, and (2) the Latest Valuation relating to that Mortgage Loan multiplied by N (where N is: (x) equal to 100 per cent. for all Residential Mortgage Loans and all Commercial Mortgage Loans that are not Delinquent Assets and Defaulted Assets and/or (y) equal to 50 per cent. for all Delinquent Assets and/or (z) equal to 0 per cent. for all Defaulted Assets)

minus

- the aggregate sum of (1) the Asset Percentage Adjusted Principal Balance of the any Affected Loan(s) and/or (2) any Breach Related Losses occurred during the previous Collection Period;

- the result of which is multiplied by the Asset Percentage (as defined below);

B is equal to the aggregate amount of all cash standing on the Accounts (other than the cash standing on the Reserve Account up to the Reserve Required Amount, prior to an Issuer Event of Default) as at the end of the immediately preceding Collection Period which will not be applied to buy new Assets or to make payments under the relevant Order of Priority as at the relevant Calculation Date (without double counting);

C is equal to the aggregate Outstanding Principal Balance of any Integration Assets (other than the cash referred to under letter "B" above) that are in line with the criteria of the Eligible Investments and/or Eligible Investments as at the end of the immediately preceding Collection Period; and

D is equal to the aggregate Outstanding Principal Balance of any Asset Backed Securities as at the end of the immediately preceding Collection Period, weighted by a percentage which will be determined with the Rating Agency methodology; and

E is equal to the aggregate Outstanding Principal Balance of any Public Assets as at the end of the immediately preceding Collection Period, weighted by a percentage which will be determined with the Rating Agency methodology; and

X is equal to nil if the Long-Term IDR assigned by Fitch to the Issuer is at least "BBB" or the Short-Term IDR assigned by Fitch to the Issuer is at least "F2", otherwise the Potential Set-Off Amounts; and

Z is the item resulting from the aggregate amount of the following figures for all the Covered Bonds outstanding:

(i) the Residual Maturity of the relevant Covered Bond outstanding;

multiplied by

(ii) the relative (EUR Equivalent) Principal Amount Outstanding of the relevant Covered Bond; and

multiplied by

(iii) the relative Negative Carry Factor of the relevant Covered Bond.

Residual Maturity means the residual maturity of the relevant Covered Bond expressed in days and divided by 365.

Negative Carry Factor means (i) nil if the relevant Covered Bond has a corresponding Cover Pool Swap structured as Total Balance Guaranteed Swap, otherwise (ii) a percentage calculated by reference to the weighted average margin of the Covered Bonds and will, in any event, be not less than 0.5 per cent..

Asset Percentage means (i) 84 per cent. or (ii) such lesser percentage figure as determined from time to time by the Test Report Provider (on behalf of the Guarantor and in accordance with the Rating Agency's methodology) and notified to the Rating Agency and the Representative of the Bondholders, provided that the Asset Percentage may not, at any time, be higher than 84 per cent.

The Guarantor (or the Test Report Provider on its behalf) will, on the Calculation Date, send notification to the Rating Agency and the Representative of the Bondholders of the percentage figure selected by it, being the difference between 100 per cent. and the amount of credit enhancement required to maintain the then current ratings of the covered bonds.

The Asset Percentage will be adjusted from time to time in order to ensure that sufficient credit enhancement will be maintained.

Potential Set-Off Amounts means an amount calculated on a quarterly basis by the Servicer and communicated to the Rating Agency as a percentage of the Cover Pool that the Servicer determines as potentially subject to set-off risk by the relevant Debtors, taking into consideration the portion of the Debtors having current and deposit accounts opened with the Seller.

The Amortisation Test

For so long as the Covered Bonds remain outstanding, on each Calculation Date following the occurrence of an Issuer Event of Default but prior to a Guarantor Event of Default, the Amortisation Test Aggregate Loan

Amount shall be equal to or higher than the Principal Amount Outstanding of the Covered Bonds (the "**Amortisation Test**").

For the purpose of calculating the Amortisation Test the **Amortisation Test Aggregate Loan Amount** means an amount equal to

A+B+C+D+E-Z

where:

A is the lower of:

(1) the actual Outstanding Principal Balance of each Mortgage Loan as calculated on the last day of the immediately preceding Collection Period multiplied by M; and

(2) the Latest Valuation multiplied by M,

where M is: (i) equal to 100 per cent. for all the Residential Mortgage Loans and all the Commercial Mortgage Loans that are not Delinquent Assets and Defaulted Assets; (ii) equal to 50 per cent. for all the Delinquent Assets; and (iii) equal to 0 per cent. for all the Defaulted Assets;

B the aggregate amount of all cash standing on the Accounts as at the end of the immediately preceding Collection Period which will not be applied to make payments under the relevant Order of Priority as at the relevant Calculation Date;

C is the aggregate Outstanding Principal Balance of any Integration Assets (other than the cash referred to under letter "B" above) that are in line with the criteria of the Eligible Investments and/or Eligible Investments as at the end of the immediately preceding Collection Period;

D is the aggregate Outstanding Principal Balance of any Asset Backed Securities as at the end of the immediately preceding Collection Period;

E is the aggregate Outstanding Principal Balance of any Public Assets as at the end of the immediately preceding Collection Period; and

Z is the item resulting from the aggregate amount of the following figures for all the Covered Bonds outstanding:

(i) the Residual Maturity of the relevant Covered Bond outstanding;

multiplied by

(ii) the relative (EUR Equivalent) Principal Amount Outstanding of the relevant Covered Bond; and

multiplied by

(iii) the relative Negative Carry Factor of the relevant Covered Bond.

The Test Report Provider shall verify on behalf of the Guarantor compliance with the Amortisation Test on each Calculation Date following the occurrence of an Issuer Event of Default and on any other date on which the verification of the Amortisation Test is required pursuant to the Transaction Documents and shall inform the Representative of the Bondholders if a breach of the Amortisation Test has occurred.

Should a breach of the Amortisation Test occur after an Issuer Event of Default, the Representative of the Bondholders may but shall, if so directed by an Extraordinary Resolution of the Bondholders, serve to the Issuer, the Seller and the Guarantor the Guarantor Default Notice if such a breach is not cured within the following Calculation Date.

Required Reserve Amount

Required Reserve Amount means an amount which will be determined, initially, on each Issue Date for the relevant Series of Covered Bond and then on each Calculation Date and which will be equal to the aggregate amount of (a) one fourth of the annual amount payable under items (ii) and (iv) of the Pre-Issuer Event of Default Interest Priority of Payment; and (b) any interest amounts due on the Covered Bond on the next CB Payment Date.

ACCOUNTS AND CASH FLOWS

The following accounts shall be established and maintained with the Account Bank for so long as it qualifies as an Eligible Institution as separate accounts in the name of the Guarantor.

Find below a description of the deposits and withdrawals in respect of the accounts:

(a) the "**Collection Account**" (IBAN No. IT82Y1063101600000070201377)

(i) **Payments into the Collection Account.** No later than 12:00 a.m. (CET) of the second Business Day following the relevant date of receipt, any principal and interest payment in relation to the Eligible Assets and/or Integration Assets comprised in the Cover Pool received by the Servicer on behalf of the Guarantor pursuant to the Servicing Agreement, will be deposited into the Collection Account.

(ii) **Withdrawals from the Collection Account**. (A) At least on a weekly basis all funds then standing to the credit of the Collection Account will be transferred to the Transaction Account by the Cash Manager; (B) at the end of any Collection Period, the interest accrued on the credit balance of the Collection Account will be transferred to the Transaction Account.

(b) The **Expenses Account** (IBAN No. IT78T1063101600000070201380)

(i) **Payments into the Expenses Account.** (A) On the First Issue Date the Retention Amount will be credited on the Expenses Account; (B) on each Guarantor Payment Date monies will be credited to the Expenses Account in accordance with the applicable Priority of Payments until the balance of such account equals the Retention Amount;

(ii) **Withdrawals from the Expenses Account**. (A) the Guarantor will use the funds standing to the credit of the Expenses Account to make payments relating to any and all documented fees, costs, expenses and taxes required to be paid during the period comprised between a Guarantor Payment Date and the immediately subsequent Guarantor Payment Date pursuant to the instructions of the Corporate Servicer; and (B) at the end of any Collection Period, the interest accrued on the credit balance of the Expenses Account, if any, will be transferred to the Transaction Account.

Retention Amount means Euro 50,000.

(c) The **Quota Capital Account**

(i) **Payments into the Quota Capital Account**. All the capital contributions of each quotaholder in the Guarantor and any interest accrued thereon are credited to the Quota Capital Account.

(d) The **Reserve Account** (IBAN No. IT09W1063101600000070201383)

(i) **Payments into the Reserve Account**. On each Guarantor Payment Date the Reserve Account will be credited with the proceeds of Interest Available Funds according to the Pre-Issuer Event of Default Interest Priority of Payments for the purpose of refilling, on each Guarantor Payment Date, such account up to the relevant Required Reserve Amount.

(ii) **Withdrawals from the Reserve Account**

(A) On each Guarantor Payment Date, prior to the service of an Issuer Default Notice, the funds standing to the credit of the Reserve Account in excess of the Required Reserve

Amount will be applied by the Cash Manager as Interest Available Funds according to the Pre-Issuer Event of Default Interest Priority of Payments.

(B) Following the service of an Issuer Default Notice, the Guarantor will apply all the funds standing to the Reserve Account as Available Funds in accordance with the applicable Priority of Payments.

(C) At the end of any Collection Period, the interest accrued on the credit balance of the Reserve Account will be transferred to the Transaction Account.

(e) The **Securities Account** (No. IT55U1063101600000070201381)

(i) **Payments into the Securities Account.** All securities constituting Eligible Investments purchased by the Investment Manager (on behalf of the Guarantor) with the amounts standing to the credit of the Transaction Account and the Reserve Account, pursuant to any order of the Guarantor, and all Assets consisting of Asset Backed Securities, Public Notes and Integration Securities will be deposited on such account.

(ii) **Withdrawals from the Securities Account**. (A) Not later than 10:00 (London time) of the first Business Day prior to each Guarantor Payment Date, the Eligible Investments standing to the credit of the Securities Account will be liquidated and proceeds credited to the Transaction Account (other than an amount equal to the Required Reserve Amount provided that an Issuer Event of Default has not occurred); and (B) the Assets consisting of Asset Backed Securities, Public Notes and Integration Securities will be liquidated in accordance with the Portfolio Management Agreement and proceeds credited to the Transaction Account promptly upon liquidation; and (C) at the end of any Collection Period, the interest accrued on the investments standing to the credit balance of the Securities Account will be transferred to the Transaction Account.

Eligible Investments means the Euro denominated senior (unsubordinated) debt securities or other debt instruments, provided that, in all cases:

(a) such investments are immediately repayable on demand, disposable without penalty or have a maturity date falling on or before the third Business Day preceding the Guarantor Payment Date immediately succeeding the Collection Period in respect of which such eligible investments were made;

(b) such investments provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount) or in case of repayment or disposal, the principal amount upon repayment or disposal is at least equal to the principal amount invested and cannot include any embedded options (unless full payment of principal is paid in cash upon the exercise of the embedded option);

(c) such debt securities or other debt instruments having at least:

(1) "BBB" or "F2", for investments maturing up to 30 days;

(2) "AA-" or "F1+", for investments maturing from 30 days to 365 days;

(d) a Euro denominated time deposit (including, for avoidance of any doubt, a term deposit) opened with the Account Bank or any other Eligible Institution; and

(e) repurchase transactions between the Guarantor and an Eligible Institution in respect of Euro denominated debt securities or other debt instruments having the rating

requirements specified under paragraph (c) above, provided that (i) title to the securities underlying such repurchase transactions (in the period between the execution of the relevant repurchase transactions and their respective maturity) effectively passes to the Guarantor and the obligations of the relevant counterparty are not related to the performance of the underlying securities, (ii) such repurchase transactions have a maturity date falling on or before the third Business Day preceding the Guarantor Payment Date immediately succeeding the Collection Period in respect of which such eligible investments were made.

(f) The **Transaction Account** (IBAN No. IT59Z1063101600000070201378)

(i) **Payments into the Transaction Account.**

(A) At least on a weekly basis all funds standing to the credit of the Collection Account will be transferred to the Transaction Account by the Cash Manager;

(B) any amounts whatsoever received by or on behalf of the Guarantor pursuant to the Swap Agreements will be credited to the Transaction Account;

(C) all other payments paid to the Guarantor under any of the Transaction Documents including - for the avoidance of doubt – any indemnity paid by the Seller in accordance with the Master Purchase Agreement will be credited to the Transaction Account;

(D) the revenue of the Eligible Investments;

(E) any interest accrued on any of the Accounts (other than the Quota Capital Account).

(ii) **Withdrawals from the Transaction Account**.

(A) on each Guarantor Payment Date, the Cash Manager will make those payments as are indicated in the relevant Payments Report.

(B) No later than 12.00 am (CET) of the first Business Day immediately preceding a Due for Payment Date, the Cash Manager will transfer to the Paying Agent the amounts necessary to execute payments of interests and principal due by the Guarantor under the Guarantee in relation to the outstanding Covered Bonds.

The following accounts shall be established and maintained with the Swap Collateral Account Bank for so long as it qualifies as an Eligible Institution as separate accounts in the name of the Guarantor:

Swap Collateral Account means the bank account established in the name of the Guarantor with the Swap Collateral Account Bank with number 000800882305 (Iban code: IT 78 W 03479 01600 000800882305) or such other substitute account as may be opened in accordance with the Swap Agreements for the deposit of the collateral which may be due to the Guarantor by the Swap Counterparties under the relevant Credit Support Annex

The Collection Account, the Securities Account, the Reserve Account, the Transaction Account, the Swap Collateral Account and the Expenses Account are jointly referred to as the "**Accounts**".

No payment may be made out of the Accounts which would thereby cause or result in any such account becoming overdrawn.

DESCRIPTION OF THE TRANSACTION DOCUMENTS

Master purchase agreement

On 30 November, 2011, pursuant to a master purchase agreement entered into between the Seller and the Guarantor, as amended and supplemented from time to time, (the "**Master Purchase Agreement**"), the Seller has assigned to the Guarantor, pursuant and for the purposes of the art. 4 and art. 7-*bis* of the Law 130/1999, a first portfolio of receivables arising from the Residential Mortgage Loan Agreements (the "**Initial Portfolio**") in order to allow the issue of the First Series of Covered Bond by the Issuer; (ii) the parties have agreed the terms and conditions related to the assignment of subsequent portfolios of receivables arising from the Residential Mortgage Loan Agreements (the "**Subsequent Portfolios**") in order to collateralise and allow the issue of further Series of Covered Bond by the Issuer in the context of the Programme, (iii) the parties have agreed the terms and conditions related to the assignment on a revolving basis of further portfolios of receivables arising from the Residential Mortgage Loan Agreements (the "**Further Portfolios**") to be paid out of Principal Available Funds, and (iv) the parties have agreed integration and substitution procedures in relation to the Assets included from time to time in the Cover Pool in compliance with the Covered Bonds Law.

Initial Portfolio

The Initial Portfolio transferred by the Seller to the Guarantor according to the Master Purchase Agreement consisted of receivables arising from Residential Mortgage Loans only. Each Residential Mortgage Loan included in the Initial Portfolio shall comply with the mortgage loans general criteria indicated in the Annex 1 – Part I to the Master Purchase Agreement (the "**Mortgage Loans General Criteria**") and with the specific criteria of the Initial Portfolio indicated in the Annex 1 – Part II to the Master Purchase Agreement (the "**Specific Criteria of the Initial Portfolio**").

The purchase price payable for the Initial Portfolio was equal to the aggregate Individual Purchase Price of all the receivables deriving from the Residential Mortgage Loans included in the Initial Portfolio. The Individual Purchase Price is equal to (i) the book value (*ultimo valore di iscrizione in bilancio*) as of the most recent audited balance sheet - net of the relevant collections made by the Seller – on which the auditing firm had no reservations, or (ii) the value given by the Seller as certified by an auditing firm pursuant to which there are no grounds to consider the estimate criteria used for the calculation of the relevant purchase price not in line with those used by the Seller for the annual balance sheet (*bilancio di esercizio*).

The purchase price of the Initial Portfolio was paid by the Guarantor - out of the advances of the Initial Subordinated Loan - on the First Issue Date.

Subsequent Portfolios and Further Portfolios

In order to collateralise and allow Mediobanca to issue further Series of Covered Bond in the context of the Programme, during the Revolving Period the Seller may transfer from time to time to the Guarantor, and the Guarantor shall purchase from the Seller, subsequent portfolios (the "**Subsequent Portfolios**"), provided that the following conditions are satisfied:

(i) the First Series of Covered Bonds has been issued and fully subscribed;

(ii) the compliance with the Limits to the Transfer (*Limiti alla Cessione*, see Section II, Paragraph 2 of the BoI Regulations).

Until the occurrence of an Issuer Event of Default the Seller may from time to time transfer to the Guarantor, and the Guarantor shall purchase from the Seller, further portfolios (the "**Further Portfolios**") in order to

allow Guarantor to invest the Principal Available Funds pursuant to the applicable Priority of Payments provided that the following conditions are satisfied:

(i) there are sufficient Principal Available Funds to be applied pursuant to the Pre-Issuer Event of Default Principal Priority of Payments;

(ii) the compliance with the Asset Coverage Test and the Mandatory Test.

The Subsequent Portfolios and the Further Portfolios to be transferred to the Guarantor according to the Master Purchase Agreement may consist, from time to time, not only of receivables arising from the Residential Mortgage Loan Agreements, but also of Assets arising from:

(i) Commercial Mortgage Loans;

(ii) Public Assets; and

(iii) Asset Backed Securities,

provided that the Rating Agency (i) will have been previously notified by the parties and (ii) Fitch will have confirmed in writing the current ratings of the then outstanding Covered Bonds.

The Residential Mortgage Loans, the Commercial Mortgage Loans, the Public Assets and the Asset Backed Securities are jointly defined as the "**Eligible Assets**".

Each Eligible Asset included in each Subsequent Portfolio and in each Further Portfolio shall comply with: (i) the Mortgage Loans General Criteria, the Public Assets General Criteria and/or the ABS General Criteria (as the case may be); (ii) the specific criteria of the Subsequent and Further Portfolios indicated in the Annex 1 – Part III to the Master Purchase Agreement (the "**Specific Criteria of the Subsequent and Further Portfolios**"); and (iii) the further criteria agreed between the Seller and the Guarantor and specified in the Schedule B to the relevant Transfer Proposal (the "**Further Criteria**").

The purchase price payable for each Subsequent Portfolio and each Further Portfolio will be equal to the aggregate Individual Purchase Price of all the Eligible Assets included in the Subsequent Portfolio and the Further Portfolio. The Individual Purchase Price will be equal to (i) the book value (*ultimo valore di iscrizione in bilancio*) as of the most recent audited balance sheet - net of the relevant collections made by the Seller – on which the auditing firm had no reservations, or (ii) the value given by the Seller as certified by an auditing firm pursuant to which there are no grounds to consider the estimate criteria used for the calculation of the relevant purchase price not in line with those used by the Seller for the annual balance sheet (*bilancio di esercizio*).

Under the Master Purchase Agreement the parties may agree to use different criteria for the calculation of the Individual Purchase Price in relation to the Eligible Assets included in each Subsequent Portfolio and in each Further Portfolio in order to conform to any relevant law, regulation or interpretation of any authority (including, without limitation, the Bank of Italy, the Minister of Economy and the *Agenzia delle Entrate*), which may be enacted with respect to the Covered Bonds Law.

The Purchase Price of each Subsequent Portfolio shall be paid by the Guarantor - out of the advances of the Subsequent Subordinated Loan - on the relevant Issue Date, provided that the relevant Publicity has been complied with.

The Purchase Price of each Further Portfolio shall be paid by the Guarantor - out of Principal Available Funds - on the latest between (a) the relevant Guarantor Payment Date, provided that the relevant Publicity has been complied with, and (b) the date on which the relevant Publicity has been complied with.

Integration of the Cover Pool

The integration of the Cover Pool shall be allowed solely for the purpose of complying with the Mandatory Test and the other tests provided for in the Transaction Documents.

The integration of the Cover Pool shall be carried out through the Integration Assets provided that, the Integration Assets (taking into account the Liquidity) shall not be, at any time, higher than 15% of the aggregate outstanding principal amount of the Cover Pool (the "**Integration Assets Limit**").

"**Integration Assets**" means, in accordance with article 2, sub-paragraph 3.2 and 3.3 of MEF Decree, each of the following assets:

(i) deposits held with banks which have their registered office in the European Economic Area or Switzerland or in a country for which a 0% risk weight is applicable in accordance with the Bank of Italy's prudential regulations for banks -standardised approach; and

(ii) securities issued by the banks indicated in item (i) above, which have a residual maturity not exceeding one year.

The Purchase Price of the Integration Assets shall be paid by the Guarantor - out of the advances of the Subordinated Loans or, but only for the purposes to cure a breach of the Interest Coverage Test, out of the Principal Available Funds – on the date specified in the relevant Transfer Proposal provided that the formalities from time to time necessary to the perfection of the assignment of the relevant Integration Asset have been complied with.

Price Adjustments

The Master Purchase Agreement provides a price adjustment mechanism pursuant to which:

(a) if, following the relevant effective date, any Eligible Asset which is part of the Initial Portfolio or of the Subsequent Portfolios and Further Portfolio does not meet the Criteria, then such Eligible Asset will be deemed not to have been assigned and transferred to the Guarantor pursuant to the Master Purchase Agreement;

(b) if, following the relevant effective date, any Eligible Asset which meets the Criteria but it is not part of the Initial Portfolio or of the Subsequent Portfolio and Further Portfolio, then such Eligible Asset shall be deemed to have been assigned and transferred to the Guarantor as of the relevant transfer date, pursuant to the Master Purchase Agreement .

Repurchase of the Eligible Assets

The Seller is granted an option right, pursuant to article 1331 of Italian Civil Code, to repurchase Eligible Assets comprised in the Cover Pool, also in different tranches, in accordance with the terms and conditions set out in the Master Purchase Agreement. In particular, pursuant to the Master Purchase Agreement, the Seller, provided that such repurchase does not result in a breach of the Tests, will have the right to repurchase Eligible Assets transferred to the Guarantor under the Master Purchase Agreement if:

(a) such Eligible Assets have became non-eligible in accordance with the MEF Decree;

(b) the repurchase of such Eligible Assets and/or Integration Assets is made in order to substitute other Eligible Assets and/or Integration Assets and for the ultimate benefit of the Bondholders;

(c) the repurchase of such Eligible Assets and/or Integration Assets is made in order to reduce, to the extent permitted under the Covered Bonds Law and pursuant to the Transaction Documents, the overcollateralization of the Cover Pool.

Portfolio Call

Under the Master Purchase Agreement, as from the date on which all the Series of Covered Bonds issued in the context of the Programme have been fully redeemed and until the Programme End Date, the Seller is granted an option right, pursuant to Article 1331 of Italian Civil Code, to repurchase all the Eligible Assets and the Integration Assets included in the Cover Pool, pursuant to the terms and conditions set out in such Agreement, provided that:

(i) all the Series of Covered Bonds issued under the Programme have been redeemed in full; and

(ii) all the claims of the Secured Creditors (other than the Subordinated Lender) against the Guarantor have been fully satisfied.

Representation and Warranties

Under the Master Purchase Agreement the Seller gives to the Guarantor, inter alia, representation and warranties about: (a) its status and powers, (b) the information and the documents provided to the Guarantor, (c) its legal title on the Eligible Assets, (d) the status of the Eligible Assets, (e) the terms and conditions of the Eligible Assets.

Pursuant to the Master Purchase Agreement, the Seller undertakes to fully and promptly indemnify and hold harmless the Guarantor and its officers, directors and agents, from and against any and all damages, losses, claims, liabilities, costs and expenses awarded against, or incurred by, any of them, arising from any representations and/or warranties made by the Seller being actually false, incomplete or incorrect and/or failure by the Seller to perform any of the obligations and undertakings assumed by the Seller under the Transaction Documents.

Undertakings

The Master Purchase Agreement also contains a number of undertakings by the Seller in respect of its activities in relation to the Eligible Assets. The Seller has undertaken, inter alia, to refrain from carrying out activities with respect to the Eligible Assets which may prejudice the validity or recoverability of any Eligible Assets and in particular not to assign or transfer the Eligible 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 Eligible Assets. The Seller also has undertaken to refrain from any action which could cause any of the Eligible Assets to become invalid or to cause a reduction in the amount of any of the Eligible Assets.

Additional Seller

Under the Master Purchase Agreement, any other entity which is part of the Mediobanca Group other than the Seller, may sell Eligible Assets and/or Integration Assets to the Guarantor, subject to satisfaction of certain conditions, and, for such purpose, shall, inter alia, accede to the Master Purchase Agreement by signing an accession letter substantially in the form attached to the Master Purchase Agreement and in accordance with the provisions of the Transaction Documents.

Governing Law

The Master Purchase Agreement is governed by Italian Law.

Initial Subordinated Loan Agreement

On 30 November, 2011, the Seller and the Guarantor entered into a subordinated loan agreement (the "**Initial Subordinated Loan Agreement**"), pursuant to which the Seller has granted to the Guarantor a subordinated loan (the "**Initial Subordinated Loan**") with a maximum amount equal to 2,000,000,000.

Under the provisions of the Initial Subordinated Loan Agreement, the Seller has made available to the Guarantor (a) a tranche A of an amount equal to Euro 1,500,000,000.00 (the "**Tranche A**"), for the purposes of providing the Guarantor with the funds necessary to purchase the portion of the Initial Portfolio equal to the nominal value of the First Series of the Covered Bonds and (b) a tranche B of an amount equal to Euro 500,000,000.00 (the "**Tranche B**"), for the purposes of providing the Guarantor with the funds necessary (i) to purchase the portion of the Initial Portfolio in excess of the nominal value of the First Series of Covered Bonds, equal to the initial level of the overcollateralization of the Cover Pool, (ii) to purchase further Eligible Assets and/or Integration Assets in view of carrying out an integration of the Cover Pool in order to prevent or to cure a breach of the Tests provided for in the Transaction Documents during all the Life of the Programme, (iii) to purchase any Eligible Asset which meets the Criteria in relation to the Initial Portfolio but which has been not part of the Initial Portfolio (such Eligible Assets shall be deemed to have been assigned and transferred to the Guarantor as of the relevant transfer date, pursuant to the Master Purchase Agreement), and (iv) to deposit the Retention Amount on the Expenses Account.

The Initial Subordinated Loan Agreement has been amended on 9 October 2013, for the purposes of, *inter alia*, extending the due date for the repayment of the Tranche A on the date on which all and any Covered Bonds issued under the second Series have been fully and unconditionally repaid.

The Guarantor shall pay any amounts due under the Subordinated Loan in accordance with the relevant Priorities of Payments.

The advances made by the Seller pursuant to the Subordinated Loan shall be remunerated by the Guarantor by way of:

(a) with respect to the advances made under the Tranche A, an amount of interests equal to the interests to be paid under the second Series of Covered Bonds; and

(b) with respect to the advances made under the Tranche B, the sum of the Reference Rate, the Margin and the Premium Interests.

All and any amounts granted by the Seller under the Subordinated Loan, shall be repayable by the Guarantor on or after the date on which all and any Covered Bonds issued under the second Series have been fully and unconditionally repaid.

Notwithstanding the above, the amounts granted by the Seller under the Tranche B of the Subordinated Loan shall be repaid in advance, under the circumstances and within the limits specified in the Subordinated Loan Agreement, upon receipt by the Guarantor of a request from the Seller in accordance with the relevant Priority of Payments and provided that such repayment does not result in a breach of any of the Tests.

Main Definitions

For the purposes of the Subordinated Loan Agreement:

Margin means the margin as from time to time established in the Initial Subordinated Loan Agreement and in each Subsequent Subordinated Loan Agreement (as defined below).

Premium Interests means, on any Guarantor Payment Date:

(A) prior to the occurrence of an Issuer Event of Default, an amount equal to the positive difference between (a) the sum of the Interest Available Funds, with respect to the immediately preceding Collection Period, and (b) the algebraic sum of the amounts due by the Guarantor under items from (i) to (xi) (included) of the Pre-Issuer Event of Default Interest Priority of Payments; or

(B) following the occurrence of an Issuer Event of Default but prior to the occurrence of a Guarantor Event of Default, an amount equal to the positive difference between (a) the sum of the Available Funds with respect to the immediately preceding Collection Period and (b) the algebraic sum of the amounts due by the Guarantor under items from (i) to (ix) (included) of the Post-Issuer Event of Default Priority of Payments; or

(C) following the occurrence of a Guarantor Event of Default, an amount equal to the positive difference between (a) the sum of the Available Funds with respect to the immediately preceding Collection Period and (b) the algebraic sum of the amounts due by the Guarantor under items from (i) to (vii) (included) of the Post-Guarantor Event of Default Priority of Payments.

Reference Rate has the meaning given in the relevant Final Terms.

Governing Law

The Subordinated Loan Agreement is governed by Italian law.

Guarantee

On or about the Issue Date, the Guarantor issued a guarantee securing the payment obligations of the Issuer under the Covered Bonds (the "**Guarantee**"), in accordance with the provisions of the Law 130/99 and of the MEF Decree.

Under the terms of the Guarantee, following the occurrence of an Issuer Event of Default, and service of an Issuer Default Notice to the Guarantor, but prior to the occurrence of a Guarantor Event of Default, the Guarantor unconditionally and irrevocably has agreed to pay to the Representative of the Bondholders (for the benefit of the Bondholders), any amounts due under the relevant Series or Tranche of Covered Bonds as and when the same were originally due for payment by the Issuer.

Pursuant to Article 7-*bis*, paragraph 1, of Law 130 and Article 4 of the MEF Decree, the guarantee provided under the 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 Guarantor *vis-à-vis* the Bondholders and with limited recourse to the Cover Pool, irrespective of any invalidity, irregularity, unenforceability or genuineness 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 Guarantee.

Should the Issuer become subject to the suspension of payments pursuant to Article 74 of the Banking Act, the Guarantor shall directly provide to the payments due by the Issuer to the Bondholders during the Suspension Period on the relevant Due for Payment Date.

Should the Issuer become subject to the administrative liquidation (*liquidazione coatta amministrativa*) pursuant to Article 80 and ff. of the Banking Act, the payments due by the Issuer in favour of the Bondholders under the Terms and Conditions shall be directly made by the Guarantor on any Due for Payment Date.

In case of administrative liquidation of the Issuer, the Guarantor shall exercise, on an exclusive basis and in compliance with the provisions of Article 4 of the MEF Decree, the rights of the Bondholders against the Issuer and any amount recovered from the Issuer will be part of the Available Funds.

Following the service of an Issuer Default Notice on the Guarantor, but prior to the occurrence of a Guarantor Event of Default, the Guarantor will make payments of the relevant Guaranteed Amounts pursuant to Guarantee on the relevant Due for Payment Date, subject to and in accordance with the Post-Issuer Event of Default Priority of Payments.

Following the occurrence of a Guarantor Event of Default and the service, by the Representative of the Bondholders, of a Guarantor Default Notice, all Covered Bonds will accelerate against the Guarantor, becoming due and payable, and they will rank pari passu amongst themselves and the Guarantor shall pay the relevant Guaranteed Amounts for all outstanding Covered Bonds on the relevant Due for Payment Date, subject to and in accordance with the Post-Guarantor Event of Default Priority of Payment.

For the purposes of the Guarantee:

Due for Payment Date means (a) a Scheduled Due for Payment Date (as defined below) or (b) following the occurrence of a Guarantor Event of Default, the date on which the Guarantor Default Notice is served on the Guarantor. If the Due for Payment Date is not a Business Day, Due for Payment Date will be the next Business Day.

Excluded Scheduled Interest Amounts means any additional amounts relating to default interest or interest upon interest payable by the Issuer.

Excluded Scheduled Principal Amounts means any additional amounts relating to prepayments, early redemption, broken funding indemnities, or penalties payable by the Issuer.

Guaranteed Amounts means (a) prior to the service of a Guarantor Default Notice, with respect to any Scheduled Due for Payment Date, the sum of amounts equal to (i) the Scheduled Interest and the Scheduled Principal, in each case, payable on that Schedule Due for Payment Date or any other amounts due and payable by the Issuer under the Covered Bonds pursuant to the Terms and Conditions and the relevant Final Terms and (ii) all amounts payable by the Guarantor under the Transaction Documents ranking senior to any payment due in respect of the Covered Bonds according to the applicable Priority of Payments, or (b) after the service of a Guarantor Default Notice, an amount equal to (i) the relevant Early Redemption Amount (as defined and specified in the Terms and Conditions) plus all accrued and unpaid interests 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 (ii) all amounts payable by the Guarantor under the Transaction Documents ranking senior to any payment due in respect to the Covered Bonds according to the applicable Priority of Payments. The Guaranteed Amounts include any Guaranteed Amount that was timely paid by or on behalf of the Issuer to the Bondholders to the extent it has been clawed back and recovered from the Bondholders by the receiver or liquidator, in bankruptcy or other insolvency or similar proceedings for the Issuer named or identified in the order, and has not been paid or recovered from any other source (the "**Clawed Back Amounts**").

Scheduled Due for Payment Date means:

(i) (a) the date on which the Scheduled Payment Date in respect of the relevant Guaranteed Amounts is reached, and (b) only with respect to the first Scheduled Payment Date immediately after the occurrence of an Issuer Event of Default, the later of (i) the day which is two Business Days following the service of the Issuer Default Notice on the Guarantor in respect of such Guaranteed Amounts and (ii) the relevant Scheduled Payment Date; or

(ii) if the applicable Final Terms specified that an Extended Maturity Date is applicable to the relevant Series or Tranche of Covered Bonds, the Scheduled Payment Date that would have applied if the Maturity Date of such series or tranche of Covered Bonds had been the Extended Maturity Date or such other Scheduled Payment Date(s) as specified in the relevant Final Terms.

Scheduled Interest means in respect of each Scheduled Payment Date following the service of an Issuer Default Notice to the Guarantor, an amount equal to the amount in respect of interest which would have been due and payable under the Covered Bonds on such Scheduled Payment Date as specified in the Terms and Conditions falling on or after the service of an Issuer Default Notice to the Guarantor (but excluding any Excluded Scheduled Interest Amounts).

Scheduled Payment Date means, in relation to any payments due under the Guarantee, each CB Payment Date or, if applicable under the relevant Final Terms, each Optional Redemption Date.

Scheduled Principal means in respect of each Scheduled Payment Date following the service of an Issuer Default Notice to the Guarantor, an amount equal to the amount in respect of principal which would have been due and repayable under the Covered Bonds on such Scheduled Payment dates as specified in the Terms and Conditions (but excluding any Excluded Scheduled Principal Amount).

Governing Law

The Guarantee is governed by Italian law.

Servicing Agreement

On 30 November, 2011 the Servicer has agreed, pursuant to the terms of a servicing agreement (as subsequently amended and supplemented from time to time) (the "**Servicing Agreement**"), to administer and service the Assets comprised in the Cover Pool, on behalf of the Guarantor.

Under the Servicing Agreement, the Servicer has agreed to perform certain servicing duties in connection with the Assets comprised in the Cover Pool, and, in general, the Servicer has agreed to be responsible for the management of the Assets and for cash and payment services (*soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e di pagamento*) in accordance with the requirements of the Law 130/99.

As consideration for activities performed and reimbursement of expenses, the Servicing Agreement provides that the Servicer will receive certain fees payable by the Guarantor on each Guarantor Payment Date in accordance with the applicable Priorities of Payments.

Servicer's activities

In the context of the appointment, the Servicer has undertaken to perform, with its best diligence, *inter alia*, the activities specified below:

(a) administration, management and collection of the Assets in accordance with the collection policies; management and administration of enforcement proceedings and insolvency proceedings;

(b) to perform certain activities with reference to the data processing pursuant to article 29 of the Legislative Decree no. 196 of 30 June 2003 (the "**Privacy Law**");

(c) to keep and maintain updated and safe the documents relating to the transfer of the Assets from the Seller to the Guarantor; to consent to the Guarantor and the Representative of the Bondholders to examine and inspect the documents and to draw copies;

(d) following (i) the service of a Breach of Test Notice or (ii) the occurrence of an Issuer Event of Default, the Servicer may sell (in the name and on behalf of the Guarantor) certain Assets comprised in the Cover Pool, in accordance with the Portfolio Management Agreement, in the interest of the Bondholders.

The Servicer is entitled to delegate the performance of certain activities to third parties, except for the supervisory activities in accordance with Bank of Italy regulations of August 5, 1996, No. 216, as amended

and supplemented. Notwithstanding the above, the Servicer shall remain fully liable for the activities performed by a party so appointed by the Servicer, and shall maintain the Guarantor fully indemnified for any losses, costs and damages incurred for the activity performed by a party so appointed by the Servicer.

Servicer Reports

The Servicer has undertaken to prepare and submit quarterly reports to the Guarantor, the Seller, the Issuer, the Asset Monitor, the Rating Agency, the Calculation Agent, the Corporate Servicer, the Swap Counterparties and the Representative of the Bondholders, in the form set out in the Servicing Agreement, containing information as to the Collections made in respect of the Assets during the preceding Collection Period. The reports will provide the main information relating to the Servicer's activity during the period.

Successor Servicer

According to the Servicing Agreement, the Guarantor, upon the occurrence of a termination event, shall have the right to withdraw the appointment of the Servicer at any time and to appoint a different entity (the "**Successor Servicer**"). Pursuant to the Servicing Agreement, the Guarantor has undertaken to appoint the Successor Servicer immediately after the occurrence of a termination event. The Successor Servicer shall undertake to carry out the activity of administration, management and collection of the Assets, as well as all other activities provided for in the Servicing Agreement 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 Guarantor may terminate the Servicer's appointment and appoint a Successor Servicer following the occurrence of any of the termination events (each a "**Servicer Termination Event**").

The Servicer Termination Events include *inter alia*:

(a) failure to transfer, deposit or pay any amounts due by the Servicer to the Guarantor, which failure continues for a period of 3 Business Days following the earliest of (a) the date on which the Servicer has recognised such failure and (b) the date on which the Servicer has received a written notice from the Guarantor requiring the relevant amounts to be transferred, paid or deposited;

(b) an insolvency, liquidation or winding up event occurs with respect to the Servicer, or a resolution of the board of directors of the Servicer has been adopted in order to obtain the admission of the Servicer to any insolvency proceedings;

(c) failure from CheBanca to observe or perform duties under the Servicing Agreement, the Master Purchase Agreement and each of the Transaction Documents to which CheBanca is a party, which failure (i) – on the reasonable opinion of the Representative of the Bondholders – is able to substantially prejudice the interests of the Bondholders and (ii) is not remedied by the Servicer within 5 Business Days from the date on which such failure has occurred; and

(d) any representation and warranty of the Servicer contained in the Servicing Agreement shall prove to have been incorrect or incomplete with a prejudicial effect for the Guarantor and/or for the Programme, provided that these circumstances has not been cured within a 20 days period.

In the event that the rating of Mediobanca has been downgraded by Fitch below "BBB" (with reference to its Long-Term IDR) and "F2" (with reference to its Short-Term IDR) and the relevant remedies provided in the Portfolio Management Agreement to be carried out by the Seller and the Issuer have been not satisfied, the Servicer shall, within 30 days from the date on which the events sub (a) and (b) have occurred, alternatively, to:

(i) mitigate the Set-Off Risk entering into a first demand independent guarantee agreement (contratto di garanzia autonoma e a prima richiesta), for an aggregate maximum amount which will be from time to time equal to the Potential Set-Off Amounts (the "**Guaranteed Maximum Amount**"); or

(ii) find an entity with a Long-Term IDR at least equal to "BBB" or a Short-Term IDR at least equal to "F2" by Fitch, which deposits an amount equal to the Guaranteed Maximum Amount on an account opened in the name of Guarantor and for such purposes with the Account Bank or, to the extent that the Account Bank ceases to be an Eligible Institution, with any Eligible Institution; or

(iii) immediately inform, in compliance with the formalities required by law, all the Debtor to carry out any future payments in relation to the Assets crediting the relevant amounts directly on the Collection Account.

For the purposes of the Servicing Agreement:

"**Set-Off Risk**" means the risk that the Debtors lawfully exercise rights of set-off vis-à-vis the Guarantor against any amounts payable by the Seller to the Debtors.

In the event the rating of Mediobanca has been downgraded by Fitch below "BBB-" (with reference to its Long-Term IDR) and "F3" (with reference to its Short-Term IDR), the Guarantor, by means of the execution of a back-up servicing agreement (the "**Back-Up Servicing Agreement**"), shall appoint a back-up servicer (the "**Back-Up Servicer**") which undertakes to automatically succed to the Servicer in case of termination of the appointment of the Servicer pursuant to the relevant terms and conditions provided for under the Servicing Agreement. The effectiveness of the appointment of the Back-Up Servicer is subject to the prior written consent of the Representative of the Bondholders. The Guarantor shall give prior notice to the Rating Agency of its intention to execute the Back-Up Servicing Agreement.

Governing Law

The Servicing Agreement is governed by Italian law.

Corporate Services Agreement

Pursuant to a corporate services agreement entered into on or about the First Issue Date (the "**Corporate Services Agreement**"), the Corporate Servicer has agreed to provide the Guarantor with certain administrative services, including the keeping of the corporate books and of the accounting and tax registers.

Governing Law

The Corporate Services Agreement is governed by Italian law.

Intercreditor Agreement

Under the terms of an intercreditor agreement entered into on or about the First Issue Date (as subsequently amended and supplemented from time to time) (the "**Intercreditor Agreement**") among the Guarantor, the Quotaholders, the Seller, the Servicer, the Subordinated Lender, the Investment Manager, the Calculation Agent, the Representative of the Bondholders, the Asset Monitor, the Cover Pool Swap Provider, the Covered Bond Swap Provider, the Account Bank, the Paying Agents, the Test Report Provider, the Interest Determination Agent, the Corporate Servicer (collectively, with the sole exclusion of the Guarantor and the Quotaholders, the "**Secured Creditors**"), the parties agreed that all the Available Funds of the Guarantor will be applied in or towards satisfaction of the Guarantor's payment obligations towards the Bondholders as well as the other Secured Creditors, in accordance with the relevant Priorities of Payments provided in the Intercreditor Agreement.

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

The obligations owed by the Guarantor to each of the Bondholders and each of the other Secured Creditors will be limited recourse obligations of the Guarantor. The Secured Creditors will have a claim against the 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 Guarantor has granted a general irrevocable mandate to the Representative of the Bondholders, in the interest of the Bondholders and the other Secured Creditors (who irrevocably agreed to such mandate), under and pursuant to Article 1723, paragraph 2, and Article 1726 of the Italian Civil Code, to act in the name and on behalf of the Guarantor on the terms and conditions specified in the Intercreditor Agreement, in exercising the rights of the Guarantor under the Transaction Documents to which it is a party, provided that such powers will be exercisable only if the Guarantor fails to timely exercise its rights under the Transaction Documents.

Under the Intercreditor Agreement the parties have agreed that, within the context of the Programme, the Subordinated Lender may enter into subsequent subordinated loan agreements (each, a "**Subsequent Subordinated Loan Agreement**") under which the Subordinated Lender will undertake to make available to the Guarantor each of the following:

(A) a subordinated loan agreement containing a Tranche A only, for the purpose of:

(i) reimburse any Tranche B of any subordinated loan agreement executed on or about any preceding Issue Date for an amount up to the difference (if positive) between (x) the total amount drawn under any Tranche B and (y) the amount of any Tranche B necessary to comply with the Tests from time to time applicable; and/or

(ii) to purchase any Subsequent Portfolio; or

(B) a subordinated loan agreement containing, in addition to the Tranche A aforementioned, a Tranche B for an amount necessary to comply with the Tests from time to time applicable.

Apart from the characteristics indicated above, each Subsequent Subordinated Loan Agreement will have substantially the same terms and conditions of the Initial Subordinated Loan Agreement. A Subsequent Subordinated Loan Agreement has been executed in the context of the Programme between the Guarantor and the Subordinated Lender on 6 June 2014.

Governing Law

The Intercreditor Agreement is governed by Italian law.

Cash Management Agreement

On or about the First Issue Date the Issuer, the Guarantor, the Cash Manager, the Account Bank, the Paying Agents, the Interest Determination Agent, the Seller, the Servicer, the Calculation Agent, the Test Report Provider, the Investment Manager and the Representative of the Bondholders entered into a cash management agreement (as subsequently amended and supplemented from time to time, the "**Cash Management Agreement**"), pursuant to which the Account Bank, the Interest Determination Agent, the Cash Manager, the Paying Agents, the Investment Manager and the Calculation Agent will provide the

Guarantor with certain calculation, notification and reporting services together with account handling and cash management services in relation to moneys from time to time standing to the credit of the Accounts.

Pursuant to the Cash Management Agreement:

(a) the Account Bank will provide, *inter alia*, the Guarantor with certain account management services and other services in relation to monies standing from time to time to the credit of the Collection Account, the Reserve Account, the Expenses Account, the Swap Collateral Account and the Transaction Account and to securities standing from time to time to the credit of the Securities Account and the Swap Collateral Account (as the case may be);

(b) the Cash Manager will provide, *inter alia*, the Guarantor, with (i) certain services in relation to the management of the monies to be credited or debited on the Expenses Account, the Collection Account, the Reserve Account and the Transaction Account and (ii) certain payment services to the Guarantor;

(c) the Calculation Agent will provide the Guarantor with calculation services with respect to certain calculations, notification and reporting services and, *inter alia*, will provide the Guarantor with a payments report (the "**Payments Report**") which will set out the Available Funds and the payments to be made on the following Guarantor Payment Date;

(d) the Paying Agent will provide the Issuer (prior to an Issuer Event of Default) and the Guarantor (following an Issuer Event of Default) with certain payment services in favour of the Bondholders;

(e) the Interest Determination Agent will provide certain calculation services to the Issuer (prior to an Issuer Event of Default) and the Guarantor (following an Issuer Event of Default) in relation to the payment of interest on the Covered Bond;

(f) the Investment Manager will provide the Guarantor with certain services in relation to the investment, on behalf of the Guarantor, of funds standing to the credit of the Transaction Account and the Reserve Account in Eligible Investments.

Account Bank and Swap Collateral Account Bank

The Collection Account, the Securities Account, the Transaction Account, the Expenses Account, the Reserve Account and the Quota Capital Account (together the "**Accounts**") have been opened in the name of the Guarantor with the Account Bank.

The Swap Collateral Account has been opened in the name of the Guarantor with the Swap Collateral Account Bank.

On or prior to each Settlement Report Date, the Account Bank shall deliver to the Guarantor, the Servicer and the Calculation Agent a statement of account (*estratto conto*) in relation to each of the Accounts held by the Guarantor with it setting out the balance (*saldo*) thereof as of the last day of the immediately preceding Collection Period and details of amounts credited to and withdrawn from each such Account during such period.

Pursuant to the Cash Management Agreement, it is a necessary requirement that the Account Bank shall be an Eligible Institution and failure to so qualify shall constitute a termination event thereunder.

Cash Manager

The amounts standing to the credit of the Accounts shall be debited and credited by the Cash Manager in accordance with the provisions of the Cash Management Agreement.

On each Guarantor Payment Date, the Cash Manager shall make on behalf of the Guarantor all the payments pursuant to the relevant Priority of Payments (other than the payments under the Guarantee which shall be made by the Paying Agent, out of the funds received by the Cash Manager on behalf of the Guarantor in accordance with the relevant Priority of Payments).

Calculation Agent

On each Calculation Date, the Calculation Agent, subject to timely receipt of certain information, shall deliver via e-mail to the Issuer, the Guarantor, the Representative of the Bondholders, the Seller, the Servicer, the Account Bank, the Paying Agent, the Swap Counterparties and the Corporate Services Provider the Payments Report with respect to the following Guarantor Payment Date.

On each Investor Report Date, the Calculation Agent, subject to timely receipt of certain information, shall deliver via e-mail to the Issuer, the Guarantor, the Representative of the Bondholders, the Cash Manager, the Seller, the Servicer, the Paying Agent, the Account Bank and the Rating Agency the Investor Report.

The Paying Agent

The Paying Agent will make payments of principal and interest in respect of the Covered Bonds on behalf of the Issuer in accordance with the Conditions and the relevant Final Terms. After the occurrence of an Issuer Event of Default, the Paying Agent acting upon instruction of the Guarantor shall make payments of principal and interest in respect of the Covered Bonds on behalf of the Guarantor.

Pursuant to the Cash Management Agreement as amended and supplemented from time to time, the role of Paying Agent in the context of the Programme will be carried out by Mediobanca, as long as it is an Eligible Institution and provided that an Issuer Event of Default has not occurred, otherwise BNP Paribas.

Investment Manager

The Investment Manager, on the basis of the investment instructions received by the Guarantor, shall invest on behalf of the Guarantor funds standing to the credit of the Transaction Account and the Reserve Account in Eligible Investments. Subject to compliance with the definition of Eligible Investments and the other restrictions set out in the Cash Management 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.

No later than each Settlement Report Date, the Investment Manager shall deliver to the Guarantor, the Issuer, the Calculation Agent, the Representative of the Bondholders and the Corporate Services Provider a report (with all the information set out in Schedule 3 hereof) setting out details of the Eligible Investments made during the immediately preceding Collection Period out of the funds of the Transaction Account and the Reserve Account and the amounts (including any profit and return) deriving from the disposal and liquidation of such Eligible Investments.

Termination

Upon the occurrence of certain events, including the Account Banks or the Paying Agent ceasing to qualify as Eligible Institutions, as better described under the Cash Management Agreement, either the Representative of the Bondholders or the Guarantor may terminate the appointment of any Agent, as the case may be, under the terms of the Cash Management Agreement.

Governing Law

The Cash Management Agreement will be governed by Italian law.

Portfolio Management Agreement

On or about the First Issue Date, the Guarantor, the Issuer, the Seller, the Servicer, the Test Report Provider, the Asset Monitor and the Representative of the Bondholders have entered into a portfolio management agreement (as subsequently amended and supplemented from time to time) (the "**Portfolio Management Agreement**").

Pursuant to such agreement the Issuer, the Seller and the Guarantor have undertaken certain obligations for the replenishment of the Cover Pool in order to cure a breach of the Tests (as described in detail in section "*Credit Structure*" above).

Starting from the Issue Date of the first Series or Tranche of Covered Bonds and until the earlier of:

(i) the date on which all Series or Tranches of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with the Conditions; and

(ii) the date on which a Issuer Default Notice is served on the Guarantor as a consequence of an Issuer Event of Default,

the Issuer and the Seller have undertaken to procure on a continuing basis that on any Calculation Date (a) the Mandatory Test (as described in detail in section "*Credit Structure*" above) is met with respect to the Cover Pool and (b) the Asset Coverage Test (as defined in section "*Credit Structure*" above) is met with respect to the Cover Pool. The Test Report Provider shall verify the respect of the Mandatory test and the Asset Coverage Test on behalf of the Issuer and the Seller.

On each Calculation Date following an Issuer Event of Default but prior to a Guarantor Event of Default, the Guarantor shall procure that the Amortisation Test (as defined in section "*Credit structure – Tests*") is met. The Test Report Provider shall verify the respect of the Amortisation Test on behalf of the Guarantor.

The Test Report Provider has agreed to prepare and deliver on each Calculation Date to the Issuer, the Seller, the Guarantor, the Representative of the Bondholders and the Asset Monitor, a report setting out the calculations carried out by it with respect of the Tests (the "**Test Performance Report**"). Such report shall specify the occurrence of a breach of the Mandatory Test and/or of the Asset Coverage Test and/or the Amortisation Test and/or the Integration Assets Limit.

Following the notification by the Test Report Provider, in the relevant Test Performance Report, of a breach of the Mandatory Test and/or the Asset Coverage Test, the Seller and, to the extent that the Seller does not meet such obligation, the Issuer undertake to assign to the Guarantor and the Guarantor shall purchase from the Seller (and/or any Additional Seller, if any) or the Issuer, as the case may, Eligible Assets in accordance with the Master Receivables Purchase Agreement and/or Integration Assets, in order to ensure that, within the Test Grace Period, all Tests and/or the Integration Assets Limit are satisfied with respect to the Cover Pool.

The Guarantor shall comply with the following conditions in selecting the assets to be purchased:

(i) give priority to the purchase of Eligible Assets from the Seller (and/or any Additional Seller, if any) and the Issuer; and

(ii) to the extent that the Seller (and/or any Additional Sellers) and the Issuer inform the Guarantor that the Eligible Assets available for sale to the Guarantor prior to the expiry of the relevant Test Grace Period are not sufficient for the purpose of allowing the Tests to be remedied as of the following Calculation Date, the Guarantor will:

    (a) purchase Integration Assets from the Seller (and/or any Additional Sellers) and the Issuer; and

(b) to the extent the Integration Assets purchased in accordance with item (a) above are insufficient, purchase Eligible Assets or Integration Assets from other entities;

provided however that the aggregate amount of Integration Assets included in the Cover Pool following such purchase (taking into account the Liquidity) may not be in excess of 15% of the aggregate outstanding principal amount of the Cover Pool or any other limit set out in accordance with any relevant law, regulation or interpretation of any authority (including, for the avoidance of doubts, the Bank of Italy or the Minister of Economy and Finance) which may be enacted with respect to the Covered Bonds Law, unless the Representative of the Bondholders resolves otherwise as this could be beneficial for the Programme.

Should the relevant breach have not been remedied prior to the expiry of the applicable Test Grace Period, the Representative of the Bondholders shall deliver a Breach of Test Notice to the Issuer, the Seller and the Guarantor.

After the service of a Breach of Test Notice to the Issuer, the Seller and the Guarantor, the Guarantor (or the Servicer on behalf of the Guarantor) may sell any Eligible Assets and Integration Assets included in the Cover Pool, in accordance with the rules set out in such Agreement, provided that the Representative of the Bondholders has been duly informed.

Once a Breach of Test Notice has been delivered to the Issuer, the Seller and the Guarantor, should the Mandatory Test and the Asset Coverage Test have not been remedied by the following Calculation Date, the Representative of the Bondholders shall deliver an Issuer Default Notice to the Issuer, the Seller and the Guarantor, unless the Representative of the Bondholders, having exercised its discretion, resolves otherwise or an Extraordinary Resolution is passed resolving otherwise.

After the service of an Issuer Default Notice to the Issuer, the Seller and the Guarantor, the Guarantor (or the Servicer on behalf of the Guarantor) shall sell any Eligible Assets and Integration Assets included in the Cover Pool in accordance with the rules set out in such Agreement, provided that the Representative of the Bondholders has been duly informed.

It being understood that should a breach of the Amortisation Test occur after an Issuer Event of Default, it will determine a Guarantor Event of Default – unless the Representative of the Bondholders, having exercised its discretion, resolves otherwise or an Extraordinary Resolution is passed resolving otherwise – if it is not cured within the following calculation date.

With respect to any sale to be carried out in accordance with such Agreement, the Guarantor may, and after the occurrence of an Issuer Event of Default shall, instruct a recognised portfolio manager (the "**Portfolio Manager**") to endeavour - to the extent possible taking into account the time left before the Maturity Date or Extended Maturity Date (if applicable) of the Earliest Maturing Covered Bonds - to sell or liquidate the Selected Assets included in the Cover Pool. To incentivise the Portfolio Manager to achieve the best price for the sale of Eligible Assets and Integration Assets, the fees of the Portfolio Manager will be determined on the basis of its performance. The terms of the agreement giving effect to the appointment of the Portfolio Manager in accordance with the tender process shall be approved in writing by the Representative of the Bondholders.

Following the delivery of a Guarantor Default Notice, the Guarantor shall immediately sell all Eligible Assets and Integration Assets included in the Cover Pool in accordance with the procedures described above, provided that the Guarantor will instruct the Portfolio Manager to use all reasonable endeavours to procure that such sale is carried out as quickly as reasonably practicable taking into account the market conditions at that time and subject to any right of pre-emption in favour of the Seller under the Master Purchase Agreement and this Agreement. The proceeds of any such sale shall be credited to the Transaction Account and applied in accordance with the relevant Priority of Payments.

Governing Law

The Portfolio Management Agreement will be governed by Italian law.

Asset Monitor Agreement

Pursuant to an asset monitor agreement entered into on or about the Initial Issue Date, among, *inter alia*, the Asset Monitor, the Guarantor, the Test Report Provider, the Seller, the Servicer, the Issuer and the Representative of the Bondolders (as subsequently amended and supplemented from time to time) (the "**Asset Monitor Agreement**"), the Asset Monitor will perform certain monitoring and reporting services in favour of the Issuer (prior to an Issuer Event of Default) and the Guarantor (after an Issuer Event of Default): subject to due receipt of the information to be provided by the Test Report Provider, the Asset Monitor has undertaken to conduct independent tests in respect of the calculations performed by the Test Report Provider for the Mandatory Tests, the Asset Coverage Test and the Amortisation Test, as applicable with a view to verifying the compliance by the Issuer and the Guarantor with such tests.

The Asset Monitor will be required to conduct such monitoring activities no later than the relevant Asset Monitor Report Date (as defined under the Asset Monitor Agreement). On or prior to each Asset Monitor Report Date, the Asset Monitor shall deliver to the Issuer and Guarantor a report substantially in the form set forth under the Asset Monitor Agreement. The Asset Monitor thereby authorises the Issuer (prior to the service of an Issuer Default Notice) and the Guarantor (after the service of an Issuer Default Notice) to deliver the Asset Monitor Report to the Test Report Provider, the Seller and the Representative of the Bondholders. In addition, the Asset Monitor has authorised the Issuer (prior to the service of an Issuer Default Notice) and the Guarantor (after the service of an Issuer Default Notice) also to send the Asset Monitor Report to the Rating Agency, to the extent that the Rating Agency has requested it, and subject to the Rating Agency having sent to the Asset Monitor, prior to the first delivery of the Asset Monitor Report to the Rating Agency, a release letter confirming that the Rating Agency will not be able to rely on any such reports received under the Programme.

Other than in relation to the verification of the Mandatory Tests, the Asset Coverage Test and the Amortisation Test, the Asset Monitor is entitled, in the absence of manifest error, to assume that all information provided to it under this Agreement is true and correct and is complete and not misleading.

In the Asset Monitor Agreement, the Asset Monitor has acknowledged to perform its services also for the benefit and in the interests of the Guarantor (to the extent it will carry out the services under the appointment of the Issuer) and the Bondholders and accepted that upon delivery of an Issuer Default Notice, it will receive instructions from, provide its services to, and be liable vis-à-vis the Guarantor or the Representative of the Bondholders on its behalf.

The Issuer will pay to the Asset Monitor for the Issuer Services a fee equal to the amount agreed in the Engagement Letter. Starting from the Guarantor Payment Date after the service of an Issuer Default Notice, subject to and in accordance with the relevant Priority of Payment, the provisions of the Intercreditor Agreement and within the limits of the Available Funds, the Guarantor will pay to the Asset Monitor a fee for the services to be performed by the Asset Monitor in the amount set out in the Asset Monitor Agreement.

The Issuer and (upon delivery of an Issuer Default Notice) the Guarantor may, subject to the prior approval of the Representative of the Bondholders, revoke the appointment of the Asset Monitor by giving not less than three months written notice to the Asset Monitor (with a copy to the Representative of the Bondholders) or earlier, in the event of a breach of warranties and covenants. If termination of the appointment of the Asset Monitor would otherwise take effect less than 30 days before any Calculation Date on which an Asset Monitor Report shall be delivered, then such termination shall not take effect until the tenth day following such Calculation Date. In any case, no revocation of the appointment of the Asset Monitor shall take effect until a successor, approved by the Representative of the Bondholders, has been duly appointed.

The Asset Monitor may, at any time, resign by giving not less than three months (or such shorter period as the Representative of the Bondholders may agree) prior written notice of termination to the Issuer, the Guarantor and the Representative of the Bondholders. Such resignation will be subject to and conditional upon: (i) if such resignation would otherwise take effect less than 30 days before any Calculation Date on which an Asset Monitor Report shall be delivered, then such resignation shall not take effect until the tenth day following such Calculation Date, (ii) the Representative of the Bondholders consenting in writing to the resignation (such consent not to be unreasonably withheld), (iii) a substitute Asset Monitor being appointed by the Issuer and (upon delivery of an Issuer Default Notice) the Guarantor, with the prior written approval of the Representative of the Bondholders, on substantially the same terms as those set out in the Asset Monitor Agreement and (iv) the Asset Monitor being not released from its obligations under this Agreement until a substitute Asset Monitor has entered into such new agreement and it has become a party to the Intercreditor Agreement; and provided that, if the substitute Asset Monitor is not appointed within four months from the date of the written notice set out above, the Asset Monitor shall be released from its obligations under the Asset Monitor Agreement.

Pursuant to the Asset Monitor Agreement, the Guarantor has undertaken to notify the Rating Agency in case of termination of its appointment or in case of its resignation from its appointment under the Asset Monitor Agreement, in accordance with the relevant provisions provided for under the Asset Monitor Agreement. Moreover, in case of amendments or modifications to the Asset Monitor Agreement, the parties to the Asset Monitor Agreement have agreed to notify such amendments or modifications to the Rating Agency.

Governing Law

The Asset Monitor Agreement is governed by Italian law.

Quotaholders' Agreement

On or about the First Issue Date the Seller, SPV Holding and the Representative of the Bondholders entered into a quotaholders' agreement, as amended and supplemented from time to time (the "**Quotaholders' Agreement**"), containing provisions and undertakings in relation to the management of the Guarantor.

Governing Law

The Quotaholders' Agreement will be governed by Italian law.

Programme Agreement

On or about the First Issue Date, the Issuer, the Seller, the Representative of Bondholders and the Dealers entered into a programme agreement (the "**Programme Agreement**"), which contains certain arrangements under which the Covered Bonds may be issued and sold, from time to time, by the Issuer to any one or more of the Dealers.

Under the Programme Agreement, the Issuer and the Dealer(s) have agreed that any Covered Bonds of any Series or Tranche which may from time to time be agreed between the Issuer and any Dealer(s) to be issued by the Issuer and subscribed for by such Dealer(s) shall be issued and subscribed for on the basis of, and in reliance upon, the representations, warranties, undertakings and indemnities made or given or provided to be made or given pursuant to the terms of the Programme Agreement. Unless otherwise agreed, neither the Issuer nor any Dealer(s) is, are or shall be, in accordance with the terms of the Programme Agreement, under any obligation to issue or subscribe for any Covered Bonds of any Series or Tranche.

Under the Programme Agreement the Dealers have appointed the Representative of the Bondholders, which appointment has been confirmed by the Issuer and the Guarantor.

The Issuer and the Guarantor will indemnify the Dealers for 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 the Guarantor.

The Programme Agreement contains provisions relating to the resignation or termination of appointment of existing Dealers and for the appointment of additional or other dealers acceding as new dealer (a) generally in respect of the Programme or (b) in relation to a particular issue of Covered Bonds.

The Programme Agreement contains stabilisation provisions.

Pursuant to the Programme Agreement, the Issuer, the Seller and the Guarantor have given certain representations and warranties to the Dealers in relation to, *inter alia*, themselves and the information given by them in connection with this Base Prospectus.

The Programme Agreement also contains the *pro forma* of the Subscription Agreement to be entered into in relation to each issue of Covered Bonds.

Within the Programme, the Issuer and the Dealers (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 ("**Subscription Agreement**").

Under the terms of the Subscription Agreement, the Relevant Dealers will confirm the appointment of the Representative of the Bondholders.

Governing Law

The Programme Agreement and the Subscription Agreement will be governed by Italian law.

Deed of Pledge

By a deed of pledge (the "**Deed of Pledge**") executed by the Guarantor in the context of the Programme the Guarantor has pledged in favour of the Bondholders and the other Secured Creditors all the for claims, indemnities, damages, penalties, credits and guarantees) to which monetary claims and rights and all the amounts payable from time to time, other than those to be received by the Guarantor under to the Subordinated Loan Agreement, (including payment the Guarantor is entitled pursuant to, or in relation to, the Transaction Documents (other than the English Law Documents), including the monetary claims and rights relating to the amounts standing to the credit of the Accounts (other than the Quota Capital Account) and any other account established by the Guarantor in accordance with the provisions of the Transaction Documents.

Governing Law

The Deed of Pledge is governed by Italian law.

Deed of Charge

By a deed of charge (the "**Deed of Charge**") executed by the Guarantor on or about the First Issue Date, the Guarantor has, with full title guarantee, assigned absolutely to the Representative of the Bondholders (acting as security trustee for the Bondholders and the other Secured Creditors, the "**Security Trustee**"), by way of first fixed security, all of its rights under the Swap Agreements as security for the payment and discharge of its obligations under the Guarantee. The Security Trustee will hold the benefit of the Deed of Charge, including the security created and other rights granted in it to the Security Trustee, for itself and on trust for the Bondholders and the other Secured Creditors on the terms set out in the Deed of Charge.

Governing Law

The Deed of Charge is governed by English law.

Swap Agreements

Cover Pool Swaps

In order to hedge the interest rate risks related to the Cover Pool, the Guarantor will enter into one or more swap transactions with the Cover Pool Swap Counterparty, on or about the date of each transfer under the Master Purchase Agreement, subject to an ISDA Master Agreement, the CSA (if any) and the relevant confirmation (each a "**Cover Pool Swap**" and together the "**Cover Pool Swaps**").

In order to hedge the interest rate risks related to the Cover Pool, the Guarantor will enter into one or more swap transactions with the relevant Cover Pool Swap Counterparty subject to an ISDA Master Agreement, the CSA (if any) and the relevant confirmation (the "**Cover Pool Swaps**" and each a "**Cover Pool Swap**").

The Cover Pool Swap may also be terminated upon the occurrence of a Termination Event (as defined in the 1992 ISDA Master Agreement and includes any other Additional Termination Events).

Governing Law

The Cover Pool Swaps are governed by English Law.

Covered Bond Swaps

In order to hedge the currency and/or interest rate exposure in relation to obligations under the Covered Bonds, the Guarantor will enter into one or more swap transactions with the Covered Bond Swap Counterparty, on or about each Issue Date, subject to an ISDA Master Agreement, the CSA (if any) and the relevant confirmation (each a "**Covered Bond Swap**" and together the "**Covered Bonds Swaps**").

The Covered Bond Swap may also be terminated upon the occurrence of a Termination Event (as defined in the 1992 ISDA Master Agreement and includes any other Additional Termination Events).

Governing Law

The Cover Pool Swaps are governed by English Law.

SELECTED ASPECTS OF ITALIAN LAW

The following is a summary only of certain aspects of Italian law that are relevant to the transactions described in this Base Prospectus and of which prospective Bondholders should be aware. It is not intended to be exhaustive and prospective Bondholders should also read the detailed information set out elsewhere in this Base Prospectus.

Law 130 and article 7-bis thereof and BoI Regulations. General remarks

The 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 Decree of 14 March 2005, No. 35, converted with amendments into law by law 14 May 2005, No. 80, added articles 7-*bis* and 7-*ter* to the Law 130, which regulate the issuance of covered bonds (*obbligazioni bancarie garantite*).

The Law 130 was further amended by Law Decree no. 143 of 23 December 2013 (the "**Destinazione Italia Decree**") as converted into Law no. 9 of 21 February 2014 and by Law Decree no. 91 of 24 June 2014 (the "**Decree Competitività**") as converted into Law no. 116 of 11 August 2014 .

Pursuant to article 7-bis, certain provisions of the Law 130 apply to transactions involving the "true" sale (by way of non-gratuitous assignment) of receivables meeting certain eligibility criteria set out in article 7-bis and in the MEF Decree (as defined below), where the sale is to a special purpose vehicle incorporated pursuant to article 7-*bis* and all amounts paid by the debtors are to be used by the special purpose vehicle exclusively to meet its obligations under a guarantee to be issued by it, in view of securing the payment obligations of the selling bank or of other banks in connection with the issuance of covered bonds (the "**Guarantee**").

Pursuant to Article 7-bis, the purchase price of the assets to be comprised in the cover pool shall be financed through the taking of a loan granted or guaranteed by the bank selling the assets. The payment obligations of the special purpose vehicle under such loan shall be subordinated to the payment obligations of the issuing bank vis-à-vis the bondholders, the counterparties of any derivative contracts hedging risks in connection with the assigned receivables and securities, the counterparties of any other ancillary contract and counterparties having a claim in relation to any payment of other costs of the transaction.

The Covered Bonds are further regulated by the BoI Regulations, under which the covered bonds may be issued also by banks which individually satisfy, or which are member of banking groups which on a consolidated basis satisfy, certain requirements relating to the regulatory capital and the solvency ratio. Such requirements must be complied with also by banks selling the assets, where the latter are different from the bank issuing the covered bonds.

Following the issue of the MEF Decree, the Bank of Italy Supervisory Instructions were published on 17 May 2007, as subsequently amended on 24 March 2010 and further supplemented by Title V, Chapter 3 of the "*Nuove Disposizioni di Vigilanza Prudenziale per le Banche*" (Circolare No. 263 of 27 December 2006), completing the relevant legal and regulatory framework and allowing for the implementation on the Italian market of the covered bonds, which have previously only been available under special legislation to specific companies.

The Bank of Italy published new supervisory regulations on banks in December 2013 (*Circolare* of the Bank of Italy No. 285 of 17 December 2013) which came into force on 1 January 2014, implementing CRD IV Package and setting out additional local prudential rules concerning matters not harmonised on EU level. Following the publication on 25 June 2014 of the 5th update to Circular of the Bank of Italy No. 285 of 17 December 2013, the Bank of Italy's covered bonds regulations have been included in Part III, Section 3

(*Obbligazioni bancarie garantite*) under the Bank of Italy's Circular No. 285 of 17 December 2013, containing the "*Disposizioni di vigilanza per le banche*" , and provisions set forth under Title V, Chapter 3 of *Circolare* No. 263 of 27 December 2006 have been abrogated.

Eligibility criteria of the assets and limits to the assignment of assets

The Minister of Economy and Finance has issued a decree on 14 December 2006, No. 310 in order to enact the implementing regulation of the article 7-bis of the Law 130, in particular for the purposes of specifying the maximum ratio between the covered bonds and the assets assigned to the special purpose vehicle and comprised in the cover pool, the eligibility criteria of the assets to be assigned to the special purpose vehicle, also for the integration of the cover pool and the characteristics of the guarantee to be released by the special purpose vehicle (the "**MEF Decree**"). Under the MEF Decree, 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: (i) residential mortgage receivables, where the relevant amount outstanding added to the principal amount outstanding of any previous mortgage loans secured by the same property by the seller, does not exceed 80 per cent. of the value of the mortgaged property (the "**Residential Mortgage Receivables**"), (ii) non residential mortgage receivables, where the relevant amount outstanding added to the principal amount outstanding of any previous mortgage loans secured by the same property by the seller, does not exceed 60 per cent. of the value of the property (the "**Non-Residential Mortgage Receivables**" and, together with the Residential Mortgage Receivables, the "**Mortgage Receivables**"), (iii) securities satisfying the requirements set forth under article 2, paragraph 1, letter c) of the MEF Decree (as define below) (the "**Public Securities**") and (iv) securities issued in the framework of securitisations with 95% of the underlying assets of the same nature as in (i) and (ii) above and having a risk weighting non higher than 20% under the standardized approach (the "**Asset Backed Securities**" and, together with the Mortgage Receivables and the Public Securities, the "**Assets**"), and, within certain limits, Integration Assets.

The BoI Regulations set out certain requirements for banks belonging to banking groups with respect to the issuance of covered bonds to be met at the time of the relevant issuance:

(i) a regulatory capital on a consolidated basis of not less than Euro 250,000,000.00; and

(ii) an overall capital ratio on a consolidated basis of not less than 9 per cent.

The above mentioned requirements must be complied with, as of the date of the assignment, also by the 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. If the bank selling the assets does not belong to a banking group, the above mentioned requirements relate to the individual regulatory capital and/or overall capital ratio.

Banks not complying with the above mentioned requirements may set up covered bond programmes only prior notice to the Bank of Italy, which may start an administrative process to assess the compliance with the applicable requirements.

Moreover, the BoI OBG Regulations set out certain limits to the possibility for banks to assign eligible assets, which are linked to the tier 1 ratio ("**T1R**") and common equity tier 1 ratio ("**CET1R**") of the individual bank (or of the relevant banking group, if applicable), in accordance with the following table, contained in the BoI Regulations:

Capital adequacy condition		**Limits to the Assignment**
Group "a"	T1R ≥ 9% and CET1R ≥ 8%	No limits

Group "b"	T1R ≥ 8% and CET1R ≥ 7%	Assignment allowed up to 60% of the eligible assets
Group "c"	T1R ≥ 7% and CET1R ≥ 6%	Assignment allowed up to 25% of the eligible assets

The relevant T1R and CET1R set out in the grid relate to the aggregate of the covered bonds transactions launched by the relevant banking group or individual bank, as the case may be. If foreign entities belonging to the banking group of the bank selling the assets have issued covered bonds in accordance with their relevant jurisdiction and have therefore segregated part of their assets to guarantee the relevant issuances, the limits set out above shall be applied to the eligible assets held by the Italian companies being part of the assigning bank's banking group.

In addition to the above, certain further amendments have been introduced in respect of the monitoring activities to be performed by the asset monitor.

The Limits to the Assignment do not apply in case of Integration (as defined below) of the cover pool, provided that Integration is allowed exclusively within the limits set out by the BoI Regulations.

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 Regulations are met.

Ring-Fencing of the Assets

Under the terms of article 3 of the Law 130, the assets relating to each transaction will by operation of law be segregated for all purposes from all other assets of the special purpose vehicle (the "**SPV**") which purchases the receivables. On a winding up of the SPV such assets will only be available to holders of the covered bonds in respect of which the SPV has issued a guarantee and to the other secured creditors of the SPV. In addition, the assets relating to a particular transaction will not be available to the holders of covered bonds issued in relation to any other transaction or to general creditors of the SPV.

However, under Italian law, any other creditor of the special purpose vehicle which is not 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 the receivables under the Law 130 will be governed by article 58 paragraph 2, 3 and 4, of the Banking Act. The prevailing interpretation of this provision, which view has been strengthened by article 4 of the Law 130, is that the assignment can be perfected against the selling bank, assigned debtors and third party creditors by way of publication of a notice in the Italian Official Gazette and by way of registration of such notice in the register of enterprises (*registro delle imprese*) at which the SPV is registered, so avoiding the need for notification to be served on each debtor.

As from the latest to occur between the date of publication of the notice of the assignment in the Italian Official Gazette and the date of registration of such notice with the competent Register of Enterprises, the assignment becomes enforceable against:

(a) the debtors and any creditors of the selling bank who have not, prior to the date of publication of the notice, commenced enforcement proceedings in respect of the relevant receivables;

(b) the liquidator or any other bankruptcy officials of the debtors (so that any payments made by a debtor to the SPV may not be subject to any claw-back action according to article 67 of Royal Decree no. 267 of 16 March 1942 (*Legge Fallimentare*) (the "**Bankruptcy Law**");

(c) other permitted assignees of the seller who have not perfected their assignment prior to the date of publication.

Upon the completion of the formalities referred to above, the benefit of any privilege, guarantee or security interest guaranteeing or securing repayment of the assigned 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 annotation.

As from the latest to occur between the date of publication of the notice of the assignment in the Italian Official Gazette and the date of registration of such notice with the competent Register of Enterprises, no legal action may be brought against the receivables assigned 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.

However, article 7-*bis*, paragraph 4, also provides that where the functions of servicer (*soggetto incaricato della riscossione dei crediti*) are attributed, in the context of covered bonds transaction, to an entity other than the assigning bank (whether from the outset or eventually), notice of such circumstance shall be given by way of publication in the Italian Official Gazette and registered mail with return receipt to the relevant public administrations.

The SPV

The Italian legislator chose to implement the new legislation on covered bonds by supplementing the Law 130, thus basing the new structure on a well established platform and applying to covered bonds many provisions with which the market is already familiar in relation to Italian securitisations. Accordingly, as is the case with the special purpose entities which act as issuers in Italian securitisation transactions, the SPV is required to be established with an exclusive corporate object that, in the case of covered bonds, must be the purchaser of assets eligible for cover pools and the person giving guarantees in the context of covered bond transactions.

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 provides for the implementation of Articles 106, paragraph 3, 112, paragraph 3, and 114 of the Banking Act and Article 7-ter, paragraph 1-bis of Law 130 and entered 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 Act (such as Mediobanca Covered Bond 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 Act.

Exemption from claw-back

Assignments executed under the Law 130 are subject to revocation on bankruptcy under article 67 of the Bankruptcy Law, but only in the event that the transaction is entered into (i) within three months of the adjudication of bankruptcy of the relevant party or (ii), in cases where paragraph 1 of article 67 applies, within six months of the adjudication of bankruptcy.

The subordinated loan to be granted to the SPV and the Guarantee are subject to the provisions of article 67, paragraph 4, of the Bankruptcy Law, pursuant to which the provisions of article 67 relating to the claw back of for-consideration transactions, payments and guarantees do not apply to certain transactions.

Tests set out in the MEF Decree

Pursuant to article 3 of the MEF Decree the issuing bank and the assigning bank (to the extent different from the issuer), will have to ensure that, in the context of the transaction, the following tests are satisfied on an ongoing basis:

(a) the outstanding aggregate nominal amount of the cover pool shall be higher than, or equal to, the aggregate nominal amount of the outstanding covered bonds;

(b) the net present value of the cover pool, net of the transaction costs to be borne by the SPV, including therein the expected costs and the costs of any hedging arrangement entered into in relation to the transaction, shall be higher than, or equal to, the net present value of the outstanding covered bonds;

(c) the amount of interests and other revenues generated by the assets included in the cover pool, net of the costs borne by the SPV, shall be higher than, or equal to,the interests and costs due under the outstanding covered bonds, taking also into account any hedging arrangements entered into in relation to the transaction;

(the above tests are jointly defined as the "**Mandatory Tests**").

For the purpose of ensuring compliance with the tests described above and pursuant to article 2, para. 3, of the MEF Decree, in addition to the assets listed in article 2, para. 1, of the MEF Decree which are generally eligible, the following assets may be used for the purpose of the integration of the cover pool:

(a) the creation of deposits with banks incorporated in public administrations of States comprised in the European Union, the European Economic Space and the Swiss Confederation (the "Admitted States" or in a State which attract a risk weight factor equal to 0% under the "Standardized Approach" to credit risk measurement;

(b) the assignment of securities issued by the banks referred to under (a) above, having a residual maturity not exceeding one year.

(the "**Integration Assets**").

Integration through Integration Assets shall be allowed within the limits of 15% of the nominal value of the assets included in the cover pool.

In addition, pursuant to article 7-bis and the MEF Decree, integration of the cover pool – whether through assets or through Integration Assets – (the "**Integration**") shall be carried out in accordance with the modalities, and subject to the limits, set out in the BoI Regulations.

More specifically, under the BoI Regulations, the Integration is allowed exclusively for the purpose of (a) complying with the Mandatory Tests; (b) complying with any contractual overcollateralisation requirements agreed by the parties to the relevant agreements or (c) complying with the 15% maximum amount of Integration Assets within the cover pool (the "**Limits to Integration**"). The Limits to the Assignment do not apply to the assignment of Integration Assets.

The Integration is not allowed in circumstances other than as set out in the BoI Regulations. In any event, Integration Assets may be replaced at any time without any limitation with Eligible Assets.

The features of the Guarantee

According to article 4 of the MEF Decree the Guarantee shall be limited recourse to the cover pool, 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 SPV, limited recourse to the SPV'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 nature of the Guarantee, article 4 of the MEF Decree provides that the following provisions of the Italian Civil Code, generally applicable to personal guarantees (*fideiussioni*), shall not apply to the Guarantee (a) article 1939, providing that a fideiussione shall not generally be valid where

the guaranteed obligation is not valid; (b) article 1941, para. 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, para. 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 on the part of the guaranteed debtor; (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 authorization 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 of 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 Guarantor following a liquidation of the Issuer

The MEF Decree set out also certain principles which are aimed at ensuring that the payment obligations of the SPV are isolated from those of the Issuer of the Covered Bonds. To that effect it requires that the 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 4 of the MEF Decree provides that in case of breach by the Issuer of its obligations vis-à-vis the Bondholders, the SPV shall assume the obligations of the Issuer – within the limits of the cover pool – 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 SPV under the Covered Bonds Guarantee. Pursuant to article 4 of the MEF Decree, 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 4, para. 3, of the MEF Decree, in case of *liquidazione coatta amministrativa* of the Issuer, the SPV shall exercise the rights of the Bondholders *vis-à-vis* the Issuer in accordance with the legal regime applicable to the Issuer. Any amount recovered by the SPV as a result of the exercise of such rights shall be deemed to be included in the cover pool.

The Bank of Italy shall supervise on the compliance with the aforesaid provisions, within the limits of the powers vested with the Bank of Italy by the Banking Act.

Controls over the transaction

The BoI Regulations lay down rules on controls over transactions involving the issuance of covered bonds.

Inter alia, the resolutions of the selling banks approving the assignment of portfolios to the SPV are passed in relation to each transfer of assets on the basis of appraisal reports on the assets prepared by an auditing firm. Such report are not required where the assignment is carried out at the book values set out in the most recent approved financial statements of the selling bank, or in its most recent six month report (*situazione patrimoniale semestrale*).

The management body of the issuing bank must ensure that the structures delegated to the risk management verify at least every six months and for each transaction, *inter alia*:

(a) the quality and integrity of the assets sold to the SPV securing the obligations undertaken by the latter;

(b) compliance with the maximum ratio between covered bonds issued and the cover pool sold to the SPV for purposes of backing the issue, in accordance with the MEF Decree;

(c) compliance with the Limits to the Assignment and the Limits to the Integration set out by the BoI Regulations;

(d) the effectiveness and adequacy of the coverage of risks provided under derivative agreements entered into in connection with the transaction; and

(e) completeness, accuracy and timeliness of information available to investors pursuant to art. 129, paragraph 7, of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013.

The bodies with management responsibilities of issuing banks and banking groups ensure that an assessment is carried out on the legal aspects of the activity on the basis of specially issued legal reports setting out an in-depth analysis of the contractual structures and schemes adopted, with a particular focus on, *inter alia*, the characteristics of the Guarantee.

The BoI Regulations also contain certain provisions on the asset monitor, who is delegated to carry out controls over the regularity of the transaction (*regolarità dell'operazione*) and the integrity of the Guarantee (*integrità della garanzia*) (the "**Asset Monitor**"). Due to the latest amendments to the BoI Regulations, introduced by way of inclusion of new Part III, Chapter 3 (*Obbligazioni bancarie garantite*) in Bank of Italy's Circular No. 285 of 17 December 2013, 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 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 audit firm entrusted with the auditing of the issuing bank, (b) the issuing bank and (c) the other entities taking part to the transaction.

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 Issuer. The BoI Regulations refer to the provisions (art. 52 and 61, para. 5, of the Banking Act), which impose on persons responsible for conducting controls specific obligations to report to the Bank of Italy. Such reference appears to be aimed at ensuring that any serious irregularities found are reported to the Bank of Italy.

In order to ensure that the SPV can perform, in an orderly and timely manner, the obligations arising under the 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 cover pool 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 and the assigning bank also acting as servicer (and any third party servicer, if appointed) to hold the information on the cover pool which are necessary to carry out the controls described in the BoI Regulations and for the compliance with the supervisory reporting obligations, including therein the obligations arising in connection with the membership to the central credit register (*Centrale dei Rischi*).

Insolvency proceedings

Insolvency proceedings (*procedure concorsuali*) conducted under Italian law may take the form of, *inter alia*, a forced liquidation (*fallimento*) or creditors' agreements (*concordato preventivo and accordi di ristrutturazione dei debiti*). Insolvency proceedings are only applicable to businesses (*imprese*) either run by companies, partnerships or by individuals. An individual who is not a sole entrepreneur or an unlimited partner in a partnership is not subject to insolvency.

A debtor can be declared bankrupt (*fallito*) and subject to *fallimento* (at its own initiative, or at the initiative of any of its creditors or the public prosecutor) if it is not able to fulfil its obligations in a timely manner. The debtor loses control over all its assets and of the management of its business, which is taken over by a court appointed receiver (*curatore fallimentare*). Once judgment has been made by the court and the creditors' claims have been approved, the sale of the debtor's property is conducted in accordance with a liquidation plan (approved by the delegated judge and the creditors' committee) which may provide for the dismissal of the whole business or single business units, even through competitive procedures.

A qualifying insolvent debtor may avoid being subject to *fallimento* by proposing to its creditors a creditors' agreement (*concordato preventivo*). Such proposal must contain, *inter alia*: (i) an updated statement of the financial and economic situation of the insolvent company, (ii) a detailed list of the creditors and their respective credit rights and related security interest and (iii) a detailed evaluation of the assets of the insolvent company. The offer may be structured as an offer to transfer all of the assets of the insolvent debtor to the creditors or an offer to undertake other restructuring plan such as, *inter alia*, the allocation to the creditors of shares, quotas, and other debt instruments of the company. The feasibility of the proposal must be accompanied by an expert's report. An entrepreneur may also execute with the creditors representing almost the 60% of the credits a settlement providing for debt rescheduling (*accordo di ristrutturazione dei debiti*). A report of an expert certifying the feasibility of the settlement shall be attached to the latter and the settlement shall be approved by the Court.

After insolvency proceedings are commenced, no legal action can be taken against the debtor and no foreclosure proceedings may be initiated. Moreover, all action taken and proceedings already initiated by creditors are automatically stayed.

Description of *Amministrazione Straordinaria delle Banche* – Suspension of payments

A bank may be submitted to the *amministrazione straordinaria delle banche* where (a) serious administrative irregularities, or serious violations of the provisions governing the bank's activity provided for by laws, regulations or the bank's bylaws activity are found; (b) serious capital losses are expected to occur; (c) the dissolution has been the object of a request by the administrative bodies or an extraordinary company meeting providing the reasons for the request.

According to the Banking Act, the procedure is initiated by decree of the Minister of economy and finance, acting on a proposal by the Bank of Italy, which shall terminate the board of directors and the board of statutory auditors of the bank. Subsequently the Bank of Italy shall appoint (a) one or more special administrator (*commissari straordinari*); (b) an oversight committee composed by a number of members from three to five (*comitato di sorveglianza*). The *commissari straordinari* are entrusted with the duty to assess the situation of the bank, remove the irregularities which may have been found and promote solutions in the best interest of the depositors of the bank. The *comitato di sorveglianza* exercises auditing functions and provides to the *commissari straordinari* the opinions requested by the law or by the Bank of Italy. However, it should be noted that the Bank of Italy may instruct in a binding manner the *commissari straordinari* and the *comitato di sorveglianza* providing specific safeguards and limits concerning the management of the bank.

In exceptional circumstances, the *commissari straordinari*, in order to protect the interests of the creditors, in consultation with the *comitato di sorveglianza* and subject to an authorization by the Bank of Italy, may suspend payment of the bank's liabilities and the restitution to customers of financial instruments. Payments may be suspended for a period of up to one month, which may be extended for an additional period of up to two months.

The *amministrazione straordinaria delle banche* shall last for one year from the date of issue of the decree of the Minister of the economy and finance. In exceptional cases, the procedure may be extended for a period of up to six months. The Bank of Italy may extend the duration of the procedure for periods of up to two months, in connection with the acts and formalities related to the termination of the procedure, provided that the relevant acts to be executed have already been approved by the Bank of Italy.

At the end of the procedure, the *commissari straordinari* shall undertake the necessary steps for the appointment of the bodies governing the bank in the ordinary course of business. After the appointment, the management and audit functions shall be transferred to the newly appointed bodies. It should however be noted that, should at the end of the procedure or at any earlier time the conditions for the declaration of the *liquidazione coatta amministrativa* (described in the following section) be met, then the bank may be subject to such procedure.

Description of *Liquidazione Coatta Amministrativa delle Banche*

According to the Banking Act, when the conditions for the *amministrazione straordinaria delle banche* and described in the preceding paragraph are exceptionally serious (*di eccezionale gravità*), or when a court has declared the state of insolvency of the bank, the Minister of economy and finance, acting on a proposal from the Bank of Italy, by virtue of a decree, may revoke the authorization for the carrying out of banking activities and submit the bank to the compulsory winding up (*liquidazione coatta amministrativa*).

From the date of issue of the decree the functions of the administrative and control bodies, of the shareholders meetings and of every other governing body of the bank shall cease. The Bank of Italy shall appoint (a) one or more liquidators (*commissari liquidatori*); (b) an oversight committee composed by a number of members from three to five (*comitato di sorveglianza*).

From the date the *commissari liquidatori* and the *comitato di sorveglianza* have assumed their functions and in any case from the third day following the date of issue of the aforesaid decree of the Minister of economy and finance, the payment of any liabilities and the restitution of assets owned by third parties shall be suspended.

The *commissari liquidatori* shall act as legal representatives of the bank, exercise all actions that pertain to the bank and carry out all transactions concerning the liquidation of the bank's assets. The *comitato di sorveglianza* shall (i) assist the *commissari liquidatori* in exercising their functions, (ii) control the activities carried out by *commissari liquidatori*; and (iii) provide to the *commissari straordinari* the opinions requested by the law or by the Bank of Italy. The Bank of Italy may issue directives concerning the implementation of the procedure and establish that some categories of operations and actions shall be subject to its authorisation and to preliminary consultation with the *comitato di sorveglianza*.

The Banking Act regulates the procedure for the assessment of the bank's liabilities (*accertamento del passivo*), and the procedures which allow creditors whose claims have been excluded from the list of liabilities (*stato passivo*) to challenge the list of liabilities.

The liquidators, with the favourable opinion of the *comitato di sorveglianza* and subject to authorization by the Bank of Italy, may assign assets and liabilities, going concerns, assets and legal relationships identifiable *en bloc*. Such assets may be assigned at any stage of the procedure, even before the *stato passivo* has been deposited. The assignor shall however be liable exclusively for the liabilities included in the *stato passivo*.

Subject to prior authorization of the Bank of Italy and for the purpose of maximizing profits deriving from the liquidation of the assets, the *commissari liquidatori* may continue the banks' activity or of specific going concerns of the bank, in compliance with any indications provided for by the *comitato di sorveglianza*. In such case the provision of the Bankruptcy Law concerning the termination of legal relationships shall not apply.

Once the assets have been realised and before the final allotment to the creditors or to the last restitution to customers, the *commissari liquidatori* shall present to the Bank of Italy the closing statement of accounts of the liquidation, the financial statement and the allotment plan, accompanied by their own report and a report by the oversight committee.

Certain Aspects of Italian law relevant to mortgage loans

Article 120-ter of the Banking Act provides that any provisions imposing a prepayments penalty in case of early redemption of mortgage loans is null and void with respect to loan agreements entered into, with an individual as borrower for the purpose of purchasing or restructuring real estate properties destined to residential purposes or to carry out the borrower's own professional or business activities.

The Italian banking association ("**ABI**") and the main national consumer associations have reached an agreement (the "**Prepayment Penalty Agreement**") regarding the equitable renegotiation of prepayment penalties with certain maximum limits calculated on the outstanding amount of the loans (the "**Substitutive Prepayment Penalty**") containing the following main provisions: (i) with respect to variable rate loan agreements, the Substitutive Prepayment Penalty should not exceed 0.50 per cent. and should be further reduced to (a) 0.20 per cent. in case of early redemption of the loan carried out within the third year from the final maturity date and (b) zero, in case of early redemption of the loan carried out within two years from the final maturity date, (ii) with respect to fixed rate loan agreements entered into before 1 January 2001, the Substitutive Prepayment Penalty should not exceed 0.50 per cent., and should be further reduced to: (a) 0.20 per cent., in case of early redemption of the loan carried out within the third year from the final maturity date; and (b) zero, in case of early redemption of the loan carried out within two years from the final maturity date, (iii) with respect to fixed rate loan agreements entered into after 31 December 2000, the Substitutive Prepayment Penalty should be equal to: (a) 1.90 per cent. if the relevant early redemption is carried out in the first half of loan's agreed duration; (b) 1.50 per cent. if the relevant early redemption is carried out following the first half of loan's agreed duration, provided however that the Substitutive Prepayment Penalty should be further reduced to: (x) 0.20 per cent., in case of early redemption of the loan carried out within three years from the final maturity date; and (y) zero, in case of early redemption of the loan carried out within two years from the final maturity date.

The Prepayment Penalty Agreement introduces a further protection for borrowers under a "safeguard" equitable clause (the "**Clausola di Salvaguardia**") in relation to those loan agreements which already provide for a prepayment penalty in an amount which is compliant with the thresholds described above. In respect of such loans, the Clausola di Salvaguardia provides that: (1) if the relevant loan is either: (x) a variable rate loan agreement; or (y) a fixed rate loan agreement entered into before 1 January 2001; the amount of the relevant prepayment penalty shall be reduced by 0.20 per cent.; (2) if the relevant loan is a fixed rate loan agreement entered into after 31 December 2000, the amount of the relevant prepayment penalty shall be reduced by (x) 0.25 per cent. if the agreed amount of the prepayment penalty was equal or higher than 1.25 per cent.; or (y) 0.15 per cent., if the agreed amount of the prepayment penalty was lower than 1.25 per cent.

Finally the Prepayment Penalty Agreement sets out specific solutions with respect to hybrid rate loans which are meant to apply to the hybrid rates the provisions, as more appropriate, relating respectively to fixed rate and variable rate loans.

Article 120-quater of the Banking Act provides that any borrower may at any time prepay the relevant loan funding such prepayment by a loan granted by another lender which will be subrogated pursuant to article 1202 of the Italian civil code (*surrogato per volontà del debitore*) in the rights of the former lender, including the mortgages (without any formalities for the annotation of the transfer with the land registry, which shall be requested by enclosing a certified copy of the deed of subrogation (*atto di surrogazione*) to be made in the form of a public deed (*atto pubblico*) or of a deed certified by a notary public with respect to the signature (*scrittura privata autenticata*) without prejudice to any benefits of a fiscal nature.

In the event that the subrogation is not completed within ten days from the relevant request from the succeeding lender to the former lender to start the relevant cooperation procedures, the original lender shall pay to the borrower an amount equal to 1 per cent. of the amount of the loan for each month or part thereof of delay, provided that if the delay is due to the succeeding lender, the latter shall repay to the former lender the delay penalty paid by it to the borrower.

Pursuant to Article 2, paragraph 475 and ff. of Italian law number 244 of 24 December 2007 (the "**2008 Budget Law**") any borrower under a mortgage loan agreement executed for the purposes of acquiring a "first home" real estate property (*unità immobiliare da adibire ad abitazione principale*) giving evidence of its incapability to pay any instalments falling due under a mortgage loan is entitled to suspend payment of any such instalments for no more than two times during the life of the relevant mortgage loan and for a maximum duration of 18 months (the "**Borrower Payment Suspension Right**"). Upon exercise of the Borrower Payment Suspension Right the duration of the relevant mortgage loan will be extended to a period equal to the duration of the relevant suspension period.

The 2008 Budget Law also provided for the establishment of a fund (so called "*Fondo di solidarietà*", the "**Fund**") created for the purpose of bearing certain costs deriving from the suspension of payments and refers to implementing regulation to be issued for the determination of: (i) the requirements that the borrowers must comply with in order to have the right to the aforementioned suspension and the subsequent aid of the Fund; and (ii) the formalities and operating procedures of the Fund.

On 21 June 2010, the Ministry of Treasury and Finance (*Ministro dell'economia e delle finanze*) adopted ministerial decree No. 132 ("**Decree 132/2010**") detailing the requirements and formalities which any Borrower must comply with in order to exercise the Borrower Payment Suspension Right.

Pursuant to Decree 132/2010, the Ministry of Economy and Finance, on 27 October 2010, issued the guidelines (*Linee Guida*) (the "**Guidelines**") – published on the website *www.dt.tesoro.it* (for the avoidance of doubt, such website does not constitute part of this Prospectus) which establish the procedures that borrowers must follow in order to exercise the Borrower Payment Suspension Right.

As specified in the Guidelines, pursuant to the provision of Decree 132/2010, the Borrower Payment Suspension Right can be granted also in favour of mortgage loans which have been subject to covered bonds transactions pursuant to Law 130.

In light of the above, pursuant to the Decree of the General Director of Treasury Department of the Ministry of Economy and Finance issued on 14 September 2010, CONSAP (*Concessionaria Servizi Assicurativi S.p.A.*), was selected as managing company of the Fund. The request to access to the aid granted by the Fund must be presented by borrowers starting from 15 November 2010, by using the relevant form of suspension-request duly prepared in compliance with the Guidelines and accompanied by the relevant documentation indicated therein.

Any borrower who complies with the requirements set out in Decree 132/2010 and the Guidelines, has the right to suspend the payment of the instalments of its Mortgage Receivables up to 18 months.

The 2008 Budget Law has been supplemented by Law No. 92 of 28 June 2012 (the "**Law 92**"), which has modified the requirements to be met by borrowers to benefit of the aids provided for by the Fund. In particular, Law 92 provides that the suspension of the payment of mortgage loans instalments can be granted for a period of 18 (eighteen) months upon the occurrence of at least one of the following events with respect to the relevant borrower:

(i) termination of an employment contract of indeterminate duration;

(ii) termination of a fixed term employment contract;

(iii) termination of one of the employment relationships provided for by Article 409, No. 3) of the Italian civil procedure code; or

(iv) death or declaration of handicap or disability for at least 80%.

Decree 132/2010 has been supplemented by a new decree, entered into force on 27 April 2013, which has been enacted for the purpose of making Decree 132/2010 compliant with the new provisions of Law 92.
Starting from 27 April 2013, new requests to access to the aids granted by the Fund shall be submitted (in accordance with the requirements and the conditions provided for by Law 92) by using the documentation published on the CONSAP official website http://www.consap.it/ (for the avoidance of doubt, such website does not constitute part of this Prospectus). As to regard, the requests submitted to CONSAP before 17 July 2012, such requests shall be regulated by the provisions of the Decree 132/2010.

As specified in Law 92, the suspension of payments of the instalments can be granted also in favour of mortgage loans which have been object of securitisation transactions or covered bond transactions pursuant to Law 130.

Any borrower who will comply with the requirements set out in Law 92 might have the right to suspend the payment of the instalments of its Mortgage Loan and therefore there is the risk that the Guarantor will experience a consequential delay in the collection of the relevant instalments. A significant number of applications by borrowers concentrated over a specific period will have an adverse impact on the Guarantor's cash flow of that period, although it should be considered that the aforementioned aids will be granted to the borrowers within the limits of the budget available to the Fund. Pursuant to the Italian Law Decree No. 102 of 31 August 2013, converted into Italian Law No. 124 of 28 October 2013, the budget of the Fund is increased of Euro 20,000,000 for each of 2014 and 2015 years.

TAXATION IN THE REPUBLIC OF ITALY

The statements herein regarding taxation summarise the principal Italian tax consequences of the purchase, the ownership, the redemption and the disposal of the Covered Bonds.

This is a general summary that does not apply to certain categories of investors and does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Covered Bonds. It does not discuss every aspect of Italian taxation that may be relevant to a Bondholder if such Bondholder is subject to special circumstances or if such Bondholder is subject to special treatment under applicable law.

This summary also assumes each of the Issuer and the Guarantor is resident in the Republic of Italy for tax purposes, is structured and conducts its business in the manner outlined in this Base Prospectus. Changes in the Issuer's and/or the Guarantor's organisational structure, tax residence or the manner in which each of them conducts its business may invalidate this summary. This summary also assumes that each transaction with respect to the Covered Bonds is at arm's length.

Where in this summary English terms and expressions are used to refer to Italian concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Italian concepts under Italian tax law.

The statements herein regarding taxation are based on the laws in force in the Republic of 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 Issuer will not update this summary to reflect changes in laws and if such a change occurs the information in this summary could become invalid.

Prospective purchasers of the Covered Bonds are advised to consult their own tax advisers concerning the overall tax consequences under Italian tax law, under the tax laws of the country in which they are resident for tax purposes and of any other potentially relevant jurisdiction of acquiring, holding and disposing of the Covered Bonds and receiving payments of interest, principal and/or other amounts under the Covered Bonds, including in particular the effect of any state, regional or local tax laws.

1. INTEREST ON THE COVERED BONDS

Covered Bonds qualifying as bonds or securities similar to bonds

Decree No. 239 regulates the income tax treatment of interest, premium and other income (including any difference between the redemption amount and the issue price, hereinafter collectively referred to as "**Interest**") from notes issued, *inter alia*, by Italian banks, falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*).

For this purpose, securities similar to bonds are securities that incorporate an unconditional obligation to pay, at maturity, an amount not lower than their nominal value and that do not allow any direct or indirect participation either in the management of the issuer or in the business in connection with which they have been issued, nor any control on such management.

Italian resident Bondholders

Where an Italian resident Bondholder is (i) an individual not engaged in a business activity to which the Covered Bonds are effectively connected, (ii) a non-commercial partnership, (iii) a non-commercial private or public institution, or (iv) an investor exempt from Italian corporate income taxation, Interest payments relating to the Covered Bonds are subject to a substitutive tax, referred to as "*imposta sostitutiva*", levied at the rate of 26% (either when the Interest is paid by the Issuer, or when payment thereof is obtained by the

Bondholder on a sale of the relevant Covered Bonds). The *imposta sostitutiva* may not be recovered by the Bondholder as a deduction from the income tax due.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity may be exempt from any income taxation, including the *imposta sostitutiva*, on interest, premium and other income relating to the Covered Bonds if the Covered Bonds are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1 (100-114) of Law No. 232 of 11 December 2016 (the "**Finance Act 2017**"), as amended by Law Decree No. 50 of 24 April 2017, converted into law with Law No. 96 of 21 June 2017.

If the Covered Bonds are held by investors, described under (i) to (iii) above, in the context of a business activity and are effectively connected with the same business activity, the Interest is subject to the *imposta sostitutiva* and is included in the relevant income tax return. As a consequence, the Interest is subject to the ordinary income tax and the *imposta sostitutiva* may be recovered as a deduction from the income tax due.Pursuant to the Decree No. 239, *imposta sostitutiva* is levied by banks, *società di intermediazione mobiliare* ("**SIMs**"), *società di gestione del risparmio* ("**SGRs**"), fiduciary companies, stock exchange agents and other entities identified by the relevant Decrees of the Ministry of Finance (the "**Intermediaries**").

An Intermediary must satisfy the following conditions:

(i) it must be: (a) resident in Italy; or (b) a permanent establishment in Italy of an intermediary resident outside of Italy; or (c) an organisation or company non-resident in Italy, acting through a system of centralized administration of securities and directly connected with the Department of Revenue of the Ministry of Finance (which includes Euroclear and Clearstream, Luxembourg) having appointed an Italian representative for the purposes of Decree No. 239; and

(ii) intervene, in any way, in the collection of Interest or in the transfer of the Covered Bonds. For the purpose of the application of *imposta sostitutiva*, a transfer of the 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.

Where the Covered Bonds are not deposited with an Intermediary, *imposta sostitutiva* is applicable and withheld by any Italian bank or any Italian intermediary paying Interest to a Bondholder.

The *imposta sostitutiva* regime described herein does not apply in cases where the Covered Bonds are held in a discretionary investment portfolio managed by an authorized intermediary pursuant to the so-called discretionary investment portfolio regime ("Risparmio Gestito" regime as defined and described under paragraph 2, "Capital Gains", below). In such a case, Interest is not subject to *imposta sostitutiva* but contributes to determine the annual net accrued result of the portfolio, which is subject to an *ad-hoc* substitutive tax of 26%.

The *imposta sostitutiva* also does not apply to the following subjects, to the extent that the Covered Bonds and the relevant coupons are deposited in a timely manner, directly or indirectly, with an Intermediary:

(i) *Corporate investors* - Where an Italian resident Bondholder is a corporation or a similar commercial entity (including a permanent establishment in Italy of a foreign entity to which the Covered Bonds are effectively connected), Interest accrued on the Covered Bonds must be included in: (I) the relevant Bondholder's yearly taxable income for the purposes of corporate income tax ("**IRES**"), applying at the rate of 24%; and (II) in certain circumstances, depending on the status of the Bondholder, also in its net value of production for the purposes of regional tax on productive activities ("**IRAP**"), generally applying at the rate of 3.9% (increased rates apply to certain categories of taxpayers, including banks, financial institutions and insurance companies). IRAP rate can be

increased by regional laws up to 0.92%. Said Interest is therefore subject to general Italian corporate taxation according to the ordinary rules;

(ii) *Investment funds* - Italian investment funds (which includes *Fondo Comune d'Investimento*, SICAV or SICAF to which the provisions of Article 9 (2) of Legislative Decree No. 44 of 4 March 2014 apply), as well as Luxembourg investment funds regulated by article 11-bis of Law Decree No. 512 of 30 September 1983 (collectively, the "**Funds**") are subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the Funds. Proceeds paid by the Funds to their quotaholders are generally subject to a 26% withholding tax.

(iii) *Pension funds* - Pension funds (subject to the tax regime set forth by Article 17 of Legislative Decree No. 252 of 5 December 2005, the "Pension Funds") are subject to a 20% substitutive tax on their annual net accrued result. Subject to certain conditions (including minimum holding period requirement) and limitations, Interest relating to the Covered Bonds may be excluded from the taxable base of the 20% substitute tax if the Covered Bonds are included in a long-term savings account (piano individuale di risparmio a lungo termine) that meets the requirements set forth in Article 1 (100-114) of Finance Act 2017. Interest on the Covered Bonds is included in the calculation of such annual net accrued result; and

(iv) *Real estate investment funds* – Interest payments in respect of the Covered Bonds made to Italian resident real estate investment funds established pursuant to Article 37 of the Financial Services Act and to real estate SICAF (the "**Real Estate Investment Funds**") are generally subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the same Real Estate Investment Funds. Unitholders are generally subject to a 26% withholding tax on distributions from the Real Estate Funds. A direct imputation system (tax transparency) applies to certain non-qualifying unitholders (e.g. Italian resident individuals) holding more than 5% of the units of the Real Estate Investment Fund.

Non-Italian resident Bondholders

An exemption from *imposta sostitutiva* on Interest on the Covered Bonds is provided with respect to certain beneficial owners resident outside of Italy, not having a permanent establishment in Italy to which the Covered Bonds are effectively connected. In particular, pursuant to the Decree No. 239 the aforesaid exemption applies to any beneficial owner of an Interest payment relating to the Covered Bonds who: (i) is resident, for tax purposes, in a country which allows for a satisfactory exchange of information with the Republic of Italy (as currently listed by Ministerial Decree of 4 September 1996, as amended by Ministerial Decree of 23 April 2017 and possibly further amended by future decrees issued pursuant to Article 11 (4) (c) of Decree No. 239- a "**White List Country**"); or (ii) is an international body or entity set up in accordance with international agreements which have entered into force in the Republic of Italy; or (iii) is the Central Bank or an entity also authorised to manage the official reserves of a country; or (iv) is an institutional investor which is established in a White List Country, even if it does not possess the *status* of taxpayer in its own country of establishment (each, a "**Qualified Bondholder**").

The exemption procedure for Bondholders who are non-resident in Italy and are resident in a White List Country identifies two categories of intermediaries:

(i) an Italian or foreign bank or financial institution (there is no requirement for the bank or financial institution to be EU resident) (the "**First Level Bank**"), acting as intermediary in the deposit of the Covered Bonds held, directly or indirectly, by the Bondholder with a Second Level Bank (as defined below); and

(ii) an Italian resident bank or SIM, or a permanent establishment in Italy of a non-resident bank or SIM, acting as depositary or sub-depositary of the Covered Bonds appointed to maintain direct

relationships, via electronic link, with the Italian tax authorities (the "**Second Level Bank**"). Organisations and companies non-resident in Italy, acting through a system of centralized administration of securities and directly connected with the Department of Revenue of the Ministry of Finance (which include Euroclear and Clearstream) are treated as Second Level Banks, provided that they appoint an Italian representative (an Italian resident bank or SIM, or permanent establishment in Italy of a non-resident bank or SIM, or a central depositary of financial instruments pursuant to Article 80 of the Financial Services Act) for the purposes of the application of Decree No. 239.

In the event that a non-Italian resident Bondholder deposits the Covered Bonds directly with a Second Level Bank, the latter shall be treated both as a First Level Bank and a Second Level Bank.

The exemption from the *imposta sostitutiva* for the Bondholders who are non-resident in Italy is conditional upon:

(a) the deposit of the Covered Bonds, either directly or indirectly, with an institution which qualifies as a Second Level Bank; and

(b) the submission to the First Level Bank or the Second Level Bank of a statement of the relevant Bondholder (*autocertificazione*), to be provided only once, in which it declares that it is eligible to benefit from the exemption from *imposta sostitutiva*. Such statement must comply with the requirements set forth by a Ministerial Decree of 12 December, 2001, is valid until withdrawn or revoked and needs not to be submitted where a certificate, declaration or other similar document for the same or equivalent purposes was previously submitted to the same depository. The above statement is not required for non-Italian resident investors that are international bodies or entities set up in accordance with international agreements entered into force in the Republic of Italy or Central Banks or entities also authorized to manage the official reserves of a State.

Covered Bonds qualifying as atypical securities (titoli atipici)

Interest payments relating to Covered Bonds that are not deemed to fall within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) are subject to a withholding tax, levied at the rate of 26%.

Where the Bondholder is (i) a non-Italian resident person, (ii) an Italian resident individual not holding the Covered Bonds for the purpose of carrying out a business activity, (iii) an Italian resident non-commercial partnership, (iv) an Italian resident non-commercial private or public institution, (v) a Fund, (vi) a Real Estate Investment Fund, (vii) a Pension Fund, (viii) an Italian resident investor exempt from Italian corporate income taxation, such withholding tax is a final withholding tax.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity may be exempt from any income taxation, including withholding taxes, on proceeds and other income relating to atypical securities if such financial instruments are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1 (100-114) of Finance Act 2017.

Where the Bondholder is (i) an Italian resident individual carrying out a business activity to which the Covered Bonds are effectively connected, (ii) an Italian resident corporation or a similar Italian commercial entity (including a permanent establishment in Italy of a foreign entity to which the Covered Bonds are effectively connected), such withholding tax is an advance withholding tax.

In case of non-Italian resident Bondholders, without a permanent establishment in Italy to which the Covered Bonds are effectively connected, the above-mentioned withholding tax rate may be reduced

(generally to 10%) or eliminated under certain applicable tax treaties entered into by Italy, if more favourable, subject to timely filing of the required documentation.

Payments by the Guarantor

There is neither case law nor general published guidelines rendered by the Italian tax authorities directly regarding the tax regime of payments in respect of bonds made by an Italian resident guarantor.

In accordance with a certain interpretation of Italian law, any Interest payment made by an Italian resident Guarantor should be treated as a payment by the guaranteed Issuer and, accordingly, should be subject to the tax regime described in the previous paragraphs of this section.

According to a different interpretation such payments made to Italian resident Bondholders may be subject to Italian withholding tax at the rate of 26% levied as a final tax (*a titolo d'imposta*) or as an advance tax (*a titolo di acconto*) depending on the residential "status" of the Bondholder, pursuant to Article 26, paragraph 5, of Decree No. 600 of 29 September 1973.

In case of payments to non-Italian resident Bondholders (not having a permanent establishment in Italy to which the Covered Bonds are effectively connected), the withholding tax should be final. Tax treaties entered into by Italy may apply allowing for a lower (or in certain cases, nil) withholding tax rate applicable on Interest payments in respect of the Covered Bonds made to non-Italian residents, subject to timely filing of the required documentation.

CAPITAL GAINS

Italian resident Bondholders

Pursuant to Legislative Decree No. 461 of 21 November, 1997, as amended, a 26% capital gains tax (the "**CGT"**) is applicable to capital gains realized on any sale or transfer of the Covered Bonds for consideration by Italian resident individuals (not engaged in a business activity to which the Covered Bonds are effectively connected), regardless of whether the Covered Bonds are held outside of Italy.

For the purposes of determining the taxable capital gain, any Interest on the Covered Bonds accrued and unpaid up to the time of the purchase and the sale of the Covered Bonds must be deducted from the purchase price and the sale price, respectively.

With regard to the CGT application, taxpayers may opt for one of the three following regimes:

(a) Tax return regime ("***Regime della Dichiarazione***") - The Bondholder must assess the overall capital gains realized in a certain fiscal year, net of any incurred capital losses, in his annual income tax return and pay the CGT so assessed together with the income tax due for the same fiscal year. Losses exceeding gains can be carried forward into following fiscal years up to the fourth following fiscal year. Since this regime constitutes the ordinary regime, the taxpayer must apply it to the extent that the same does not opt for any of the two other regimes;

(b) Non-discretionary investment portfolio regime ("***Risparmio Amministrato***") - The Bondholder may elect to pay the CGT separately on capital gains realized on each sale or transfer of the Covered Bonds. Such separate taxation of capital gains is allowed subject to (i) the Covered Bonds being deposited with banks, SIMs or other authorized intermediaries and (ii) an express election for the *Risparmio Amministrato* regime being made in writing by the relevant Bondholder. The *Risparmio Amministrato* lasts for the entire fiscal year and unless revoked prior to the end of such year will be deemed valid also for the subsequent one. The intermediary is responsible for accounting for the CGT in respect of capital gains realized on each sale or transfer of the Covered Bonds, as well as in respect of capital gains realized at the revocation of its mandate. The intermediary is required to pay

the relevant amount to the Italian tax authorities, by deducting a corresponding amount from the proceeds to be credited to the Bondholder. Where a particular sale or transfer of the Covered Bonds results in a net loss, the intermediary is entitled to deduct such loss from gains subsequently realized on assets held by the Bondholder with the same intermediary and within the same deposit relationship, in the same fiscal year or in the following fiscal years up to the fourth following fiscal year. The Bondholder is not required to declare the gains in his annual income tax return; and

(c) Discretionary investment portfolio regime ("***Risparmio Gestito***") - If the Covered Bonds are part of a portfolio managed by an Italian asset management company, capital gains are not subject to the CGT, but contribute to determine the annual net accrued result of the portfolio. Such annual net accrued result of the portfolio, even if not realized, is subject to an ad-hoc 26%. substitutive tax, which the asset management company is required to levy on behalf of the Bondholder. Any losses of the investment portfolio accrued at year end may be carried forward against net profits accrued in each of the following fiscal years, up to the fourth following fiscal year. Under such regime the Bondholder is not required to declare the gains in his annual income tax return.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity may be exempt from any CGT realized on Covered Bonds if such financial instruments are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1 (100-114) of Finance Act 2017.

The CGT regime does not apply to the following subjects:

(A) *Corporate investors* - Capital gains realized on the Covered Bonds by Italian resident corporate entities (including a permanent establishment in Italy of a foreign entity to which the Covered Bonds are effectively connected) form part of their aggregate income subject to IRES. In certain cases, capital gains may also be included in the taxable net value of production of such entities for IRAP purposes. The capital gains are calculated as the difference between the sale price and the relevant tax basis of the Covered Bonds. Upon fulfillment of certain conditions, the gains may be taxed in equal installments over up to five fiscal years for IRES purposes.

(B) *Funds* - Capital gains realized by the Funds on the Covered Bonds are subject neither to CGT nor to any other income tax in the hands of the Funds (see under paragraph "*Italian Resident Bondholders*", above).

(C) *Pension Funds* - Capital gains realized by Pension Funds on the Covered Bonds contribute to determine their annual net accrued result, which is subject to an 20% substitutive tax (see under paragraph "*Italian Resident Bondholders*", above).

(D) *Real Estate Investment Funds* - Capital gains realized by Real Estate Investment Funds on the Covered Bonds are not taxable at the level of same Real Estate Investment Funds (see under paragraph "*Italian Resident Bondholders*", above).

Non Italian resident Bondholders

Capital gains realized by non-resident Bondholders (not having a permanent establishment in Italy to which the Covered Bonds are effectively connected) on the disposal of the Covered Bonds are not subject to tax in Italy, regardless of whether the Covered Bonds are held in Italy, subject to the condition that the Covered Bonds are listed in a regulated market in Italy or abroad (*e.g.* Luxembourg Stock Exchange).

Should the Covered Bonds not be listed in a regulated market as indicated above, the aforesaid capital gains would be subject to tax in Italy, if the Covered Bonds are held by the non-resident Bondholder therein.

Pursuant to Article 5 of Legislative Decree No. 461 of 21 November, 1997, an exemption, however, would apply with respect to beneficial owners of the Covered Bonds, which are Qualified Bondholders.

In any event, non-Italian resident Bondholders without a permanent establishment in Italy to which the Covered Bonds are effectively connected that may benefit from a tax treaty with Italy, providing that capital gains realized upon sale or transfer of Covered Bonds are taxed only in the country of tax residence of the recipient, will not be subject to tax in Italy on any capital gains realized upon any such sale or transfer.

TRANSFER TAXES

Contracts relating to the transfer of securities are subject to the registration tax as follows: (i) public deeds and notarised deeds (*atti pubblici e scritture private autenticate*) executed in Italy should be subject to fixed registration tax (Euro 200); (ii) private deeds (*scritture private non autenticate*) should be subject to fixed registration tax only in certain circumstances, including the "case of use" or voluntary registration.

INHERITANCE AND GIFT TAX

Inheritance and gift taxes apply on the overall net value of the relevant transferred assets, at the following rates, depending on the relationship between the testate (or donor) and the beneficiary (or donee):

(a) 4%, if the beneficiary (or donee) is the spouse or a direct ascendant or descendant (such rate only applying on the net asset value exceeding, for each person, Euro 1 million);

(b) 6%, if the beneficiary (or donee) is a brother or sister (such rate only applying on the net asset value exceeding, for each person, Euro 100,000);

(c) 6%, if the beneficiary (or donee) is a relative within the fourth degree or a direct relative-in-law as well an indirect relative-in-law within the third degree;

(d) 8%, if the beneficiary is a person, other those mentioned other (a), (b) and (c), above.

In case the beneficiary has a serious disability recognized by law, inheritance and gift taxes apply on its portion of the net asset value exceeding Euro 1.5 million.

The mortis causa transfer of financial instruments included in a long-term savings account (*piano di risparmio a lungo termine*) – that meets the requirements set forth in Article 1 (100-114) of Finance Act 2017, as amended by Law Decree No. 50 of 24 April 2017, converted into law with Law No. 96 of 21 June 2017.

STAMP DUTY

Pursuant to Article 19(1) of Law Decree No. 201 of 6 December, 2011, converted by Law No. 214 of 22 December, 2011, as amended ("**Decree 201**"), a proportional stamp duty applies on an annual basis to any periodic reporting communications which may be sent by a financial intermediary to a Bondholder in respect of any Covered Bond which may be deposited with such financial intermediary. The stamp duty applies at a rate of 0.20%; this stamp duty is determined on the basis of the market value or – if no market value figure is available – the nominal value or redemption amount of the Covered Bonds held. The stamp duty cannot exceed, for taxpayers different from individuals (e.g., for corporate entities and other bodies), Euro 14,000.

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy on 24 May 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy on 20 June 2012) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

Moreover, the proportional stamp duty does not apply to communications sent to Pension Funds.

Periodical communications to clients are presumed to be sent at least once a year, even though the intermediary is not required to send any such communication. In this case, the stamp duty is to be applied on 31 December of each year or in any case at the end of the relationship with the client.

WEALTH TAX ON SECURITIES DEPOSITED ABROAD

Pursuant to Article 19(18) of Decree 201, Italian resident individuals holding the Covered Bonds outside the Italian territory are required to pay a wealth tax at a rate of 0.20%. Such tax is due only in cases where the stamp duty described in the previous paragraph (Stamp Duty) is not due.

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 – the nominal value or the redemption value of such financial assets held outside the Italian territory. 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).

TAX MONITORING

Pursuant to Law Decree No. 167 of 28 June, 1990, converted by Law No. 227 of 4 August, 1990, as amended ("**Decree No. 167**"), individuals, non profits entities and certain partnerships resident in Italy who, during the fiscal year, have held investments abroad or have financial activities abroad must, in certain circumstances, disclose the aforesaid and related transactions to the Italian tax authorities in their income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return). Such obligation is not provided *inter alia*, in case the financial assets are given in administration or management to Italian banks, SIMs, fiduciary companies or other professional intermediaries, indicated in Article 1 of Decree No. 167, or if one of such intermediaries intervenes, also as a counterpart, in their transfer, provided that income deriving from such financial assets is collected through the intervention of such an intermediary.

U.S. FOREIGN ACCOUNT TAX COMPLIANCE ACT

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as "FATCA", a "foreign financial institution" ("FFI". as defined by FATCA) may be required to withhold on certain payments it makes ("foreign passthru payments") to persons that fail to meet certain certification, reporting or related requirements. The issuer may be 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. According to the intergovernmental agreement ("IGA Italy") signed by the United States of America and the Republic of Italy on 10 January 2014 and implemented in Italy by Law No. 95 of 18 June 2015, a FFI is not generally subject to withholding under FATCA on any payments it receives. Further, a FFI is not required to withhold from payments it makes (unless it has agreed to do so under the U.S. "qualified intermediary," regime, according to which, in certain cases, a 30% withholding tax is applied on the payments from sources within the United States).

Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Covered Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Covered Bonds, are uncertain and may be subject to change. Bondholders should consult their own tax advisers regarding how these rules may apply to their investment in Covered Bonds.

In the event any withholding would be required pursuant to FATCA with respect to payments on the Covered Bonds, no person will be required to pay additional amounts as a result of the withholding.

FINANCIAL TRANSACTION TAX

On 14 February 2013, the EU Commission adopted a proposal for a Council Directive (the "Draft Directive") on a common financial transaction tax ("FTT") in eleven EU Member States (Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Spain, Slovakia and Slovenia; the ("Participating Member States"). However, Estonia has since stated that it will not participate.

Pursuant to the Draft Directive, the FTT would be payable on financial transactions provided that at least one party to the financial transaction is established or deemed established in a Participating Member State and there is a financial institution established or deemed established in a Participating Member State which is a party to the financial transaction. Among others, FTT would however not be payable on primary market transactions referred to in Article 5 (c) of Regulation (EC) No 1287/2006, including the activity of underwriting and subsequent allocation of financial instruments in the framework of their issue.

The Draft Directive is still subject to negotiations among the Participating Member States and therefore might be changed at any time. Moreover, the provisions of the Draft Directive once adopted (the "Directive") need to be implemented into the respective domestic laws of the Participating Member States and the domestic provisions implementing the Directive might deviate from the provisions contained in it. Bondholders of the Covered Bonds should consult their own tax advisers in relation to the consequences of the FTT associated with subscribing, purchasing, holding and disposing the Covered Bonds.

TAXATION IN LUXEMBOURG

The following is a general description of certain Luxembourg 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 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 overview is based upon the law as in effect on the date of this Base Prospectus. The information contained within this section is limited to withholding tax issues, and prospective investors should not apply any information set out below to other areas, including (but not limited to) the legality of transactions involving the Covered Bonds.

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 law, subject however, with respect to Luxembourg resident individual investors, to the application of the Luxembourg law of 23 December 2005, as amended, pursuant to which:

(i) a 20% withholding tax (which is final when Luxembourg resident individuals are acting in the context of the management their private wealth) can be levied on certain interest income paid or ascribed by Luxembourg resident paying agents to Luxembourg resident individuals, including accrued interest received upon sale, redemption or repurchase of the Covered Bonds (i.e. with certain exemptions). Responsibility for the withholding of tax in application of the above-mentioned Luxembourg law of 23 December 2005, as amended, is assumed by the Luxembourg resident paying agent within the meaning of such law and not by the Issuer; and

(ii) Luxembourg resident individuals can opt to self-declare and pay a 20% tax (which is final when Luxembourg resident individuals are acting in the context of the management their private wealth) on certain interest income paid or ascribed by paying agents located in a Member State of the European Union (other than Luxembourg) or in a Member State of the European Economic Area. In such case, the 20% tax is calculated on the same amounts as for payments made by Luxembourg resident paying agents and the option for the 20% tax must cover all interest payments made by the paying agents within the entire fiscal year.

Other Taxes

Neither the issuance nor the transfer of Covered Bonds will give rise to any Luxembourg stamp duty, value-added tax, issuance tax, registration tax, transfer tax or similar taxes or duties, provided that the relevant issue or transfer agreement is not registered in Luxembourg. A fixed or *ad valorem* registration duty in Luxembourg may however apply (i) upon voluntary registration (*présentation à l'enregistrement*) of the notes before the Registration and Estates Department (*Administration de l'enregistrement, des domaines et de la TVA*) in Luxembourg, or (ii) if the notes are (a) attached to a compulsory registrable deed under Luxembourg law (*acte obligatoirement enregistrable*) or (b) deposited with the official records of a notary (*déposé au rang des minutes d'un notaire*).

Where a holder of notes is a resident of Luxembourg for tax purposes at the time of his/her death, the notes are included in his/her taxable estate for inheritance tax assessment purposes.

Gift tax may be due on a gift or donation of notes if embodied in a Luxembourg deed or registered in Luxembourg.

TERMS AND CONDITIONS OF THE COVERED BONDS

*The following is the text of the terms and conditions of the Covered Bonds (the "**Conditions**" and, each of them, a "**Condition**"). For the avoidance of doubt, the Conditions do not apply to the Registered Covered Bonds. In these Conditions, references to the "holder" of Covered Bonds and to the "Bondholders" are to the ultimate owners of the Covered Bonds. Covered Bonds will at all times be in book-entry form (dematerialised form) and title to the Covered Bonds will be evidenced by book-entries with Monte Titoli S.p.A. in accordance with the provisions of (i) Article 83-bis and ff. of the Legislative Decree no. 58 of 24 February 1998 and (ii) the resolution dated 13 August, 2018 jointly issued by the Commissione Nazionale per le Società e la Borsa ("**CONSOB**") and the Bank of Italy and published in the Official Gazette of the Republic of Italy (Gazzetta Ufficiale della Repubblica Italiana) No. 201 of 30 August 2018 (the "**Joint Resolution**"), as subsequently amended and supplemented from time to time. Excepted for the Registered Covered Bonds, no certificate or physical document of title will be issued in respect of the Covered Bonds. The Bondholders are deemed to have notice of and are bound by, and shall have the benefit of, inter alia, the terms of the Rules of the Organisation of the Bondholders attached to, and forming part of, these Conditions.*

In relation to 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 Registered CB Conditions, together with the Registered CB Rules Agreement relating to such Registered Covered Bond. Any reference to a "Registered CB 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 CB Conditions attached as a schedule thereto or the provisions of the Registered CB Rules Agreement relating to such Registered Covered Bonds.

Any reference to the Conditions or a Condition shall be referred to the Conditions and/or the Registered CB 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

1.1 *Programme: Mediobanca* - Banca di Credito Finanziario S.p.A. (the "**Issuer**") has established a covered bond programme in December 2011 (the "**Programme**") for the issuance of up to € 5,000,000,000 in aggregate principal amount of obbligazioni bancarie garantite (the "**Covered Bonds**") guaranteed by Mediobanca Covered Bond S.r.l. Covered Bonds are issued pursuant to, and in compliance with, the provisions of Law 130/99 of 30 April 1999, as amended and supplemented from time to time ("**Law 130/99**"), Ministerial Decree No. 310 of the Ministry for the Economy and Finance of 24 March 2010 (the "**MEF Decree**") and the supervisory instructions of the Bank of Italy relating to covered bonds under Part III, 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 Regulations**" and together with Law 130/99 and the MEF Decree, the "**Covered Bonds Law**") as amended and implemented from time to time.

1.2 *Final Terms*: Covered Bonds are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Covered Bonds. Each Series or Tranche is the subject of final terms (the "**Final Terms**") which complete these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Series or Tranche of Covered Bonds are these

Conditions as completed by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.

1.3 *Guarantee*: Each Series of Covered Bonds is the subject of a guarantee executed on or about the First Issue Date (the "**Guarantee**") entered into between the Guarantor and the Representative of the Bondholders (as defined below) for the purpose of guaranteeing the payments due from the Issuer in respect of the Covered Bonds of all Series issued under the Programme. The Guarantee will be collateralised and backed by a portfolio constituted by certain eligible assets assigned from time to time to the Guarantor pursuant to Master Purchase Agreement and the Portfolio Management Agreement (as defined below) and in accordance with the provisions of the Covered Bonds Law. It being understood that the recourse of the Bondholders to the Guarantor under the Guarantee will be limited to the assets of the Cover Pool (as defined below).

1.4 *Programme Agreement and Subscription Agreement*: In respect of each Series or Tranche of Covered Bonds issued under the Programme, the Dealer(s) (as defined below) has/have agreed to subscribe for the Covered Bonds and pay the relevant Issue Price (as defined below) on the relevant Issue Date (as defined below) pursuant to the provisions of the agreement entered into between, inter alios, the Issuer and the dealer(s) named therein and/or acceding thereto (the "**Dealers**") on or about the First Issue Date (the "**Programme Agreement**"), as supplemented (if applicable) by a subscription agreement to be entered into on or about the relevant Issue Date of any Series or Tranche among the Issuer, the Guarantor and the relevant Dealer(s) (the "**Subscription Agreement**").

1.5 *Monte Titoli Mandate Agreement*: In a mandate agreement with Monte Titoli S.p.A. ("**Monte Titoli**") (the "**Monte Titoli Mandate Agreement**"), Monte Titoli has agreed to provide the Issuer with certain depository and administration services in relation to the Covered Bonds.

1.6 *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 both (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 is outstanding from time to time.

1.7 *Rules of the Organisation of the Bondholders*: The rules of the Organisation of the Bondholders (the "**Rules**") are attached to, and form an integral part of, these Conditions. References in these Conditions to the Rules include such rules as from time to time modified in accordance with the provisions contained therein and any agreement or other document expressed to be supplemental thereto. Bondholders are deemed to have notice of, are entitled to the benefit of and are bound by, *inter alia*, the terms of the Rules.

1.8 *Rights of the Bondholders*: The rights and powers of the Bondholders and of the Representative of the Bondholders shall be exercised in accordance with these Conditions, the Rules and the Intercreditor Agreement.

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

2. DEFINITIONS AND INTERPRETATION

2.1 ***Definitions:*** *In these Conditions the following expressions have the following meanings.*

ABS General Criteria (*Criteri Generali dei Titoli ABS*) means the eligibility criteria on the basis on which shall be selected the Asset Backed Securities to be included in each Portfolio, as specified in the Schedule 1 – Part I – Section III to the Master Purchase Agreement.

Acceptance Date (*Data di Accettazione*) means (i) with respect to the purchase of each Subsequent Portfolio, a date falling not later than the third Business Day preceding each Issue Date, and (ii) with respect to the purchase of each Further Portfolio, a date falling not later than the third Business Day preceding each Guarantor Payment Date.

Account means each of the Collection Account, the Transaction Account, the Securities Account, the Reserve Account, the Swap Collateral Account and the Expenses Account and any other account which may be opened in the name of the Guarantor for the deposit of any Eligible Asset and Integration Assets and/or Eligible Investments under the Cash Management Agreement.

Account Bank means Mediobanca or any other entity appointed from time to time to act as such in accordance with the Cash Management Agreement.

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

Additional Business Centre(s) means the city or cities specified as such in the relevant Final Terms.

Additional Financial Centre(s) means the city or cities specified as such in the relevant Final Terms.

Additional Seller means any additional entity of the Mediobanca Group which may from time to time enter into the Programme in capacity as seller under the Master Purchase Agreement.

Adjusted Aggregate Loan Amount means the amount calculated pursuant to the formula set out in clause 2.2 of the Portfolio Management Agreement.

Amortisation Test means the test which will be carried out pursuant to the terms of the Portfolio Management Agreement in order to ensure that, on each Calculation Date, following the delivery of an Issuer Default Notice, the outstanding principal balance of the Cover Pool which for such purpose is considered as an amount equal to the Amortisation Test Aggregate Loan Amount is higher than or equal to the Principal Amount Outstanding of all Series of Covered Bonds issued under the Programme.

Amortisation Test Aggregate Loan Amount has the meaning ascribed to it in the Portfolio Management Agreement.

Amortisation Test Verification has the meaning ascribed to it in Clause 5 of the Asset Monitor Agreement.

Asset (*Attivo*) means, collectively, the Eligible Assets and the Integration Assets which will be transferred by the Seller to the Guarantor in the context of the Programme.

Asset Backed Securities (*Titoli ABS*) means, pursuant to article 2, sub-paragraph 1(d), of MEF Decree the asset backed securities for which a risk weight not exceeding 20% is applicable in accordance with the Bank of Italy's prudential regulations for banks - standardised approach - provided that at least 95% of the relevant securitised assets are:

(i) Residential Mortgage Loans;

(ii) Commercial Mortgage Loans;

(iii) Public Assets.

Asset Coverage Test means the test which will be carried out pursuant to the terms of the Portfolio Management Agreement in order to ensure that, on the relevant Calculation Date, the Adjusted Aggregate Loan Amount is at least equal to the aggregate Principal Amount Outstanding of the Covered Bonds issued under the Programme.

Asset Coverage Test Verification has the meaning ascribed to it in Clause 4 of the Asset Monitor Agreement.

Asset Monitor Agreement means the asset monitor agreement entered into on or about the First Issue Date between the Asset Monitor, the Issuer, the Guarantor, the Seller, the Servicer, the Representative of the Bondholders and the Test Report Provider.

Asset Monitor means BDO Italia S.p.A. or any other entity appointed from time to time to act as such in accordance with the Asset Monitor Agreement and in compliance with the Covered Bonds Law.

Asset Monitor Report means the report which shall be delivered by the Asset Monitor on each Asset Monitor Report Date to the Issuer, the Seller, the Guarantor, the Test Report Provider and the Representative of the Bondholders pursuant to the terms and conditions of the Asset Monitor Agreement.

Asset Monitor Report Date means the date on which an Asset Monitor Report shall be delivered by the Asset Monitor, namely:

(i) with respect to the Mandatory Test Verification and the Asset Coverage Test Verification, 10 Business Days following receipt of the relevant Test Performance Report by the Test Report Provider on each of (a) the Calculation Date immediately following the First Issue Date, (b) the Calculation Date immediately preceding each anniversary date of the First Issue Date and (c) each Calculation Date as referred to in Clause 6.2 (Breach of Mandatory Test and Asset Coverage Test prior to an Issuer Default Notice) upon occurrence of the circumstances set out thereunder; or

(ii) with respect to the Amortisation Test Verification, 10 Business Days following receipt of the Test Performance Report to be delivered by the Test Report Provider (on behalf of the Guarantor) on each Calculation Date after service of an Issuer Default Notice (but prior to a Guarantor Default Notice).

Asset Percentage means (i) 84 per cent. or (ii) such lesser percentage figure as determined from time to time by the Test Report Provider (on behalf of the Guarantor and in accordance with the Rating Agency's methodology) and notified to Fitch and the Representative of the Bondholders, provided that the Asset Percentage may not, at any time, be higher than 84 per cent.

The Guarantor (or the Test Report Provider on its behalf) will, on the Calculation Date, send notification to Fitch and the Representative of the Bondholders of the percentage figure selected by it, being the difference between 100 per cent. and the amount of credit enhancement required to maintain the then current ratings of the covered bonds.

The Asset Percentage will be adjusted from time to time in order to ensure that sufficient credit enhancement will be maintained.

Available Funds (*Fondi Disponibili*) means, collectively, the Interest Available Funds and the Principal Available Funds.

Banking Act (*TUB*) means Legislative Decree 1 September 1993, No. 385 as subsequently amended and supplemented.

Base Interests (*Tasso di Interesse*) means the base interests due by the Guarantor under Clause 5.1 (*Tasso di Interesse della Tranche A*) and 5.2 (*Tasso di Interesse della Tranche B*) of the Subordinated Loan Agreement.

Benchmarks Regulation means the Regulation (EU) No. 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds, as amended or supplemented from time to time.

Beneficiary means the Bondholders and any other person or entity entitled to receive a payment from the Guarantor under the Guarantee, in accordance with the Covered Bonds Law.

BoI Regulations (*Regolamento della Banca d'Italia*) means supervisory instructions of the Bank of Italy relating to covered bonds under Part III, Chapter 3, of the circular no. 285 of 17 December 2013, containing the "Disposizioni di vigilanza per le banche" as further implemented and amended.

Bondholders (*Portatori dei Covered Bond*) means the holders, from time to time, of any Covered Bonds of each Series of Covered Bonds.

Borrower means any person in favour of which any Mortgage Loan or Public Loan has been granted by the Seller.

Breach of Test Notice means the notice delivered by the Representative of the Bondholders in accordance with the terms of the Portfolio Management Agreement and Condition 11.

Business Day (*Giorno Lavorativo*) means any day (other than a Saturday or Sunday) on which banks are generally open for business in Milan, Luxembourg and London and on which the Trans-European Automated Real Time Gross Settlement Express Transfer System (or any successor thereto) is open.

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

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

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

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

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

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

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

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

and

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

Calculation Agent means CheBanca or any other entity appointed from time to time to act as such in accordance with the Cash Management Agreement.

Calculation Amount has the meaning given in the relevant Final Terms.

Calculation Date means (i) with reference to the activities to be carried out by the Calculation Agent, a date falling not later than the second Business Day preceding each Guarantor Payment Date, and (ii) with reference to the activities to be carried out by the Test Report Provider, a date falling not later than the 3rd Business Day following the Quarterly Report Date.

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

Cash Management Agreement means the cash management agreement entered into on or about the First Issue Date between the Issuer, the Guarantor, the Servicer, the Seller, the Account Bank, the Investment Manager, the Cash Manager, the Calculation Agent, the Interest Determination Agent, the Paying Agent, the Test Report Provider and the Representative of the Bondholders.

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).

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

Clearstream means Clearstream Banking Société Anonyme, Luxembourg with offices at 42 avenue JF Kennedy, L-1855 Luxembourg.

Collection Account means the euro denominated bank account established in the name of the Guarantor with the Account Bank, IBAN: IT82Y1063101600000070201377, or such other substitute account as may be opened in accordance with the Transaction Documents.

Collection Period (*Periodo di Incasso*) means the quarterly periods of each year commencing on (and including) the first calendar day of months of January, April, July and October and ending on (and including), respectively, the last calendar day of the months of March, June, September and December and, in the case of the first Collection Period in relation to the Initial Portfolio, commencing on (and excluding) the Initial Valuation Date and ending on (and excluding) the first calendar day of month of January 2012.

Collection Policies (*Procedure di Riscossione*) means the procedures implemented by the Servicer for the management, collection and recovery of the instalments and all and any other amounts from time to time due in relation to the Assets, pursuant to the Schedule 1 to the Servicing Agreement.

Commercial Mortgage Loan Agreement (*Contratto di Mutuo Ipotecario Commerciale*) means any commercial mortgage loan agreement under which a Commercial Mortgage Loan has been granted in favour to the relevant Debtor.

Commercial Mortgage Loan (*Mutuo Ipotecario Commerciale*) means any Mortgage Loan secured by a Mortgage on a Real Estate Asset intended to commercial activities (*destinato ad uso commerciale*) comprised in the Cover Pool.

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

Corporate Servicer (*Prestatore di Servizi Amministrativi*) means Studio Dattilo Commercialisti Associati or any other entity appointed from time to time to act as such in accordance with the Corporate Services Agreement.

Corporate Services Agreement (*Contratto di Servizi Amministrativi*) means the agreement entered into on 30 November, 2011 between the Guarantor and the Corporate Servicer pursuant to which the Corporate Servicer will provide certain administration services to the Guarantor in the context of the Programme.

Covered Bonds Law (*Normativa sui Covered Bond*) means, jointly, the Law 130/99, the MEF Decree and the BoI Regulations.

Covered Bond means any covered bond of any Series issued from time to time by the Issuer in the context of the Programme.

Covered Bond Swap Agreements means the 1992 ISDA Master Agreements entered into between the Guarantor and the relevant Covered Bond Swap Counterparty on or about the First Issue Date, together with the relevant Schedule, the relevant Credit Support Annex which may be from time to time entered into in the context of the Programme and the relevant confirmations, which may be from time to time entered into in the context of the Programme, documenting the interest rate swap transactions supplemental thereto.

Covered Bond Swap Counterparty means Mediobanca, acting in such capacity or any other entity acting as such pursuant to the Covered Bond Swap Agreements.

Cover Pool (*Patrimonio Separato*) means the cover pool constituted by (i) the Eligible Assets and the Integration Assets purchased from time to time by the Guarantor in the context of the Programme and (ii) the Liquidity.

Cover Pool Swap Agreement means the 1992 ISDA Master Agreements entered into between the Issuer and the Cover Pool Swap Counterparty on or about the First Issue Date, together with the relevant Schedule, the relevant Credit Support Annex which may be from time to time entered into in the context of the Programme and the relevant confirmations, which may be from time to time entered into in the context of the Programme, documenting the interest rate swap transactions supplemental thereto.

Cover Pool Swap Counterparty means Mediobanca, acting in such capacity or any other entity acting as such pursuant to the Cover Pool Swap Agreement.

Current Balance means in relation to a Mortgage Loan and/or any other Asset and/or any Eligible Investment at any given date, the Outstanding Principal Balance relating to that Mortgage Loan and/or that Asset and/or that Eligible Investment as at that date.

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

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

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

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

(A) the actual number of days in such Calculation 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 Calculation Period falling in the next Regular Period divided by the product of (a) 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 Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

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

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

(v) if **30/360 (Fixed rate)** is so specified, means the number of days in the Calculation 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 Calculation Period is the 31st day of a month but the first day of the Calculation 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 Calculation 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)** is so specified, the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows

Day Count Fraction =

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

(ix) if **30E/360 (ISDA)** is so specified, the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

D2 is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30, provided, however, that in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period.

Dealers means Mediobanca and Mediobanca International, as well as any other entity which may be appointed as such by the Issuer upon execution of a letter in the terms or substantially in the terms set out in Schedule 8 (Form of Dealer Accession Letter) to the Programme Agreement on any other terms acceptable to the Issuer and such entity.

Debtor (*Debitore Ceduto*) means any borrower, any person which has granted a Security Interest and/or any other person who is liable for the payment or repayment of amounts due in respect of an Asset or a Security Interest and Debtors means from time to time all of them.

Decree No. 239 means the Italian Legislative Decree 1 April 1996, No. 239 as amended and supplemented from time to time.

Deed of Charge means the English law deed of charge entered into on or about the First Issue Date between the Guarantor and the Representative of the Bondholders (acting as security trustee for the Bondholders and for the other Secured Creditors).

Deed of Pledge means the deed of pledge governed by Italian law executed between the Guarantor, the Representative of the Bondholders and the Account Bank in the context of the Programme.

Defaulted Assets (*Attivi in Sofferenza*) means (A) any Asset arising from Mortgage Loans and Public Entities Receivables included in the Cover Pool (a) having at least seven monthly instalments which are past due and unpaid, and in relation to which the relevant Debtor has been classified as being "*in sofferenza*" by the Servicer in accordance with the Bank of Italy regulations as amended and updated from time to time and collection policy thereof, and (B) the Assets different from the Mortgage Loans and the Public Entities Receivables included in the Cover Pool in relation to which the relevant Debtor has been classified as being "*in sofferenza*" by the Servicer in accordance with the Bank of Italy regulations as amended and updated from time to time and collection policy thereof.

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

Delinquent Assets means (A) any Asset arising from Mortgage Loans and the Public Entities Receivables included in the Cover Pool having (a) days in arrear for more than 90 days or (b) ("inadempienza probabile") four instalments which are past due and fully unpaid, even if such instalments are not consecutive and (B) the Assets different from the Mortgage Loans and the Public Entities Receivables included in the Cover Pool in relation to which the relevant Debtor has been classified as being "*ad inadempienza probabile*" by the

Servicer in accordance with the Bank of Italy regulations as amended and updated from time to time and collection policy thereof.

Due for Payment Date means (a) a Scheduled Due for Payment Date (as defined below) or (b) following the occurrence of a Guarantor Event of Default, the date on which the Guarantor Default Notice is served on the Guarantor. If the Due for Payment Date is not a Business Day, Due for Payment Date will be the next Business Day.

Earliest Maturing Covered Bonds means, at any time, the Series of Covered Bonds that has or have the earliest Maturity Date or Extended Maturity Date (if the relevant Series of Covered Bonds is subject to an Extended Maturity Date and the relevant Extension Period has already started) as specified in the relevant Final Terms.

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

Early Redemption Date means, as applicable, the Optional Redemption Date (Call), the Optional Redemption Date (Put) or the date on which any Series of Covered Bonds is to be redeemed pursuant to Condition 8 (c) (Redemption for tax reasons).

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

Eligible Assets (*Attivi Idonei*) means the following assets contemplated under article 2, sub-paragraph 1, of the MEF Decree:

(i) the Residential Mortgage Loans;

(ii) the Commercial Mortgage Loans;

(iii) the Public Assets; and

(iv) the Asset Backed Securities.

Criteria (*Criteri*) means (i) with respect to the Initial Portfolio, collectively, the General Criteria and the Specific Criteria of the Initial Portfolio and (ii) with respect to the Subsequent Portfolios and Further Portfolios, collectively, the General Criteria, the Specific Criteria and the Further Criteria (if any) of the relevant Subsequent Portfolio or Further Portfolio.

Eligible Institution means any depository institution organised under the laws of any State which is a member of the European Union or of the United States having a Long-Term Rating at least equal to "BBB" or a Short-Term Rating at least equal to "F2" by Fitch or which is guaranteed by an entity having a Long-Term Rating at least equal to "BBB" or a Short-Term Rating at least equal to "F2" by Fitch.

Eligible Investments means the Euro denominated senior (unsubordinated) debt securities or other debt instruments, provided that, in all cases:

(a) such investments are immediately repayable on demand, disposable without penalty or have a maturity date falling on or before the third Business Day preceding the Guarantor Payment Date immediately succeeding the Collection Period in respect of which such eligible investments were made;

(b) such investments provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount) or in case of repayment or disposal, the principal amount upon repayment or disposal is at least equal to the principal amount invested and cannot include any embedded options (unless full payment of principal is paid in cash upon the exercise of the embedded option;

(c) such debt securities or other debt instruments having at least:

(1) "BBB" or "F2", for investments maturing up to 30 days;

(2) "AA-" or "F1+", for investments maturing from 30 days to 365 days;

(d) a Euro denominated time deposit (including, for avoidance of any doubt, a term deposit) opened with the Account Bank or any other Eligible Institution; and

(e) repurchase transactions between the Guarantor and an Eligible Institution in respect of Euro denominated debt securities or other debt instruments having the rating requirements specified under paragraph (c) above, provided that (i) title to the securities underlying such repurchase transactions (in the period between the execution of the relevant repurchase transactions and their respective maturity) effectively passes to the Guarantor and the obligations of the relevant counterparty are not related to the performance of the underlying securities, (ii) such repurchase transactions have a maturity date falling on or before the third Business Day preceding the Guarantor Payment Date immediately succeeding the Collection Period in respect of which such eligible investments were made. .

EURIBOR shall have the meaning ascribed to it in the relevant Final Terms.

Euro, € and **EUR** refer to the single currency of member states of the European Union which adopt the single currency introduced in accordance with the treaty establishing the European Community.

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

Euro Equivalent means, in case of an issuance of Covered Bonds denominated in currency other than the Euro, an equivalent amount expressed in Euro calculated by the Calculation Agent at the prevailing exchange rate or, in case a cross-currency swap has been entered in respect of a Series of Covered Bonds, the exchange rate of the relevant cross-currency swap.

Excluded Scheduled Interest Amounts means any additional amounts relating to default interest or interest upon interest payable by the Issuer.

Excluded Scheduled Principal Amounts means any additional amounts relating to prepayments, early redemption, broken funding indemnities, or penalties payable by the Issuer.

Excluded Swap Termination Amount means any termination payment due and payable by the Guarantor to a Swap Counterparty, where the Swap Counterparty is the Defaulting Party or the sole Affected Party pursuant to the relevant Swap Agreement.

Expenses Account means the euro denominated account established in the name of the Guarantor with the Account Bank, IBAN: IT78T1063101600000070201380, or such other substitute account as may be opened in accordance with the Cash Management Agreement, into which the Retention Amount will be credited and from which any Expenses and Taxes will be paid during the period comprised between a Guarantor Payment Date and the immediately subsequent Guarantor Payment Date.

Expenses means any documented fees, costs, expenses, to be paid by the Guarantor in order to preserve its corporate existence, to maintain it in good standing and to comply with applicable legislation.

Extended Maturity Date means the date , if any specified as such in the relevant Final Terms when final redemption payments in relation to a specific Series of Covered Bonds become due and payable pursuant to the extension of the relevant Maturity Date .

Extension Determination Date means, with respect to each Series of Covered Bonds, the date falling seven days after the Maturity Date of the relevant Series.

Extension Period means, with reference to the Series of Covered Bonds subject to an Extended Maturity Date, the period starting on the relevant Maturity Date (included) and ending on the relevant Extended Maturity Date (excluded).

Extraordinary Resolution has the meaning given in the Rules attached to the Conditions.

Facility means the facility to be granted by the Subordinated Lender pursuant to the terms of Clause 2 of the Subordinated Loan Agreement.

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

Final Terms means the final terms related to each Series of Covered Bond whose form is included in the Prospectus.

First CB Payment Date means the date specified in the relevant Final Terms.

First Issue Date (*Prima Data di Emissione*) means the Issue Date of the first Series of Covered Bonds issued under the Programme.

Fitch means Fitch Italia S.p.A..

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

Fixed Rate Covered Bond means a Covered Bond specified as such in the relevant Final Terms.

Fixed Rate Provisions means Condition 5 (*Fixed Rate Provisions*).

Floating Rate Covered Bond means a Covered Bond specified as such in the relevant Final Terms.

Floating Rate Provisions means the relevant provisions of Condition 6 (*Floating Rate Provisions*).

Further Criteria (*Criteri Ulteriori*) means the eligibility criteria, other than the General Criteria and the Specific Criteria, which the Seller and the Guarantor may apply, from time to time, to each Subsequent Portfolio and Further Portfolio, specifying such further criteria in the Schedule B to the relevant Transfer Proposal.

Further Portfolio (*Portafoglio Ulteriore*) means all the Eligible Assets, compliant with the General Criteria, the relevant Specific Criteria and the relevant Further Criteria (if any), which may be purchased as a pool (*in blocco*) and *pro soluto* by the Guarantor pursuant to Clause 4 (*Cessione di Ulteriori Portafogli su base revolving*) of the Master Purchase Agreement.

General Criteria (*Criteri Generali*) means, jointly, (i) the Mortgage General Criteria, (ii) the Public Assets General Criteria and (iii) the ABS General Criteria.

Guarantee means the guarantee issued on or about the First Issue Date by the Guarantor in favour of the Beneficiaries.

Guaranteed Payment Obligations means the payment obligations of interest and principal in relation of each Series of Covered Bonds guaranteed under the Guarantee.

Guaranteed Amounts means (a) prior to the service of a Guarantor Default Notice, with respect to any Scheduled Due for Payment Date, the sum of amounts equal to (i) the Scheduled Interest and the Scheduled Principal, in each case, payable on that Schedule Due for Payment Date or any other amounts due and payable by the Issuer under the Covered Bonds pursuant to the Terms and Conditions and the relevant Final Terms and (ii) all amounts payable by the Guarantor under the Transaction Documents ranking senior to any payment due in respect of the Covered Bonds according to the applicable Priority of Payments, or (b) after the service of a Guarantor Default Notice, an amount equal to (i) the relevant Early Redemption Amount (as defined and specified in the Terms and Conditions) plus all accrued and unpaid interests 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 (ii) all amounts payable by the Guarantor under the Transaction Documents ranking senior to any payment due in respect to the Covered Bonds according to the applicable Priority of Payments. The Guaranteed Amounts include any Guaranteed Amount that was timely paid by or on behalf of the Issuer to the Bondholders to the extent it has been clawed back and recovered from the Bondholders by the receiver or liquidator, in bankruptcy or other insolvency or similar proceedings for the Issuer named or identified in the order, and has not been paid or recovered from any other source (the "**Clawed Back Amounts**").

Guarantor Default Notice has the meaning given to it in Condition 12.3 (*Guarantor Events of Default*).

Guarantor Event of Default has the meaning given to it in Condition 12.3 (*Guarantor Events of Default*).

Guarantor means Mediobanca Covered Bond S.r.l., a limited liability company incorporated under the laws of the Republic of Italy, whose registered office at Galleria Del Corso No. 2, Milan, Italy, Fiscal Code and registration with the Companies Register in Milan No. 03915310969, under the direction and coordination of Mediobanca – Banca di Credito Finanziario S.p.A.

Guarantor Payment Account means the euro denominated account established in the name of the Guarantor with the Paying Agent with number 800882300 (Iban code: **IT 96 R 03479 01600 000800882300),**or such other substitute account as may be opened in accordance with the Cash Management Agreement into which the Cash Manager (on behalf of the Guarantor) will credit by 9:00 a.m. of each Due for Payment Date the amounts due from time to time under the Covered Bonds and out of which the Paying Agent will make the payments due in favour of the Bondholders on behalf of the Guarantor after to the service of an Issuer Default Notice.

Guarantor Payment Date means (a) prior to the delivery of a Guarantor Default Notice, the date falling on the 28th day of January, April, July and October or, if such day is not a Business Day, the immediately following Business Day; and (b) following the delivery of a Guarantor Default Notice, any day on which any payment is required to be made by the Representative of the Bondholders in accordance with the Post-Enforcement Priority of Payments, the relevant Terms and Conditions and the Intercreditor Agreement. The first Guarantor Payment Date will fall on 28 January, 2011.

Initial Portfolio (*Portafoglio Iniziale*) means the portfolio of receivables arising from Residential Mortgage Loan Agreement purchased by the Guarantor on 30 November, 2011 pursuant to Article 2 of the Master Purchase Agreement in order to allow Mediobanca to issue the First Series of the Covered Bonds.

Initial Subordinated Loan Agreement (*Contratto di Finanziamento Subordinato Iniziale*) means the subordinated loan agreement entered into between the Subordinated Lender and the Guarantor on 30 November, 2011.

Initial Subordinated Loan (*Finanziamento Subordinato Iniziale*) means the subordinated loan granted by the Subordinated Lender in favour of the Guarantor pursuant to the Initial Subordinated Loan Agreement.

Initial Valuation Date (*Data di Valutazione Iniziale*) means, with reference to the Initial Portfolio, the date falling on 30 September, 2011.

Initial Transfer Date (*Data di Cessione Iniziale*) means, with reference to the Initial Portfolio, the date on which the Publicities provided for in Article 2.5 of the Master Purchase Agreement has been carried out.

Insolvency Event means in respect of any company, entity or corporation that:

(i) such company, entity or corporation has become subject to any applicable bankruptcy, liquidation, administration, insolvency, composition or reorganisation (including, without limitation, "*fallimento*", "*liquidazione coatta amministrativa*", "*concordato preventivo*" and "*amministrazione straordinaria*", each such expression bearing the meaning ascribed to it by the laws of the Republic of Italy, and including the seeking of liquidation, winding-up, reorganisation, dissolution, administration) or similar proceedings or the whole or any substantial part of the undertaking or assets of such company, entity or corporation are subject to a *pignoramento* or any procedure having a similar effect (other than in the case of the Guarantor, any portfolio of assets purchased by the Guarantor for the purposes of further programme of issuance of Covered Bonds), unless in the opinion of the Representative of the Bondholders, (who may in this respect rely on the advice of a legal adviser selected by it), such proceedings are being disputed in good faith with a reasonable prospect of success; or

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

(iii) such company, entity or corporation takes any action for a re-adjustment of deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors (other than, in case of the Guarantor, the creditors under the Transaction Documents) or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it or applies for suspension of payments (other than, in respect of the Issuer, the issuance of a resolution pursuant to Article 74 of the Banking Act); or

(iv) an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution in any form of such company, entity or corporation or any of the events under article 2448 of the Civil Code occurs with respect to such company, entity or corporation (except in any such case a winding-up or other proceeding for the purposes of or pursuant to a solvent amalgamation or reconstruction, the terms of which have been previously approved in writing by the Representative of the Bondholders); or

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

Integration Assets (*Attivi Idonei Integrativi*) means, in accordance with article 2, sub-paragraph 3.2 and 3.3 of MEF Decree, each of the following assets:

(i) deposits held with banks which have their registered office in the European Economic Area or Switzerland or in a country for which a 0% risk weight is applicable in accordance with the Bank of Italy's prudential regulations for banks -standardised approach; and

(ii) securities issued by the banks indicated in item (i) above, which have a residual maturity not exceeding one year.

Integration Assets Limit (*Limite per gli Attivi Idonei Integrativi*) means the maximum percentage of Integration Assets (taking into account the Liquidity) which may be comprised in the Cover Pool pursuant to the Covered Bonds Law, i.e. 15% of the Cover Pool.

Intercreditor Agreement (*Accordo tra Creditori*) means the agreement entered into on or about the First Issue Date between the Guarantor and the other Secured Creditors.

Interest Amount means, in relation to any Series of Covered Bonds and a CB Interest Period, the amount of interest payable in respect of that Series for that CB Interest Period.

Interest Available Funds (*Fondi Disponibili in Linea Interessi*) means, on each Guarantor Payment Date:

(i) any interest collected by the Servicer and/or by the Guarantor in respect of the Assets and credited into the Transaction Account during the Collection Period preceding the relevant Guarantor Payment Date;

(ii) all recoveries in the nature of interest and penalties received by the Servicer and/or by the Guarantor and credited into the Transaction Account during the Collection Period preceding the relevant Guarantor Payment Date;

(iii) all amounts of interest accrued (net of any withholding or deduction or expenses, if due) and paid on the Accounts during the Collection Period preceding the relevant Guarantor Payment Date;

(iv) all interest amounts received from the Eligible Investments during the preceding Collection Period;

(v) any amounts other than in respect of principal received under the Cover Pool Swaps;

(vi) any amounts other than in respect of principal received under each Covered Bond Swap other than the Swap Collateral (if any);

(vii) any swap termination payments received from a Swap Counterparty under a Swap Agreement, provided that such amounts will first be used to pay a Replacement Swap Counterparty to enter into a Replacement Swap Agreement, unless a Replacement Swap Agreement has already been entered into by or on behalf of the Guarantor;

(viii) prior to the service of a Issuer Default Notice on the Guarantor amounts standing to the credit of the Reserve Account in excess of the Required Reserve Amount and following the service of a Issuer Default Notice on the Guarantor, any amounts standing to the credit of the Reserve Account;

(ix) all amounts to be allocated from the Principal Available Funds as Interest Shortfall Amount;

(x) any amounts (other than the amounts already allocated under other items of the Interest Available Funds or Principal Available Funds) received by the Guarantor during the immediately preceding Collection Period.

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

Interest Coverage Test means the test to be calculated pursuant to the terms of the Portfolio Management Agreement so that the amount of interest and other revenues generated by the assets included in the Cover Pool (including the payments of any nature expected to be received by the Guarantor with respect to any Swap Agreement), net of the costs borne by the Guarantor (including the payments of any nature expected to be born or due with respect to any Swap Agreement), shall be at least equal to the amount of interests and costs due on all Series of Covered Bonds issued under the Programme.

Interest Determination Agent means BNP Paribas Securities Services, Milan Branch which is appointed to act as interest determination agent pursuant to the Cash Management Agreement.

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

Interest Shortfall Amount means, on each Guarantor Payment Date, the amount due and payable under items from (i) to (vi) of the Pre-Issuer Event of Default Interest Priority of Payment, to the extent that the Interest Available Funds are not sufficient, on such Guarantor Payment Date, to make such payments in full.

Investor Report means the report containing certain information on the Cover Pool and on the Covered Bond which shall be delivered, on each Investor Report Date, by the Calculation Agent - subject to timely receipt of certain information - via e-mail to the Issuer, the Guarantor, the Representative of the Bondholders, the Cash Manager, the Seller, the Servicer, the Paying Agent, the Account Bank and the Rating Agency.

Investor Report Date means a date falling not later than the second Business Day following each Calculation Date.

ISDA Definitions means the 2006 ISDA Definitions, as amended and updated as at the date of issue of the first Series of the Covered Bonds of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.

ISDA Determination means that the Rate of Interest will be determined in accordance with Condition 6(c) (*ISDA Determination*).

Issue Date (*Data di Emissione*) means each date on which any Series of Covered Bond will be issued in the context of the Programme.

Issuer means Mediobanca.

Issuer Default Notice has the meaning given to it in Condition 12.1 (*Issuer Events of Default*).

Issuer Default Notice Date means the date on which the Guarantor has received the Issuer Default Notice sent by the Representative of the Bondholders.

Issuer Event of Default has the meaning given to it in Condition 12.1 (*Issuer Events of Default*).

Issuer Payment Account means the euro denominated account established in the name of the Issuer with the Paying Agent with number 800882200 (Iban code: IT 76 Q 03479 01600 000800882200), or such other substitute account as may be opened in accordance with the Cash Management Agreement, into which the Issuer will credit by 9:00 a.m. of each CB Payment Date the amounts due from time to time under the Covered Bonds and out of which the Paying Agent will make the payments due in favour of the Bondholders on behalf of the Issuer prior to the service of an Issuer Default Notice.

Joint Resolution means the resolution of 13 August, 2018 jointly issued by CONSOB and the Bank of Italy and published in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) No. 201 of 30 August 2018, as amended from time to time.

Latest Maturing Covered Bonds means, at any time, the Series of Covered Bonds that has or have the latest Maturity Date or Extended Maturity Date (if the relevant Series of Covered Bonds is subject to an Extended Maturity Date and the relevant Extension Period has already started) as specified in the relevant Final Terms.

Latest Valuation means, at any time with respect to any Real Estate Asset, the value given to the relevant Real Estate Asset by the most recent valuation (to be performed in accordance with the requirements provided for under the prudential regulations for banks issued by the Bank of Italy) addressed to the Seller or obtained from an independently maintained valuation model, acceptable to reasonable and prudent institutional mortgage lenders in Italy.

Life of the Programme means the period of time comprised between the First Issue Date and the latest of (i) the date on which the Revolving Period has elapsed and (ii) the Programme End Date.

Liquidity (*Liquidità*) means any and all amounts from time to time standing to the credit of the Accounts (other than the Quota Capital Account).

"**Long-Term Deposit Rating**" means the long-term rating which may be assigned from Fitch to a bank account provider.

"**Long-Term IDR**" means, with reference to an institution, the long-term issuer default rating (IDR) assigned from Fitch to such institution.

"**Long-Term Rating**" means (i) with reference to the Account Bank or the Swap Collateral Account Bank, a Long-Term Deposit Rating (if assigned from Fitch) or a Long-Term IDR (where no Long-Term Deposit Rating is assigned from Fitch); and (ii) in any other case, a Long-Term IDR.

Main Financial Centre means, in relation to any currency, the main financial centre for that currency provided, however, that:

(i) in relation to Euro, it means the main financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Interest Determination Agent and/or the Paying Agent (as the case may be); 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 Interest Determination agent and/or the Paying Agent (as the case may be).

Mandatory Test means the tests provided for under article 3 of MEF Decree.

Mandatory Test Verification has the meaning ascribed to it in Clause 3 of the Asset Monitor Agreement.

Margin has the meaning given in the relevant Final Terms.

Master Definitions Agreement (*Accordo Quadro sulle Definizioni*) means the master definitions agreement entered into on or about the First Issue Date between, *inter alios*, the Issuer, the Guarantor, the Seller and the Representative of the Bondholders, containing all the definitions of the terms used in the Transaction Documents.

Master Purchase Agreement (*Contratto Quadro di Cessione*) means the master purchase agreement entered into on 30 November, 2011 between, inter alios, the Guarantor and the Seller.

Maturity Date (*Data di Scadenza Convenzionale*) means the date on which final redemption payments in relation to a specific Series of Covered Bonds become due in accordance with the Final Terms.

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

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

Mediobanca Group (*Gruppo Mediobanca*) means the Mediobanca Banking Group.

Mediobanca International means Mediobanca International (Luxembourg) S.A., a *société anonyme* subject to Luxembourg law and having its registered office at 14 Boulevard Roosevelt L-2450 Luxembourg, registered at the Luxembourg trade and companies registry under registration number B 112885**.**

Meeting has the meaning set out in the Rules.

MEF Decree means the decree issued by the Minister of Economy and Finance on 14 December 2006, No. 310 in relation to the covered bonds.

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

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

Monte Titoli Account Holders 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 Legislative Decree No. 58/98 and includes any depositary banks approved by Clearstream and Euroclear.

Monte Titoli means Monte Titoli S.p.A.

Mortgage Loan General Criteria (*Criteri Generali dei Crediti Ipotecari*) means the general criteria on the basis of which shall be selected the Mortgage Loans to be included in each Portfolio, as specified in the Schedule 1 – Part I – Section I to the Master Purchase Agreement.

Mortgage Loan Agreement means any Residential Mortgage Loan Agreement or Commercial Mortgage Loan Agreement out of which the Receivables arise.

Mortgage Loan means a Residential Mortgage Loan or a Commercial Mortgage Loan, as the case may be, the claims in respect of which have been and/or will be transferred by the Seller to the Guarantor pursuant to the Master Purchase Agreement.

Mortgages (*Ipoteche*) means the mortgages created on the Real Estate Assets pursuant to Italian law in order to secure claims in respect of the Receivables.

Negative Carry Factor means (i) nil if the relevant Covered Bond has a corresponding Cover Pool Swap structured as Total Balance Guaranteed Swap, otherwise (ii) a percentage calculated by reference to the weighted average margin of the Covered Bonds and will, in any event, be not less than 0.5 per cent.

Offer Date (*Data di Offerta*) means (i) with respect to the purchase of each Subsequent Portfolio, a date falling not later than the fourth Business Day preceding each Issue Date, and (ii) with respect to the purchase of each Further Portfolio, a date falling not later than the fourth Business Day preceding each Guarantor Payment Date, i.e. the date within which the Seller may send to the Guarantor the Transfer Proposal pursuant to Article 3.2 of the Master Purchase Agreement.

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

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

Optional Redemption Date (Call) has the meaning given in the relevant Final Terms.

Optional Redemption Date (Put) has the meaning given in the relevant Final Terms.

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

Outstanding Principal Balance means, at any date, in relation to a Mortgage Loan, and/or any other Asset and/or any Eligible Investment, the aggregate nominal principal amount outstanding of such Mortgage Loan or such other Asset or such Eligible Investment at such date.

Paying Agent means Mediobanca, as long as it is an Eligible Institution and provided that an Issuer Event of Default has not occurred, otherwise BNP Paribas Securities Services, Milan Branch which is appointed to act as paying agent under the terms of the Cash Management Agreement, and any of its successors.

Payment Business Day means a day on which banks in the relevant Place of Payment are open for payment of amounts due in respect of debt securities and for dealings in foreign currencies and any day which is:

(i) if the currency of payment is euro, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or

(ii) if the currency of payment is not euro, a day on which dealings in foreign currencies may be carried on in the Main Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

Person means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality.

Place of Payment means, in respect of any Bondholders, the place at which such Bondholder receives payment of interest or principal on the Covered Bonds.

Pledge Account means, collectively, the Accounts listed under Schedule 3 to the Deed of Pledge.

Pledged Claims has the meaning attributed to in Clause 2.1 of the Deed of Pledge.

Portfolio Management Agreement means the agreement entered into on or about the First Issue Date between the Issuer, the Seller, the Servicer, the Test Report Provider, the Guarantor, the Calculation Agent and the Representative of the Bondholders.

Portfolio (*Portafoglio*) means, collectively, the Initial Portfolio, any Subsequent Portfolios and any Further Portfolios which will be purchased by the Guarantor in accordance with the terms of the Master Purchase Agreement.

Post-Guarantor Event of Default Priority of Payment means the order of priority pursuant to which the Available Funds shall be applied, on each Guarantor Payment Date, following the service of a Guarantor Default Notice, in accordance with Clause 5.4 of the Intercreditor Agreement.

Post-Issuer Event of Default Priority of Payment means the order of priority pursuant to which the Available Funds shall be applied, on each Guarantor Payment Date, following the service of an Issuer Default

Notice, but prior to the service of a Guarantor Default Notice, in accordance with Clause 5.3 of the Intercreditor Agreement.

Potential Set-Off Amounts means an amount calculated on a quarterly basis by the Servicer and communicated to the Rating Agency as a percentage of the Cover Pool that the Servicer determines as potentially subject to set-off risk by the relevant Debtors, taking into consideration the portion of the Debtors having current and deposit accounts opened with the Seller.

Pre-Issuer Event of Default Interest Priority of Payment means the order of priority pursuant to which the Interest Available Funds shall be applied, on each Guarantor Payment Date, prior to the service of an Issuer Default Notice, in accordance with Clause 5.1 of the Intercreditor Agreement.

Pre-Issuer Event of Default Principal Priority of Payment means the order of priority pursuant to which the Principal Available Funds shall be applied, on each Guarantor Payment Date, prior to the service of an Issuer Default Notice, in accordance with Clause 5.2 of the Intercreditor Agreement.

Pre-Issuer Event of Default Priority of Payment means, as applicable, the Pre-Issuer Event of Default Interest Priority of Payment or the Pre-Issuer Event of Default Principal Priority of Payment.

Premium Interests means, on any Guarantor Payment Date:

(A) prior to the occurrence of an Issuer Event of Default, an amount equal to the positive difference between (a) the sum of the Interest Available Funds, with respect to the immediately preceding Collection Period, and (b) the algebraic sum of the amounts due by the Guarantor under items from (i) to (xi) (included) of the Pre-Issuer Event of Default Interest Priority of Payments; or

(B) following the occurrence of an Issuer Event of Default but prior to the occurrence of a Guarantor Event of Default, an amount equal to the positive difference between (a) the sum of the Available Funds with respect to the immediately preceding Collection Period and (b) the algebraic sum of the amounts due by the Guarantor under items from (i) to (ix) (included) of the Post-Issuer Event of Default Priority of Payments; or

(C) following the occurrence of a Guarantor Event of Default, an amount equal to the positive difference between (a) the sum of the Available Funds with respect to the immediately preceding Collection Period and (b) the algebraic sum of the amounts due by the Guarantor under items from (i) to (vii) (included) of the Post-Guarantor Event of Default Priority of Payments.

Principal Amount Outstanding means, on any date: (a) in relation to a Covered Bond, the principal amount of that Covered Bond upon issue less the aggregate amount of any principal payments in respect of that Covered Bond which have become due and payable (and been paid) on or prior to that date; and (b) in relation to the Covered Bonds outstanding at any time, the aggregate of the amount in (a) in respect of all Covered Bonds outstanding.

Principal Available Funds means, on each Guarantor Payment Date:

(a) all principal amounts collected by the Servicer and/or the Guarantor in respect of the Cover Pool and credited to the Transaction Account during the Collection Period preceding the relevant Guarantor Payment Date;

(b) all other recoveries in the nature of principal collected by the Servicer and/or the Guarantor and credited from time to time to the Transaction Account;

(c) all proceeds deriving from the sale, if any, of the Assets;

(d) all amounts in respect of principal (if any) received under any Swap Agreements other than the Swap Collateral (if any); and

(e) principal amounts collected by the Servicer in respect of the Cover Pool in the past Collection Periods but still standing to the credit of the Transaction Account.

Priorities of Payments (*Ordine di Priorità dei Pagamenti*) means each of the orders in which the Available Funds shall be applied on each Guarantor Payment Date in accordance with the Terms and Conditions and the Intercreditor Agreement.

Program Debtor means any Counterparty who is or may become the debtor of any of the claims and rights over which the Pledge is hereby created other than the Debtors.

Programme End Date means the earlier between (i) the date falling on a year and one day after the Covered Bonds have been redeemed in full at their relevant Maturity Date (or Extended Maturity Date, if applicable pursuant to the relevant Final Terms) and (ii) in case of prepayment in full of the Covered Bonds, the date falling on two years and one day after the Covered Bonds have been redeemed in full.

Programme (*Programma*) means the covered bonds issue programme which Mediobanca intends to carry out pursuant to article 7-bis of Law 130/99 through the issuance of several Series of Covered Bond in a 10 (ten) years period from the First Issue Date.

Programme Agreement means the agreement entered into on or about the First Issue Date between the Issuer, the Seller, the Guarantor, the Representative of the Bondholders and the Initial Dealer.

Programme Resolution has the meaning set out in the Rules.

Publicity (*Pubblicità*) means, in relation to each Portfolio, collectively: (i) the publication on the Official Gazette of the Republic of Italy of the transfer notice of such Portfolio, substantially in the form attached under Schedule 5 to the Master Purchase Agreement and (ii) the filing of an application for the registration of such assignment with the competent Companies' Register.

Public Assets (*Attivi Pubblici*) means, collectively, the Public Entities Receivables and Public Entities Securities.

Public Assets General Criteria (*Criteri Generali degli Attivi Pubblici*) means the general criteria on the basis of which shall be selected the Public Assets to be included in each Subsequent Portfolio and/or Further Portfolio, as specified in the Schedule 1 – Part I – Section II to the Master Purchase Agreement.

Public Entity Receivables means, pursuant to article 2, sub-paragraph 1, of MEF Decree, any receivables owned by or receivables which have been benefit of a guarantee eligible for credit risk mitigation granted by:

(i) Public Entities, including ministerial bodies and local or regional bodies, located within the European Economic Area or Switzerland for which a risk weight not exceeding 20% is applicable in accordance with the Bank of Italy's prudential regulations for banks - standardised approach; and

(ii) Public Entities, located outside the European Economic Area or Switzerland, for which a 0% risk weight is applicable in accordance with the Bank of Italy's prudential regulations for banks - standardised approach - or regional or local public entities or non-economic administrative entities, located outside the European Economic Area or Switzerland, for which a risk weight not exceeding 20% is applicable in accordance with the Bank of Italy's prudential regulations for banks - standardised approach, provided that, the Public Entities Receivables described under item (ii) above may not amount to more than 10% of the aggregate nominal value of the Cover Pool.

Public Entity Securities means pursuant to article 2, sub-paragraph 1, of MEF Decree, any securities issued by or which have benefit of a guarantee eligible for credit risk mitigation granted by:

(i) Public Entities, including ministerial bodies and local or regional bodies, located within the European Economic Area or Switzerland for which a risk weight not exceeding 20% is applicable in accordance with the Bank of Italy's prudential regulations for banks - standardised approach; and

(ii) Public Entities, located outside the European Economic Area or Switzerland, for which a 0% risk weight is applicable in accordance with the Bank of Italy's prudential regulations for banks - standardised approach - or regional or local public entities or non-economic administrative entities, located outside the European Economic Area or Switzerland, for which a risk weight not exceeding 20% is applicable in accordance with the Bank of Italy's prudential regulations for banks - standardised approach, provided that, the Public Entities Securities described under item (ii) above may not amount to more than 10% of the aggregate nominal value of the Cover Pool.

Public Loan (*Finanziamento Pubblico*) means any loans granted by any entity referred to in Article 2, paragraph 1(c), n. 1) and 2) of MEF Decree, or secured by the same entities in compliance with the provisions of Article 2, paragraph 1(c) of the MEF Decree.

Put Option has the meaning given in the relevant Final Terms.

Put Option Notice means a notice which must be delivered to the Paying Agent by any Bondholder wanting to exercise a right to redeem Covered Bonds at the option of the Bondholder.

Put Option Receipt means a receipt issued by the Paying Agent to a depositing Bondholder upon deposit of Covered Bonds with the Paying Agent by any Bondholder wanting to exercise a right to redeem Covered Bonds at the option of the Bondholder.

Quarterly Report (*Rendiconto Trimestrale*) means the quarterly report prepared by the Servicer pursuant to Article 3.13 of the Servicing Agreement to be sent by the Servicer within the Quarterly Report Date to the Guarantor, the Seller, the Issuer, the Asset Monitor, the Rating Agency, the Calculation Agent, the Corporate Services Provider, the Swap Counterparties and the Representative of the Bondholders.

Quarterly Report Date (*Data di Rendiconto Trimestrale*) means the date falling on the 14th day of January, April, July and October or, if such day is not a Business Day, the immediately following Business Day.

Quota Capital Account means the Euro denominated account IBAN No. IT75P1063101600000070092700 opened with Mediobanca – Banca di Credito Finanziario S.p.A., where the issued and paid-up corporate capital account of the Guarantor has been deposited.

Quotaholders' Agreement means the agreement entered into on or about the First Issue Date between the Guarantor, the Quotaholders and the Representative of the Bondholders.

Quotaholders means Chebanca! S.p.A. and SPV Holding S.r.l. and each assignee of the relevant participation in the issued and paid-up corporate capital of the Guarantor.

Rate of Interest means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Series of Covered Bonds specified in the relevant Final Terms or calculated or determined in accordance with the provisions of the Terms and Conditions and/or the relevant Final Terms.

Rating Agency means Fitch.

Real Estate Asset (*Immobile*) means any real estate asset mortgaged as security of a Receivable under a Mortgage Loan Agreement.

Redemption Amount means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount 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 in the relevant Final Terms or, if none, four major banks selected by the Interest Determination Agent in the market that is most closely connected with the Reference Rate.

Reference Price has the meaning given in the relevant Final Terms.

Reference Rate means, as specified in the applicable Final Terms, the deposit rate, the interbank rate, the swap rate or bond yield, as the case may be, which appears on the Relevant Screen Page at the Relevant Time on the Interest Determination Date and as determined by the Interest Determination Agent.

Reference Rate Event means, with reference to the Reference Rate applicable to a Series of a Covered Bond, the occurrence of any of the following events: (i) the Relevant Screen Page on which the Reference Rate appears has been discontinued or it is materially changed or (ii) a decision to withdraw the authorization or registration to the administrator of the Reference Rate as set out in Article 35 of the Benchmarks Regulation has been adopted by the competent authority.

Registered 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.

Registrar means any institution which may be appointed by the Issuer to act as 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.

Relevant Clearing System means Euroclear and/or Clearstream, Luxemburg 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 Main 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 Bondholders.

Relevant Dealer(s) means, in relation to a Series, the Dealer(s) which is/are party to any agreement in writing entered into with the Issuer and the Guarantor for the issue by the Issuer and the subscription by such Dealer(s) of such Series pursuant to the Programme Agreement.

Relevant Financial Centre has the meaning given in the relevant Final Terms.

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

Relevant Time has the meaning given in the relevant Final Terms.

Representative of the Bondholders (*Rappresentante dei Portatori dei Covered Bond*) means the entity that will act as representative of the holders of each series of Covered Bonds pursuant to the Transaction Documents.

Required Redemption Amount means the Euro Equivalent of the Principal Amount Outstanding in respect of the relevant Covered Bond, multiplied by 1 + (Negative Carry Factor x (days to the Maturity Date of the relevant Series of Covered Bond (or the Extended Maturity Date if applicable)/365).

Required Reserve Amount means, an amount which will be determined, initially, on each Issue Date for the relevant Series of Covered Bond and then on each Calculation Date and which will be equal to the aggregate amount of (a) one fourth of the annual amount payable under items (ii) and (iv) of the Pre-Issuer Event of Default Interest Priority of Payment; and (b) any interest amounts due on the Covered Bond on the next CB Payment Date.

Reserve Account means the euro denominated account established in the name of the Guarantor with the Account Bank, IBAN: IT09W1063101600000070201383, or such other substitute account as may be opened in accordance with the Cash Management Agreement.

Residential Mortgage Loan Agreement means any residential mortgage loan agreement out of which Receivables arise.

Residential Mortgage Loan means, pursuant to article 2, sub-paragraph 1, of MEF Decree, a residential mortgage loan in respect of which the relevant amount outstanding added to the principal amount outstanding of any higher ranking mortgage loans secured by the same property, does not exceed 80 per cent of the value of the property and for which the hardening period with respect to the perfection of the relevant mortgage has elapsed.

Revolving Period means the period of 10 (ten) years from the date of the First Issue Date in which Mediobanca may issue several Series of Covered Bonds under the Programme pursuant to art. 7-bis of the Law 130/99.

Rules (*Regolamento dei Portatori dei Covered Bond*) means the rules of the organisation of the Bondholders, attached to the Conditions and forming an integral part thereof.

Retention Amount means an amount equal to Euro 50,000.

Scheduled Due for Payment Date means:

(i) (a) the date on which the Scheduled Payment Date in respect of the relevant Guaranteed Amounts is reached, and (b) only with respect to the first Scheduled Payment Date immediately after the occurrence of an Issuer Event of Default, the later of (i) the day which is two Business Days following

the service of the Issuer Default Notice on the Guarantor in respect of such Guaranteed Amounts and (ii) the relevant Scheduled Payment Date; or

(ii) if the applicable Final Terms specified that an Extended Maturity Date is applicable to the relevant Series or Tranche of Covered Bonds, the Scheduled Payment Date that would have applied if the Maturity Date of such series or tranche of Covered Bonds had been the Extended Maturity Date or such other Scheduled Payment Date(s) as specified in the relevant Final Terms.

Scheduled Interest means in respect of each Scheduled Payment Date following the service of an Issuer Default Notice to the Guarantor, an amount equal to the amount in respect of interest which would have been due and payable under the Covered Bonds on such Scheduled Payment Date as specified in the Terms and Conditions falling on or after the service of an Issuer Default Notice to the Guarantor (but excluding any Excluded Scheduled Interest Amounts).

Scheduled Payment Date means, in relation to any payments due under the Guarantee, each CB Payment Date or, if applicable under the relevant Final Terms, each Optional Redemption Date.

Scheduled Principal means in respect of each Scheduled Payment Date following the service of an Issuer Default Notice to the Guarantor, an amount equal to the amount in respect of principal which would have been due and repayable under the Covered Bonds on such Scheduled Payment dates as specified in the Terms and Conditions (but excluding any Excluded Scheduled Principal Amount).

Screen Rate Determination means that the Rate of Interest will be determined in accordance with Condition 6 (b) (*Screen Rate Determination*).

Second Issue Date (*Seconda Data di Emissione*) means the Issue Date of the second Series of Covered Bonds issued under the Programme.

Secured Creditors (*Creditori Garantiti*) means the Bondholders, the Seller, the Servicer, the Subordinated Lender, the Investment Manager, the Calculation Agent, the Representative of the Bondholders, the Asset Monitor, the Cover Pool Swap Counterparty, the Covered Bond Swap Counterparty, the Account Bank, the Paying Agents, the Test Report Provider, the Interest Determination Agent, the Registered Paying Agent (if any), the Registrar (if any), the Corporate Servicer and the Portfolio Manager (if any).

Securities Account means the euro denominated account established in the name of the Guarantor with the Account Bank, No. T55U1063101600000070201381, or such other substitute account as may be opened in accordance with the Cash Management Agreement.

Security Interest (*Garanzia degli Attivi*) means any Mortgage, charge, pledge, lien, encumbrance and any other security interest or personal guarantee (garanzie reali o personali) granted in favour of the Seller in relation to each Mortgage Loan, Mortgage Loan Agreement or Receivables (except for the fidejussioni omnibus which have not been granted exclusively in relation to or in connection with the Mortgage Loans, Mortgage Loan Agreements or Receivables).

Segregation Event has the meaning given to it in Condition 11.1 (*Segregation Event*).

Selected Assets means the Eligible Assets and the Integration Assets selected by the Portfolio Manager or by the Servicer pursuant to Clause 5 of the Portfolio Management Agreement.

Seller (*Cedente*) means CheBanca in its capacity as such pursuant to the Master Purchase Agreement.

Series or **Series of Covered Bonds** (*Serie*) means each series of Covered Bonds issued in the context of the Programme.

Servicer means CheBanca in its capacity as such pursuant to the Servicing Agreement.

Servicing Agreement (*Contratto di Servicing*) means the agreement entered into, on 30 November, 2011, between the Guarantor and the Servicer.

Settlement Report Date means the fifth Business Day before the Guarantor Payment Date.

"**Short-Term Deposit Rating**" means the short-term rating which may be assigned from Fitch to a bank account provider.

"**Short-Term IDR**" means, with reference to an institution, the short-term issuer default rating (IDR) assigned from Fitch to such institution.

"**Short-Term Rating**" means (i) with reference to the Account Bank or the Swap Collateral Account Bank, a Short-Term Deposit Rating (if assigned from Fitch) or a Short-Term IDR (where no Short-Term Deposit Rating is assigned from Fitch); and (ii) in any other case, a Short-Term IDR.

Specific Criteria (*Criteri Specifici*) means the eligibility criteria, other than the General Criteria, related to each Portfolio, as specified (i) in the Schedule I – Part II of the Master Purchase Agreement, with respect to the Initial Portfolio and (ii) in the Schedule I – Part III of the Master Purchase Agreement, with respect to each Subsequent Portfolio and Further Portfolio.

Specified Currency means the currency as may be agreed from time to time by the Issuer and the relevant Dealer(s) (as set out in the applicable Final Terms).

Specified Denomination(s) has the meaning given in the relevant Final Terms, as agreed between the Issuer and the relevant Dealer(s).

Specified Office means (i) in the case of the Interest Determination Agent, Bnp Paribas Securities Services, Piazza Lina Bo Bardi 3, Milano, Italy ; or (ii) in the case of any other Paying Agent, the offices specified in the relevant Final Terms; or (iii) in the case of the Calculation Agent, CheBanca, Viale Bodio 37, Palazzo 4, 20158 Milano, or, in each case, such other office in the same city or town as such agent may specify by notice to the Issuer and the other parties to the Cash Management Agreement in the manner provided therein.

Subordinated Lender means CheBanca, in its capacity as such pursuant to the Subordinated Loan Agreement.

Subordinated Loan Agreement (*Contratto di Finanziamento Subordinato*) means, collectively, the Initial Subordinated Loan Agreement and each Subsequent Subordinated Loan Agreement.

Subordinated Loan (*Finanziamento Subordinato*) means each subordinated loan granted by the Subordinated Lender in favour of the Guarantor pursuant to the Subordinated Loan Agreement.

Subsequent Portfolios (*Portafogli Successivi*) means any portfolio of Eligible Assets which may be purchased by the Guarantor in order to allow Mediobanca to issue other Series of Covered Bonds during the Revolving Period pursuant to the terms and subject to the conditions of the Master Purchase Agreement.

Subsequent Subordinated Loan Agreement (*Contratto di Finanziamento Subordinato Successivo*) means each subordinated loan agreement entered into between the Subordinated Lender and the Guarantor prior to each Issue Date, other than the First Issue Date.

Subsequent Subordinated Loan (*Finanziamento Subordinato Successivo*) means each subordinated loan granted by the Subordinated Lender in favour of the Guarantor pursuant to each Subsequent Subordinated Loan Agreement.

Subsidiary has the meaning given to it in Article 2359 of the Italian Civil Code.

Suspension Period means the period of suspension of payments pursuant to Article 74 of the Banking Act.

Swap Agreements means (i) the Cover Pool Swap Agreement and (ii) the Covered Bond Swap Agreement.

Swap Collateral Account means the bank account established in the name of the Guarantor with the Swap Collateral Account Bank with number 000800882305 (Iban code: IT 78 W 03479 01600 000800882305) or such other substitute account bank as may be opened in accordance with the Swap Agreements for the deposit of the collateral which may be due to the Guarantor by the Swap Counterparties under the relevant Credit Support Annex.

Swap Collateral Account Bank means BNP Paribas Securities Services, Milan Branch.

TARGET Settlement Day means any day on which the TARGET2 is open for the settlement of payments in Euro.

TARGET2 means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007.

Tax (*Tassa*) means any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or any political sub-division thereof or any authority thereof or therein.

Tax Deduction means a deduction or withholding for or on account of Tax.

Terms and Conditions means the terms and conditions attached as Schedule 1 to the Intercreditor Agreement.

Test Grace Period means the period starting on the date on which the breach of any Test is notified by the Test Report Provider and ending on the following Calculation Date.

Test Performance Report means the report to be delivered, on each Calculation Date, by the Calculation Agent pursuant to Clause 3 of the Portfolio Management Agreement.

Tests means, collectively, the Mandatory Tests, the Asset Coverage Test andthe Amortisation Test.

Total Balance Guaranteed Swap is a swap agreement aimed at providing a complete hedge against interest rate differentials in the SPV (*i.e.* the Guarantor), including the negative carry eventually arising between the interests matured on the Accounts and on the Integration Assets and Eligible Investments (if any) and the coupons to be paid on the outstanding Covered Bonds.

Transaction Account means the euro denominated account established in the name of the Guarantor with the Account Bank, IBAN: IT59Z1063101600000070201378, or such other substitute account as may be opened in accordance with the Cash Management Agreement.

Transaction Documents (*Documenti del Programma*) means the Master Purchase Agreement, the Servicing Agreement, the Cash Management Agreement, the Portfolio Management Agreement, the Programme Agreement, the Intercreditor Agreement, the Subordinated Loan Agreement, the Asset Monitor Agreement, the Guarantee, the Corporate Services Agreement, the Swap Agreements, the Quotaholders' Agreement, the Deed of Pledge, the Deed of Charge and the Master Definitions Agreement, as amended from time to time.

Transfer Date (*Data di Cessione*) means (i) with reference to the Initial Portfolio, the date on which have been carried out the Publicities pursuant to Clause 2.5 of the Master Purchase Agreement, and (ii) with reference to each Subsequent Portfolios, the date on which have been carried out the Publicities pursuant to Clause 3.6 of the Master Purchase Agreement.

Transfer Proposal (*Proposta di Cessione*) means the transfer proposal sent by the Seller to the Guarantor in relation to each Subsequent Portfolio or Further Portfolio pursuant to Clause 3.2 of the Master Purchase Agreement.

Valuation Date (*Data di Valutazione*) means, in respect of the Initial Portfolio, the Initial Valuation Date and, in respect of each Subsequent Portfolio, the date on which the economic effects of the transfer of the relevant Portfolio will commence.

Zero Coupon Covered Bond means a Covered Bond specified as such in the relevant Final Terms.

Zero Coupon Provisions means Condition 7 (*Zero Coupon Provisions*).

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 10 (Taxation), any premium payable in respect of a Series 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 10 (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 give no such meaning or specify 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 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 only; and

(vi) any reference in any legislation (whether primary legislation or regulations or other subsidiary legislation made pursuant to primary legislation) shall be construed as a reference to such legislation as the same may have been, or may from time to time be, amended or re-enacted.

3. DENOMINATION, FORM AND TITLE

3.1 The minimum denomination of each Covered Bond admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €100,000 (or, if the Covered Bonds are denominated in a currency other than euro, the equivalent amount in such currency).

3.2 The Covered Bonds are and will be issued in dematerialised form (forma dematerializzata) and will be wholly and exclusively deposited with Monte Titoli in accordance with the provisions of (i) Article

83-bis and ff. of the Legislative Decree no. 58 of 24 February 1998 and (ii) the Joint Resolution, as subsequently amended and supplemented from time to time, through the relevant Monte Titoli Account Holder.

3.3 Covered Bond will at all time be evidenced by, and title thereto will be transferable by means of, book-entries in accordance with the provisions of (i) Article 83-bis and ff. of the Legislative Decree no. 58 of 24 February 1998 and (ii) the Joint Resolution, as subsequently amended and supplemented from time to time. The Covered Bonds will be held by Monte Titoli on behalf of the Bondholders until redemption or cancellation thereof for the account of the relevant Monte Titoli Account Holder. Monte Titoli shall act as depository for Clearstream and Euroclear.

3.4 No certificate or physical document of title will be issued in respect of the Covered Bonds.

4. STATUS AND GUARANTEE

4.1 *Status of the Covered Bonds*: The Covered Bonds constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will rank pari passu without preference among themselves and (save for any applicable statutory provisions) at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer from time to time outstanding. In the event of a compulsory winding-up (liquidazione coatta amministrativa) of the Issuer, any funds realised and payable to the Bondholders will be collected by the Guarantor on their behalf and will be included in the Cover Pool, in accordance with the provisions of Article 4, Paragraph 3 of the MEF Decree.

4.2 *Status of the Guarantee*: The payment of Guaranteed Amounts in respect of each Series or Tranche of Covered Bonds when due for payment pursuant to the Conditions will be unconditionally and irrevocably guaranteed by the Guarantor in accordance with the Guarantee – pursuant to which the obligations of the Guarantor constitute direct and unconditional, unsubordinated and limited recourse obligations of the Guarantor, collateralised by the Cover Pool as provided under the Covered Bonds Law and these Conditions. The recourse of the Bondholders to the Guarantor under the Guarantee will be limited to the amounts received or recovered by the Guarantor in respect of the assets comprised into the Cover Pool. Payments made by the Guarantor under the Guarantee will be made subject to, and in accordance with, the relevant Priority of Payments.

4.3 The obligations of the Guarantor under the Guarantee constitute direct and unconditional, unsubordinated and limited recourse obligations of the Guarantor, collateralised by the Cover Pool as provided under the Covered Bonds Law. The recourse of the Bondholders to the Guarantor under the Guarantee will be limited to the assets of the Cover Pool subject to, and in accordance with, the relevant Priority of Payments pursuant to which specified payments will be made to other parties prior to payments to the Bondholders

5. FIXED RATE PROVISIONS

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.

(a) *Accrual of interest*: The Covered Bonds bear interest on their outstanding principal amount from the Interest Commencement Date at the Rate of Interest payable in arrear on each CB Payment Date, subject as provided in Condition 9 (*Payments*). Each Covered Bond will cease to bear interest from the due date for final redemption unless payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 5 (both before and after judgment) until the day on which all

sums due in respect of such Covered Bond up to that day are received by the relevant Bondholders or on their behalf by the Paying Agent.

(b) *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.

(c) *Calculation of interest amount*: The amount of interest payable in respect of each Covered Bond for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Covered Bond divided by the Calculation Amount. For this purpose a "sub-unit" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

6. FLOATING RATE PROVISIONS

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.

(a) *Accrual of interest*: The Covered Bonds bear interest on their outstanding principal amount from the Interest Commencement Date at the Rate of Interest payable in arrear on each CB Payment Date, subject as provided in Condition 9 (Payments). Each Covered Bond will cease to bear interest from the due date for final redemption unless payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (both before and after judgment) until the day on which all sums due in respect of such Covered Bond up to that day are received by the relevant Bondholders or on their behalf by the Paying Agent.

(b) *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 Interest Determination Agent on the following basis:

(i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Interest Determination 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 Interest Determination 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 Interest Determination Agent will:

(A) request the main 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 Interest Determination Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Interest Determination Agent) quoted by major banks in the Main Financial Centre of the Specified Currency, selected by the Interest Determination Agent, at approximately 11.00 a.m. (local time in the Main 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 Interest Determination 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.

(c) *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 Interest Determination Agent under an interest rate swap transaction if the Interest Determination Agent were acting as Interest Determination 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) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that CB Interest Period or (B) in any other case, as specified in the relevant Final Terms.

(d) *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.

(e) *Fallback Provisions*: if the Issuer or the Calculation Agent determines at any time prior to, on or following any Interest Determination Date, that a Reference Rate Event has occurred, the Issuer will as soon as reasonably practicable (and in any event prior to the next relevant Interest Determination Date) appoint an agent (the "**Reference Rate Determination Agent**"), which will not later than the date which falls fifteen (15) calendar days before the

end of the Interest Period relating to the relevant Interest Determination Date (the "**Interest Determination Cut-off Date**") determine in a commercially reasonable manner whether a successor rate for purposes of determining the Reference Rate on each Interest Determination Date falling on such date or thereafter that is substantially comparable to the discontinued Reference Rate is available.

(i) If the Reference Rate Determination Agent determines that there is an industry accepted successor rate, the Reference Rate Determination Agent will use such successor rate to determine the Reference Rate. If the Reference Rate Determination Agent has determined a successor rate in accordance with the foregoing (such rate, the "**Replacement Reference Rate**"), for purposes of determining the Reference Rate on each Interest Determination Date falling on or after such determination: (a) the Reference Rate Determination Agent will also determine changes (if any) to the business day convention, the definition of business day, the interest determination date, the day count fraction, and any method for obtaining the Replacement Reference Rate, including any adjustment factor needed to make such Replacement Reference Rate comparable to the discontinued Reference Rate, in each case in a manner that is consistent with industry accepted practices for such Replacement Reference Rate; (b) references to the Reference Rate in the Conditions and the Final Terms applicable to the relevant Covered Bonds will be deemed to be references to the Replacement Reference Rate, including any alternative method for determining such rate as described in paragraph (a) above; (c) the Reference Rate Determination Agent will notify the Issuer, the Interest Determination Agent and to the Representative of the Bondholders of the foregoing as soon as reasonably practicable; and (d) the Issuer will give notice as soon as reasonably practicable to the Bondholders, the Paying Agent and the Calculation Agent specifying the Replacement Reference Rate, as well as the details described in paragraph (a) above.

(ii) The determination of the Replacement Reference Rate and the other matters referred to above by the Reference Rate Determination Agent will (in the absence of manifest error) be final and binding on the Issuer, the Calculation Agent, the Interest Determination Agent, the Paying Agent and the Bondholders, unless the Issuer considers at a later date that the Replacement Reference Rate is no longer substantially comparable to the Reference Rate or does not constitute an industry accepted successor rate, in which case the Issuer shall re-appoint a Reference Rate Determination Agent (which may or may not be the same entity as the original Reference Rate Determination Agent) for the purpose of confirming the Replacement Reference Rate or determining a substitute Replacement Reference Rate in an identical manner as described in paragraph (i) above, which will then (in the absence of manifest error) be final and binding on the Issuer, the Calculation Agent, the Paying Agent and the Bondholders. If the Reference Rate Determination Agent is unable to or otherwise does not determine a substitute Replacement Reference Rate, then the last known Replacement Reference Rate will apply.

(iii) If the Reference Rate Determination Agent determines that a Reference Rate Event has occurred, but for any reason a Replacement Reference Rate has not been determined by the immediately following Interest Determination Cut-off Date, no Replacement Reference Rate will be adopted, and the Relevant Screen Page on which appears the Reference Rate for the relevant Interest Period will be equal to the last Reference Rate available at the immediately preceding Interest Period on the Relevant Screen Page as determined by the Calculation Agent.

(iv) The Reference Rate Determination Agent may be (a) a leading bank or a broker-dealer in the principal financial center of the Specified Currency (which may include one of the Dealers involved in the issue of a Series of Covered Bonds) as appointed by the Issuer; (b) the Issuer or an affiliate of the Issuer (in which case any such determination shall be made in consultation with an independent financial advisor); (c) the Interest Determination Agent (if agreed in writing by the Interest Determination Agent) or (d) any other entity which the Issuer considers has the necessary competences to carry out such role, to be appointed by the Issuer with a prior notice to the Representative of the Bondholders.

(f) *Calculation of Interest Amount*: The Interest Determination 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.

(g) *Calculation of other amounts*: If the relevant Final Terms specifies that any other amount is to be calculated by the Interest Determination Agent, then the Interest Determination 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 Interest Determination Agent in the manner specified in the relevant Final Terms.

(h) *Publication*: The Interest Determination 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 the Paying Agent(s) and each competent authority, stock exchange and/or quotation system (if any) by which the Covered Bonds have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and 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 Bondholders. The Interest Determination 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 Interest Determination 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.

(i) *Notifications etc*: All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Interest Determination Agent will (in the absence of manifest error) be binding on the Issuer, the Guarantor, the Paying Agent(s), the Bondholders and (subject as aforesaid) no liability to any such Person will attach to the Interest Determination Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

7. ZERO COUPON PROVISIONS

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.

(a) *Late payment on Zero Coupon Covered Bonds*: If the Redemption Amount payable in respect of any Zero Coupon Covered Bond is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Covered Bond up to that day are received by or on behalf of the relevant Bondholder and (ii) the day which is seven days after the Interest Determination Agent has notified the Bondholders that it has received all sums due in respect of the Covered Bonds up to such seventh day (except to the extent that there is any subsequent default in payment).

8. REDEMPTION AND PURCHASE

(a) *Scheduled redemption*: To the extent outstanding, the Covered Bonds will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 8(b) (Extension of maturity) and Condition 9 (Payments).

(b) *Extension of maturity*: Without prejudice to Conditions 11 (*Segregation Event*) and 14 (*Events of Default*), if an Extended Maturity Date is specified as applicable in the relevant Final Terms for a Series or Tranche of Covered Bonds and the Issuer has failed to pay the Final Redemption Amount on the Maturity Date specified in the relevant Final Terms and, the Guarantor or the Calculation Agent on its behalf determines that the Guarantor has insufficient moneys available under the relevant Priority of Payments to pay the Guaranteed Amounts corresponding to the Final Redemption Amount in full in respect of the relevant Series or Tranche of Covered Bonds on the date falling on the Extension Determination Date, then (subject as provided below), payment of the unpaid amount by the Guarantor under the Guarantee shall be deferred until the Extended Maturity Date provided that any amount representing the Final Redemption Amount due and remaining unpaid after the Extension Determination Date may be paid by the Guarantor on any relevant Payment Date thereafter up to (and including) the relevant Extended Maturity Date.

The Guarantor shall notify the relevant holders of the Covered Bonds (in accordance with Condition 17 (*Notices*), any relevant Swap Counterparties, the Rating Agency, the Representative of the Bondholders and the Paying Agent as soon as reasonably practicable and in any event at least one Business Day prior to the date specified in the preceding paragraph of any inability of the Guarantor to pay in full on the Extension Determination Date the Guaranteed Amounts corresponding to the Final Redemption Amount in respect of the Covered Bonds pursuant to the Guarantee. Any failure by the Guarantor to notify such parties shall not affect the validity or effectiveness of the extension nor give rise to any rights in any such party.

In these circumstances, on the Extension Determination Date the Guarantor shall pay (i) Guaranteed Amounts constituting the Scheduled Interest in respect of each such Covered Bond and (ii) to the extent that the Guarantor has sufficient Available Funds (as defined below), in part and pro rata (after paying or providing for payment of higher ranking or pari passu amounts in accordance with the relevant Priority of Payments) the Final Redemption

Amount in respect of the Series or Tranches of Covered Bonds. The obligation of the Guarantor to pay any amounts in respect of the balance of the Final Redemption Amount not so paid shall be deferred as described above.

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

(c) *Redemption for tax reasons*: The Covered Bonds may be redeemed at the option of the Issuer in *whole*, but not in part:

(i) at any time (if the Floating Rate Provisions are 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 Bondholders (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if:

(A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 10 (Taxation) as a result of any change in, or amendment to, the laws or regulations of Italy or any political subdivision or any authority thereof or therein having power to tax, or any change in the application, administration 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 the Covered Bonds; and

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

provided, however, that no such notice of redemption shall be given earlier than:

(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 (A) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred of and (B) an opinion of independent legal and fiscal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment and (C) a certificate signed by two directors of the Issuer stating that the Issuer shall have the amounts necessary in order to effect the early repayment at the date fixed for the redemption. Upon the expiry of any such notice as is referred to in this Condition 8(c) (*Redemption for tax reason*), the Issuer shall be bound to redeem the Covered Bonds in accordance with this Condition 8(c) (*Redemption for tax reason*).

(d) *Redemption at the option of the Issuer*: If the "Call Option" is specified in the relevant Final Terms as being applicable, the Covered Bonds may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 15 nor more than 30 days' notice to the Bondholders in accordance with Condition 17 (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 8(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 Bondholders referred to in Condition 8(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 Bondholders*: If the "Put Option" is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of any Bondholder redeem such Covered Bonds held by it on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 8(f) (Redemption at the option of the Bondholders), the 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 deposit in Bondholder. Once deposited in accordance with this Condition 8(f) (Redemption at the option of the Bondholders), no duly completed Put Option Notice may be withdrawn; provided, however, that if, prior to the relevant Optional Redemption Date (Put), any Covered Bonds become immediately due and payable or, upon due presentation of any such Covered Bonds on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the Paying Agent shall mail notification thereof to the Bondholder at such address as may have been given by such Bondholder in the relevant Put Option Notice and shall hold such Covered Bond against surrender of the relevant Put Option Receipt. For so long as any outstanding Covered Bonds are held by the Paying Agent in accordance with this Condition 8(f) (Redemption at the option of the Bondholders), the Bondholder and not the 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 8(a) (Scheduled redemption) to (f) (Redemption at the option of 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) 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 8(h) or, if none is so specified, a Day Count Fraction of 30E/360.

(i) *Cancellation*: All Covered Bonds so redeemed shall be cancelled and may not be reissued.

(j) *Purchase*: The Issuer or any of its Subsidiaries may at any time purchase Covered Bonds in the open market or otherwise and at any price. The Guarantor shall not purchase any Covered Bonds at any time.

9. 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 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 10 (Taxation). No commissions or expenses shall be charged to Bondholders in respect of such payments.

(c) *Payments on Business Days*: If the due date for payment of any amount in respect of any Covered Bond is not a Payment Business Day in the Place of Payment, the Bondholder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

10. TAXATION

(a) *Gross up by Issuer:* All payments of principal and interest in respect of the Covered Bonds by or *on* behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future Taxes, unless the withholding or deduction of such Taxes is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Bondholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Covered Bond:

(i) in respect of any payment or deduction of any interest, principal or proceed of any Covered Bonds on account of imposta sostitutiva pursuant to Decree No. 239 and related regulations of implementation which have been or may be enacted and in all circumstances in which the procedures set forth in Decree No. 239 have not been met or complied with; or

(ii) in respect of any Covered Bond where such withholding or deduction is required pursuant to Presidential Decree No. 600 of 29 September 1973, as amended; or

(iii) in respect of any Covered Bond where such withholding or deduction is required pursuant to Italian Law Decree No. 512 of 30 September 1983, converted into Law No. 649 of 25 November 1983, as amended;

(iv) held by or on behalf of a Bondholder which is liable to such Taxes in respect of such Covered Bonds by reason of its having some connection with the jurisdiction by which such Taxes have been imposed, levied, collected, withheld or assessed other than the mere holding of the Covered Bonds;

(v) where such withholding or deduction is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law or agreement implementing or complying with, or introduced in order to conform to, such Directive; or

(vi) held by or on behalf of a Bondholder who would have been able to avoid such withholding or deduction by presenting the relevant Covered Bond to another Paying Agent in a Member State of the EU.

(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.

11. SEGREGATION EVENT

11.1 *Segregation Event*

A Segregation Event will occur upon the notification by the Test Report Provider that a breach of the Mandatory Tests and/or the Asset Coverage Test (as detailed in the relevant Test Performance Report) has not been remedied within the Test Grace Period.

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

In such case:

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

(b) the purchase price for any Eligible Assets or Integration Assets to be acquired by the Guarantor shall be paid only using the proceeds of the Subordinated Loan, except where the breach referred to in the Breach of Test Notice is related to the Interest Coverage Test and may be cured by using the Available Funds.

It is understood that:

(i) the consequences set out in paragraph (a) and (b) above shall be applied at any time if a Test is not compliant with the Covered Bonds Law and/or the provisions of the Portfolio Management Agreement;

(ii) following the occurrence of a Segregation Event and until an Issuer Default Notice has been delivered, payments due under the Covered Bonds will continue to be made by the Issuer.

After the service of a Breach of Test Notice on the Guarantor, the Guarantor (or the Servicer on behalf of the Guarantor) may sell the Eligible Assets and the Integration Assets included in the Cover Pool in accordance with the Portfolio Management Agreement, subject to the rights of pre-emption in favour of the Seller in respect of such Eligible Assets and Integration Assets pursuant to the Master Purchase Agreement and the Portfolio Management Agreement.

12. EVENTS OF DEFAULT

12.1 *Issuer Events of Default*

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

(a) *Non payment*: Default is made by the Issuer (a) for a period of 14 days or more in the payment of any principal or redemption amount due on the relevant CB Payment Date in respect of the Covered Bonds of any Series or Tranche, or (b) for a period of 14 days or more in the payment of any interest amount due on the relevant CB Payment Date in respect of the Covered Bonds of any Series or Tranche; or

(b) *Breach of Tests*: Following the delivery of a Breach of Test Notice, the Mandatory Test and the Asset Coverage Test have not been cured within the immediately succeeding Calculation Date; or

(c) *Breach of other obligations*: The Issuer has incurred into a material default in the performance or observance of any of its obligations under or in respect of the outstanding Covered Bonds of any Series or Tranche (other than any obligation for the payment of principal, redemption amount or interest in respect of the Covered Bonds of any Series or Tranche and/or any *obligation* to ensure compliance of the Cover Pool with the Mandatory Test and the Asset Coverage Test) or any other Transaction Document to which the Issuer is a party and (unless certified by the Representative of the Bondholders, in its sole opinion, to be incapable of remedy) such default remains unremedied for more than 30 days after the Representative of the Bondholders has promptly given written notice thereof to the Issuer, certifying that such default is, in its opinion, materially prejudicial to the interests of the Bondholders and specifying whether or not such default is capable of remedy; or

(d) *Insolvency*: An Insolvency Event occurs in respect of the Issuer; or

(e) *Suspension of payments*: A resolution pursuant to Article 74 of the Banking Act is issued in respect of the Issuer,

the Representative of the Bondholders shall promptly serve to the Issuer, the Seller and the Guarantor a notice declaring that an Issuer Event of Default has occurred (the "**Issuer Default Notice**"), specifying, in case of the Issuer Event of Default referred to under (e) (*Suspension of payments*) above, that the Issuer Event of Default may be of temporary nature. It being understood that (i) a breach of the Mandatory Test or the Asset Coverage Test to the extent that it has not been cured, constitutes an Issuer Event of Default unless the Representative of the Bondholders, having exercised its discretion, resolves otherwise or an Extraordinary Resolution is passed resolving otherwise.

12.2 ***Effect of the service of an Issuer Default Notice***

Upon the service of an Issuer Default Notice to the Issuer, the Seller and the Guarantor:

(a) *No further issue*: No further Series or Tranche of Covered Bonds may be issued by the Issuer;

(b) *Acceleration against the Issuer*: All Series of Covered Bonds will become immediately due and payable by the Issuer and they will rank *pari passu* among themselves against the Issuer;

(c) *Enforcement*: The Representative of the Bondholders may, at its discretion and without further notice, take such steps and/or institute such proceedings against the Issuer as it may think fit to enforce the payments due by the Issuer, but it shall not be bound to take any such proceeding or steps unless requested or authorised by an Extraordinary Resolution of the Bondholders;

(d) *Guarantee*: Without prejudice to paragraph (b) (*Acceleration against the Issuer*) above, interest and principal falling due on the Covered Bonds will be payable by the Guarantor at the time and in *the* manner provided under these Conditions, subject to and in accordance with the terms of the Guarantee and the relevant Priority of Payments;

(e) *Disposal of Assets:* The Guarantor shall sell the Eligible Assets and the Integration Assets included in the Cover Pool in accordance with the Portfolio Management Agreement;

(f) *Tests*: *the* Amortisation Test shall apply;

provided that, (A) in case of the Issuer Event of Default referred to under Condition 12.1 (d) (*Insolvency*) above, (i) the payments due by the Issuer in favour of the Bondholders under the Terms and Conditions shall be directly made by the Guarantor on any Scheduled Due for Payment Date under the Guarantee and (ii) the Guarantor shall exercise, on an exclusive basis and in compliance with the provisions of art. 4 of the MEF Decree, the rights of the Bondholders against the Issuer and any amount recovered from the Issuer will be part of the Available Funds; and (B) in case of the Issuer Event of Default referred to under Condition 12.1 (e) (*Suspension of payments*) above, the effects listed in items (a) (*No further issue*), (d) (*Guarantee*) and (e) (*Disposal of Assets*) of this Condition 12.2 (*Effect of the service of an Issuer Default Notice*) will only apply for as long as the suspension of payments will be in force and effect (the "**Suspension Period**"); being understood that the effects listed in items (b) (*Acceleration against the Issuer*), (c) (*Enforcement*) and (f) (*Tests*) will not be applicable (*i.e.* during the Suspension Period the Mandatory Test and the Asset Coverage Test shall continue to be applied). Accordingly (i) the Guarantor, in accordance with MEF Decree, shall be responsible for the payments of the amounts due and payable under the Covered Bonds during the Suspension Period and (ii) at the end of the Suspension Period the Issuer shall be responsible for meeting the payment obligations under the Covered Bonds (and for the avoidance of doubts, the Covered Bonds then outstanding will not be deemed to be accelerated against the Issuer).

12.3 ***Guarantor Events of Default***

If any of the following events (each, a "**Guarantor Event of Default**") occurs:

(a) *Non payment*: Default is made by the Guarantor for a period of 14 days or more in the payment by the Guarantor of any amounts due for payment in respect of the Covered Bonds of any Series or Tranche; or

(b) *Breach of Test:* On any Calculation Date a breach of the Amortisation Test occurs (to the *extent* that such breach has not cured within the following Calculation Date);

(c) *Breach of other obligations*: Default is made in the performance by the Guarantor of any material obligation under or in respect of the Covered Bonds of any Series or Tranche (other than any obligation for the payment of principal, redemption amount or interest in respect of the Covered Bonds of any Series or Tranche and/or any obligation to ensure compliance of the Cover Pool with the Amortisation Test) or any other Transaction Document to which the Guarantor is a party and (unless certified by the Representative of the Bondholders, in its sole opinion, to be incapable of remedy) such default remains unremedied for more than 30 days after the Representative of the Bondholders has given written notice thereof to the Guarantor, certifying that such default is, in its opinion, materially prejudicial to the interests of the Bondholders and specifying whether or not such default is capable of remedy;

(d) *Insolvency*: An Insolvency Event occurs in respect of the Guarantor;

then the Representative of the Bondholders (i) in cases under (a), (b) and (d) above, may but shall, if so directed by an Extraordinary Resolution of the Bondholders, and (ii) in case under (c) above, shall, if so directed by an Extraordinary Resolution of the Bondholders, serve to the Issuer, the Seller and the Guarantor a notice declaring that a Guarantor Event of Default has occurred (the "**Guarantor Default Notice**").

12.4 ***Effect of the service of a Guarantor Default Notice***

Upon the service of a Guarantor Default Notice to the Issuer, the Seller and the Guarantor:

(a) *Acceleration of the Covered Bonds:* All Series of Covered Bonds then outstanding will become immediately due and payable by the Guarantor and will rank *pari passu* among themselves in accordance with the Post-Guarantor Event of Default Priority of Payments;

(b) *Disposal of Assets*: The Guarantor shall immediately sell all assets included in the Cover Pool in accordance with the procedures set out in the Portfolio Management Agreement;

(c) *Guarantee*: The Representative of the Bondholders, subject to and in accordance with the terms of the Guarantee, on behalf of the Bondholders, shall have a claim against the Guarantor for an amount equal to the Principal Amount Outstanding on each Covered Bond, together with accrued interest and any other amount due under the Covered Bonds (other than additional amounts payable under Condition 10 (a) (*Gross up by the Issuer*)) in accordance with the Post-Guarantor Event of Default Priority of Payments; and

(d) *Enforcement*: The Representative of the Bondholders may, at its discretion and without further notice, take such steps and/or institute such proceedings against the Issuer or the Guarantor (as the case may be) as it may think fit to enforce such payments, but it shall not be bound to take any *such* proceedings or steps unless requested or authorised by an Extraordinary Resolution of the Bondholders and then only if it is indemnified and/or secured to its satisfaction.

12.5 ***Determinations, etc:***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 12 by the Representative of the Bondholders shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Seller, the Guarantor and all Bondholders and (in such absence as aforesaid) no liability to the Bondholders, the Issuer, the Seller or the Guarantor shall attach to the Representative of the Bondholders in connection with the exercise or non exercise by it of its powers, duties and discretions hereunder.

13. 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 BONDHOLDERS

(a) *Organisation of the Bondholders*: The Organisation of the Bondholders shall be established upon, and by virtue of, the issue of the first Series of Covered Bonds under the Programme and shall remain in force and in effect until repayment in full or cancellation of all the Covered Bonds of whatever Series.

The appointment of the Representative of the Bondholders as legal representative of the Organisation of the Bondholders is made by the Bondholders subject to and in accordance with the Rules.

(b) *Initial appointment*: In the Programme Agreement, the Dealers have appointed the Representative of the Bondholders to perform the activities described in the Intercreditor Agreement, in the Programme Agreement, in these Conditions (including the Rules), and in the other Transaction Documents and the Representative of the Bondholders has accepted such appointment for the period commencing on the Issue Date and ending (subject to early termination of its appointment) on the date on which all of the Covered Bonds of whatever Series have been cancelled or redeemed in accordance with their respective terms and conditions.

(c) *Acknowledgment by Bondholders*: Each Bondholder, by reason of holding Covered Bonds:

(i) recognises the Representative of the Bondholders as its representative and (to the fullest extent permitted by law) agrees to be bound by the Transaction Documents;

and

(ii) acknowledges and accepts that the Dealers shall not be liable in respect of any loss, liability, claim, expenses or damage suffered or incurred by any of the Bondholders as a result of the performance by the Representative of the Bondholders of its duties or the exercise of any of its rights under the Transaction Documents.

15. AGENTS

In acting under the Cash Management Agreement and in connection with the Covered Bonds, the Paying Agents act solely as agents of the Issuer and, following service of an Issuer Default Notice or a Guarantor Default Notice, as agents of the Guarantor and do not assume any obligations towards or relationship of agency or trust for or with any of the Bondholders.

The Paying Agent and its initial Specified Office is set out in these Conditions. Any additional Paying Agents and their Specified Offices are specified in the relevant Final Terms. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor paying agent and additional or successor paying agents; *provided, however, that:*

(a) the Issuer and the Guarantor shall at all times maintain a paying agent; and

(b) the Issuer and the Guarantor shall at all times maintain a paying agent in an EU member state that will not be obliged to withhold or deduct Tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN

Council meeting of 26-27 November 2000, or any law or agreement implementing or complying with, or introduced in order to conform to, such Directive; and

(c) if and for so long as the Covered Bonds are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Issuer and the Guarantor shall maintain a Paying Agent having its specified office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any change in any of the Paying Agents or in their Specified Offices shall promptly be given to the Bondholders.

16. FURTHER ISSUES

The Issuer may from time to time, without the consent of the Bondholders, create and issue further Covered Bonds under the Programme, provided that Fitch will have confirmed in writing that such issuance does not adversely affect the then current ratings of the then outstanding Covered Bonds.

17. 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) *Publication on the website of the Luxembourg Stock Exchange*: As long as the Covered Bonds are listed on the Luxembourg Stock Exchange and the rules of such exchange so require, any notice to the Covered Bondholders shall also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

(c) *Other publication*: The Representative of the Bondholders shall be at liberty to sanction any other method of giving notice to Bondholders if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the rules of the competent authority, stock exchange and/or quotation system by which the Covered Bonds are then admitted to listing, trading and/or quotation and provided that notice of such other method is given to the holders of the Covered Bonds in such manner as the Representative of the Bondholders shall require.

18. 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.

19. GOVERNING LAW AND JURISDICTION

(a) *Governing law*: These Covered Bonds are governed by, and will be construed in accordance with, the laws of the Republic of Italy.

(b) *Jurisdiction*: The courts of Milan have exclusive competence for the resolution of any dispute that *may* arise in relation to the Covered Bonds or their validity, interpretation or performance.

(c) *Relevant legislation*: Anything not expressly provided for in these Conditions will be governed by the *provisions* of the Covered Bonds Law.

RULES OF THE ORGANISATION OF THE BONDHOLDERS

TITLE I
GENERAL PROVISIONS

1. GENERAL

1.1 The Organisation of the Bondholders in respect of each Series or Tranche of Covered Bonds issued under the Programme by Mediobanca – Banca di Credito Finanziario S.p.A. 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 Bondholders (the "**Rules**").

1.2 These Rules shall remain in force and effect until full repayment or cancellation of all the Covered Bonds of whatever Series or Tranche.

1.3 The contents of these Rules are deemed to be an integral part of the Terms and Conditions of the Covered Bonds of each Series or Tranche issued by the Issuer.

2. DEFINITIONS AND INTERPRETATION

2.1 Definitions

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 the Registrar, as the case may be:

(a) in case of a Covered Bond issued in a dematerialised form, certifying that specified Covered Bonds will not be released until the earlier of:

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

(ii) the notification 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;

(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 of the relevant Covered Bonds, 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; and

(d) authorising a Proxy to vote in accordance with such instructions.

Blocked Covered Bonds means (i) the 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 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 27 (*Chairman of the Meeting*).

Event of Default means an Issuer Event of Default or a Guarantor Event of Default.

Extraordinary Resolution means a resolution passed at a Meeting, duly convened and held in accordance with the provisions contained in these Rules by a majority of not less than three quarters of the votes cast.

Holder 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, judgments, proceeding or other liabilities whatsoever (including, without limitation, in respect of taxes, duties, levies and other charges) and including value added, taxes or similar tax charged or chargeable in respect thereof and legal fees and expenses on a full indemnity basis.

Meeting means a meeting of 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 Legislative Decree no. 58 of 24 February 1998 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 Bondholders of all Series, duly convened and held in accordance with the provisions contained in these Rules to direct the Representative of the Bondholders to take steps and/or institute proceedings against the Issuer or the Guarantor pursuant to Condition 12.2 (*Effect of the service of an Issuer Default Notice*) and 12.4 (*Effect of the service of a Guarantor Default Notice*) as applicable, 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.

Rating Agency means Fitch Italia S.p.A..

"Register" means any register held by the Registrar for the purpose of recording payments and assignments of Covered Bonds issued in registered form.

Registered 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.

Registrar means any institution which may be appointed by the Issuer to act as 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.

Series Reserved Matter has the meaning given to it under Article 7 below.

Swap Rate means, in relation to a Covered Bond or Series of Covered Bonds, the exchange rate specified in the respective Swap Agreement relating to such Covered Bond or Series of Covered Bonds or, if the respective Swap Agreement has terminated, the applicable spot rate.

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 or by a Registrar or a Proxy named in a Block Voting Instruction.

Voting Certificate means, in relation to any Meeting, a certificate issued by the Monte Titoli Account Holder in accordance with the Joint Resolution, as subsequently amended and supplemented, or by a Registrar stating *inter alia*:

(a) that the Blocked Notes specified therein will not be released until a specified date which falls after the conclusion of the Meeting; and

(b) that the bearer of such certificate is entitled to attend and vote at such Meeting in respect of such Blocked Notes.

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 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 Conditions.

2.2 Interpretation

In these Rules:

(a) any reference herein to an "**Article**" shall, except where expressly provided to the contrary, be a reference to an article of these Rules of the Organisation of the Bondholders;

(b) 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

(c) 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 Bondholders in its absolute discretion shall otherwise determine, the provisions of this sentence and of Articles 3 (*Purpose of the Organisation of the Bondholders*) to 23 (*Meetings and Separate Series*) and 27 (*Duties and Powers of the Representative of the Bondholders*) to 34 (*Powers to Act on Behalf of the Guarantor*) shall apply *mutatis mutandis* separately and independently to the Covered Bonds of each Series. However, for the purposes of this Article 2.3:

(a) Articles 25 (*Appointment, Removal and Remuneration*) and 26 (*Resignation of the Representative of the Bondholders*); and

(b) insofar as they relate to a Programme Resolution, Articles 3 (*Purpose of the Organisation of the Bondholders*) to 23 (*Meetings and Separate Series*) and 27 (*Duties and Powers of the Representative of the Bondholders*) to 34 (*Powers to Act on Behalf of the 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 "**Bondholders**" shall be construed accordingly.

3. PURPOSE OF THE ORGANISATION OF THE BONDHOLDERS

3.1 Each Covered Bondholder is a member of the Organisation of the Bondholders.

3.2 The purpose of the Organisation of the Bondholders is to co-ordinate the exercise of the rights of the Bondholders and, more generally, to take any action necessary or desirable to protect the interest of the Bondholders.

TITLE II
MEETINGS OF THE BONDHOLDERS

4. CONVENING A MEETING

4.1 Convening a Meeting

The Representative of the Bondholders, the Guarantor or the Issuer may convene separate or combined Meetings of the Bondholders at any time and the Representative of the Bondholders shall be obliged to do so upon the request in writing by Bondholders representing at least one-tenth of the aggregate Outstanding Principal Balance of the Covered Bonds.

The Representative of the Bondholders, the Guarantor or the Issuer or (in relation to a meeting for the passing of a Programme Resolution) the Bondholders of any Series may at any time and the Issuer shall upon a requisition in writing signed by the holders of not less than one-tenth of the Outstanding Principal Balance of the Covered Bonds for the time being outstanding (the "**Requisitioning Bondholders**") convene a meeting of the 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 Bondholders or the Requisitioning Bondholders. The Representative of the Bondholders may convene a single meeting of the Bondholders of more than one Series if in the opinion of the Representative of the Bondholders there is no conflict between the holders of the Covered Bonds of the relevant Series, in which event the provisions of this Schedule 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 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 Bondholders.

5. **NOTICE**

5.1 Notice of Meeting

At least 21 days' notice (exclusive of the day notice is delivered and of the day on which the relevant Meeting is to be held), specifying the day, time and place of the Meeting, must be given to the relevant Bondholders, the Registrar and the Paying Agent, with a copy to the Issuer and the Guarantor, where the Meeting is convened by the Representative of the Bondholders, or with a copy to the Representative of the Bondholders, where the Meeting is convened by the Issuer.

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 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 the Joint Resolution and that for the purpose of obtaining Voting Certificates from the Paying Agent or appointing Proxies under a Block Voting Instruction, 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 Bondholders agrees that the notice shall instead specify the nature of the resolution without including the full text and shall state that Covered Bonds issued in registered form, may be blocked with the Registrar, or with any 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 Registered Paying Agent or by executing and delivering a form of Proxy to the registered office of the Registrar or the Registered 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 are not complied with if the Bondholders constituting the Outstanding Principal Balance of the Covered Bonds, the holders

of which are entitled to attend and vote are represented at such Meeting and the Issuer and the Representative of the Bondholders are present.

6. CHAIRMAN OF THE MEETING

6.1 Appointment of Chairman

An individual (who may, but need not be, a Bondholder), nominated by the Representative of the Bondholders may take the chair at any Meeting, but if:

(a) the Representative of the Bondholders fails to make a nomination;

or

(b) 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 Bondholders.

7. QUORUM

The quorum at any Meeting will be:

(a) 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 50 per cent of the Outstanding Principal Balance of the Covered Bonds of the relevant Series for the time being outstanding or, at an adjourned Meeting, one or more persons being or representing Bondholders, whatever the Outstanding Principal Balance of the Covered Bonds so held or represented; or

(b) 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 of the relevant Series for the time being outstanding or, at an adjourned Meeting, one or more persons being or representing Bondholders of the relevant Series for the time being outstanding, whatever the Outstanding Principal Balance of the Covered Bonds so held or represented; or

(c) at any meeting the business of which includes any of the following matters (other than in relation to a Programme Resolution) (each of which shall, subject only to Article 32

(*Waiver*), only be capable of being effected after having been approved by Extraordinary Resolution) namely:

(i) 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;

(ii) alteration of the currency in which payments under the Covered Bonds are to be made;

(iii) alteration of the majority required to pass an Extraordinary Resolution;

(iv) any amendment to the Guarantee or the Deed of Pledge or the Deed of Charge (except in a manner determined by the Representative of the Bondholders not to be materially prejudicial to the interests of the Bondholders of any Series);

(v) 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 Guarantor or any other person or body corporate, formed or to be formed; and

(vi) alteration of this Article 7(c)(i),

(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 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:

(a) if such Meeting was convened upon the request of Bondholders, the Meeting shall be dissolved; and

(b) 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 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 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 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:

(a) 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

(b) 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:

Voters;

the directors and the auditors of the Issuer and the Guarantor;

representatives of the Issuer, the Guarantor and the Representative of the Bondholders;

financial advisers to the Issuer, the Guarantor and the Representative of the Bondholders;

legal advisers to the Issuer, the Guarantor and the Representative of the Bondholders; and

any other person authorised by virtue of a resolution of such Meeting or by the Representative of the 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 the Joint Resolution.

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 a 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 Covered 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 issued by a Monte Titoli Account Holder 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, or at any other place approved by the Representative of the Bondholders, at least 24 hours before the time fixed for the relevant Meeting. If a Block Voting Instruction or a Voting Certificate is not deposited before such deadline, it shall not be valid unless the Chairman decides otherwise before the Meeting proceeds to business. If the Representative of the 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 issued by a Monte Titoli Account Holder shall be produced at the Meeting but the Representative of the Bondholders shall not be obliged to investigate the validity of a Block Voting Instruction or a Voting Certificate or the identity of any Proxy or any holder of the Covered Bonds named in a Voting Certificate or a Block Voting Instruction or the identity of any Holder named in a Voting Certificate issued by a Monte Titoli Account Holder.

14. VOTING BY SHOW OF HANDS

14.1 Every question submitted to a Meeting shall be decided in the first instance by a vote by a show of hands.

14.2 Unless a poll is validly demanded before or at the time that the result is declared, the Chairman's declaration that on a show of hands a resolution has been passed or passed by a particular majority or rejected, or rejected by a particular majority, shall be conclusive without proof of the number of votes cast for, or against, the resolution.

15. VOTING BY POLL

15.1 Demand for a poll

A demand for a poll shall be valid if it is made by the Chairman, the Issuer, the Guarantor, the Representative of the Bondholders or any one or more Voters, whatever the Outstanding Principal Balance of the Covered Bonds held or represented by such Voter. A poll may be taken immediately or after such adjournment as is decided by the Chairman but any poll demanded on the election of a Chairman or on any question of adjournment shall be taken immediately. A valid demand for a poll shall not prevent the continuation of the relevant Meeting for any other business. The result of a poll shall be deemed to be the resolution of the Meeting at which the poll was demanded as at the date of the taking of the poll.

15.2 The Chairman and a poll

The Chairman sets the conditions for the voting, including for counting and calculating the votes, and may set a time limit by which all votes must be cast. Any vote which is not cast in compliance with the terms specified by the Chairman shall be null and void. After voting ends, the votes shall be counted and, after the counting, the Chairman shall announce to the Meeting the outcome of the vote.

16. VOTES

16.1 Voting

Each Voter shall have:

(a) on a show of hands, one vote; and

(b) 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 Bondholders may in its absolute discretion stipulate (or, in the case of meetings of holders of Covered Bonds denominated in another currency, such amount in such other currency as the Representative of the Bondholders in its absolute discretion may stipulate).

16.2 Block Voting Instruction

Unless the terms of any Block Voting Instruction or Voting Certificate state otherwise in the case of a Proxy, a Voter shall not be obliged to exercise all the votes to which such Voter is entitled or to cast all the votes he exercises the same way.

16.3 Voting tie

In the case of a voting tie, the relevant Resolution shall be deemed to have been rejected.

17. VOTING BY PROXY

17.1 Validity

Any vote by a Proxy in accordance with the relevant Block Voting Instruction or Voting Certificate appointing a Proxy shall be valid even if such Block Voting Instruction or Voting Certificate or any instruction pursuant to which it has been given had been amended or revoked provided that none of the Issuer, the Representative of the Bondholders, 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.

17.2 Adjournment

Unless revoked, the appointment of a Proxy under a Block Voting Instruction or a Voting Certificate in relation to a Meeting shall remain in force in relation to any resumption of such Meeting following an adjournment save that no such appointment of a Proxy in relation to a meeting originally convened which has been adjourned for want of a quorum shall remain in force in relation to such meeting when it is resumed. Any person appointed to vote at such Meeting must be re-appointed under a Block Voting Instruction or Voting Certificate to vote at the Meeting when it is resumed.

18. RESOLUTIONS

18.1 Ordinary Resolutions

Subject to Article 18.2 (*Extraordinary Resolutions*), a Meeting shall have the following powers exercisable by Ordinary Resolution, to:

(a) 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

(b) to authorise the Representative of the Bondholders or any other person to execute all documents and do all things necessary to give effect to any Ordinary Resolution.

18.2 Extraordinary Resolutions

A Meeting, in addition to any powers assigned to it in the Conditions, shall have power exercisable by Extraordinary Resolution to:

(a) sanction any compromise or arrangement proposed to be made between the Issuer, the Guarantor, the Representative of the Bondholders or any of them;

(b) approve any modification, abrogation, variation or compromise in respect of (a) the rights of the Representative of the Bondholders, the Issuer, the Guarantor, the Bondholders or any of them, whether such rights arise under the 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 Bondholders and/or any other party thereto;

(c) assent to any modification of the provisions of these Rules or the Transaction Documents which shall be proposed by the Issuer, the Guarantor, the Representative of the Bondholders or of any Covered Bondholder;

(d) in accordance with Article 25 (*Appointment, Removal and Remuneration*), appoint and remove the Representative of the Bondholders;

(e) discharge or exonerate, whether retrospectively or otherwise, the Representative of the Bondholders from any liability in relation to any act or omission for which the Representative of the Bondholders has or may become liable pursuant or in relation to these Rules, the Conditions or any other Transaction Document;

(f) grant any authority, order or sanction which, under the provisions of these Rules or of the Conditions, must be granted by an Extraordinary Resolution;

(g) authorise and ratify the actions of the Representative of the Bondholders in compliance with these Rules, the Intercreditor Agreement and any other Transaction Document;

(h) waive the occurrence of an Issuer Event of Default, Guarantor Event of Default or a breach of test, and direct the Representative of the Bondholders to suspend the delivery of the relevant Issuer Default Notice, Guarantor Default Notice, or Breach of Test Notice;

(i) to appoint any person (whether Bondholders or not) as a committee to represent the interests of the Bondholders and to confer on any such committee any powers which the Bondholders could themselves exercise by Extraordinary Resolution;

(j) authorise the Representative of the Bondholders or any other person to execute all documents and do all things necessary to give effect to any Extraordinary Resolution; and

(k) may, in case of failure by the Representative of the Bondholders to send an Issuer Default Notice, Guarantor Default Notice or Breach of Test Notice, direct the Representative of the Bondholders to deliver such notices as a result of an Issuer Event of Default pursuant to Condition 12.1 (Issuer Events of Default) or a Guarantor Event of Default pursuant to Condition 12.3 (Guarantor Events of Default).

18.3 Programme Resolutions

A Meeting shall have power exercisable by a Programme Resolution to direct the Representative of the Bondholders to take steps and/or institute proceedings against the Issuer or the Guarantor pursuant to Condition 12.2 (*Effect of the service of an Issuer Default Notice*) or Condition 12.4 (*Effect of the service of a Guarantor Default Notice*), a the case may be.

18.4 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.

19. EFFECT OF RESOLUTIONS

19.1 Binding nature

Subject to Article 18.4 (*Other Series of Covered Bonds*), any resolution passed at a Meeting of the Bondholders duly convened and held in accordance with these Rules shall be binding upon all Bondholders, whether or not present at such Meeting and or not voting. A Programme Resolution passed at any Meeting of the holders of the Covered Bonds of all Series shall be binding on all holders of the Covered Bonds of all Series, whether or not present at the meeting.

19.2 Notice of voting results

Notice of the results of every vote on a resolution duly considered by Bondholders shall be published (at the cost of the Issuer) in accordance with the Conditions and given to the Paying Agent (with a copy to the Issuer, the Guarantor, the Registrar and the Representative of the Bondholders within 14 days of the conclusion of each Meeting).

19.3 Challenge to resolutions

Any absent or dissenting Bondholder has the right to challenge Resolutions which are not passed in compliance with the provisions of these Rules.

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 Bondholder has accepted and is bound by the provisions of Clause 18 (*Limited Recourse*) of the Intercreditor Agreement and Clause 6 (*Limited Recourse*) of the Guarantee and, accordingly, if any Bondholder is considering bringing individual actions or using other individual remedies to enforce his/her rights under the Covered Bonds and the 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:

(a) the Bondholder intending to enforce his/her rights under the Covered Bonds will notify the Representative of the Bondholders of his/her intention;

(b) the Representative of the Bondholders will, without delay, call a Meeting in accordance with these Rules (including, for the avoidance of doubt, Article 23.1 (*Choice of Meeting*);

(c) if the Meeting passes an Extraordinary Resolution objecting to the enforcement of the individual action or remedy, the 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

(d) if the Meeting of Bondholders does not object to an individual action or remedy, the 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:

(a) a resolution which in the opinion of the Representative of the 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;

(b) a resolution which in the opinion of the Representative of the 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;

(c) a resolution which in the opinion of the Representative of the 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;

(d) a Programme Resolution shall be deemed to have been duly passed only if passed at a single meeting of the Bondholders of all Series; and

(e) to all such meetings all the preceding provisions of these Rules shall *mutatis mutandis* apply as though references therein to Covered Bonds and Bondholders were references to the Covered Bonds of the Series or 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 equivalent in euro at the relevant Swap Rate. In such circumstances, on any poll each person present shall have one vote for each €1.00 (or such other euro amount as the Representative of the Bondholders may in its absolute discretion stipulate) of the Principal Amount Outstanding of the Covered Bonds (converted as above) which he holds or represents.

24. FURTHER REGULATIONS

Subject to all other provisions contained in these Rules, the Representative of the Bondholders may, without the consent of the Issuer, prescribe such further regulations regarding the holding of Meetings and attendance and voting at them and/or the provisions of a Written Resolution as the Representative of the Bondholders in its sole discretion may decide.

TITLE III
THE REPRESENTATIVE OF THE BONDHOLDERS

25. APPOINTMENT, REMOVAL AND REMUNERATION

25.1 Appointment

The appointment of the Representative of the Bondholders takes place by Extraordinary Resolution of the Bondholders in accordance with the provisions of this Article 25, except for the appointment of the first Representative of the Bondholders which will be KPMG Fides Servizi di Amministrazione S.p.A. appointed under the Programme Agreement.

25.2 Identity of the Representative of the Bondholders

Save for KPMG Fides Servizi di Amministrazione S.p.A. as first Representative of the Bondholders under the Programme, the Representative of the Bondholders shall be:

(a) a bank incorporated in any jurisdiction of the European Union or a bank incorporated in any other jurisdiction acting through an Italian branch; or

(b) a company or financial institution enrolled with the register held by the Bank of Italy pursuant to Article 107 of the Banking Act; or

(c) any other entity which is not prohibited from acting in the capacity of Representative of the Bondholders pursuant to the law.

The directors and auditors of the Issuer and those who fall within the conditions set out in Article 2399 of the Italian Civil Code cannot be appointed as Representative of the Bondholders and, if appointed as such, they shall be automatically removed.

25.3 Duration of appointment

Unless the Representative of the Bondholders is removed by Extraordinary Resolution of the Bondholders pursuant to Article 18.2 (*Extraordinary Resolutions*) or resigns pursuant to Article 26 (*Resignation of the Representative of the Bondholders*), it shall remain in office until full repayment or cancellation of all Series of Covered Bonds.

25.4 After termination

In the event of a termination of the appointment of the Representative of the Bondholders for any reason whatsoever, such representative shall remain in office until the substitute Representative of the Bondholders, which shall be an entity specified in Article 25.2 (*Identity of the Representative of the Bondholders*), accepts its appointment, and the powers and authority of the Representative of the Bondholders whose appointment has been terminated shall, pending the acceptance of its appointment by the substitute, be limited to those necessary to perform the essential functions required in connection with the Covered Bonds.

25.5 Remuneration

The Issuer, and following an Issuer Event of Default and delivery of an Issuer Default Notice, the Guarantor, shall pay to the Representative of the Bondholders an annual fee for its services as Representative of the Bondholders from the First Issue Date, as agreed either in the initial agreement(s) for the issue of and subscription for the Covered Bonds or in a separate fee letter. Such fees shall accrue from day to day and shall be payable in accordance with the priority of payments set out in the Intercreditor Agreement up to (and including) the date when all the Covered Bonds of whatever Series shall have been repaid in full or cancelled in accordance with the Conditions. Such fees may be increased, in accordance with the provisions of the Programme Agreement, in the event that the Representative of the Bondholders undertakes duties of exceptional nature.

26. RESIGNATION OF THE REPRESENTATIVE OF THE BONDHOLDERS

The Representative of the Bondholders may resign at any time by giving at least three calendar months' written notice to the Issuer and the Guarantor, without needing to provide any specific reason for the resignation and without being responsible for any costs incurred as a result of such resignation. The resignation of the Representative of the Bondholders shall not become effective until a new Representative of the Bondholders has been appointed in accordance with Article 25.1

(*Appointment*) and such new Representative of the Bondholders has accepted its appointment, provided that if Bondholders fail to select a new Representative of the Bondholders within three months of written notice of resignation delivered by the Representative of the Bondholders, the Representative of the Bondholders may appoint a successor which is a qualifying entity pursuant to Article 25.2 (*Identity of the Representative of the Bondholders*).

27. DUTIES AND POWERS OF THE REPRESENTATIVE OF THE BONDHOLDERS

27.1 Representative of the Bondholders as legal representative

The Representative of the Bondholders is the legal representative of the Organisation of the Bondholders and has the power to exercise the rights conferred on it by the Transaction Documents in order to protect the interests of the Bondholders.

27.2 Meetings and resolutions

Unless any Resolution provides to the contrary, the Representative of the Bondholders is responsible for implementing all resolutions of the Bondholders. The Representative of the Covered Bondholders has the right to convene and attend Meetings (together with its advisors at the Issuer's expenses provided that such expenses are reasonably incurred and duly documented) to propose any course of action which it considers from time to time necessary or desirable.

27.3 Delegation

The Representative of the Bondholders may in the exercise of the powers, discretions and authorities vested in it by these Rules and the Transaction Documents:

(a) act by responsible officers or a responsible officer for the time being of the Representative of the Bondholders;

(b) whenever it considers it expedient and in the interest of the Bondholders, whether by power of attorney or otherwise, delegate to any person or persons or fluctuating body of persons some, but not all, of the powers, discretions or authorities vested in it as aforesaid.

Any such delegation may be made upon such conditions and subject to such regulations (including power to sub-delegate) as the Representative of the Bondholders may think fit in the interest of the Bondholders. The Representative of the Bondholders shall not, other than in the normal course of its business, be bound to supervise the acts or proceedings of such delegate or subdelegate 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 subdelegate, *provided that* the Representative of the Bondholders shall use all reasonable care in the appointment of any such delegate and shall be responsible for the instructions given by it to such delegate. The Representative of the Bondholders shall, as soon as reasonably practicable, give notice to the Issuer and the Guarantor of the appointment of any delegate and any renewal, extension and termination of such appointment, and shall procure that any delegate shall give notice to the Issuer and the Guarantor of the appointment of any sub-delegate as soon as reasonably practicable.

27.4 Judicial proceedings

The Representative of the Bondholders is authorised to represent the Organisation of the Bondholders in any judicial proceedings including any Insolvency Event in respect of the Issuer and/or the Guarantor.

27.5 Consents given by Representative of Bondholders

Any consent or approval given by the Representative of the Bondholders under these Rules and any other Transaction Document may be given on such terms as the Representative of the 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.

The Representative of the Bondholders may give any consent or approval, exercise any power, authority or discretion or take any similar action if it is satisfied that the interests of the Bondholders will not be materially prejudiced thereby.

27.6 Discretions

Save as expressly otherwise provided herein, the Representative of the Bondholders shall have absolute discretion as to the exercise or non-exercise of any right, power and discretion vested in the Representative of the Bondholders by these Rules or by operation of law.

27.7 Obtaining instructions

In connection with matters in respect of which the Representative of the Bondholders is entitled to exercise its discretion hereunder (including but not limited to forming any opinion in connection with the exercise or non exercise of any discretion), the Representative of the Bondholders has the right (but not the obligation) to convene a Meeting or Meetings in order to obtain the Bondholders' instructions as to how it should act. Prior to undertaking any action, the Representative of the Bondholders shall be entitled to request that the Bondholders indemnify it and/or provide it with security as specified in Article 28.2 (*Specific limitations*).

27.8 Remedy

The Representative of the Bondholders may determine whether or not a default in the performance by the Issuer or the Guarantor of any obligation under the provisions of these Rules, the Covered Bonds or any other Transaction Documents may be remedied, and if the Representative of the Bondholders certifies that any such default is, in its opinion, not capable of being remedied, such certificate shall be conclusive and binding upon the Issuer, the Bondholders, the other creditors of the Guarantor and any other party to the Transaction Documents.

28. EXONERATION OF THE REPRESENTATIVE OF THE BONDHOLDERS

28.1 Limited obligations

The Representative of the Bondholders shall not assume any obligations or responsibilities in addition to those expressly provided herein and in the Transaction Documents.

28.2 Specific limitations

Without limiting the generality of the Article 28.1 (*Limited obligations*), the Representative of the Bondholders:

(a) shall not be under any obligation to take any steps to ascertain whether an Issuer Event of Default or a 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 Bondholders hereunder or under any other Transaction Document, has occurred and, until the Representative of the Bondholders has actual knowledge or express notice to the contrary, it shall be entitled to assume that no Issuer Event of Default or a Guarantor Event of Default or such other event, condition or act has occurred;

(b) shall not be under any obligation to monitor or supervise the observance and performance by the Issuer or the Guarantor or any other parties of their obligations contained in these Rules, the Transaction Documents or the Conditions and, until it shall have actual knowledge or express notice to the contrary, the Representative of the Bondholders shall be entitled to assume that the Issuer or the Guarantor and each other party to the Transaction Documents are duly observing and performing all their respective obligations;

(c) shall not be under any obligation to disclose (unless and to the extent so required under the Conditions, the terms of any Transaction Documents or by applicable law) to any Bondholders or other Secured Creditor or any other party, any information (including, without limitation, information of a confidential, financial or price sensitive nature) made available to the Representative of the Bondholders by the Issuer, the Guarantor or any other person in respect of the Cover Pool or, more generally, of the Programme and no Bondholders shall be entitled to take any action to obtain from the Representative of the Bondholders any such information.

(d) 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;

(e) 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, nor shall it be responsible for assessing any breach or alleged breach by the Issuer, the Guarantor and any other Party to the transaction, 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 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 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 Cover Pool; and

(v) any accounts, books, records or files maintained by the Issuer, the Guarantor, the Servicer and the Paying Agent or any other person in respect of the Cover Pool or the Covered Bonds;

(f) 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;

(g) shall have no responsibility for procuring or maintaining any rating of the Covered Bonds by any credit or rating agency or any other person;

(h) shall not be responsible for investigating any matter which is the subject of any recital, statement, warranty, representation or covenant by any party other than the Representative

of the Bondholders contained herein or in any Transaction Document or any certificate, document or agreement relating thereto or for the execution, legality, validity, effectiveness, enforceability or admissibility in evidence thereof;

(i) 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;

(j) shall not be bound or concerned to examine or enquire into or be liable for any defect or failure in the right or title of the Guarantor in relation to the assets contained in the Cover Pool or any part thereof, whether such defect or failure was known to the Representative of the Bondholders or might have been discovered upon examination or enquiry or whether capable of being remedied or not;

(k) shall not be under any obligation to guarantee or procure the repayment of the Receivables contained in the Cover Pool or any part thereof;

(l) shall not be responsible for reviewing or investigating any report relating to the Cover Pool or any part thereof provided by any person;

(m) shall not be responsible for or have any liability with respect to any loss or damage arising from the realisation of the Cover Pool or any part thereof;

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

(o) shall not be under any obligation to insure the Cover Pool or any part thereof;

(p) 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 Bondholders, have regard to the overall interests of the 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 Bondholders whatever their number and, in particular but without limitation, shall not have regard to the consequences of such exercise for individual Bondholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or taxing authority, and the Representative of the Bondholders shall not be entitled to require, nor shall any Bondholders be entitled to claim, from the Issuer, the Guarantor, the Representative of the Bondholders or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders;

(q) 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 Bondholders by Extraordinary Resolution or by a written resolution of such Bondholders of not less than 75 per cent. of the Outstanding Principal Balance of the Covered Bonds of the relevant Series then outstanding;

(r) 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 both the Bondholders and the other creditors of the Guarantor but if, in the

opinion of the Representative of the Bondholders, there is a conflict between their interests the Representative of the Bondholders will have regard solely to the interest of the Bondholders;

(s) 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 and/or pre-funded 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 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 provided that the Representative of the Bondholders shall be indemnified and/or secured to its satisfaction beforehand if it so requests in conjunction with the exercise of any right, power authority or discretion hereunder; and

(t) shall not be liable or responsible for any Liabilities directly or indirectly suffered or incurred by the Issuer, the Guarantor, any Bondholders or any other Secured Creditors or any other person 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 except insofar as the same are incurred as a result of fraud (*frode*), gross negligence (*colpa grave*) or wilful default (*dolo*) of the Representative of the Bondholders.

28.3 Security

The Representative of the Bondholders shall be entitled to exercise all the rights granted by the Guarantor in favour of the Representative of the Bondholders on behalf of the Bondholders and the other Secured Creditors under the Security.

The Representative of the Bondholders, acting on behalf of the Bondholders and the other Secured Creditors, may:

(a) prior to enforcement of the Security, appoint and entrust the Guarantor to collect, in the Bondholders and the other Secured Creditors' interest and on their behalf, any amounts deriving from the Security and may instruct, jointly with the Guarantor, the obligors whose obligations form part of the Security to make any payments to be made thereunder to an Account of the Guarantor;

(b) acknowledge that the Accounts to which payments have been made in respect of the Security shall be deposit accounts for the purpose of article 2803 of the Italian civil code and agree that such Accounts shall be operated in compliance with the provisions of the Cash Management and Agency Agreement and the Intercreditor Agreement; and

(c) agree that all funds credited to the Accounts from time to time shall be applied prior to enforcement of the Security, in accordance with the Conditions and the Intercreditor Agreement.

The Representative of the Bondholders shall not be entitled to collect, withdraw or apply, or issue instructions for the collection, withdrawal or application of, cash deriving from time to time from the

Security, under the Security, except in accordance with the foregoing, the Conditions and the Intercreditor Agreement.

28.4 Illegality

No provision of these Rules shall require the Representative of the Bondholders to do anything which may be illegal or contrary to applicable law or regulations or to expend moneys or otherwise take risks in the performance of any of its duties, or in the exercise of any of its powers or discretion. The Representative of the Bondholders may refrain from taking any action which would or might, in its opinion, be contrary to any law of any jurisdiction or any regulation or directive of any agency of any state, or if it has reasonable grounds to believe that it will not be reimbursed for any funds it expends, or that it will not be indemnified against any loss or liabilities which it may incur as a consequence of such action. The Representative of the Bondholders may do anything which, in its opinion, is necessary to comply with any such law, regulation or directive as aforesaid.

29. RELIANCE ON INFORMATION

29.1 Advice

The Representative of the Bondholders may act on the advice of a certificate or opinion of, or any written information obtained from, any lawyer, accountant, banker, broker, tax advisor, credit or rating agency or other expert, whether obtained by the Issuer, the Guarantor, the Representative of the Bondholders or otherwise, and shall not be liable for any loss occasioned by so acting. Any such opinion, advice, certificate or information may be sent or obtained by letter, telegram, e-mail or fax transmission and the Representative of the Bondholders shall not be liable for acting on any opinion, advice, certificate or information purporting to be so conveyed although the same contains some error or is not authentic.

29.2 Certificates of Issuer and/or Guarantor

The Representative of the Bondholders may require, and shall be at liberty to accept (a) as sufficient evidence:

(a) as to any fact or matter *prima facie* within the Issuer's or the Guarantor's knowledge, a certificate duly signed by a director of the Issuer or (as the case may be) the Guarantor;

(b) that such is the case, a certificate of a director of the Issuer or (as the case may be) the Guarantor to the effect that any particular dealing, transaction, step or thing is expedient, and the Representative of the Bondholders shall not be bound in any such case to call for further evidence or be responsible for any loss that may be incurred as a result of acting on such certificate unless any of its officers in charge of the administration of these Rules shall have actual knowledge or express notice of the untruthfulness of the matters contained in the certificate.

29.3 Resolution or direction of Bondholders

The Representative of the Bondholders shall not be responsible for acting upon any resolution purporting to be a Written Resolution or to have been passed at any Meeting in respect whereof minutes have been made and signed or a direction of the requisite percentage of Bondholders, even though it may subsequently be found that there was some defect in the constitution of the Meeting or the passing of the Written Resolution or the giving of such directions or that for any reason the resolution purporting to be a Written Resolution or to have been passed at any Meeting or the giving of the direction was not valid or binding upon the Bondholders.

29.4 Certificates of Monte Titoli Account Holders

The Representative of the Bondholders, in order to ascertain ownership of the Covered Bonds, may fully rely on the certificates issued by any Monte Titoli Account Holder in accordance with the Joint Resolution, which certificates are to be conclusive proof of the matters certified therein.

29.5 Clearing Systems or Registrar

The Representative of the Bondholders shall be at liberty to call for and to rely on as sufficient evidence of the facts stated therein, a certificate, letter or confirmation certified as true and accurate and signed on behalf of such clearing system or Registrar, as the case may be, as the Representative of the 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 Rating Agency

The Representative of the Bondholders 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 Bondholders 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 have otherwise given their consent.

If the Representative of the Bondholders, in order properly to exercise its rights or fulfil its obligations, deems it necessary to obtain the views of the Rating Agency as to how a specific act would affect any outstanding rating of the Covered Bonds, the Representative of the Bondholders may inform the Issuer, which will then obtain such views at its expense on behalf of the Representative of the Bondholders or the Representative of the Bondholders may seek and obtain such views itself at the cost of the Issuer.

29.7 Certificates of Parties to Transaction Document

The Representative of the Bondholders shall have the right to call for or require the Issuer or the Guarantor to call for and to rely on written certificates issued by any party (other than the Issuer or the Guarantor) to the Intercreditor Agreement or any other Transaction Document,

(a) in respect of every matter and circumstance for which a certificate is expressly provided for under the Conditions or any Transaction Document;

(b) as any matter or fact *prima facie* within the knowledge of such party; or

(c) as to such party's opinion with respect to any issue and the Representative of the Bondholders shall not be required to seek additional evidence in respect of the relevant fact, matter or circumstances and shall not be held responsible for any 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.

29.8 Auditors

The Representative of the Bondholders shall not be responsible for reviewing or investigating any auditors' report or certificate and may rely on the contents of any such report or certificate.

30. AMENDMENTS AND MODIFICATIONS

30.1 The Representative of the Bondholders may from time to time and without the consent or sanction of the Bondholders concur with the Issuer and/or the Guarantor and any other relevant parties in making any modification (and for this purpose the Representative of the Bondholders may disregard whether any such modification relates to a Series Reserved Matter) as follows:

(a) to these Rules, the Conditions and/or the other Transaction Documents which in the opinion of the Representative of the Bondholders (which may be based on the advice of, or information obtained from, any lawyer, accountant, banker, tax advisor, or other expert or confirmation of rating, if any) may be expedient to make *provided that* the Representative of the Bondholders is of the opinion that such modification will not be materially prejudicial to the interests of any of the Bondholders of any Series;

and

(b) 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 Bondholders (which may be based on the advice of, or information obtained from, any lawyer, accountant, banker, tax advisor, or other expert or confirmation of rating, if any) is to correct a manifest error or an error established as such to the satisfaction of the Representative of the Bondholders or to comply with mandatory provisions of law.

30.2 Any such modification shall be binding upon the Bondholders and, unless the Representative of the Bondholders otherwise agrees, shall be notified by the Issuer or the Guarantor (as the case may be) to the Bondholders in accordance with Condition 17 (Notices) as soon as practicable thereafter.

30.3 The Representative of the Bondholders shall be bound to concur with the Issuer and the 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 and/or pre-funded to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing.

30.4 Establishing an error

In establishing whether an error has occurred as such, the Representative of the Bondholders may have regard to any evidence on which the Representative of the Bondholders considers it appropriate to rely and may, but shall not be obliged to, have regard to any of the following:

(a) a certificate from the Arranger:

(i) stating the intention of the parties to the relevant Transaction Document; and

(ii) confirming nothing has been said to, or by, investors or any other parties which is in any way inconsistent with such stated intention; and

(iii) stating the modification to the relevant Transaction Documents that is required to reflect such intention;

(b) confirmation from the Rating Agency (if any) that, after giving effect to such modification, the Covered Bonds shall continue to have the same credit ratings as those assigned to them immediately prior to the modification.

31. WAIVER

31.1 Waiver of Breach

The Representative of the 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:

(a) 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 Guarantee or any of the obligations of or rights against the Guarantor under any other Transaction Documents; or

(b) determine that any Event of Default shall not be treated as such for the purposes of the Transaction Documents, without any consent or sanction of the Bondholders.

31.2 Binding Nature

Any authorisation, waiver or determination referred in Article 31.1 (*Waiver of Breach*) shall be binding on the Bondholders.

31.3 Restriction on powers

The Representative of the 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 and/or pre-funded 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:

(a) shall affect any authorisation, waiver or determination previously given or made; or

(b) authorise or waive any such proposed breach or breach relating to a Series Reserved Matter 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 Bondholders agrees otherwise, the Issuer shall cause any such authorisation, waiver or determination to be notified to the Bondholders and the Secured Creditors, as soon as practicable after it has been given or made in accordance with Condition 17 (Notices).

32. INDEMNITY

Pursuant to the Programme 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 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 Bondholders or any entity to which the Representative of the Bondholders has delegated any power authority or discretion in relation to the exercise or purported exercise of its powers, authorities and discretions and the performance of its duties under and otherwise in relation to these Rules and the Transaction Documents, including but not limited to legal and travelling expenses, and any stamp, issue, registration, documentary and other taxes or duties paid by the Representative of the Bondholders in connection with any action and/or legal proceedings brought or contemplated by the Representative of the Bondholders pursuant to the Transaction Documents

against the Issuer, or any other person to enforce any obligation under these Rules, the Covered Bonds or the Transaction Documents except insofar as the same are incurred as a result of fraud (*frode*), gross negligence (*colpa grave*) or wilful default (*dolo*) of the Representative of the Bondholders.

33. LIABILITY

Notwithstanding any other provision of these Rules, the Representative of the Bondholders shall not be liable for any act, matter or thing done or omitted in any way in connection with the 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 BONDHOLDERS AFTER SERVICE OF A GUARANTOR DEFAULT NOTICE

34. POWERS TO ACT ON BEHALF OF THE GUARANTOR

It is hereby acknowledged that, upon service of a Guarantor Default Notice or, prior to service of a Guarantor Default Notice, following the failure of the Guarantor to exercise any right to which it is entitled, pursuant to the Intercreditor Agreement the Representative of the Bondholders, in its capacity as legal representative of the Organisation of the Bondholders, shall be entitled (also in the interests of the Secured Creditors) pursuant to Articles 1411 and 1723 of the Italian Civil Code, to exercise certain rights in relation to the Cover Pool. Therefore, the Representative of the Bondholders, in its capacity as legal representative of the Organisation of the Bondholders, will be authorised, pursuant to the terms of the Intercreditor Agreement, to exercise, in the name and on behalf of the Guarantor and as *mandatario in rem propriam* of the Guarantor, any and all of the Guarantor's Rights under certain 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 are governed by, and will be construed in accordance with, the laws of the Republic of Italy.

36. JURISDICTION

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

FORM OF FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Series/Tranche of Covered Bonds issued under the Programme. Text in this section appearing in italics does not form part of the Final Terms but denotes directions for completing the Final Terms.

[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"); (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "Insurance Mediation Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "Prospectus Directive"). 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.]

[MIFID II product governance / Professional investors and ECPs only target market – [Solely for the purposes of [the/each] manufacturer's product approval process], the target market assessment in respect of the Covered Bonds has led to the conclusion that: (i) the target market for the Covered Bonds is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "MiFID II"); and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. [*Consider to include information on the product approval process*]. Any person subsequently offering, selling or recommending the Covered Bonds (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

Final terms dated [●]

Mediobanca – Banca di Credito Finanziario S.p.A.
Legal entity identifier (LEI): [•]
Issue of [*aggregate principal amount*] [*description*] **Covered Bonds (*obbligazioni bancarie garantite*) due**
[*maturity*]

Guaranteed by
Mediobanca Covered Bond S.r.l.

under the €5,000,000,000 Covered Bond Programme

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the prospectus dated 3 June 2019 [and the supplement[s] to the prospectus dated [*insert date*] [*delete if not applicable*]] which [together] constitute[s] a base prospectus (the **Base Prospectus**) for the purposes of the Prospectus Directive (Directive 2003/71/EC, as from time to time amended) (the **Prospectus Directive**). This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive. These Final Terms contain the final terms of the Covered Bonds and must be read in conjunction with such Base Prospectus [as supplemented from time to time]. Full information on the Issuer, the Guarantor and the offer of the Covered Bonds described herein is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [, including the supplement[s]] [is/are] available for viewing [at [*website*]] [and] during normal business hours at [*address*] [and copies may be obtained from [*address*]].

[*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.*]

PART A – CONTRACTUAL TERMS

1.	(i)	Series Number:	[●]
	(ii)	Tranche Number:	[●] [(to be fungible from the [*date on which the Covered Bonds become fungible*] with the [●] Tranche [●] Covered Bonds of the same Series due [●] issued on [●])][Not Applicable].
2.		Specified Currency or Currencies:	[●]
3.		Aggregate Nominal Amount:	[●]
	(i)	Series:	[●]
	(ii)	Tranche:	[●]
4.		Issue Price:	[●] per cent. of the aggregate nominal amount [plus accrued interest from [*insert date*] (*in the case of fungible issues only, if applicable*)].
5.	(i)	Specified Denominations:	[●] (*Covered Bonds including Covered Bonds denominated in Sterling, in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of the Financial Services and Markets Act 2000 and which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies).)*

	(ii)	Calculation Amount:	[●]
6.	(i)	Issue Date:	[●]
	(ii)	Interest Commencement Date:	[*Specify*/Issue Date/Not Applicable]
7.		Maturity Date:	[*Specify date or (for Business Day Convention other than following) CB Payment Date falling in relevant month and year.*]
8.		Extended Maturity Date:	[*Not Applicable / Specify date or (for Floating Rate Covered Bonds) CB Payment Date falling in or nearest to the relevant month and year*]
9.		Interest Basis:	[[●] per cent. Fixed Rate] [[*Specify reference rate*] +/– [*Margin*] per cent. Floating Rate] [Zero Coupon] (further particulars specified below)
10.		Redemption/Payment Basis:	[Redemption at par] [Instalment]
11.		Change of Interest:	Change of interest may be applicable in case an Extended Maturity Date is specified as applicable, as provided for under Condition 8(b)
12.		Put/Call Options:	[Not Applicable] [Investor Put] [Issuer Call] [(further particulars specified below)]
13.		[Date of [Board] approval for issuance of Covered Bonds [and Guarantee] [respectively]] obtained:	[●] [and [●], respectively *(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Covered Bonds or related Guarantee)*]
14.		Method of distribution:	[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15.		**Fixed Rate Provisions**	[Applicable/Not Applicable] *(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

			arrear]
	(ii)	CB Payment Date(s):	[●] in each year [adjusted in accordance with [*specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"*]/not adjusted]
	(iii)	Fixed Coupon Amount[(s)]:	[●] per Calculation Amount
	(iv)	Broken Amount(s):	[●] per Calculation Amount, payable on the CB Payment Date falling [in/on] [●]
	(v)	Adjustment to Interest Period end Date	[Applicable/Not Applicable]
	(vi)	Day Count Fraction:	[30/360/Actual/Actual (ICMA)]
16.		**Floating Rate Provisions**	[Applicable/Not Applicable] *(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)	Adjustment to Interest Period end Date	[Applicable/Not Applicable]
	(vii)	Additional Business Centre(s):	[Not Applicable/*Insert relevant place for Additional Business Centre*]
	(viii)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]

(ix)	Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Interest Determination Agent):	[[*Name*] shall be the Calculation Agent]
(x)	Screen Rate Determination:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph (vii))*
	• Reference Rate:	[●] [*For example*, LIBOR or EURIBOR]
	• Interest Determination Date(s):	[●]
	• Relevant Screen Page:	[*For example, Reuters LIBOR 01/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*]
(xi)	ISDA Determination:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph (viii))*
	• Floating Rate Option:	[●]
	• Designated Maturity:	[●]
	• Reset Date:	[●]
(xii)	Margin(s): [+/-]	[●] per cent. per annum
(xiii)	Minimum Rate of Interest:	[●] per cent. per annum
(xiv)	Maximum Rate of Interest:	[●] per cent. per annum
(xv)	Day Count Fraction:	[Actual/Actual (ICMA)/ Actual/365/ Actual/Actual (ISDA)/ Actual/365 (Fixed)/ Actual/360/ 30/360 (Fixed rate)/ Actual/365 (Sterling)/ 30/360 (Floating Rate)/ 30E/360/

			30E/360 (ISDA)]
17.		**Zero Coupon Provisions**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	[Amortisation/Accrual] Yield:	[●] per cent. per annum
	(ii)	Reference Price:	[●]
	(iii)	Day Count Fraction in relation to early redemption of Covered Bonds:	[30/360][Actual/360][Actual/365] *[This information is to be provided for the purposes of Condition 8(h) (Early redemption of Zero Coupon Covered Bonds) or Condition 7(a) (Late payment on Zero Coupon Covered Bonds)]*

PROVISIONS RELATING TO REDEMPTION

18.		**Call Option**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Optional Redemption Date(s):	[●]
	(ii)	Optional Redemption Amount(s) of Covered Bonds:	[●] 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] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Optional Redemption Date(s):	[●]
	(ii)	Optional Redemption Amount(s) of each Covered Bond:	[●] per Calculation Amount
	(iii)	Notice period:	[●]
20.		**Final Redemption Amount of Covered Bonds**	[[●] per Calculation Amount]
21.		**Early Redemption Amount**	[Not Applicable/[●] per Calculation Amount]
		Early redemption amount(s) per Calculation Amount payable on	*(If both the Early Redemption Amount and the Early Termination Amount are the principal amount of the*

	redemption for taxation reasons or on acceleration following a Guarantor Event of Default or other early redemption:	*Covered Bonds/specify the Early Redemption Amount and/or the Early Termination Amount if different from the principal amount of the Covered Bonds)*]

GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

22.	Additional Financial Centre(s):	[Not Applicable/*Insert place for Additional Financial Centre*] [*Note that this paragraph relates to the date and place of payment, and not interest period end dates*]
23.	Details relating to Covered Bonds for which principal is repayable in instalments: amount of each instalment, date on which each payment is to be made:	[Not Applicable/*insert amount of each instalment, date on which each payment is to be made*]

DISTRIBUTION

24.	(i) If syndicated, names and address of Managers:	[Not Applicable/*give names*]
	(ii) Stabilising Manager(s) (if any):	[Not Applicable/*give name*]
25.	If non-syndicated, name and address of Dealer:	[Not Applicable/*give name*]
26.	U.S. Selling Restrictions:	[Reg. S Compliance Category, TEFRA C/ TEFRA D/ TEFRA not applicable]
27.	Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable] (*If the Covered Bonds clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Covered Bonds may constitute "packaged" products and no KID will be prepared, "Applicable" should be specified.*)
28.	Date of Subscription Agreement:	[Not Applicable/[●]]"

RESPONSIBILITY

[(*Relevant third party information*) has been extracted from (*specify source*). Each of the Issuer and the Guarantor confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by (*specify source*), no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of Mediobanca – Banca di Credito Finanziario S.p.A. (as Issuer)

By: _____

Duly authorised

Signed on behalf of Mediobanca Covered Bond S.r.l. (as Guarantor)

By: ____

Duly authorized

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(i)	Listing	[Official List of the Luxembourg Stock Exchange/(*specify other*)/None]
(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.)*
(iii)	Estimate of the total expenses related to admission to trading	[●]

2. RATING

Rating:	[Not Applicable]/[The Covered Bonds to be issued [[have been]/[are expected to be]] rated [*rating(s)*] by [*credit rating agency*]. [This credit rating has / These credit ratings have] been issued by [*full name of legal entity which has given the rating*] which [is/is not] established in the European Union and [is/is not] registered under Regulation (EC) No. 1060/2009 (as amended from time to time) of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.] [As such [(insert legal name of particular credit rating agency entity providing rating)] is included in the list of credit rating agencies published by the European Securities and Market Authority on its website https://www.esma.europa.eu/supervision/credit-rating-agencies/risk in accordance with such Regulation.] [*The above disclosure should reflect the rating allocated to the Covered Bonds of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.*]

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:*

"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 Prospectus under Article 16 of the Prospectus Directive.*)

4. ***Fixed Rate Covered Bonds only*** **– YIELD**

Indication of yield: [●]/ [Not Applicable]

5. ***Floating Rate Covered Bonds only*** **- HISTORIC INTEREST RATES**

Details of historic [LIBOR/ EURIBOR/ other] rates can be obtained from [Reuters] / [Not Applicable].

[Amounts payable under the Covered Bonds will be calculated by reference to [LIBOR / EURIBOR / other] 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 Regulation (EU) 2016/ 1011, as amended (the "**Benchmarks Regulation**").] [As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that as at [●] is not required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).]]

6. **OPERATIONAL INFORMATION**

ISIN Code:	[●]
Common Code:	[●]
CFI Code:	[Not Applicable/ [●]]
FISN:	[Not Applicable/ [●]]
Any Relevant Clearing System(s) other than Monte Titoli S.p.A. Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s):	[Not Applicable/ [_____]]
Address of any Relevant Clearing System(s) other than Monte Titoli S.p.A., Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme:	[Not Applicable/ [_____]]
Delivery:	Delivery [against/ free of] payment
Names and Specified Offices of additional Paying Agent(s) (if any):	[●]
Calculation Agent(s), Listing Agent(s) or Representative of the Bondholders (if any):	[●]
Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes/ No] [Note that the designation "yes" simply means that the Covered Bonds are intended upon issue to be held in a form which would allow

Eurosystem eligibility (i.e. issued in dematerialised form (emesse in forma dematerializzata) and wholly and exclusively deposited with Monte Titoli in accordance with 83-bis of Italian legislative decree No. 58 of 24 February 1998, as amended, through the authorised institutions listed in article 83-quater of such legislative decree) and does not necessarily mean that the Covered Bonds will be recognised 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.]

KEY FEATURES OF REGISTERED COVERED BONDS (*NAMENSSCHULD VERSCHREIBUNGEN)*

The Issuer may issue, under the Programme, German law governed covered bonds in registered form (*Namensschuld verschreibungen*) (the "**Registered Covered Bonds**"), each issued with a minimum denomination indicated in the applicable terms and conditions of the relevant Registered Covered Bonds (the "**Registered CB Conditions**").

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 set out in this Base Prospectus. Such legal documentation will comprise the relevant Registered CB Conditions, the form of any assignment agreement, attached to the Registered CB Conditions, to be used for any subsequent transfer of the Registered Covered Bonds (the "**Assignment Agreement**"), the related Registered Covered Bonds rules of organisation agreement, in the form from time to time agreed with the relevant Dealer, pursuant to which the holders of the Registered Covered Bonds will (a) agree to be bound by the terms of the Transaction Documents and (b) undertake to comply with the obligations, limitations and other covenants as to the exercise of certain rights in accordance with the principles set out in the Rules of the Organisation of the Covered Bondholders (the "**Registered CB Rules Agreement**") and the letter of appointment of (i) any additional paying agent in respect of the Registered Covered Bonds (the "**Registered Paying Agent**") and (ii) the registrar in respect of the Registered Covered Bonds (the "**Registrar**"). 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 relevant Registered Covered Bonds, together with the related Registered CB Conditions attached thereto, the relevant Registered CB Rules Agreement and any other document expressed to govern such Registered Covered Bonds, will constitute the full terms and conditions of the relevant Registered Covered Bonds.

The Registered Covered Bonds will constitute direct, unconditional, unsubordinated obligations of the Issuer, guaranteed by the Guarantor pursuant to the terms of the Covered Bond Guarantee with limited recourse to the Available Funds. The Registered Covered Bonds will rank pari passu and without any preference among themselves and the Covered Bonds, except in respect of the applicable maturity of each Series or Tranche of the Covered Bonds and the Registered Covered Bonds (as applicable), 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 of Registered Covered Bonds or Series or Tranche of Covered Bonds, from time to time outstanding.

In accordance with the legal framework established by Law 130/99 and the MEF Decree and with the terms and conditions of the relevant Registered CB Rules Agreement and the Transaction Documents, the holders of Registered Covered Bonds shall have recourse to the Issuer and to the Guarantor, provided, however, that recourse to the Guarantor shall be limited to the Available Funds and the assets comprised in the Cover Pool, subject to, and in accordance with, the relevant Priority of Payments.

The payment obligations under all the Registered Covered Bonds and the Covered Bonds issued from time to time shall be cross-collateralised by all the assets included in the Cover Pool, through the Covered Bond Guarantee.

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. Registered Covered Bonds will be issued in registered form (*nominativi*) as Namensschuld verschreibungen and will not be dematerialised.

The Registered Covered Bonds will be governed by the laws of the Federal Republic of Germany, save that, in any case, certain provisions (including those relating to status, limited recourse of the Registered Covered Bonds and those applicable to the Issuer and the Cover Pool) shall be governed by Italian law.

In connection with the Registered Covered Bonds, references 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 relevant Registered CB Conditions, the Registered CB Rules Agreement relating thereto or any other document expressed to govern such Registered Covered Bonds and, as applicable, each other reference to Final Terms in the Base Prospectus shall be construed and read as a reference to such Registered CB Conditions, the Registered CB Rules Agreement thereto or any other document expressed to govern such Registered Covered Bonds.

A transfer of Registered Covered Bonds shall not be effective until the transferee has delivered to the Registrar a duly executed Assignment Agreement. A transfer can only occur for the minimum denomination indicated in the applicable Registered CB Conditions or multiples thereof

USE OF PROCEEDS

The net proceeds of the issue of each Series and/ or Tranche of Covered Bonds will be used for the general corporate purposes of the Issuer.

SUBSCRIPTION AND SALE

Prohibition of sales to EEA Retail Investors

Unless the Final Terms in respect of any Covered Bonds specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Covered Bonds which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "Insurance Mediation Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(i) not a qualified investor as defined in the Directive Directive 2003/71/EC (as amended, the "**Prospectus Directive**"); and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Covered Bonds.

If the Final Terms in respect of any Covered Bonds specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable" in relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") 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 that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Covered Bonds to the public in that Relevant Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

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 Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Covered Bonds to the public**" in relation to any Covered Bonds in any Relevant 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 the Covered Bonds, as the same may be varied in that member state by any measure implementing the Prospectus Directive in that member state and the expression "Prospectus Directive" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in the Relevant Member State.

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 Security Act.

The Covered Bonds are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States of America or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that, it will not offer, sell or deliver Covered Bonds within the United States or to, or for the benefit of, U.S. Persons except in accordance with Rule 903 of Regulations S under the Securities Act.

In addition, until 40 days after the commencement of the offering of Covered Bonds comprising any Series or Tranche, any offer or sale of 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 Securtities Act.

Each Series or Tranche of Covered Bonds may also be subject to such further United States selling restrictions as the Issuer and the relevant Dealer may agree and as indicated in the relevant Final Terms.

United Kingdom

In relation to each Series or Tranche of Covered Bonds, each Dealer subscribing for or purchasing such Covered Bonds represents to and agrees with the Issuer and each other such Dealer (if any) that:

1. it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the FSMA)) received by it in connection with the issue of the Covered Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
2. it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Covered Bonds in, from or otherwise involving the United Kingdom.

Republic of Italy

The offering of Covered Bonds has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") pursuant to Italian securities legislation and, accordingly, no Covered Bonds may be offered, sold or delivered, nor may copies of the Base Prospectus or of any other document relating to any Covered Bonds be distributed in the Republic of Italy, except, in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations:

1. to qualified investors (*investitori qualificati*), as defined in as defined in Article 35, first paragraph, letter (d) of CONSOB Regulation No. 20307 of 15 February 2018, as amended (the "**Regulation No.**

20307"), pursuant to Article 34-ter, first paragraph, letter b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended (the "**Regulation No. 11971**") implementing Article 100 of the Financial Services Act; or

2. in other circumstances which are exempted from the rules on public offerings pursuant to pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the Covered Bonds or distribution of copies of this Base Prospectus or any other document relating to the Covered Bonds in the Republic of Italy must be:

a. made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018 and the Banking Act (in each case, as amended); and

b. in compliance with article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time; and

in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or the Bank of Italy or other Italian authority.

Japan

The Covered Bonds have not been and will not be registered under the Securities and Exchange Law of Japan (the "**Securities and Exchange Law**") and each of the Dealers and each of its affiliates has represented and agreed that it has not offered or sold and it will not offer or sell any Covered Bonds, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and any other applicable laws, regulations, and ministerial guidelines of Japan.

General

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Covered Bonds or possesses, distributes or publishes this Base Prospectus or any Final Terms or any related offering material, in all cases at its own expense 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 neither the Issuer nor any of the other Dealers shall have any responsibility therefor. Persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Covered Bonds or have in their possession or distribute such offering material, in all cases at their own expenses.

None of the Issuer and the Dealers represent that the 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.

The Programme Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in this paragraph headed "*General*".

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification will be set out in a supplement to this Base Prospectus.

GENERAL INFORMATION

Listing, admission to trading and minimum denomination

Application has been made to the Luxembourg Stock Exchange for the Covered Bonds (other than Registered Covered Bonds) issued under the Programme to be admitted to the Official List and trading on the regulated market of the Luxembourg Stock Exchange.

Covered Bonds (other than 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.

The Covered Bonds (other than Registered Covered Bonds) will be issued with a minimum denomination of €100,000 (or, if the Covered Bonds are denominated in a currency other than Euro, the equivalent amount in such currency).

The Registered CB Conditions will specify the minimum denomination for the Registered Covered Bonds. No Registered Covered Bond will be listed and/or admitted to trading on any market.

Authorisations

The establishment of the Programme was authorised by a resolution of the Board of Directors of the Issuer on 24 February, 2009.

The granting of the Guarantee was authorised by a resolution of the Board of Directors of the Guarantor on 17 October, 2011.

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) have been accepted for clearance through Monte Titoli, Euroclear and Clearstream. In particular, the Covered Bonds (other than the Registered Covered Bonds) will be issued in dematerialised form and 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 (including Euroclear and Clearstream). The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Covered Bonds for clearance together with any further appropriate information.

The address of Monte Titoli is Piazza Affari 6, 20123, Milan.

The Registered Covered Bonds will not be settled through a clearing system. The Registered CB Conditions will specify the agent or registrar through which payments under the Registered Covered Bonds will be made and settled.

Common codes and ISIN numbers

The appropriate common code and the International Securities Identification Number in relation to the Covered Bonds of each Series or Tranche (other than the Registered Covered Bonds) will be specified in the Final Terms relating thereto.

The Representative of the Bondholders

Pursuant to the provisions of the Terms and Conditions and the Rules, there shall be at all times a Representative of the Bondholders appointed to act in the interest and behalf of the Bondholders. The initial Representative of Bondholders shall be KPMG Fides Servizi di Amministrazione S.p.A.

No material litigation

Save as disclosed under the section "Description of the Issuer", paragraph "Legal and Arbitration Proceedings" of this Base Prospectus, Mediobanca is not or has not been involved in any governmental, legal, arbitration or administrative proceedings in the 12 months preceding the date of this document relating to claims or amounts which may have, or have had in the recent past, a significant effect on the Mediobanca financial position or profitability and, so far as Mediobanca is aware no such litigation, arbitration or administrative proceedings are pending or threatened.

The Guarantor is not or has not been involved in any governmental, legal, arbitration or administrative proceedings in the 12 months preceding the date of this document relating to claims or amounts which may have, or have had in the recent past, a significant effect on the Guarantor financial position or profitability and, so far as the Guarantor is aware no such litigation, arbitration or administrative proceedings are pending or threatened.

No material adverse change and no significant change

In the case of Mediobanca, since 30 June 2018 (being the last day of the financial period in respect of which the most recent audited annual financial statements of Mediobanca have been prepared), there has been no material adverse change in the prospects of Mediobanca and since 30 June 2018 there has been no significant change in the financial position of Mediobanca which has occurred.

Furthermore, Mediobanca is not aware of any information on trends, uncertainties, requests, commitments or facts known which could reasonably have a significant impact on Mediobanca's prospects for the current financial year.

In the case of the Guarantor, since 30 June 2018 (being the last day of the financial period in respect of which the most recent audited annual financial statements of the Guarantor have been prepared), there has been no material adverse change in the prospects of the Guarantor and since 30 June 2018 there has been no significant change in the financial or trading position of the Guarantor which has occurred.

Luxembourg Listing Agent

The Issuer has undertaken to maintain a listing agent in Luxembourg so long as Covered Bonds are listed on the Luxembourg Stock Exchange.

Documents available for inspection

For so long as the Programme remains in effect or any Covered Bonds shall be outstanding and listed on the Luxembourg Stock Exchange, copies and, where appropriate, English translations of the following documents may be inspected during normal business hours at the registered office of the Issuer and at the Representative of the Bondholders, namely:

(a) the Transaction Documents;

(b) the Issuer's memorandum of association (*Atto Costitutivo*) and by-laws (*Statuto*) as of the date hereof;

(c) the Guarantor's memorandum of association (*Atto Costitutivo*) and by-laws (*Statuto*) as of the date hereof;

(d) the audited published consolidated annual financial statements of Mediobanca as at and for the years ended 30 June 2018 and 30 June 2017 and the consolidated interim financial statements of Mediobancca as at 31 December 2018, as uploaded on the Issuer's website www.mediobanca.com under the section "Investor Relations/ Results and presentations";

(e) the audited annual financial statements of the Guarantor as at and for the years ended 30 June 2018 and 3o June 2017;

(f) a copy of this Base Prospectus together with any supplement thereto, if any, any further Base Prospectus;

(g) any reports, letters, balance sheets, valuations and statements of experts included or referred to in this Base Prospectus (other than consent letters);

(h) 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 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 Bondholders; and

(i) any other document incorporated by reference.

Copies of all the documents mentioned under (a) to (i) (with the exception of (g)) may be inspected during normal business hours at the Specified Office of the Luxembourg Listing Agent.

Publication on the Internet

This Base Prospectus, any supplement thereto and the Final Terms will be available on the website of the Luxembourg Stock Exchange, at www.bourse.lu.

Accounts of the Issuer and of the Guarantor

PricewaterhouseCoopers S.p.A. with registered office in Via Monte Rosa 91, Milan is registered under No. 119644 in the Register of Accounting Auditors (*Registro dei Revisori Legali*) maintained by MEF (*Ministero dell'Economia e delle Finanze*) in compliance with the provisions of Decree 39/2010. PricewaterhouseCoopers S.p.A. is also a member of ASSIREVI, the Italian association of auditing firms.

PricewaterhouseCoopers S.p.A. audited the annual consolidated financial statements of Mediobanca and of the Guarantor as of and for the year ended 30 June 2018 and ended 30 June 2017 (the relevant audit reports are attached to such annual financial statements).

Post-issuance transaction information

Unless required to do so by applicable laws and regulations, the Issuer does not intend to publish post-issuance information.

GLOSSARY

ABS General Criteria (*Criteri Generali dei Titoli ABS*) means the eligibility criteria on the basis on which shall be selected the Asset Backed Securities to be included in each Portfolio, as specified in the Schedule 1 – Part I – Section III to the Master Purchase Agreement.

Acceptance Date (*Data di Accettazione*) means (i) with respect to the purchase of each Subsequent Portfolio, a date falling not later than the third Business Day preceding each Issue Date, and (ii) with respect to the purchase of each Further Portfolio, a date falling not later than the third Business Day preceding each Guarantor Payment Date.

Account means each of the Collection Account, the Transaction Account, the Securities Account, the Reserve Account, the Swap Collateral Account and the Expenses Account and any other account which may be opened in the name of the Guarantor for the deposit of any Eligible Asset and Integration Assets and/or Eligible Investments under the Cash Management Agreement.

Account Bank means Mediobanca or any other entity appointed from time to time to act as such in accordance with the Cash Management Agreement.

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

Additional Business Centre(s) means the city or cities specified as such in the relevant Final Terms.

Additional Financial Centre(s) means the city or cities specified as such in the relevant Final Terms.

Additional Seller means any additional entity of the Mediobanca Group which may from time to time enter into the Programme in capacity as seller under the Master Purchase Agreement.

Adjusted Aggregate Loan Amount means the amount calculated pursuant to the formula set out in clause 2.2 of the Portfolio Management Agreement.

Amortisation Test means the test which will be carried out pursuant to the terms of the Portfolio Management Agreement in order to ensure that, on each Calculation Date, following the delivery of an Issuer Default Notice, the outstanding principal balance of the Cover Pool which for such purpose is considered as an amount equal to the Amortisation Test Aggregate Loan Amount is higher than or equal to the Principal Amount Outstanding of all Series of Covered Bonds issued under the Programme.

Amortisation Test Aggregate Loan Amount has the meaning ascribed to it in the Portfolio Management Agreement.

Amortisation Test Verification has the meaning ascribed to it in Clause 5 of the Asset Monitor Agreement.

Asset (*Attivo*) means, collectively, the Eligible Assets and the Integration Assets which will be transferred by the Seller to the Guarantor in the context of the Programme.

Asset Backed Securities (*Titoli ABS*) means, pursuant to article 2, sub-paragraph 1(d), of MEF Decree the asset backed securities for which a risk weight not exceeding 20% is applicable in accordance with the Bank of Italy's prudential regulations for banks - standardised approach - provided that at least 95% of the relevant securitised assets are:

(i) Residential Mortgage Loans;

(ii) Commercial Mortgage Loans;

(iii) Public Assets.

Asset Coverage Test means the test which will be carried out pursuant to the terms of the Portfolio Management Agreement in order to ensure that, on the relevant Calculation Date, the Adjusted Aggregate Loan Amount is at least equal to the aggregate Principal Amount Outstanding of the Covered Bonds issued under the Programme.

Asset Coverage Test Verification has the meaning ascribed to it in Clause 4 of the Asset Monitor Agreement.

Asset Monitor Agreement means the asset monitor agreement entered into on or about the First Issue Date between the Asset Monitor, the Issuer, the Guarantor, the Seller, the Servicer, the Representative of the Bondholders and the Test Report Provider.

Asset Monitor means BDO Italia S.p.A. or any other entity appointed from time to time to act as such in accordance with the Asset Monitor Agreement and in compliance with the Covered Bonds Law.

Asset Monitor Report means the report which shall be delivered by the Asset Monitor on each Asset Monitor Report Date to the Issuer, the Seller, the Guarantor, the Test Report Provider and the Representative of the Bondholders pursuant to the terms and conditions of the Asset Monitor Agreement.

Asset Monitor Report Date means the date on which an Asset Monitor Report shall be delivered by the Asset Monitor, namely:

(i) with respect to the Mandatory Test Verification and the Asset Coverage Test Verification, 10 Business Days following receipt of the relevant Test Performance Report by the Test Report Provider on each of (a) the Calculation Date immediately following the First Issue Date, (b) the Calculation Date immediately preceding each anniversary date of the First Issue Date and (c) each Calculation Date as referred to in Clause 6.2 (Breach of Mandatory Test and Asset Coverage Test prior to an Issuer Default Notice) upon occurrence of the circumstances set out thereunder; or

(ii) with respect to the Amortisation Test Verification, 10 Business Days following receipt of the Test Performance Report to be delivered by the Test Report Provider (on behalf of the Guarantor) on each Calculation Date after service of an Issuer Default Notice (but prior to a Guarantor Default Notice).

Asset Percentage means (i) 84 per cent. or (ii) such lesser percentage figure as determined from time to time by the Test Report Provider (on behalf of the Guarantor and in accordance with the Rating Agency's methodology) and notified to Fitch and the Representative of the Bondholders, provided that the Asset Percentage may not, at any time, be higher than 84 per cent.

The Guarantor (or the Test Report Provider on its behalf) will, on the Calculation Date, send notification to Fitch and the Representative of the Bondholders of the percentage figure selected by it, being the difference between 100 per cent. and the amount of credit enhancement required to maintain the then current ratings of the covered bonds.

The Asset Percentage will be adjusted from time to time in order to ensure that sufficient credit enhancement will be maintained.

Available Funds (*Fondi Disponibili*) means, collectively, the Interest Available Funds and the Principal Available Funds.

Banking Act (*TUB*) means Legislative Decree 1 September 1993, No. 385 as subsequently amended and supplemented.

Base Interests (*Tasso di Interesse*) means the base interests due by the Guarantor under Clause 5.1 (*Tasso di Interesse della Tranche A*) and 5.2 (*Tasso di Interesse della Tranche B*) of the Subordinated Loan Agreement.

Benchmarks Regulation means the Regulation (EU) No. 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds, as amended or supplemented from time to time.

Beneficiary means the Bondholders and any other person or entity entitled to receive a payment from the Guarantor under the Guarantee, in accordance with the Covered Bonds Law.

BoI Regulations (*Regolamento della Banca d'Italia*) means supervisory instructions of the Bank of Italy relating to covered bonds under Part III, Chapter 3, of the circular no. 285 of 17 December 2013, containing the "Disposizioni di vigilanza per le banche" as further implemented and amended.

Bondholders (*Portatori dei Covered Bond*) means the holders, from time to time, of any Covered Bonds of each Series of Covered Bonds.

Borrower means any person in favour of which any Mortgage Loan or Public Loan has been granted by the Seller.

Breach of Test Notice means the notice delivered by the Representative of the Bondholders in accordance with the terms of the Portfolio Management Agreement and Condition 11.

Business Day (*Giorno Lavorativo*) means any day (other than a Saturday or Sunday) on which banks are generally open for business in Milan, Luxembourg and London and on which the Trans-European Automated Real Time Gross Settlement Express Transfer System (or any successor thereto) is open.

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

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

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

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

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

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

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

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

and

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

Calculation Agent means CheBanca or any other entity appointed from time to time to act as such in accordance with the Cash Management Agreement.

Calculation Amount has the meaning given in the relevant Final Terms.

Calculation Date means (i) with reference to the activities to be carried out by the Calculation Agent, a date falling not later than the second Business Day preceding each Guarantor Payment Date, and (ii) with reference to the activities to be carried out by the Test Report Provider, a date falling not later than the 3rd Business Day following the Quarterly Report Date.

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

Cash Management Agreement means the cash management agreement entered into on or about the First Issue Date between the Issuer, the Guarantor, the Servicer, the Seller, the Account Bank, the Investment Manager, the Cash Manager, the Calculation Agent, the Interest Determination Agent, the Paying Agents, the Test Report Provider and the Representative of the Bondholders.

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).

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

Clearstream means Clearstream Banking Société Anonyme, Luxembourg with offices at 42 avenue JF Kennedy, L-1855 Luxembourg.

Collection Account means the euro denominated bank account established in the name of the Guarantor with the Account Bank, IBAN: IT82Y1063101600000070201377, or such other substitute account as may be opened in accordance with the Transaction Documents.

Collection Period (*Periodo di Incasso*) means the quarterly periods of each year commencing on (and including) the first calendar day of months of January, April, July and October and ending on (and including), respectively, the last calendar day of the months of March, June, September and December and, in the case of the first Collection Period in relation to the Initial Portfolio, commencing on (and excluding) the Initial Valuation Date and ending on (and excluding) the first calendar day of month of January 2012.

Collection Policies (*Procedure di Riscossione*) means the procedures implemented by the Servicer for the management, collection and recovery of the instalments and all and any other amounts from time to time due in relation to the Assets, pursuant to the Schedule 1 to the Servicing Agreement.

Commercial Mortgage Loan Agreement (*Contratto di Mutuo Ipotecario Commerciale*) means any commercial mortgage loan agreement under which a Commercial Mortgage Loan has been granted in favour to the relevant Debtor.

Commercial Mortgage Loan (*Mutuo Ipotecario Commerciale*) means any Mortgage Loan secured by a Mortgage on a Real Estate Asset intended to commercial activities (*destinato ad uso commerciale*) comprised in the Cover Pool.

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

Corporate Servicer (*Prestatore di Servizi Amministrativi*) means Studio Dattilo Commercialisti Associati or any other entity appointed from time to time to act as such in accordance with the Corporate Services Agreement.

Corporate Services Agreement (*Contratto di Servizi Amministrativi*) means the agreement entered into on 30 November, 2011 between the Guarantor and the Corporate Servicer pursuant to which the Corporate Servicer will provide certain administration services to the Guarantor in the context of the Programme.

Covered Bonds Law (*Normativa sui Covered Bond*) means, jointly, the Law 130/99, the MEF Decree and the BoI Regulations.

Covered Bond means any covered bond of any Series issued from time to time by the Issuer in the context of the Programme.

Covered Bond Swap Agreements means the 1992 ISDA Master Agreements entered into between the Guarantor and the relevant Covered Bond Swap Counterparty on or about the First Issue Date, together with the relevant Schedule, the relevant Credit Support Annex which may be from time to time entered into in the context of the Programme and the relevant confirmations, which may be from time to time entered into in the context of the Programme, documenting the interest rate swap transactions supplemental thereto.

Covered Bond Swap Counterparty means Mediobanca, acting in such capacity or any other entity acting as such pursuant to the Covered Bond Swap Agreements.

Cover Pool (*Patrimonio Separato*) means the cover pool constituted by (i) the Eligible Assets and the Integration Assets purchased from time to time by the Guarantor in the context of the Programme and (ii) the Liquidity.

Cover Pool Swap Agreement means the 1992 ISDA Master Agreements entered into between the Issuer and the Cover Pool Swap Counterparty on or about the First Issue Date, together with the relevant Schedule, the relevant Credit Support Annex which may be from time to time entered into in the context of the Programme and the relevant confirmations, which may be from time to time entered into in the context of the Programme, documenting the interest rate swap transactions supplemental thereto.

Cover Pool Swap Counterparty means Mediobanca, acting in such capacity or any other entity acting as such pursuant to the Cover Pool Swap Agreement.

Current Balance means in relation to a Mortgage Loan and/or any other Asset and/or any Eligible Investment at any given date, the Outstanding Principal Balance relating to that Mortgage Loan and/or that Asset and/or that Eligible Investment as at that date.

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

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

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

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

(A) the actual number of days in such Calculation 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 Calculation Period falling in the next Regular Period divided by the product of (a) 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 Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

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

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

(v) if **30/360 (Fixed rate)** is so specified, means the number of days in the Calculation 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 Calculation Period is the 31st day of a month but the first day of the Calculation 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 Calculation 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)** is so specified, the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows

Day Count Fraction =

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

(ix) if **30E/360 (ISDA)** is so specified, the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

D2 is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30, provided, however, that in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period.

Dealers means Mediobanca and Mediobanca International, as well as any other entity which may be appointed as such by the Issuer upon execution of a letter in the terms or substantially in the terms set out in Schedule 8 (Form of Dealer Accession Letter) to the Programme Agreement on any other terms acceptable to the Issuer and such entity.

Debtor (*Debitore Ceduto*) means any borrower, any person which has granted a Security Interest and/or any other person who is liable for the payment or repayment of amounts due in respect of an Asset or a Security Interest and Debtors means from time to time all of them.

Decree No. 239 means the Italian Legislative Decree 1 April 1996, No. 239 as amended and supplemented from time to time.

Deed of Charge means the English law deed of charge entered into on or about the First Issue Date between the Guarantor and the Representative of the Bondholders (acting as security trustee for the Bondholders and for the other Secured Creditors).

Deed of Pledge means the deed of pledge governed by Italian law executed between the Guarantor, the Representative of the Bondholders and the Account Bank in the context of the Programme.

Defaulted Assets (*Attivi in Sofferenza*) means (A) any Asset arising from Mortgage Loans and Public Entities Receivables included in the Cover Pool (a) having at least seven monthly instalments which are past due and unpaid, and in relation to which the relevant Debtor has been classified as being "*in sofferenza*" by the Servicer in accordance with the Bank of Italy regulations as amended and updated from time to time and collection policy thereof, and (B) the Assets different from the Mortgage Loans and the Public Entities Receivables included in the Cover Pool in relation to which the relevant Debtor has been classified as being "*in sofferenza*" by the Servicer in accordance with the Bank of Italy regulations as amended and updated from time to time and collection policy thereof.

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

Delinquent Assets means (A) any Asset arising from Mortgage Loans and the Public Entities Receivables included in the Cover Pool having (a) days in arrear for more than 90 days or (b) ("inadempienza probabile") four instalments which are past due and fully unpaid, even if such instalments are not consecutive and (B) the Assets different from the Mortgage Loans and the Public Entities Receivables included in the Cover Pool in relation to which the relevant Debtor has been classified as being "*ad inadempienza probabile*" by the

Servicer in accordance with the Bank of Italy regulations as amended and updated from time to time and collection policy thereof.

Due for Payment Date means (a) a Scheduled Due for Payment Date (as defined below) or (b) following the occurrence of a Guarantor Event of Default, the date on which the Guarantor Default Notice is served on the Guarantor. If the Due for Payment Date is not a Business Day, Due for Payment Date will be the next Business Day.

Earliest Maturing Covered Bonds means, at any time, the Series of Covered Bonds that has or have the earliest Maturity Date or Extended Maturity Date (if the relevant Series of Covered Bonds is subject to an Extended Maturity Date and the relevant Extension Period has already started) as specified in the relevant Final Terms.

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

Early Redemption Date means, as applicable, the Optional Redemption Date (Call), the Optional Redemption Date (Put) or the date on which any Series of Covered Bonds is to be redeemed pursuant to Condition 8 (c) (Redemption for tax reasons).

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

Eligible Assets (*Attivi Idonei*) means the following assets contemplated under article 2, sub-paragraph 1, of the MEF Decree:

(i) the Residential Mortgage Loans;

(ii) the Commercial Mortgage Loans;

(iii) the Public Assets; and

(iv) the Asset Backed Securities.

Criteria (*Criteri*) means (i) with respect to the Initial Portfolio, collectively, the General Criteria and the Specific Criteria of the Initial Portfolio and (ii) with respect to the Subsequent Portfolios and Further Portfolios, collectively, the General Criteria, the Specific Criteria and the Further Criteria (if any) of the relevant Subsequent Portfolio or Further Portfolio.

Eligible Institution means any depository institution organised under the laws of any State which is a member of the European Union or of the United States having a Long-Term Rating at least equal to "BBB" or a Short-Term Rating at least equal to "F2" by Fitch or which is guaranteed by an entity having a Long-Term Rating at least equal to "BBB" or a Short-Term Rating at least equal to "F2"

Eligible Investments means the Euro denominated senior (unsubordinated) debt securities or other debt instruments, provided that, in all cases:

(a) such investments are immediately repayable on demand, disposable without penalty or have a maturity date falling on or before the third Business Day preceding the Guarantor Payment Date immediately succeeding the Collection Period in respect of which such eligible investments were made;

(b) such investments provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount) or in case of repayment or disposal, the principal amount upon repayment or disposal is at least equal to the principal amount invested and cannot include any embedded options (unless full payment of principal is paid in cash upon the exercise of the embedded option;

(c) such debt securities or other debt instruments having at least:

(1) "BBB" or "F2", for investments maturing up to 30 days;

(2) "AA-" or "F1+", for investments maturing from 30 days to 365 days;

(d) a Euro denominated time deposit (including, for avoidance of any doubt, a term deposit) opened with the Account Bank or any other Eligible Institution; and

(e) repurchase transactions between the Guarantor and an Eligible Institution in respect of Euro denominated debt securities or other debt instruments having the rating requirements specified under paragraph (c) above, provided that (i) title to the securities underlying such repurchase transactions (in the period between the execution of the relevant repurchase transactions and their respective maturity) effectively passes to the Guarantor and the obligations of the relevant counterparty are not related to the performance of the underlying securities, (ii) such repurchase transactions have a maturity date falling on or before the third Business Day preceding the Guarantor Payment Date immediately succeeding the Collection Period in respect of which such eligible investments were made. .

EURIBOR shall have the meaning ascribed to it in the relevant Final Terms.

Euro, € and **EUR** refer to the single currency of member states of the European Union which adopt the single currency introduced in accordance with the treaty establishing the European Community.

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

Euro Equivalent means, in case of an issuance of Covered Bonds denominated in currency other than the Euro, an equivalent amount expressed in Euro calculated by the Calculation Agent at the prevailing exchange rate or, in case a cross-currency swap has been entered in respect of a Series of Covered Bonds, the exchange rate of the relevant cross-currency swap.

Excluded Scheduled Interest Amounts means any additional amounts relating to default interest or interest upon interest payable by the Issuer.

Excluded Scheduled Principal Amounts means any additional amounts relating to prepayments, early redemption, broken funding indemnities, or penalties payable by the Issuer.

Excluded Swap Termination Amount means any termination payment due and payable by the Guarantor to a Swap Counterparty, where the Swap Counterparty is the Defaulting Party or the sole Affected Party pursuant to the relevant Swap Agreement.

Expenses Account means the euro denominated account established in the name of the Guarantor with the Account Bank, IBAN: IT78T1063101600000070201380, or such other substitute account as may be opened in accordance with the Cash Management Agreement, into which the Retention Amount will be credited and from which any Expenses and Taxes will be paid during the period comprised between a Guarantor Payment Date and the immediately subsequent Guarantor Payment Date.

Expenses means any documented fees, costs, expenses, to be paid by the Guarantor in order to preserve its corporate existence, to maintain it in good standing and to comply with applicable legislation.

Extended Maturity Date means the date , if any specified as such in the relevant Final Terms when final redemption payments in relation to a specific Series of Covered Bonds become due and payable pursuant to the extension of the relevant Maturity Date .

Extension Determination Date means, with respect to each Series of Covered Bonds, the date falling seven days after the Maturity Date of the relevant Series.

Extension Period means, with reference to the Series of Covered Bonds subject to an Extended Maturity Date, the period starting on the relevant Maturity Date (included) and ending on the relevant Extended Maturity Date (excluded).

Extraordinary Resolution has the meaning given in the Rules attached to the Conditions.

Facility means the facility to be granted by the Subordinated Lender pursuant to the terms of Clause 2 of the Subordinated Loan Agreement.

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

Final Terms means the final terms related to each Series of Covered Bond whose form is included in the Prospectus.

First CB Payment Date means the date specified in the relevant Final Terms.

First Issue Date (*Prima Data di Emissione*) means the Issue Date of the first Series of Covered Bonds issued under the Programme.

Fitch means Fitch Italia S.p.A..

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

Fixed Rate Covered Bond means a Covered Bond specified as such in the relevant Final Terms.

Fixed Rate Provisions means Condition 5 (*Fixed Rate Provisions*).

Floating Rate Covered Bond means a Covered Bond specified as such in the relevant Final Terms.

Floating Rate Provisions means the relevant provisions of Condition 6 (*Floating Rate Provisions*).

Further Criteria (*Criteri Ulteriori*) means the eligibility criteria, other than the General Criteria and the Specific Criteria, which the Seller and the Guarantor may apply, from time to time, to each Subsequent Portfolio and Further Portfolio, specifying such further criteria in the Schedule B to the relevant Transfer Proposal.

Further Portfolio (*Portafoglio Ulteriore*) means all the Eligible Assets, compliant with the General Criteria, the relevant Specific Criteria and the relevant Further Criteria (if any), which may be purchased as a pool (*in blocco*) and *pro soluto* by the Guarantor pursuant to Clause 4 (*Cessione di Ulteriori Portafogli su base revolving*) of the Master Purchase Agreement.

General Criteria (*Criteri Generali*) means, jointly, (i) the Mortgage General Criteria, (ii) the Public Assets General Criteria and (iii) the ABS General Criteria.

Guarantee means the guarantee issued on or about the First Issue Date by the Guarantor in favour of the Beneficiaries.

Guaranteed Payment Obligations means the payment obligations of interest and principal in relation of each Series of Covered Bonds guaranteed under the Guarantee.

Guaranteed Amounts means (a) prior to the service of a Guarantor Default Notice, with respect to any Scheduled Due for Payment Date, the sum of amounts equal to (i) the Scheduled Interest and the Scheduled Principal, in each case, payable on that Schedule Due for Payment Date or any other amounts due and payable by the Issuer under the Covered Bonds pursuant to the Terms and Conditions and the relevant Final Terms and (ii) all amounts payable by the Guarantor under the Transaction Documents ranking senior to any payment due in respect of the Covered Bonds according to the applicable Priority of Payments, or (b) after the service of a Guarantor Default Notice, an amount equal to (i) the relevant Early Redemption Amount (as defined and specified in the Terms and Conditions) plus all accrued and unpaid interests 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 (ii) all amounts payable by the Guarantor under the Transaction Documents ranking senior to any payment due in respect to the Covered Bonds according to the applicable Priority of Payments. The Guaranteed Amounts include any Guaranteed Amount that was timely paid by or on behalf of the Issuer to the Bondholders to the extent it has been clawed back and recovered from the Bondholders by the receiver or liquidator, in bankruptcy or other insolvency or similar proceedings for the Issuer named or identified in the order, and has not been paid or recovered from any other source (the "**Clawed Back Amounts**").

Guarantor Default Notice has the meaning given to it in Condition 12.3 (*Guarantor Events of Default*).

Guarantor Event of Default has the meaning given to it in Condition 12.3 (*Guarantor Events of Default*).

Guarantor means Mediobanca Covered Bond S.r.l., a limited liability company incorporated under the laws of the Republic of Italy, whose registered office at Galleria Del Corso No. 2, Milan, Italy, Fiscal Code and registration with the Companies Register in Milan No. 03915310969, under the direction and coordination of Mediobanca – Banca di Credito Finanziario S.p.A.

Guarantor Payment Account means the euro denominated account established in the name of the Guarantor with the Paying Agent with number 800882300 (Iban code: **IT 96 R 03479 01600 000800882300),**or such other substitute account as may be opened in accordance with the Cash Management Agreement into which the Cash Manager (on behalf of the Guarantor) will credit by 9:00 a.m. of each Due for Payment Date the amounts due from time to time under the Covered Bonds and out of which the Paying Agent will make the payments due in favour of the Bondholders on behalf of the Guarantor after to the service of an Issuer Default Notice.

Guarantor Payment Date means (a) prior to the delivery of a Guarantor Default Notice, the date falling on the 28th day of January, April, July and October or, if such day is not a Business Day, the immediately following Business Day; and (b) following the delivery of a Guarantor Default Notice, any day on which any payment is required to be made by the Representative of the Bondholders in accordance with the Post-Enforcement Priority of Payments, the relevant Terms and Conditions and the Intercreditor Agreement. The first Guarantor Payment Date will fall on 28 January, 2011.

Initial Portfolio (*Portafoglio Iniziale*) means the portfolio of receivables arising from Residential Mortgage Loan Agreement purchased by the Guarantor on 30 November, 2011 pursuant to Article 2 of the Master Purchase Agreement in order to allow Mediobanca to issue the First Series of the Covered Bonds.

Initial Subordinated Loan Agreement (*Contratto di Finanziamento Subordinato Iniziale*) means the subordinated loan agreement entered into between the Subordinated Lender and the Guarantor on 30 November, 2011.

Initial Subordinated Loan (*Finanziamento Subordinato Iniziale*) means the subordinated loan granted by the Subordinated Lender in favour of the Guarantor pursuant to the Initial Subordinated Loan Agreement.

Initial Valuation Date (*Data di Valutazione Iniziale*) means, with reference to the Initial Portfolio, the date falling on 30 September, 2011.

Initial Transfer Date (*Data di Cessione Iniziale*) means, with reference to the Initial Portfolio, the date on which the Publicities provided for in Article 2.5 of the Master Purchase Agreement has been carried out.

Insolvency Event means in respect of any company, entity or corporation that:

(i) such company, entity or corporation has become subject to any applicable bankruptcy, liquidation, administration, insolvency, composition or reorganisation (including, without limitation, "*fallimento*", "*liquidazione coatta amministrativa*", "*concordato preventivo*" and "*amministrazione straordinaria*", each such expression bearing the meaning ascribed to it by the laws of the Republic of Italy, and including the seeking of liquidation, winding-up, reorganisation, dissolution, administration) or similar proceedings or the whole or any substantial part of the undertaking or assets of such company, entity or corporation are subject to a *pignoramento* or any procedure having a similar effect (other than in the case of the Guarantor, any portfolio of assets purchased by the Guarantor for the purposes of further programme of issuance of Covered Bonds), unless in the opinion of the Representative of the Bondholders, (who may in this respect rely on the advice of a legal adviser selected by it), such proceedings are being disputed in good faith with a reasonable prospect of success; or

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

(iii) such company, entity or corporation takes any action for a re-adjustment of deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors (other than, in case of the Guarantor, the creditors under the Transaction Documents) or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it or applies for suspension of payments (other than, in respect of the Issuer, the issuance of a resolution pursuant to Article 74 of the Banking Act); or

(iv) an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution in any form of such company, entity or corporation or any of the events under article 2448 of the Civil Code occurs with respect to such company, entity or corporation (except in any such case a winding-up or other proceeding for the purposes of or pursuant to a solvent amalgamation or reconstruction, the terms of which have been previously approved in writing by the Representative of the Bondholders); or

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

Integration Assets (*Attivi Idonei Integrativi*) means, in accordance with article 2, sub-paragraph 3.2 and 3.3 of MEF Decree, each of the following assets:

(i) deposits held with banks which have their registered office in the European Economic Area or Switzerland or in a country for which a 0% risk weight is applicable in accordance with the Bank of Italy's prudential regulations for banks -standardised approach; and

(ii) securities issued by the banks indicated in item (i) above, which have a residual maturity not exceeding one year.

Integration Assets Limit (*Limite per gli Attivi Idonei Integrativi*) means the maximum percentage of Integration Assets (taking into account the Liquidity) which may be comprised in the Cover Pool pursuant to the Covered Bonds Law, i.e. 15% of the Cover Pool.

Intercreditor Agreement (*Accordo tra Creditori*) means the agreement entered into on or about the First Issue Date between the Guarantor and the other Secured Creditors.

Interest Amount means, in relation to any Series of Covered Bonds and a CB Interest Period, the amount of interest payable in respect of that Series for that CB Interest Period.

Interest Available Funds (*Fondi Disponibili in Linea Interessi*) means, on each Guarantor Payment Date:

(i) any interest collected by the Servicer and/or by the Guarantor in respect of the Assets and credited into the Transaction Account during the Collection Period preceding the relevant Guarantor Payment Date;

(ii) all recoveries in the nature of interest and penalties received by the Servicer and/or by the Guarantor and credited into the Transaction Account during the Collection Period preceding the relevant Guarantor Payment Date;

(iii) all amounts of interest accrued (net of any withholding or deduction or expenses, if due) and paid on the Accounts during the Collection Period preceding the relevant Guarantor Payment Date;

(iv) all interest amounts received from the Eligible Investments during the preceding Collection Period;

(v) any amounts other than in respect of principal received under the Cover Pool Swaps;

(vi) any amounts other than in respect of principal received under each Covered Bond Swap other than the Swap Collateral (if any);

(vii) any swap termination payments received from a Swap Counterparty under a Swap Agreement, provided that such amounts will first be used to pay a Replacement Swap Counterparty to enter into a Replacement Swap Agreement, unless a Replacement Swap Agreement has already been entered into by or on behalf of the Guarantor;

(viii) prior to the service of a Issuer Default Notice on the Guarantor amounts standing to the credit of the Reserve Account in excess of the Required Reserve Amount and following the service of a Issuer Default Notice on the Guarantor, any amounts standing to the credit of the Reserve Account;

(ix) all amounts to be allocated from the Principal Available Funds as Interest Shortfall Amount;

(x) any amounts (other than the amounts already allocated under other items of the Interest Available Funds or Principal Available Funds) received by the Guarantor during the immediately preceding Collection Period.

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

Interest Coverage Test means the test to be calculated pursuant to the terms of the Portfolio Management Agreement so that the amount of interest and other revenues generated by the assets included in the Cover Pool (including the payments of any nature expected to be received by the Guarantor with respect to any Swap Agreement), net of the costs borne by the Guarantor (including the payments of any nature expected to be born or due with respect to any Swap Agreement), shall be at least equal to the amount of interests and costs due on all Series of Covered Bonds issued under the Programme.

Interest Determination Agent means BNP Paribas Securities Services, Milan Branch which is appointed to act as interest determination agent pursuant to the Cash Management Agreement.

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

Interest Shortfall Amount means, on each Guarantor Payment Date, the amount due and payable under items from (i) to (vi) of the Pre-Issuer Event of Default Interest Priority of Payment, to the extent that the Interest Available Funds are not sufficient, on such Guarantor Payment Date, to make such payments in full.

Investor Report means the report containing certain information on the Cover Pool and on the Covered Bond which shall be delivered, on each Investor Report Date, by the Calculation Agent - subject to timely receipt of certain information - via e-mail to the Issuer, the Guarantor, the Representative of the Bondholders, the Cash Manager, the Seller, the Servicer, the Paying Agent, the Account Bank and the Rating Agency.

Investor Report Date means a date falling not later than the second Business Day following each Calculation Date.

ISDA Definitions means the 2006 ISDA Definitions, as amended and updated as at the date of issue of the first Series of the Covered Bonds of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.

ISDA Determination means that the Rate of Interest will be determined in accordance with Condition 6(c) (*ISDA Determination*).

Issue Date (*Data di Emissione*) means each date on which any Series of Covered Bond will be issued in the context of the Programme.

Issuer means Mediobanca.

Issuer Default Notice has the meaning given to it in Condition 12.1 (*Issuer Events of Default*).

Issuer Default Notice Date means the date on which the Guarantor has received the Issuer Default Notice sent by the Representative of the Bondholders.

Issuer Event of Default has the meaning given to it in Condition 12.1 (*Issuer Events of Default*).

Issuer Payment Account means the euro denominated account established in the name of the Issuer with the Paying Agent with number 800882200 (Iban code: IT 76 Q 03479 01600 000800882200), or such other substitute account as may be opened in accordance with the Cash Management Agreement, into which the Issuer will credit by 9:00 a.m. of each CB Payment Date the amounts due from time to time under the Covered Bonds and out of which the Paying Agent will make the payments due in favour of the Bondholders on behalf of the Issuer prior to the service of an Issuer Default Notice.

Joint Resolution means the resolution of 13 August, 2018 jointly issued by CONSOB and the Bank of Italy and published in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) No. 201 of 30 August 2018, as amended from time to time.

Latest Maturing Covered Bonds means, at any time, the Series of Covered Bonds that has or have the latest Maturity Date or Extended Maturity Date (if the relevant Series of Covered Bonds is subject to an Extended Maturity Date and the relevant Extension Period has already started) as specified in the relevant Final Terms.

Latest Valuation means, at any time with respect to any Real Estate Asset, the value given to the relevant Real Estate Asset by the most recent valuation (to be performed in accordance with the requirements provided for under the prudential regulations for banks issued by the Bank of Italy) addressed to the Seller or obtained from an independently maintained valuation model, acceptable to reasonable and prudent institutional mortgage lenders in Italy.

Life of the Programme means the period of time comprised between the First Issue Date and the latest of (i) the date on which the Revolving Period has elapsed and (ii) the Programme End Date.

Liquidity (*Liquidità*) means any and all amounts from time to time standing to the credit of the Accounts (other than the Quota Capital Account).

"**Long-Term Deposit Rating**" means the long-term rating which may be assigned from Fitch to a bank account provider.

"Long-Term IDR" means, with reference to an institution, the long-term issuer default rating (IDR) assigned from Fitch to such institution**.**

"Long-Term Rating" means (i) with reference to the Account Bank or the Swap Collateral Account Bank, a Long-Term Deposit Rating (if assigned from Fitch) or a Long-Term IDR (where no Long-Term Deposit Rating is assigned from Fitch); and (ii) in any other case, a Long-Term IDR.

Main Financial Centre means, in relation to any currency, the main financial centre for that currency provided, however, that:

(i) in relation to Euro, it means the main financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Interest Determination Agent and/or the Paying Agent (as the case may be); 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 Interest Determination agent and/or the Paying Agent (as the case may be).

Mandatory Test means the tests provided for under article 3 of MEF Decree.

Mandatory Test Verification has the meaning ascribed to it in Clause 3 of the Asset Monitor Agreement.

Margin has the meaning given in the relevant Final Terms.

Master Definitions Agreement (*Accordo Quadro sulle Definizioni*) means the master definitions agreement entered into on or about the First Issue Date between, *inter alios*, the Issuer, the Guarantor, the Seller and the Representative of the Bondholders, containing all the definitions of the terms used in the Transaction Documents.

Master Purchase Agreement (*Contratto Quadro di Cessione*) means the master purchase agreement entered into on 30 November, 2011 between, inter alios, the Guarantor and the Seller.

Maturity Date (*Data di Scadenza Convenzionale*) means the date on which final redemption payments in relation to a specific Series of Covered Bonds become due in accordance with the Final Terms.

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

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

Mediobanca Group (*Gruppo Mediobanca*) means the Mediobanca Banking Group.

Mediobanca International means Mediobanca International (Luxembourg) S.A., a *société anonyme* subject to Luxembourg law and having its registered office at 14 Boulevard Roosevelt L-2450 Luxembourg, registered at the Luxembourg trade and companies registry under registration number B 112885**.**

Meeting has the meaning set out in the Rules.

MEF Decree means the decree issued by the Minister of Economy and Finance on 14 December 2006, No. 310 in relation to the covered bonds.

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

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

Monte Titoli Account Holders 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 Legislative Decree No. 58/98 and includes any depositary banks approved by Clearstream and Euroclear.

Monte Titoli means Monte Titoli S.p.A.

Mortgage Loan General Criteria (*Criteri Generali dei Crediti Ipotecari*) means the general criteria on the basis of which shall be selected the Mortgage Loans to be included in each Portfolio, as specified in the Schedule 1 – Part I – Section I to the Master Purchase Agreement.

Mortgage Loan Agreement means any Residential Mortgage Loan Agreement or Commercial Mortgage Loan Agreement out of which the Receivables arise.

Mortgage Loan means a Residential Mortgage Loan or a Commercial Mortgage Loan, as the case may be, the claims in respect of which have been and/or will be transferred by the Seller to the Guarantor pursuant to the Master Purchase Agreement.

Mortgages (*Ipoteche*) means the mortgages created on the Real Estate Assets pursuant to Italian law in order to secure claims in respect of the Receivables.

Negative Carry Factor means (i) nil if the relevant Covered Bond has a corresponding Cover Pool Swap structured as Total Balance Guaranteed Swap, otherwise (ii) a percentage calculated by reference to the weighted average margin of the Covered Bonds and will, in any event, be not less than 0.5 per cent.

Offer Date (*Data di Offerta*) means (i) with respect to the purchase of each Subsequent Portfolio, a date falling not later than the fourth Business Day preceding each Issue Date, and (ii) with respect to the purchase of each Further Portfolio, a date falling not later than the fourth Business Day preceding each Guarantor Payment Date, i.e. the date within which the Seller may send to the Guarantor the Transfer Proposal pursuant to Article 3.2 of the Master Purchase Agreement.

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

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

Optional Redemption Date (Call) has the meaning given in the relevant Final Terms.

Optional Redemption Date (Put) has the meaning given in the relevant Final Terms.

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

Outstanding Principal Balance means, at any date, in relation to a Mortgage Loan, and/or any other Asset and/or any Eligible Investment, the aggregate nominal principal amount outstanding of such Mortgage Loan or such other Asset or such Eligible Investment at such date.

Paying Agent means Mediobanca, as long as it is an Eligible Institution and provided that an Issuer Event of Default has not occurred, otherwise BNP Paribas Securities Services, Milan Branch which is appointed to act as paying agent under the terms of the Cash Management Agreement, and any of its successors.

Payment Business Day means a day on which banks in the relevant Place of Payment are open for payment of amounts due in respect of debt securities and for dealings in foreign currencies and any day which is:

(i) if the currency of payment is euro, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or

(ii) if the currency of payment is not euro, a day on which dealings in foreign currencies may be carried on in the Main Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

Person means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality.

Place of Payment means, in respect of any Bondholders, the place at which such Bondholder receives payment of interest or principal on the Covered Bonds.

Pledge Account means, collectively, the Accounts listed under Schedule 3 to the Deed of Pledge.

Pledged Claims has the meaning attributed to in Clause 2.1 of the Deed of Pledge.

Portfolio Management Agreement means the agreement entered into on or about the First Issue Date between the Issuer, the Seller, the Servicer, the Test Report Provider, the Guarantor, the Calculation Agent and the Representative of the Bondholders.

Portfolio (*Portafoglio*) means, collectively, the Initial Portfolio, any Subsequent Portfolios and any Further Portfolios which will be purchased by the Guarantor in accordance with the terms of the Master Purchase Agreement.

Post-Guarantor Event of Default Priority of Payment means the order of priority pursuant to which the Available Funds shall be applied, on each Guarantor Payment Date, following the service of a Guarantor Default Notice, in accordance with Clause 5.4 of the Intercreditor Agreement.

Post-Issuer Event of Default Priority of Payment means the order of priority pursuant to which the Available Funds shall be applied, on each Guarantor Payment Date, following the service of an Issuer Default

Notice, but prior to the service of a Guarantor Default Notice, in accordance with Clause 5.3 of the Intercreditor Agreement.

Potential Set-Off Amounts means an amount calculated on a quarterly basis by the Servicer and communicated to the Rating Agency as a percentage of the Cover Pool that the Servicer determines as potentially subject to set-off risk by the relevant Debtors, taking into consideration the portion of the Debtors having current and deposit accounts opened with the Seller.

Pre-Issuer Event of Default Interest Priority of Payment means the order of priority pursuant to which the Interest Available Funds shall be applied, on each Guarantor Payment Date, prior to the service of an Issuer Default Notice, in accordance with Clause 5.1 of the Intercreditor Agreement.

Pre-Issuer Event of Default Principal Priority of Payment means the order of priority pursuant to which the Principal Available Funds shall be applied, on each Guarantor Payment Date, prior to the service of an Issuer Default Notice, in accordance with Clause 5.2 of the Intercreditor Agreement.

Pre-Issuer Event of Default Priority of Payment means, as applicable, the Pre-Issuer Event of Default Interest Priority of Payment or the Pre-Issuer Event of Default Principal Priority of Payment.

Premium Interests means, on any Guarantor Payment Date:

(A) prior to the occurrence of an Issuer Event of Default, an amount equal to the positive difference between (a) the sum of the Interest Available Funds, with respect to the immediately preceding Collection Period, and (b) the algebraic sum of the amounts due by the Guarantor under items from (i) to (xi) (included) of the Pre-Issuer Event of Default Interest Priority of Payments; or

(B) following the occurrence of an Issuer Event of Default but prior to the occurrence of a Guarantor Event of Default, an amount equal to the positive difference between (a) the sum of the Available Funds with respect to the immediately preceding Collection Period and (b) the algebraic sum of the amounts due by the Guarantor under items from (i) to (ix) (included) of the Post-Issuer Event of Default Priority of Payments; or

(C) following the occurrence of a Guarantor Event of Default, an amount equal to the positive difference between (a) the sum of the Available Funds with respect to the immediately preceding Collection Period and (b) the algebraic sum of the amounts due by the Guarantor under items from (i) to (vii) (included) of the Post-Guarantor Event of Default Priority of Payments.

Principal Amount Outstanding means, on any date: (a) in relation to a Covered Bond, the principal amount of that Covered Bond upon issue less the aggregate amount of any principal payments in respect of that Covered Bond which have become due and payable (and been paid) on or prior to that date; and (b) in relation to the Covered Bonds outstanding at any time, the aggregate of the amount in (a) in respect of all Covered Bonds outstanding.

Principal Available Funds means, on each Guarantor Payment Date:

(a) all principal amounts collected by the Servicer and/or the Guarantor in respect of the Cover Pool and credited to the Transaction Account during the Collection Period preceding the relevant Guarantor Payment Date;

(b) all other recoveries in the nature of principal collected by the Servicer and/or the Guarantor and credited from time to time to the Transaction Account;

(c) all proceeds deriving from the sale, if any, of the Assets;

(d) all amounts in respect of principal (if any) received under any Swap Agreements other than the Swap Collateral (if any); and

(e) principal amounts collected by the Servicer in respect of the Cover Pool in the past Collection Periods but still standing to the credit of the Transaction Account.

Priorities of Payments (*Ordine di Priorità dei Pagamenti*) means each of the orders in which the Available Funds shall be applied on each Guarantor Payment Date in accordance with the Terms and Conditions and the Intercreditor Agreement.

Program Debtor means any Counterparty who is or may become the debtor of any of the claims and rights over which the Pledge is hereby created other than the Debtors.

Programme End Date means the earlier between (i) the date falling on a year and one day after the Covered Bonds have been redeemed in full at their relevant Maturity Date (or Extended Maturity Date, if applicable pursuant to the relevant Final Terms) and (ii) in case of prepayment in full of the Covered Bonds, the date falling on two years and one day after the Covered Bonds have been redeemed in full.

Programme (*Programma*) means the covered bonds issue programme which Mediobanca intends to carry out pursuant to article 7-bis of Law 130/99 through the issuance of several Series of Covered Bond in a 10 (ten) years period from the First Issue Date.

Programme Agreement means the agreement entered into on or about the First Issue Date between the Issuer, the Seller, the Guarantor, the Representative of the Bondholders and the Initial Dealer.

Programme Resolution has the meaning set out in the Rules.

Publicity (*Pubblicità*) means, in relation to each Portfolio, collectively: (i) the publication on the Official Gazette of the Republic of Italy of the transfer notice of such Portfolio, substantially in the form attached under Schedule 5 to the Master Purchase Agreement and (ii) the filing of an application for the registration of such assignment with the competent Companies' Register.

Public Assets (*Attivi Pubblici*) means, collectively, the Public Entities Receivables and Public Entities Securities.

Public Assets General Criteria (*Criteri Generali degli Attivi Pubblici*) means the general criteria on the basis of which shall be selected the Public Assets to be included in each Subsequent Portfolio and/or Further Portfolio, as specified in the Schedule 1 – Part I – Section II to the Master Purchase Agreement.

Public Entity Receivables means, pursuant to article 2, sub-paragraph 1, of MEF Decree, any receivables owned by or receivables which have been benefit of a guarantee eligible for credit risk mitigation granted by:

(i) Public Entities, including ministerial bodies and local or regional bodies, located within the European Economic Area or Switzerland for which a risk weight not exceeding 20% is applicable in accordance with the Bank of Italy's prudential regulations for banks - standardised approach; and

(ii) Public Entities, located outside the European Economic Area or Switzerland, for which a 0% risk weight is applicable in accordance with the Bank of Italy's prudential regulations for banks - standardised approach - or regional or local public entities or non-economic administrative entities, located outside the European Economic Area or Switzerland, for which a risk weight not exceeding 20% is applicable in accordance with the Bank of Italy's prudential regulations for banks - standardised approach, provided that, the Public Entities Receivables described under item (ii) above may not amount to more than 10% of the aggregate nominal value of the Cover Pool.

Public Entity Securities means pursuant to article 2, sub-paragraph 1, of MEF Decree, any securities issued by or which have benefit of a guarantee eligible for credit risk mitigation granted by:

(i) Public Entities, including ministerial bodies and local or regional bodies, located within the European Economic Area or Switzerland for which a risk weight not exceeding 20% is applicable in accordance with the Bank of Italy's prudential regulations for banks - standardised approach; and

(ii) Public Entities, located outside the European Economic Area or Switzerland, for which a 0% risk weight is applicable in accordance with the Bank of Italy's prudential regulations for banks - standardised approach - or regional or local public entities or non-economic administrative entities, located outside the European Economic Area or Switzerland, for which a risk weight not exceeding 20% is applicable in accordance with the Bank of Italy's prudential regulations for banks - standardised approach, provided that, the Public Entities Securities described under item (ii) above may not amount to more than 10% of the aggregate nominal value of the Cover Pool.

Public Loan (*Finanziamento Pubblico*) means any loans granted by any entity referred to in Article 2, paragraph 1(c), n. 1) and 2) of MEF Decree, or secured by the same entities in compliance with the provisions of Article 2, paragraph 1(c) of the MEF Decree.

Put Option has the meaning given in the relevant Final Terms.

Put Option Notice means a notice which must be delivered to the Paying Agent by any Bondholder wanting to exercise a right to redeem Covered Bonds at the option of the Bondholder.

Put Option Receipt means a receipt issued by the Paying Agent to a depositing Bondholder upon deposit of Covered Bonds with the Paying Agent by any Bondholder wanting to exercise a right to redeem Covered Bonds at the option of the Bondholder.

Quarterly Report (*Rendiconto Trimestrale*) means the quarterly report prepared by the Servicer pursuant to Article 3.13 of the Servicing Agreement to be sent by the Servicer within the Quarterly Report Date to the Guarantor, the Seller, the Issuer, the Asset Monitor, the Rating Agency, the Calculation Agent, the Corporate Services Provider, the Swap Counterparties and the Representative of the Bondholders.

Quarterly Report Date (*Data di Rendiconto Trimestrale*) means the date falling on the 14th day of January, April, July and October or, if such day is not a Business Day, the immediately following Business Day.

Quota Capital Account means the Euro denominated account IBAN No. IT75P1063101600000070092700 opened with Mediobanca – Banca di Credito Finanziario S.p.A., where the issued and paid-up corporate capital account of the Guarantor has been deposited.

Quotaholders' Agreement means the agreement entered into on or about the First Issue Date between the Guarantor, the Quotaholders and the Representative of the Bondholders.

Quotaholders means Chebanca! S.p.A. and SPV Holding S.r.l. and each assignee of the relevant participation in the issued and paid-up corporate capital of the Guarantor.

Rate of Interest means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Series of Covered Bonds specified in the relevant Final Terms or calculated or determined in accordance with the provisions of the Terms and Conditions and/or the relevant Final Terms.

Rating Agency means Fitch.

Real Estate Asset (*Immobile*) means any real estate asset mortgaged as security of a Receivable under a Mortgage Loan Agreement.

Redemption Amount means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount 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 in the relevant Final Terms or, if none, four major banks selected by the Interest Determination Agent in the market that is most closely connected with the Reference Rate.

Reference Price has the meaning given in the relevant Final Terms.

Reference Rate means, as specified in the applicable Final Terms, the deposit rate, the interbank rate, the swap rate or bond yield, as the case may be, which appears on the Relevant Screen Page at the Relevant Time on the Interest Determination Date and as determined by the Interest Determination Agent.

Reference Rate Event means, with reference to the Reference Rate applicable to a Series of a Covered Bond, the occurrence of any of the following events: (i) the Relevant Screen Page on which the Reference Rate appears has been discontinued or it is materially changed or (ii) a decision to withdraw the authorization or registration to the administrator of the Reference Rate as set out in Article 35 of the Benchmarks Regulation has been adopted by the competent authority.

Registered 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.

Registrar means any institution which may be appointed by the Issuer to act as 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.

Relevant Clearing System means Euroclear and/or Clearstream, Luxemburg 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 Main 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 Bondholders.

Relevant Dealer(s) means, in relation to a Series, the Dealer(s) which is/are party to any agreement in writing entered into with the Issuer and the Guarantor for the issue by the Issuer and the subscription by such Dealer(s) of such Series pursuant to the Programme Agreement.

Relevant Financial Centre has the meaning given in the relevant Final Terms.

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

Relevant Time has the meaning given in the relevant Final Terms.

Representative of the Bondholders (*Rappresentante dei Portatori dei Covered Bond*) means the entity that will act as representative of the holders of each series of Covered Bonds pursuant to the Transaction Documents.

Required Redemption Amount means the Euro Equivalent of the Principal Amount Outstanding in respect of the relevant Covered Bond, multiplied by 1 + (Negative Carry Factor x (days to the Maturity Date of the relevant Series of Covered Bond (or the Extended Maturity Date if applicable)/365).

Required Reserve Amount means, an amount which will be determined, initially, on each Issue Date for the relevant Series of Covered Bond and then on each Calculation Date and which will be equal to the aggregate amount of (a) one fourth of the annual amount payable under items (ii) and (iv) of the Pre-Issuer Event of Default Interest Priority of Payment; and (b) any interest amounts due on the Covered Bond on the next CB Payment Date.

Reserve Account means the euro denominated account established in the name of the Guarantor with the Account Bank, IBAN: IT09W1063101600000070201383, or such other substitute account as may be opened in accordance with the Cash Management Agreement.

Residential Mortgage Loan Agreement means any residential mortgage loan agreement out of which Receivables arise.

Residential Mortgage Loan means, pursuant to article 2, sub-paragraph 1, of MEF Decree, a residential mortgage loan in respect of which the relevant amount outstanding added to the principal amount outstanding of any higher ranking mortgage loans secured by the same property, does not exceed 80 per cent of the value of the property and for which the hardening period with respect to the perfection of the relevant mortgage has elapsed.

Revolving Period means the period of 10 (ten) years from the date of the First Issue Date in which Mediobanca may issue several Series of Covered Bonds under the Programme pursuant to art. 7-bis of the Law 130/99.

Rules (*Regolamento dei Portatori dei Covered Bond*) means the rules of the organisation of the Bondholders, attached to the Conditions and forming an integral part thereof.

Retention Amount means an amount equal to Euro 50,000.

Scheduled Due for Payment Date means:

(i) (a) the date on which the Scheduled Payment Date in respect of the relevant Guaranteed Amounts is reached, and (b) only with respect to the first Scheduled Payment Date immediately after the occurrence of an Issuer Event of Default, the later of (i) the day which is two Business Days following

the service of the Issuer Default Notice on the Guarantor in respect of such Guaranteed Amounts and (ii) the relevant Scheduled Payment Date; or

(ii) if the applicable Final Terms specified that an Extended Maturity Date is applicable to the relevant Series or Tranche of Covered Bonds, the Scheduled Payment Date that would have applied if the Maturity Date of such series or tranche of Covered Bonds had been the Extended Maturity Date or such other Scheduled Payment Date(s) as specified in the relevant Final Terms.

Scheduled Interest means in respect of each Scheduled Payment Date following the service of an Issuer Default Notice to the Guarantor, an amount equal to the amount in respect of interest which would have been due and payable under the Covered Bonds on such Scheduled Payment Date as specified in the Terms and Conditions falling on or after the service of an Issuer Default Notice to the Guarantor (but excluding any Excluded Scheduled Interest Amounts).

Scheduled Payment Date means, in relation to any payments due under the Guarantee, each CB Payment Date or, if applicable under the relevant Final Terms, each Optional Redemption Date.

Scheduled Principal means in respect of each Scheduled Payment Date following the service of an Issuer Default Notice to the Guarantor, an amount equal to the amount in respect of principal which would have been due and repayable under the Covered Bonds on such Scheduled Payment dates as specified in the Terms and Conditions (but excluding any Excluded Scheduled Principal Amount).

Screen Rate Determination means that the Rate of Interest will be determined in accordance with Condition 6 (b) (*Screen Rate Determination*).

Second Issue Date (*Seconda Data di Emissione*) means the Issue Date of the second Series of Covered Bonds issued under the Programme.

Secured Creditors (*Creditori Garantiti*) means the Bondholders, the Seller, the Servicer, the Subordinated Lender, the Investment Manager, the Calculation Agent, the Representative of the Bondholders, the Asset Monitor, the Cover Pool Swap Counterparty, the Covered Bond Swap Counterparty, the Account Bank, the Paying Agents, the Test Report Provider, the Interest Determination Agent, the Registered Paying Agent (if any), the Registrar (if any), the Corporate Servicer and the Portfolio Manager (if any).

Securities Account means the euro denominated account established in the name of the Guarantor with the Account Bank, No. T55U1063101600000070201381, or such other substitute account as may be opened in accordance with the Cash Management Agreement.

Security Interest (*Garanzia degli Attivi*) means any Mortgage, charge, pledge, lien, encumbrance and any other security interest or personal guarantee (garanzie reali o personali) granted in favour of the Seller in relation to each Mortgage Loan, Mortgage Loan Agreement or Receivables (except for the fidejussioni omnibus which have not been granted exclusively in relation to or in connection with the Mortgage Loans, Mortgage Loan Agreements or Receivables).

Segregation Event has the meaning given to it in Condition 11.1 (*Segregation Event*).

Selected Assets means the Eligible Assets and the Integration Assets selected by the Portfolio Manager or by the Servicer pursuant to Clause 5 of the Portfolio Management Agreement.

Seller (*Cedente*) means CheBanca in its capacity as such pursuant to the Master Purchase Agreement.

Series or **Series of Covered Bonds** (*Serie*) means each series of Covered Bonds issued in the context of the Programme.

Servicer means CheBanca in its capacity as such pursuant to the Servicing Agreement.

Servicing Agreement (*Contratto di Servicing*) means the agreement entered into, on 30 November, 2011, between the Guarantor and the Servicer.

Settlement Report Date means the fifth Business Day before the Guarantor Payment Date.

Specific Criteria (*Criteri Specifici*) means the eligibility criteria, other than the General Criteria, related to each Portfolio, as specified (i) in the Schedule I – Part II of the Master Purchase Agreement, with respect to the Initial Portfolio and (ii) in the Schedule I – Part III of the Master Purchase Agreement, with respect to each Subsequent Portfolio and Further Portfolio.

Specified Currency means the currency as may be agreed from time to time by the Issuer and the relevant Dealer(s) (as set out in the applicable Final Terms).

Specified Denomination(s) has the meaning given in the relevant Final Terms, as agreed between the Issuer and the relevant Dealer(s).

Specified Office means (i) in the case of the Interest Determination Agent, Bnp Paribas Securities Services, Piazza Lina Bo Bardi 3, Milano, Italy; or (ii) in the case of any other Paying Agent, the offices specified in the relevant Final Terms; or (iii) in the case of the Calculation Agent, CheBanca, Viale Bodio 37, Palazzo 4, 20158 Milano, or, in each case, such other office in the same city or town as such agent may specify by notice to the Issuer and the other parties to the Cash Management Agreement in the manner provided therein.

"**Short-Term Deposit Rating**" means the short-term rating which may be assigned from Fitch to a bank account provider.

"**Short-Term IDR**" means, with reference to an institution, the short-term issuer default rating (IDR) assigned from Fitch to such institution.

"**Short-Term Rating**" means (i) with reference to the Account Bank or the Swap Collateral Account Bank, a Short-Term Deposit Rating (if assigned from Fitch) or a Short-Term IDR (where no Short-Term Deposit Rating is assigned from Fitch); and (ii) in any other case, a Short-Term IDR.

Subordinated Lender means CheBanca, in its capacity as such pursuant to the Subordinated Loan Agreement.

Subordinated Loan Agreement (*Contratto di Finanziamento Subordinato*) means, collectively, the Initial Subordinated Loan Agreement and each Subsequent Subordinated Loan Agreement.

Subordinated Loan (*Finanziamento Subordinato*) means each subordinated loan granted by the Subordinated Lender in favour of the Guarantor pursuant to the Subordinated Loan Agreement.

Subsequent Portfolios (*Portafogli Successivi*) means any portfolio of Eligible Assets which may be purchased by the Guarantor in order to allow Mediobanca to issue other Series of Covered Bonds during the Revolving Period pursuant to the terms and subject to the conditions of the Master Purchase Agreement.

Subsequent Subordinated Loan Agreement (*Contratto di Finanziamento Subordinato Successivo*) means each subordinated loan agreement entered into between the Subordinated Lender and the Guarantor prior to each Issue Date, other than the First Issue Date.

Subsequent Subordinated Loan (*Finanziamento Subordinato Successivo*) means each subordinated loan granted by the Subordinated Lender in favour of the Guarantor pursuant to each Subsequent Subordinated Loan Agreement.

Subsidiary has the meaning given to it in Article 2359 of the Italian Civil Code.

Suspension Period means the period of suspension of payments pursuant to Article 74 of the Banking Act.

Swap Agreements means (i) the Cover Pool Swap Agreement and (ii) the Covered Bond Swap Agreement.

Swap Collateral Account means the bank account established in the name of the Guarantor with the Swap Collateral Account Bank with number 000800882305 (Iban code: IT 78 W 03479 01600 000800882305) or such other substitute account bank as may be opened in accordance with the Swap Agreements for the deposit of the collateral which may be due to the Guarantor by the Swap Counterparties under the relevant Credit Support Annex.

Swap Collateral Account Bank means BNP Paribas Securities Services, Milan Branch.

TARGET Settlement Day means any day on which the TARGET2 is open for the settlement of payments in Euro.

TARGET2 means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007.

Tax (*Tassa*) means any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or any political sub-division thereof or any authority thereof or therein.

Tax Deduction means a deduction or withholding for or on account of Tax.

Terms and Conditions means the terms and conditions attached as Schedule 1 to the Intercreditor Agreement.

Test Grace Period means the period starting on the date on which the breach of any Test is notified by the Test Report Provider and ending on the following Calculation Date.

Test Performance Report means the report to be delivered, on each Calculation Date, by the Calculation Agent pursuant to Clause 3 of the Portfolio Management Agreement.

Tests means, collectively, the Mandatory Tests, the Asset Coverage Test andthe Amortisation Test.

Total Balance Guaranteed Swap is a swap agreement aimed at providing a complete hedge against interest rate differentials in the SPV (*i.e.* the Guarantor), including the negative carry eventually arising between the interests matured on the Accounts and on the Integration Assets and Eligible Investments (if any) and the coupons to be paid on the outstanding Covered Bonds.

Transaction Account means the euro denominated account established in the name of the Guarantor with the Account Bank, IBAN: IT59Z1063101600000070201378, or such other substitute account as may be opened in accordance with the Cash Management Agreement.

Transaction Documents (*Documenti del Programma*) means the Master Purchase Agreement, the Servicing Agreement, the Cash Management Agreement, the Portfolio Management Agreement, the Programme Agreement, the Intercreditor Agreement, the Subordinated Loan Agreement, the Asset Monitor Agreement, the Guarantee, the Corporate Services Agreement, the Swap Agreements, the Quotaholders' Agreement, the Deed of Pledge, the Deed of Charge and the Master Definitions Agreement, as amended from time to time.

Transfer Date (*Data di Cessione*) means (i) with reference to the Initial Portfolio, the date on which have been carried out the Publicities pursuant to Clause 2.5 of the Master Purchase Agreement, and (ii) with reference to each Subsequent Portfolios, the date on which have been carried out the Publicities pursuant to Clause 3.6 of the Master Purchase Agreement.

Transfer Proposal (*Proposta di Cessione*) means the transfer proposal sent by the Seller to the Guarantor in relation to each Subsequent Portfolio or Further Portfolio pursuant to Clause 3.2 of the Master Purchase Agreement.

Valuation Date (*Data di Valutazione*) means, in respect of the Initial Portfolio, the Initial Valuation Date and, in respect of each Subsequent Portfolio, the date on which the economic effects of the transfer of the relevant Portfolio will commence.

Zero Coupon Covered Bond means a Covered Bond specified as such in the relevant Final Terms.

Zero Coupon Provisions means Condition 7 (*Zero Coupon Provisions*).

ISSUER	
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Mediobanca Covered Bond S.r.l. Galleria Del Corso, 2 20121 Milan Italy	
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