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BASE PROSPECTUS

BPER Banca S.p.A.

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

€6,000,000,000
Euro Medium Term Note Programme

This base prospectus (the "**Base Prospectus**") constitutes a base prospectus for the purposes of Article 8(1) of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). Under this €6,000,000,000 Euro Medium Term Note Programme (the "**Programme**"), BPER Banca S.p.A. (the "**Bank**" or the "**Issuer**" or "**BPER**") may from time to time issue notes governed by Italian law (i) in global form (the "**Notes in Global Form**") and (ii) notes in dematerialised form (the "**Dematerialised Notes**" and, together with the Notes in Global Form, the "**Notes**"), denominated in such currencies as may be from time to time agreed between the Issuer and the relevant Dealer(s) (as defined below).

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €6,000,000,000 (or its equivalent in other currencies), subject to increase as described herein. In the event of such increase, a supplement to this Base Prospectus will be prepared by the Issuer, which shall be approved by the CSSF (as defined below) in accordance with Article 23 of the Prospectus Regulation. The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Key Features of the Programme Relating to the Notes*" below and any additional Dealer appointed under the Programme from time to time by the Issuer (each a "**Dealer**" and, together, the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis.

The Notes issued under the Programme may qualify as senior preferred notes (the "**Senior Preferred Notes**"), senior non-preferred notes (the "**Senior Non-Preferred Notes**" and together with the Senior Preferred Notes, the "**Senior Notes**"), and subordinated notes (the "**Subordinated Notes**"), subject in each case to compliance with all relevant laws, regulations and directives. No Notes may be issued under the Programme which have a minimum denomination of less than Euro 100,000 (or equivalent in another currency) and, in the case of Senior Non-Preferred Notes, of at least €150,000 (or where the Senior Non-Preferred Notes are denominated in a currency other than euro, the equivalent amount in such other currency) or such other minimum denomination provided by applicable law from time to time, and in the case of Subordinated Notes of at least €200,000 (or, where the Subordinated Notes are denominated in a currency other than euro, the equivalent amount in such other currency) or such other minimum denomination provided by applicable law from time to time.

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

The Base Prospectus has been approved as a base prospectus by the Luxembourg *Commission de Surveillance du Secteur Financier* (the "**CSSF**"), as competent authority under the Prospectus Regulation. The CSSF only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the CSSF should not be considered as an endorsement of the Issuer or of the quality of the Notes. Investors should make their own assessment as to the suitability of investing in the Notes.

By approving the Base Prospectus, the CSSF gives no undertaking as to the economic or financial soundness of the transaction or the quality and solvency of the Issuer in line with the provisions of Article 6(4) of the *loi du 16 juillet 2019 relative aux prospectus pour valeurs mobilières* dated 16 July 2019 (the "**Luxembourg Prospectus Law**"). This Base Prospectus is valid for admission to trading of Notes on a regulated market for the purposes of Directive 2014/65/EU (as amended, "**MiFID II**") for a period of twelve months from the date of approval ending on 5 December 2024, *provided that* it is completed by any supplement, pursuant to Article 23 of the Prospectus Regulation, following the occurrence of a significant new factor, a material mistake or a material inaccuracy relating to the information included (including incorporated by reference) in this Base Prospectus which may affect the assessment of the Notes. For the avoidance of doubt, the Issuer shall have no obligation to supplement this Base Prospectus after the end of its 12-month validity period. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and to be listed on the Official List of the Luxembourg Stock Exchange. References in this Base Prospectus to Notes being listed (and all related references) shall mean that such Notes have been admitted to trading on the regulated market of the Luxembourg Stock Exchange (*Bourse de Luxembourg*) and have been "listed" on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of MiFID II.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined herein) of Notes will be set out in the Final Terms (as define below) which, with respect to Notes to be listed, will be filed with the CSSF. Copies of Final Terms in relation to Notes to be listed on the Luxembourg Stock Exchange will also be published on the website of the Luxembourg Stock Exchange (*www.luxse.com*).

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes

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and/or Notes not admitted to trading on any market. The CSSF has neither approved nor reviewed information contained in this Base Prospectus in connection with unlisted Notes and/or Notes not admitted to trading on any market.

Each Tranche of Notes will be issued on the terms set out herein under "*Terms and Conditions of the Notes in Global Form*" (the "**Terms and Conditions of the Notes in Global Form**") or "*Terms and Conditions of the Dematerialised Notes*" (the "**Terms and Conditions of the Dematerialised Notes**" and together with the Terms and Conditions of the Notes in Global Form, the "**Terms and Conditions**") as completed by a document specific to such Tranche called final terms (the "**Final Terms**").

The Programme has been rated "Ba1" (Senior Unsecured Medium-Term Notes and Senior Non-Preferred Unsecured Medium-Term Notes) and "Ba2" (Subordinate Medium-Term Notes)[1] by Moody's France SAS ("**Moody's**"), "BBB-" (Long-Term Senior Preferred Notes)[2], "BB+" (Long-Term Senior Non-Preferred Notes) and "BB" (Subordinated Debt)[3] by Fitch Ratings Ireland Limited (Italian branch) ("**Fitch**") and "BBB" (Long-Term Senior Debt), "BBB (low)" (Senior Non-Preferred Debt)[4] and "BB (high)" (Subordinated Debt)[5] by DBRS Ratings GmbH ("**DBRS**"). Further information relating to the meaning of each rating can be found on each of Moody's (https://www.moodys.com/), Fitch (https://www.fitchratings.com/) and DBRS (https://www.dbrsmorningstar.com/) respective websites. Each of Moody's, Fitch and DBRS is established in the European union and is included in the list of credit rating agencies published by the European Securities and Market Authority on its website (at https://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the European Union and registered under Regulation (EC) No 1060/2009, as amended.

Amounts payable under the Notes may be calculated by reference to EURIBOR, CMS Rate, or to the sterling overnight index average rate ("**SONIA**"), in each case as specified in the relevant Final Terms. As at the date of this Base Prospectus, EURIBOR is provided and administered by the European Money Markets Institute ("**EMMI**"), CMS Rate is provided and administered by ICE Benchmark Administration Limited and SONIA is provided and administered by the Bank of England. At the date of this Base Prospectus, EMMI is authorised as benchmark administrators, and included on, the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to Article 36 of Regulation (EU) No. 2016/1011 (the "**EU Benchmarks Regulation**"). As at the date of this Base Prospectus, the administrator of CMS Rate is not included in ESMA's register of administrators under Article 36 of the EU Benchmarks Regulation. ICE Benchmark Administration appears on the register of the Financial Conduct Authority pursuant to Article 36 of the EU Benchmarks Regulation as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"). As far as the Issuer is aware, the transitional provisions in Article 51 of the EU Benchmarks Regulation apply, such that ICE Benchmark Administration is not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence). As at the date of this Base Prospectus, the administrator of SONIA is not included in ESMA's register of administrators under Article 36 of the EU Benchmarks Regulation. As far as the Issuer is aware, the Bank of England, as administrator of the SONIA, is not required to be registered by virtue of Article 2 of the EU Benchmarks Regulation.

Arranger

Citigroup

Dealers

Barclays
BNP PARIBAS
BPER Banca S.p.A.
Citigroup
Deutsche Bank
Goldman Sachs International
HSBC
IMI - Intesa Sanpaolo
J.P. Morgan
Mediobanca - Banca di Credito Finanziario S.p.A.
NatWest Markets
Nomura
Société Générale Corporate & Investment Banking
UBS Investment Bank

5 December 2023

[1] *Moody's Ba Obligations rated Ba are judged to have speculative elements and are subject to substantial credit risk. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates amid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.*

[2] *Fitch BBB ratings indicate that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate, but adverse business or economic conditions are more likely to impair this capacity. An additional +/– for 'AA' through 'CCC' levels, indicating relative differences of probability of default or recovery for issues.*

[3] *Fitch BB ratings indicate an elevated vulnerability to credit risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial alternatives may be available to allow financial commitments to be met. An additional +/– for 'AA' through 'CCC' levels, indicating relative differences of probability of default or recovery for issues.*

[4] *DBRS BBB ratings indicate an adequate credit quality. The capacity for the payment of financial obligations is considered acceptable. May be vulnerable to future events. All rating categories other than AAA and D also contain subcategories "(high)" and "(low)". The absence of either a "(high)" or "(low)" designation indicates the credit rating is in the middle of the category.*

[5] *DBRS BB ratings indicate a speculative, non-investment-grade credit quality. The capacity for the payment of financial obligations is uncertain. Vulnerable to future events. All rating categories other than AAA and D also contain subcategories "(high)" and "(low)". The absence of either a "(high)" or "(low)" designation indicates the credit rating is in the middle of the category.*

IMPORTANT NOTICES

Payments of interest, premium and other income relating to the Notes issued by the Issuer are subject to a substitute tax (referred to as "*imposta sostitutiva*") of 26 per cent pursuant to Legislative Decree No. 239 of 1 April 1996 in certain circumstances. In order to obtain exemption at source from *imposta sostitutiva* in respect of payments of interest, premium and other income relating to the Notes, each Noteholder not resident in the Republic of Italy is required to certify that such Noteholder is (i) deemed to be resident in a country which recognises the Italian fiscal authorities' right to a satisfactory exchange of information and (ii) the beneficial owner of payments of interest or other income relating to the Notes, all as more fully set out in "*Taxation*" on page 188.

Notes that qualify as atypical securities ("*titoli atipici*") are subject to withholding tax levied at the rate of 26 per cent in respect of premium (if any) and other income pursuant to Law Decree No. 512 of September 1983, as amended.

For each Tranche of Notes which is issued under the Programme, Final Terms will be prepared containing the information required to complete the information for the relevant issue which, with respect to Notes to be listed on the Official List and admitted to trading on the Regulated Market, will be delivered to the Luxembourg Stock Exchange and filed with the CSSF. In relation to each Tranche of Notes issued under the Programme, this Base Prospectus should be read in conjunction with the applicable Final Terms.

The Notes of each Tranche may:

(A) in the case of Notes in Global Form, initially be represented by a temporary global note ("**Temporary Global Note**") which (i) in respect of a Temporary Global Note which is not intended to be issued in new global note form, will be deposited on the issue date thereof with a common depositary on behalf of Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**") and/or any other agreed clearance system, and (ii) in respect of a Temporary Global Note which is intended to be issued in new global note form, will be deposited on the issue date thereof with a common safekeeper for Euroclear and/or Clearstream, Luxembourg and/or any other agreed clearance system. Each Temporary Global Note will be exchangeable, as specified in the applicable Final Terms, for either a permanent global note ("**Permanent Global Note**") or Notes in definitive form, in each case upon certification as to non-US beneficial ownership as required by U.S. Treasury Regulations. A Permanent Global Note will be exchangeable, in whole but not in part, for definitive Notes, all as further described in the section "*Form of the Notes*" on page 48; or

(B) in the case of Dematerialised Notes, be held in dematerialised form on behalf of the beneficial owners, until redemption or cancellation thereof, by Euronext Securities Milan (formerly Monte Titoli S.p.A.) with registered office and principal place of business at Piazza degli Affari 6, 20123 Milan, Italy ("**Monte Titoli**"), for the account of the relevant Monte Titoli Account Holders. The expression "Monte Titoli Account Holders" means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Monte Titoli and includes any depository banks appointed by Euroclear, as operator of the Euroclear System, and Clearstream, Luxembourg. The Dematerialised Notes have been accepted for clearance by Monte Titoli. The Dematerialised Notes will at all times be held in book entry form and title to the Dematerialised Notes will be evidenced by book entries pursuant to the relevant provisions of Italian Legislative Decree dated 24 February 1998, No. 58, as subsequently amended and supplemented ("**Consolidated Finance Act**") and in accordance with *Commissione Nazionale per le società e la Borsa* ("**CONSOB**") and Bank of Italy Joined Regulation dated 13 August 2018, as subsequently amended and supplemented ("**CONSOB and Bank of Italy Regulation**"). The Noteholders may not require physical delivery of the Dematerialised Notes. However, the Noteholders may ask the relevant intermediaries for certification pursuant to Article 83-*quinquies* and 83-*sexies* of the Consolidated Finance Act.

The information set out in the sections of this Base Prospectus describing clearing arrangements is subject to any change or reinterpretation of the rules, regulations and procedures of Euroclear, Clearstream, Luxembourg and Monte Titoli (the "**Clearing Systems**"), in each case as currently in effect. If prospective investors wish to use the facilities of any of the Clearing Systems, they should confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. The Issuer will not be responsible or liable for any aspect of the records relating to, or payments made on account of, book-entry interests held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such book-entry interests.

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, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.

This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Information Incorporated by Reference*" section on page 31) and shall be construed on the basis that such documents are incorporated by reference in and form part of this Base Prospectus.

This Base Prospectus constitutes a base prospectus for the purposes of Article 8(1) of the Prospectus Regulation.

The Dealers have not independently verified all the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers, or any of their respective affiliates as to the accuracy or completeness of the information contained in this Base Prospectus or any other information provided by the Issuer in connection with the Programme or any Notes or their distribution. The statements made in this paragraph are made without prejudice to the responsibility of the Issuer under the Programme.

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

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

The delivery of this Base Prospectus does not at any time imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme.

The distribution of this Base Prospectus and the offer, distribution or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Dealers do not represent that this document may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or any of the Dealers, which would permit a public offering of any Notes or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations and the Dealers have represented that all offers and sales by them will be made on the same terms. Persons into whose possession this Base Prospectus or any Notes come must inform themselves about, and observe any such restrictions. For details of certain restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the United Kingdom, Canada, Singapore, Switzerland, the European Economic Area, the Republic of Italy, Japan and France, see "*Subscription and Sale*" below.

The Notes have not been and will not be registered under the United States Securities Act 1933, as amended (the "**Securities Act**"), will be in bearer form and subject to US tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to US persons (see "*Subscription and Sale*" below).

This Base Prospectus has not been submitted to the clearance procedure of *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") and may not be distributed in Italy other than (i) to qualified investors (*investitori qualificati*) as defined pursuant to Article 2 of the Prospectus Regulation and any applicable provision of the Consolidated Finance Act, and/or regulations issued by the CONSOB, or (ii) in circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 34-*ter* of CONOSB Regulation No. 11971 of 14 May 1999, as amended from time to time, and any applicable Italian law or regulation.

In this Base Prospectus, unless otherwise specified, or where the context requires otherwise, references to a "**Member State**" are references to a Member State of the EEA, references to "**€**", "**Euro**", "**EUR**" or "**euro**" are

to the currency introduced at the start of the third stage of European economic and monetary union and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended.

All references in this document to "**US dollars**", "**US$**" and "**$**" refer to the currency of the United States of America, references to "**Sterling**" and "**£**" refer to the currency of the United Kingdom and references to "**Japanese Yen**", "**Yen**" and "**¥**" refer to the currency of Japan.

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

Notes issued as Green Bonds, Social Bonds, or Sustainability Bonds

None of the Dealers accepts any responsibility for any social, environmental and sustainability assessment of any Notes issued as Green Bonds, Social Bonds, or Sustainability Bonds or makes any representation or warranty or assurance whether such Notes will meet any investor expectations or requirements regarding such "green", "sustainable", "social" or similar labels (including in relation to Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment (the "**Sustainable Finance Taxonomy Regulation**") and any related technical screening criteria, the proposed European Green Bond Regulation, Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("**SFDR**") and any implementing legislation and guidelines, or any similar legislation in the United Kingdom) or any requirements of such labels as they may evolve from time to time. None of the Dealers is responsible for the use or allocation of proceeds for any Notes issued as Green Bonds, Social Bonds, or Sustainability Bonds, nor the impact or monitoring of such use of proceeds, nor the impact or monitoring of such use of proceeds nor do any of the Dealers undertake to ensure that there are at any time sufficient Eligible Green Assets, Eligible Social Assets or Eligible Sustainability Assets (as defined in "*Use of Proceeds*" below) to allow for allocation of a sum equal to the net proceeds of the issue of such Green Bonds, Social Bonds, or Sustainability Bonds in full.

In addition none of the Dealers is responsible for the assessment of the Issuer's Green, Social and Sustainability Bond Framework (as defined in "*Use of Proceeds*" below) including the assessment of the applicable eligibility criteria in relation to Green Bonds, Social Bonds, or Sustainability Bonds set out in therein. ISS Corporate Solutions has issued an independent opinion, dated 21 April 2023, on the Issuer's Green, Social and Sustainability Bond Framework (the "**Second Party Opinion**"). The Second Party Opinion provides an opinion on certain environmental and related considerations and is not intended to address any credit, market or other aspects of an investment in any Notes, including without limitation market price, marketability, investor preference or suitability of any security. The Second Party Opinion is a statement of opinion, not a statement of fact. No representation or assurance is given by the Dealers as to the suitability or reliability of the Second Party Opinion or any other opinion or certification of any third party made available in connection with an issue of Notes issued as Green Bonds, Social Bonds, or Sustainability Bonds. As at the date of this Base Prospectus, ISS Corporate Solutions, being the provider of such opinions and certifications, is not subject to any specific regulatory or other regime or oversight. The Second Party Opinion and any other such opinion or certification is not, nor should be deemed to be, a recommendation by the Dealers, or any other person to buy, sell or hold any Notes and is current only as of the date it is issued. The criteria and/or considerations that formed the basis of the Second Party Opinion or any such other opinion or certification may change at any time and the Second Party Opinion may be amended, updated, supplemented, replaced and/or withdrawn. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein. The Issuer's Green, Social and Sustainability Bond Framework may also be subject to review and change and may be amended, updated, supplemented, replaced and/or withdrawn from time to time and any subsequent version(s) may differ from any description given in this Base Prospectus. The Issuer's Green, Social and Sustainability Bond Framework, the Second Party Opinion and any other such opinion or certification does not form part of, nor is incorporated by reference in, this Base Prospectus.

In the event any such Notes are, or are intended to be, listed, or admitted to trading on a dedicated "green", "sustainable", "social" or other equivalently-labelled segment of a stock exchange or securities market, no representation or assurance is given by the Dealers that such listing or admission will be obtained or maintained for the lifetime of the Notes.

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

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

MIFID II PRODUCT GOVERNANCE / TARGET MARKET - The Final Terms in respect of any Notes will include a legend entitled "**MiFID II Product Governance**" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending such Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made at the time of issue about whether, for the purpose of the product governance rules under EU Delegated Directive 2017/593 (the "**MiFID II Product Governance Rules**"), any Dealer subscribing for a Tranche of Notes 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 II Product Governance Rules.

UK MiFIR PRODUCT GOVERNANCE / TARGET MARKET - The Final Terms in respect of any Notes will include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to the UK MiFIR product governance rules set out in the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

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

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes should determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should consider, either on its own or with the help of its financial and other professional advisers, whether it:

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

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

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

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

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

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

The language of this 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.

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GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, the Issuer may from time to time issue Notes denominated in any currency, subject as set out herein. Key features of the Programme relating to the Notes appear below in the section "*Key Features of the Programme Relating to the Notes*". The applicable terms of any Notes will be agreed between the Issuer and the relevant Dealer(s) prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, or incorporated by reference into, the Notes, as completed by the applicable Final Terms attached to, or endorsed on, such Notes, as more fully described under "*Form of the Notes*" below.

This Base Prospectus and any supplement will only be valid for issuing Notes in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed €6,000,000,000 or its equivalent in other currencies. For the purpose of calculating the euro equivalent of the aggregate nominal amount of Notes the euro equivalent of Notes denominated in another Specified Currency (as defined under "*Form of the Notes*" below) shall be determined, at the discretion of the Issuer (in the case of the issue of Notes), either as at the agreement date for such Notes or, in either case, on the preceding day on which commercial banks and foreign exchange markets are open for business in London, in each case on the basis of the spot rate for the sale of the euro against the purchase of such Specified Currency in the London foreign exchange market quoted by any leading international bank selected by the Issuer on the relevant day of calculation.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes issued under the Programme. These factors are contingencies that may or may not occur. Factors which could be material for the purpose of assessing the market risks associated with the Notes issued under the Programme are also described below.

*The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. In addition, the following risk factors are presented in a limited number of categories depending on their nature and, in each category, the most material risk factors for the Issuer or the Issuer's group (the "**BPER Group**" or the "**Group**") are mentioned first. Accordingly, the Issuer does not represent that the statements below regarding the risk of holding any Notes are exhaustive.*

Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

Words and expressions defined in "Forms of the Notes", "Terms and Conditions" or elsewhere in this Base Prospectus have the same meaning in this section, unless stated otherwise. Prospective investors should read the entire Base Prospectus.

RISK FACTORS RELATED TO THE ISSUER

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

The risks below have been classified into the following categories:

- *Risks relating to the Issuer's financial position;*
- *Risks relating to the Issuer's business activity and industry;*
- *Risks related to the legal and regulatory environment of the Issuer;*
- *Risks related to the internal control of the Issuer;*
- *Risks related to the political, environmental, social and governance environment of the Issuer.*

Risks relating to the Issuer's Financial Position

Competition

In recent years, the Italian banking sector has seen increasing price competition as a consequence of the deregulation of the banking sector, resulting in the curtailment of protectionist national laws by EU regulation and a blurring of the distinction between different types of financial services. This has led to a reduction in the difference between borrowing and lending rates and has had an impact on commissions and fees, particularly relating to dealings conducted on behalf of third parties as an intermediary bank, which could have a material adverse effect on the Group, notably in its profitability.

The Group faces substantial competition in all parts of its business, including in payments, in originating loans and in attracting deposits. Competition in originating loans emerges principally from other domestic and foreign banks, mortgage banking companies, consumer finance companies, insurance companies and other lenders and purchasers of loans.

The banking industry is moving towards consolidation, creating larger and stronger banks with which the Issuer must compete. The BPER Group cannot assure that this increased competition will not adversely affect its growth prospects, and consequently, its operations. Furthermore, the Group also faces competition from non-bank competitors that provide banking services, which activity is not as regulated and subject to the scrutiny under existing banking laws and regulations.

In addition, downturns in both the global and Italian economy could add to this pressure through increased price competition and lower transaction volumes.

If the Issuer is unable to compete with competitors' products and service offerings and retaining and strengthening customer relationships it may lose existing and/or potential business, lose its current market share or incur losses in some or all of its activities or fail to attract new deposits or retain existing deposits, which could have a material adverse effect on the Group's operating results, financial condition and prospects.

Interest rate fluctuation risk

Interest rate risk represents the potential impact of unexpected changes in market rates on current profits and the equity value of the Group. Interest rate risk can materialize itself into (i) income risk; and/or (ii) investment risk. Income risk derives from the possibility that an unexpected change in interest rates may reduce net interest income, being the difference between interest received and interest paid. Investment risk derives from the possibility that adverse changes in the value of assets, liabilities and off-balance sheet instruments held by the Bank, following changes in interest rates, may destabilise the equilibrium of the balance sheet.

Fluctuations in interest rates influence the financial performance of BPER Group. The results of the Group's banking operations are affected by its management of interest rate sensitivity and, in particular, changes in market interest rates. 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 BPER Group's business activity, financial performance and condition, asset value, and/or results of operations.

Changes in interest rate levels, yield curves and spreads may affect the Group's lending and deposit spreads. Rising interest rates in line with the yield curve can increase the BPER Group's cost of funding at a higher rate than the yield on its assets due, for example, to a mismatch in the maturities of its assets and liabilities that are sensitive to interest rate changes or a mismatch in the degree of interest rate sensitivity of assets and liabilities with similar maturities. At the same time, decreasing interest rates can also reduce the yield on the BPER Group's assets at a rate, which may not correspond to the decrease in the cost of funding.

It should be noted, in particular, that in the first half of 2022, economic growth slowed globally due mainly to the effects of Russia's invasion of Ukraine, which helped fuel strong inflationary pressures, particularly on energy and food goods. Against this backdrop, central banks have initiated a return to less accommodative monetary policies by accelerating interest rate hikes. The increased uncertainty about the economic outlook brought about by the outbreak of the conflict has also had negative repercussions on financial markets, whose volatility has significantly increased since late February 2022. Moreover, starting from October 2023, economic growth may also be impacted by the effects of the Israel-Palestine conflict.

Interest rate trends and fluctuations depend on different factors - such as monetary and macroeconomic policies, general trends in the national and international economy and the political conditions of Europe and Italy - that are beyond the Issuer's control.

In addition, in recent years, the Italian banking sector has been characterised by increasing competition, which, together with the low level of interest rates, has caused a sharp reduction in the difference between borrowing and lending rates, and has made it difficult for the BPER Group to maintain positive growth trends in interest rate margins.

Business concentration risk

Geographically, the Issuer's key market is the Italian region of Emilia Romagna, where the Issuer has historically operated and where the majority of its branches are currently located.

Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent in a wide range of the Issuer's businesses. Adverse changes in the credit quality of the Issuer's borrowers and counterparties (as mentioned above), particularly concentrated in the Emilia Romagna region or a general deterioration in either the Italian or global economic condition, or arising from systemic risks in the financial system, could affect the recoverability and value of the Issuer's assets and require an increase in the Issuer's impairment provision for bad and doubtful debts and other provisions.

Risks connected to a potential credit rating downgrade

BPER is rated by (i) Moody's France SAS ("**Moody's**"), (ii) Fitch Ratings Ireland Limited (Italian branch) ("**Fitch**") and

(iii) DBRS Ratings GmbH ("**DBRS**") which are established in the European Union and registered under Regulation (EC) No. 1060/2009 on credit rating agencies, (as amended) (the "**EU CRA Regulation**") as set out in the list of credit rating agencies registered in accordance with the EU CRA Regulation published on the website of the European Securities and Markets Authority pursuant to the EU CRA Regulation.

Credit ratings affect the cost and other terms upon which BPER is able to obtain funding. Any downgrade of the Issuer's credit rating (for whatever reason) might result in higher funding and refinancing costs, require the Issuer to post additional collateral or take other actions under some of its derivative and other contracts, and could limit the Issuer's access to capital markets and adversely affect its commercial business. In addition, a downgrade of the Issuer's rating may limit the Issuer's opportunities to extend mortgage loans and may have a particularly adverse effect on the Issuer'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 the Issuer's financial condition and/or the results of its operations and, therefore, on the rating assigned to the Notes where applicable.

There is no assurance that the rating agencies will maintain the current ratings or outlooks. The future evolution of the Issuer's ratings is deeply connected to, among others, the macroeconomic status quo and the rating of the Italian Government debt, the impact of the Covid-19 pandemic on asset quality, profitability, and capital of the Issuer.

Risks associated with general economic, financial and other business conditions

The results of the BPER Group are affected by the macroeconomic conditions and trends in the financial markets in general as well as by the economic condition in Italy in particular. During recessionary periods, there may be less demand for loan products and a greater number of the BPER Group's customers may default on their loans or other obligations. Interest rate rises may also have an impact on the demand for mortgages and other loan products. Fluctuations in interest rates and in ratings in the Eurozone and in the other markets in which the BPER Group operates influence its performance.

Since the first half of 2022, economic growth slowed globally due mainly to the effects of Russia's invasion of Ukraine.

The Russian invasion has indeed provoked the reaction of the other countries, which have launched heavy sanctions against Russia. These measures have generated uncertainty about what the effects on world economies might be, particularly for Europe, which, by geographic proximity and trade relations, is the macro area most vulnerable to the impacts of the crisis. As a result, the United States, Canada, the European Union and other countries and multinational organizations have announced and implemented sanctions of various types against Russia, such as the designation of a number of persons and entities, including major Russian banks, in "blocked person" lists, the removal of certain Russian banks from the SWIFT system that facilitates the transfer of money between banks, a prohibition on providing certain types of financing and financial services to certain companies or banks that are under public control or publicly owned, a prohibition on transactions with certain Russian counterparties, and the imposition of restrictions on the export to Russia of certain goods and technologies. In response to the foregoing sanctions, Russia replied with countersanctions on so-called "unfriendly" states (which specifically include countries of the European Union). Countersanctions imposed by Russia have led to a reduction in supply volumes or even a suspension of gas and oil deliveries. Should economic sanctions escalate further, Russia could take further legal action, which could affect European businesses (with their domicile in an "unfriendly State" from a Russian perspective).

Moreover, mismatches between the supply and demand of goods and services, partially as a result of the COVID-19 pandemic and, more recently, the Russia-Ukraine conflict have contributed to a rise in global inflation. To counter inflation, central banks have started increasing interest rates and are currently expected to continue to raise interest rates during the remainder of 2023. In the U.S., the Federal Reserve System terminated its large-scale asset purchases, popularly known as "quantitative easing", and announced a plan to reduce its bond holdings. In addition, the Federal Reserve System has implemented benchmark interest rate increases and has announced further increases to counteract inflationary pressures. The European Central Bank has implemented interest rate increases and discontinued its asset purchases. In addition, restrictive monetary policies and high inflation driven, in large part, by supply chain disruptions and higher energy costs from the war in Ukraine and, potentially, the Israel-Palestine conflict, may lead to a market or general economic downturn or recession. All of these factors may adversely affect the Issuer. Uncertainty surrounding the pace of future interest rate increases by major central banks has already resulted in significant volatility in financial markets around the world and such volatility may continue for a prolonged period of time. Any increase in inflation rates and/or interest rates or a potential recession or other periods of declining economic conditions, could adversely affect Issuer's business, results of operations and financial condition and have a negative effect on the securities markets generally. As of the date of this Base Prospectus, no direct or indirect effects were recorded as a result of the collapse of Silicon Valley Bank, Signature

Bank or of Credit Suisse (which resulted in its acquisition by UBS), all of which occurred in March 2023. However, such situations could prove to be a signal of mounting tensions in the financial markets and such tensions could adversely affect the Issuer's business, results of operations and financial condition and have a negative effect on the securities markets generally.

Therefore, the economic outlook is still conditioned by a high degree of uncertainty that depends on the evolution and duration of the conflict, however, there are conditions for the economic expansion to proceed, thanks to the reopening of the economy in place, the solidity of the labor market, the support of fiscal policies and the savings accumulated during the pandemic.

In addition to the above, the macroeconomic framework could be influenced by: (i) new international trade policies; (ii) other global geopolitical tensions (including the trade disputes between the United States and China and the related protectionist initiatives that have been introduced); (iii) residual uncertainty about the withdrawal of the UK from the EU ("**Brexit**"); (iv) future developments of the European Central Bank's ("**ECB**") monetary policy in the Euro area, the Federal Reserve system in the Dollar area, and the policies implemented by other countries aimed at promoting competitive devaluations of their currencies; (v) the sustainability of the sovereign debt of certain countries and related recurring tensions on the financial markets; and (vi) the volatile trend in the price of oil and gas.

Alongside the international macroeconomic situation, there are also specific risks associated with the current economic, financial and political conditions in Italy. Italy is the main country in which the Issuer operates, therefore, its business is particularly sensitive to investor perception of the country's reliability and solidity of its financial condition as well as prospects for its economic growth.

Rising market tensions might negatively affect the funding costs and economic outlook of some EU member states. This, together with the risk that one or more EU member States deciding either (i) to hold referenda as to their membership of the EU or (ii) in the case of EU Member States that adopted the Euro as their national currency, to adopt an alternative currency. A potential collapse of the Eurozone could lead to the deterioration of the EU's economic and financial situation with a significant negative effect on the entire financial sector, creating new difficulties in the granting of sovereign loans and loans to businesses, and significant changes to financial activities both at market and retail level. The materialization of these risks could have a significant adverse impact on global economic conditions and the stability of international financial markets and a material and negative impact on BPER Group and/or on BPER Group's clients, with negative implications for BPER 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 (including the Republic of Italy) might weigh on households disposable income and on corporate profits with negative implications for the BPER Group's business, results and financial position.

At the date of the Base Prospectus, it remains unclear whether Italy and some European economies will be able to make a significant, structural turnaround over the medium to long term. Any further deterioration of the Italian economy would have a material adverse effect on the BPER Group's business, in light of the BPER Group's significant exposure to the Italian economy.

Despite the several initiatives of supranational organisations to deal with the heightened sovereign debt crisis in the Euro area, the global markets remain characterised by high uncertainty and volatility. Any further acceleration of the European sovereign debt crisis is likely to significantly affect, among other things, the recoverability and quality of the sovereign debt securities held by the BPER Group as well as the financial resources of the BPER Group's clients holding similar securities. The occurrence of any of the above events may cause the BPER Group to suffer losses, increases in funding costs and a diminution in the value of its assets, with a potential adverse effect on the BPER Group liquidity, financial position and results of transactions including its ability to access the capital and financial markets and to refinance debt in order to meet its funding requirements.

Protracted market declines and reduced liquidity in the markets

Protracted adverse market movements, particularly the decline of asset prices, can reduce market activity and market liquidity. These developments can lead to material losses if the BPER Group cannot close out deteriorating positions in a timely manner.

In addition, protracted or steep declines in the share capital or bond markets in Italy and elsewhere may adversely affect the BPER Group's securities activities and its asset management services, as well as its investments in and sales of products linked to the performance of financial assets.

During recessionary periods, there may be less demand for loan products and a greater number of the BPER Group's customers may default on their loans or other obligations. The rise in interest rates may also have an impact on the demand for mortgages and other loan products. In addition, the continued liquidity crisis in other affected economies may create difficulties for the BPER Group's borrowers to refinance or repay loans to the BPER Group's loan portfolio and potentially increase the BPER Group's non-performing loan levels.

BPER Group's access to liquidity could be damaged by the inability of the Issuer and/or BPER Group to access the debt market, including also the forms of borrowing from retail customers, thus compromising compliance with prospective regulatory requirements, with consequent negative effects on the operating results and capital and/or financial position of the Issuer and/or the Group.

Sudden changes in market conditions (interest rates and creditworthiness in particular) can have significant effects on the time to sell, including but not limited to high-quality assets. Significant liquidity shortages, and the consequent need to liquidate high-quality assets in large volumes, may change market conditions. In addition to this, the consequences of a possible decline of the price of the securities held could make it difficult to ensure that the securities can be easily liquidated under favourable economic terms.

The prolonged global economic crisis may weaken the economic recovery, partly as a consequence of the exit strategies to be implemented by the EU and the United States on withdrawal of the assistance granted in recent years to assure the liquidity and stability of the financial system. In this case, the economic and financial position of the BPER Group might suffer further adverse consequences.

Impact of events that are difficult to anticipate

The Issuer's earnings and business are affected by general economic conditions, the performance of financial markets, interest rate levels, currency exchange rates, changes in laws and regulations, changes in the policies of central banks, particularly the Bank of Italy and the European Central Bank (ECB), and competitive factors, at 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.

Risks relating to the Issuer's business activities and industry

Issuer's business activities

As a credit institution, the Issuer is exposed to the typical risks associated with the business of a financial intermediary such as credit risk, market risk, interest rate risk, liquidity and operational risks, in addition to a series of other risks typical to such businesses including strategic risk, legal risk, tax and reputational exposure.

Credit risk relates to the risk of loss arising from counterparty default (in particular, recoverability of loans) or in the broadest sense, from a failure to perform contractual obligations, including on the part of any guarantors.

The Issuer's business depends to a substantial degree on the creditworthiness of its customers. The Issuer is exposed to normal lending risks and thus may not, for reasons beyond its control (such as, for example, fraudulent behaviour of customers), have access to all relevant information regarding any particular customer, their financial position, or their ability to pay amounts owed or repay amounts borrowed. Any failure by its customers to accurately report their financial and credit position or to comply with the terms of their agreements or other contractual provisions could have an adverse effect on the Issuer's business and financial results.

Market risk relates to the risk arising from market transactions in connection with financial instruments, currencies and commodities. The Issuer's trading revenues and the extent of exposure to the interest rate risk are dependent upon its ability to effectively identify changes in the value of financial instruments caused by fluctuations in market prices or interest rates. The Issuer's financial results are also dependent upon how effectively the Issuer determines and assesses the cost of credit and manages its own credit risk through portfolio diversification.

Interest rate risk refers to the possibility of the Issuer incurring losses as a result of a poor performance in market interest rates.

Liquidity risk relates to the Issuer's ability or lack thereof to meet cash disbursements in a timely and economic manner. It is quantified as the additional cost arising from asset sales and/or negotiation of new liabilities incurred by the intermediary when required to meet unexpected commitments by way of recourse to the market. The activity of the Group may be negatively affected by the availability of liquidity in both the institutional and retail markets. The Group also borrows from the ECB. Accordingly, any adverse change to the ECB's lending policy or funding requirements, including changes to the criteria to identify the asset classes that can be accepted by the

ECB as collateral for calculating the value of such assets could affect the Group's results of operations, business and financial condition.

Risks related to the legal and regulatory environment of the Issuer

Evolving regulatory environment

As a bank, BPER operates in a highly regulated industry, and the laws and regulations applicable to BPER are subject to various and constant changes.

The Issuer's business is subject to a wide range of regulations among which by Italian and European legislation relating to the financial and banking sectors and is subject to extensive regulation and supervision by the Bank of Italy, CONSOB (the public authority responsible for regulating the Italian securities market), the European Central Bank and the European System of Central Banks.

The Issuer has as its corporate object the raising of funds for investment and the provision of credit in its various forms. The laws and regulations applicable to BPER Group govern the activities in which banks may engage and are designed to ensure financial stability, sound and prudent management of banks and other entities in banking groups, and to limit their exposure to risk. In addition, BPER must also comply with laws and regulations regarding financial services, such as those governing the marketing distribution and sales of financial products and services.

The competent supervisory authorities regulate and supervise various aspects of the Issuer's business activities, including (inter alia) liquidity levels and capital adequacy, minimum requirement for own funds and eligible liabilities, the prevention of money laundering and data protection, while ensuring transparency and proper conduct in relations with customers and compliance with records keeping and reporting obligations.

Regulators and supervisory authorities are taking an increasingly strict approach to regulations and their enforcement that may not be to the Issuer's benefit. In addition, the interpretation and the application by regulators of the laws and regulations to which the Group is subject may also change from time to time. A breach of any regulations by the Issuer could lead to intervention by supervisory authorities and the Issuer could come under investigation and surveillance, and be involved in judicial or administrative proceedings. The Issuer may also become subject to new regulations and guidelines that may require additional expenditures, investments in systems and people and compliance with which may place additional burdens or restrictions on the Issuer.

In particular, legislative or regulatory alterations encompassing higher prudential standards, in particular with respect to capital and liquidity, could impose a significant regulatory burden on the Issuer or on its Group and could limit the Group's ability to distribute capital and liquidity. As a result, such alterations may have a significant impact on the Issuer by, among others, requiring the Issuer to maintain a greater proportion of its assets in highly liquid but lower-yielding financial instruments, which can negatively affect its interest margin.

No assurance can be given that laws and regulations will be adopted, enforced or interpreted in a manner that will not have an adverse effect on the business, financial condition, cash flows and results of operations of the BPER Group. Investors should consult their own advisers as to the consequences for them of the application of the above regulations as implemented by each Member State.

Bank Recovery and Resolution Directive

The Issuer is required to hold a licence for its operations and is subject to regulation and supervision by authorities in European Union and Italy. Extensive regulations are already in place and new regulations and guidelines are introduced relatively frequently. 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 (the "**Basel Committee**") and aim at preserving their stability and resilience and limiting their risk exposure.

The Issuer is also subject to extensive regulation and supervision by the Bank of Italy, CONSOB, the European Central Bank ("**ECB**") and the European System of Central Banks. 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 international financial markets is currently being amended in response to the credit crisis, and new legislation and regulations are being introduced in Italy and the European Union that will affect the Issuer including proposed regulatory initiatives that could significantly alter the Issuer's capital requirements.

Moreover, the Issuer is subject to the Pillar 2 requirements for banks imposed under the CRD IV Package, which will be impacted, on an on-going basis, by the Supervisory Review and Evaluation Process ("**SREP**"). Following the Supervisory Review and Evaluation Process (SREP) the ECB provides, on an annual basis, a final decision of the capital requirement that BPER must comply with a consolidated level. However, there can be no assurance that the total capital requirements imposed on the Issuer or the BPER Group from time to time may not be higher than the levels of capital available at such time. Also, there can be no assurance as to the result of any future SREP carried out by the ECB and whether this will impose any further own funds requirements on the Issuer or the BPER Group.

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

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

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

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

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

Risks arising from pending legal proceedings

The Issuer operates in a legal and regulatory context that exposes it to a wide range of potential disputes related, for example, to the terms and conditions applied to customers, the nature and characteristics of the financial products and services provided, administrative irregularities, claw back actions and labour/employment lawsuits. Accordingly, the Issuer is party to a number of administrative, civil and tax proceedings as well as judicial and regulatory investigations relating to its activities as part of the ordinary course of business, the outcome of which cannot be predicted.

Although management of the BPER Group believes that the provisions that have been made in the respective financial statements are appropriate, a worse than expected outcome of any legal proceedings might cause such provisions to be insufficient to cover the BPER Group's liabilities and have a material adverse effect on the financial condition and results of operations of the BPER Group.

Risks related to the internal control of the Issuer

Operational risk

Operational risk relates to the risk of loss arising from shortcomings, failures, violations, errors, interruptions, damages in internal processes, people or systems, including, but not limited to IT systems on which BPER is highly dependent to perform its business activities, and from external unforeseeable events, including, but not limited to the risk of fraud by employees and third parties, unauthorised transactions by employees or operational errors, including errors resulting from faulty information technology, telecommunication systems, IT virus, cyber attacks or malfunction of electronic and/or communication services.

For business continuity management, BPER applies a unique organisational model with distributed responsibilities, which allows exercising responsibilities for governance and control. The model envisages an annual review of the analysis performed to identify critical processes and resources, in order to take account of organisational changes that have occurred in the period, the status concerning recovery solutions and, in general, all refinements needed to address the outcome of testing performed in the reference period. For the measure of the operational risk, the Group adopted the Traditional Standardised Approach (TSA). Any failure or weakness in these systems, could however adversely affect the Issuer's financial performance and business activities.

Reputational risk

Reputational risk is understood as the current or prospective risk of a decline in earnings or capital arising from an adverse perception of the Group by customers, employees, counterparties, shareholders, investors or Supervisory Authorities with which the Group may be related.

BPER implemented a reputational risk management framework, the objective of which is to monitor, manage and mitigate reputational risk, as well as to provide a structured periodic situation report thereon and measures that need to be taken to mitigate any areas of vulnerability that may exist. The framework includes the following components: identification and assessment of reputational risk, monitoring the Group's exposure to reputational risk, management of particularly critical reputational events, by means of a functional escalation process and the determination of short and long-term responses and mitigation and periodic reporting.

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, its reputation as well as its revenues and profits may be negatively affected. Any failure to execute the Group's reputational risk management framework successfully could materially adversely affect the Group's business activities, financial condition and results of operations.

Systemic risk

Concerns about, or a default by, one institution could lead to significant liquidity problems, losses or default by other institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships between institutions. The risk is sometimes referred to as "**systemic risk**" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with which the Issuer interacts on a daily basis and therefore could adversely affect BPER.

In order to get access to more efficient liquidity sources BPER has started two covered bond programmes (respectively, the "**First Covered Bond Programme**" and the "**Second Covered Bond Programme**"), structured on a soft bullet or a conditional pass-through basis, on a residential rather than commercial mortgage cover pool. A third covered bond programme (the "**Third Covered Bond Programme**"), structured on a hard or soft bullet basis, again on a residential and commercial mortgage cover pool, has been inherited as a consequence of BPER's take-over and subsequent merger of Banca Carige S.p.A. (for further details, see the section headed "*Description of the Issuer*" below). Risks related to such financial structured instruments are connected to the capacity of BPER to maintain the required over collateralisation ratio between the pools assigned as guarantees and the covered bonds issued under both the First, the Second and the Third Covered Bond Programmes. Should a combination of a sharp decrease of the residential or commercial mortgage loan production and an appreciable increase of the prepayment rate occur, such circumstance could affect BPER's capacity to ensure a suitable claim substitution according to either the First the Second or the Third Covered Bond Programmes' provisions.

Failure to satisfy the structure requirements under either the Second Covered Bond Programme or the Third Covered Bond Programme could adversely affect the Issuer's financial performance and business activities.

Risks related to the political, environmental, social and governance of the Issuer

Catastrophic events, terrorist attacks and similar events

Catastrophic events, terrorist attacks and similar events, as well as the responses thereto, may create economic and political uncertainties, which could have a negative impact on economic conditions in the regions in which the Issuer operates and, more specifically, on the business and results of the Issuer in ways that cannot be predicted.

Climate change risks

Climate change can create (i) transition risks associated with the move to a carbon neutral economy through policy, regulatory and technological changes; (ii) physical risks connected to weather impacts, changes and unpredictability; and (iii) derivative risks, which originate from parties, which may suffer losses from the effects of climate change and may seek compensation from those they hold responsible. Any of these risks can result in financial losses that could impair asset values and the creditworthiness of BPER Group customers and BPER Group, adversely impacting BPER Group.

In addition, climate change may imply, among others, three primary drivers of financial risk that could adversely affect BPER Group:

- Credit risks: Physical climate change could lead to increased credit exposure and companies with business models not aligned with the transition to a low-carbon economy may face a higher risk of reduced corporate earnings and business disruption due to new regulations or market shifts.

- Market risks: Market changes in the most carbon-intensive sectors could affect energy and commodity prices, corporate bonds, equities and certain derivatives contracts. Increasing frequency of severe weather events could affect macroeconomic conditions, weakening fundamental factors such as economic growth, employment and inflation.

- Operational risks: Severe weather events could directly affect business continuity and operations both of customers and the Group's.

Reputational risk could also arise from shifting sentiment among customers and increasing attention and scrutiny from other stakeholders (investors, regulators, etc.) on its response to climate change.

Any of the conditions described above could have a material adverse effect on the business, financial condition and results of operations of the Group.

RISKS RELATED TO THE NOTES

The risks below have been classified into the following categories:

- *Risks related to the structure of a particular issue of Notes;*

- *Risks related to Notes generally; and*

- *Risks related to the market generally.*

Risks related to the structure of a particular issue of Notes

Risks applicable to all Notes

Notes subject to optional redemption by the Issuer

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes or may be perceived to be able to redeem the Notes, the market value of those Notes 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 Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly

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

In addition, if the Issuer has the right to redeem any Notes at its option, the exercise of such right is subject to the previsions set forth in Condition 4(l) (*Conditions to Redemption and Purchase of the Notes*) of the Terms and Conditions of the Notes in Global Form and in Condition 4(l) (*Conditions to Redemption and Purchase of the Notes*) of the Terms and Conditions of the Dematerialised Notes and, in any case, the relevant redemption amount of the Notes to be redeemed may be lower than the amount corresponding to the then current market value of such Notes as of the relevant redemption date.

Redemption for tax reasons

In the event that the Issuer be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Italy or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions.

At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate and, in any case, the relevant redemption amount of the Notes to be redeemed may be lower than the amount corresponding to the then current market value of such Notes as of the relevant redemption date. Potential investors should consider reinvestment risk in light of other investments available at that time. In addition, if the Issuer has the right to redeem any Notes at its option, the exercise of such right is subject to the conditions set forth in Condition 4(l) (*Conditions to Redemption and Purchase of the Notes*) of the Terms and Conditions of the Notes in Global Form and in Condition 4(l) (*Conditions to Redemption and Purchase of the Notes*) of the Terms and Conditions of the Dematerialised Notes and, in any case, the relevant redemption amount of the Notes to be redeemed may be lower than the amount corresponding to the then current market value of such Notes as of the relevant redemption date.

CMS Linked Interest Notes and SONIA Linked Notes

The Issuer may issue Notes with interest determined by reference to the CMS Rate or the Sterling Overnight Index Average ("**SONIA**"), which determine the amount of interest payable (a "**Relevant Factor**"). Potential investors should be aware that:

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

(ii) they may receive no interest;

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

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

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

Any such circumstances could have a material adverse effect on the value of and return on any such Notes.

Fixed Rate Notes

Investment in Fixed Rate Notes involves the risks that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert, in accordance with the provisions applicable to the Senior Notes (the "**Senior Notes Conditions**") and/or the Subordinated Notes (the "**Subordinated Notes Conditions**") (as the case may be), 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 Notes 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 Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

The interest rate on Reset Notes

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

A reset of the interest rate could affect the market value of an investment in the Notes

Fixed Rate Notes may bear interest at an initial Rate of Interest subject to one or more resets during the tenor of the Notes. Such reset rate could be less than the initial Rate of Interest and could affect the market value of an investment in the Notes.

Notes issued at a substantial discount or premium

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

Waiver of set-off

As specified in Conditions 2(b) (*Status of Senior Preferred Notes*), 2(c) (*Status of Senior Non-Preferred Notes*) and 2(d) (*Status of Subordinated Notes*) of the Terms and Conditions of the Notes in Global Form and in Conditions 2(b) (*Status of Senior Preferred Notes*), 2(c) (*Status of Senior Non-Preferred Notes*) and 2(d) (*Status of Subordinated Notes*) of the Terms and Conditions for Dematerialised Notes, each holder of Senior Preferred Note, Senior Non- Preferred Note and of a Subordinated Note unconditionally and irrevocably waives any right of set-off, netting, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of such Senior Preferred Note, Senior Non-Preferred Note and Subordinated Note.

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

The Terms and Conditions of the Notes in Global Form are governed by Italian law and Condition 15 (*Governing Law; Submission to Jurisdiction*) of the Terms and Conditions of Notes in Global Form provides that contractual and non-contractual obligations arising out or in connection with them are governed by, and shall be construed in accordance with, Italian Law. The global Notes representing the Notes in Global Form provide that all contractual and non-contractual obligations arising out of or in connection with the global Notes representing the Notes in Global Form are governed by Italian law, save for the form and transferability of the Notes in Global Form which are governed by English law. Furthermore, the Temporary Global Notes or the Permanent Global Notes, whether issued in CGN or NGN form, as the case may be, representing the Notes in Global Form are signed by the Issuer in the United Kingdom and are, thereafter, delivered to Citibank, N.A., London Branch as Principal Paying Agent, being the entity in charge of, *inter alia*, completing, authenticating and delivering the Temporary Global Note and Permanent Global Notes and (if required) authenticating and delivering Definitive Notes, hence the Notes in Global Form would be deemed to be issued in England according to Italian law. Article 59 of Law No. 218 of 31 May 1995 (regarding the Italian international private law rules) provides that "other debt securities (*titoli di credito*) are governed by the law of the State in which the security was issued".

In light of the above, the Issuer cannot foresee the effect of any potential misalignment between the laws applicable to the Terms and Conditions of the Notes in Global Form and the laws applicable to their transfer and circulation for any prospective investors in the Notes and any disputes which may arise in relation to, *inter alia*, the transfer of ownership in the Notes on the basis of the above-mentioned provisions of Italian Private International Law and the relevant applicable European legislation.

Redemption for regulatory reasons (Regulatory Call)

Subject to Condition 4(l) (*Conditions to Redemption and Purchase of the Notes*) of the Terms and Conditions of the Notes in Global Form and to Condition 4(l) (*Conditions to Redemption and Purchase of the Notes*) of the Terms and Conditions for Dematerialised Notes, if Regulatory Call is specified in the applicable Final Terms as being applicable, the Senior Preferred Notes, the Senior Non-Preferred Notes or, as the case may be, the Subordinated Notes may be redeemed at the option of the Issuer, in whole, but not in part, at any time (if the Note is not a Floating Rate Note) or on any Interest Payment Date (if the Note is a Floating Rate Note), (i) upon the occurrence of an MREL/TLAC Disqualification Event (as defined in Condition 4(c) (*Redemption for regulatory reasons - Regulatory Call*) of the Terms and Conditions of the Notes in Global Form and in Condition 4(c) (*Redemption for regulatory reasons - Regulatory Call*) of the Terms and Conditions for Dematerialised Notes) with respect to the relevant Series of Senior Preferred Notes, Senior Non-Preferred Notes and Subordinated Notes, as the case may be, and (ii) in case of Subordinated Notes, the Subordinated Notes cease to qualify (in whole or in part) as "Tier II Capital" on a consolidated or non-consolidated basis, as a result of changes after the date of issue of the relevant Subordinated Notes in the standards and guidelines of the Bank of Italy or in the applicable legal or regulatory provisions (including legal or regulatory provisions adopted by the European Union).

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 Senior Notes or Subordinated Notes (as the case may be) being redeemed and may only be able to do so at a significantly lower rate and, in any case, the relevant redemption amount of the Notes to be redeemed may be lower than the amount corresponding to the then current market value of such Notes as of the relevant redemption date. Potential investors should consider reinvestment risk in light of other investments available at that time. In addition, if the Issuer has the right to redeem any Notes at its option, the exercise of such right is subject to the previsions set forth in Condition 4(l) (*Conditions to Redemption and Purchase of the Notes*) of the Terms and Conditions of the Notes in Global Form and in Condition 4(l) (*Conditions to Redemption and Purchase of the Notes*) of the Terms and Conditions of the Dematerialised Notes and, in any case, the relevant redemption amount of the Notes to be redeemed may be lower than the amount corresponding to the then current market value of such Notes as of the relevant redemption date.

Risks related to Senior Notes

Senior Notes

Senior Notes eligibility for the purposes of the MREL/TLAC Requirements is subject to uncertainty

The Senior Notes are intended to be eligible liabilities available to meet the MREL requirements and, to the extent applicable to the Issuer, TLAC requirements (together, the "**MREL/TLAC Requirements**") (as defined in Condition 4(c) (*Redemption for regulatory reasons - Regulatory Call*) of the Terms and Conditions for Notes in Global Form and in Condition 4(c) (*Redemption for regulatory reasons - Regulatory Call*) of the Terms and Conditions for Dematerialised Notes). However, there is uncertainty regarding the final substance of the applicable MREL/TLAC Requirements, and the Issuer cannot provide any assurance that the Senior Notes will be or remain eligible for the purposes of the MREL/TLAC Requirements.

The MREL/TLAC Requirements do not currently require (or customarily provide for) a confirmation prior to the issuance of Senior Notes that such Notes will qualify as MREL/TLAC eligible liabilities (subject to prescribed limits, if any, on the quantum of Senior Notes which may be included in the Issuer's MREL/TLAC eligible liabilities) on issue. Although it is the Issuer's expectation that the Senior Notes may qualify as eligible liabilities for the purposes of meeting the Issuer's MREL/TLAC Requirements, the Issuer may be subject to limits as to the quantum of Senior Notes which may be included in its MREL/TLAC eligible liabilities and, in any case, there can be no representation that the Senior Notes of any Series are or will remain MREL/TLAC eligible liabilities during the life of such Series of Senior Notes. If they are not eligible for the purposes of the MREL/TLAC Requirements (or if they initially are compliant with the MREL/TLAC Requirements and subsequently become ineligible due to a change in the relevant final regulations implementing the MREL/TLAC requirements), then an MREL/TLAC Disqualification Event will occur, with the consequences indicated in the risk factor below and in Condition 4(c) (*Redemption for regulatory reasons - Regulatory Call*) of the Terms and Conditions for Notes in Global Form and in Condition 4(c) (*Redemption for regulatory reasons - Regulatory Call*) of the Terms and Conditions for Dematerialised Notes.

Variation following an MREL/TLAC Disqualification Event or Alignment Event

In relation to any Series of Senior Notes, if Modification following an MREL/TLAC Disqualification Event or Alignment Event is specified as applicable in the applicable Final Terms, the Issuer may, upon the occurrence of an MREL/TLAC Disqualification Event, an Alignment Event and/or in order to ensure the effectiveness and

enforceability of Condition 16 (*Acknowledgment of Statutory Bail-in Power*), modify the terms and conditions of all (but not some only) of Senior Notes so that they remain or, as appropriate become, Qualifying Senior Preferred Notes or Qualifying Senior Non-Preferred Notes (as the case may be), without any requirement for the consent or approval of the Noteholders to the extent that such modification is reasonably necessary to ensure that no MREL/TLAC Disqualification Event or Alignment Event would exist after such modification and/or in order to ensure the effectiveness and enforceability of Condition 16 (*Acknowledgment of Statutory Bail-in Power*), **provided that** the relevant conditions set forth in Condition 10 (*Meetings of Noteholders; Modification; Waiver*) of the Terms and Conditions of the Notes in Global Form and Condition 9 (*Meetings of Noteholders; Modification and Waiver*) of the Terms and Conditions of the Dematerialised Notes are satisfied.

Investors should be aware that, where the terms and conditions of such Senior Notes are varied, Noteholders may, as a result, among other things, be assessed as a class rather than individually, and any tax consequences may be borne by the Noteholder.

Early redemption and repurchase of the Senior Notes may be restricted

Any early redemption or repurchase of Senior Notes is subject to compliance by the Issuer with any conditions to such redemption or repurchase prescribed by the Applicable Banking Regulations at the relevant time, including any requirements applicable to such redemption or repurchase due to the qualification of such Senior Notes and Senior Non-Preferred Notes at such time as eligible liabilities available to meet the MREL/TLAC Requirements.

In addition, the early redemption or repurchase of Senior Notes which qualify as eligible liabilities available to meet MREL/TLAC Requirements is subject to the prior approval of the Relevant Authority where applicable from time to time under the applicable laws and regulations. The Banking Reform Package state that the Relevant Authority would approve an early redemption of the Senior Notes and the Senior Non-Preferred Notes where any of the following conditions is met:

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

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

- the Issuer has demonstrated to the satisfaction of the Relevant Authority that the partial or full replacement of the eligible liabilities with Own Funds instruments is necessary to ensure compliance with the Own Funds requirements laid down in the Applicable Banking Regulations for continuing authorization, subject in any event to any different conditions or requirements as may be provided from time to time under the Applicable Banking Regulations.

The Relevant Authority shall consult with the Relevant Resolution Authority before granting that permission.

Senior Non-Preferred Notes

Italian law applicable to the Senior Non-Preferred Notes was recently enacted

Banks and companies belonging to banking groups may issue senior non-preferred securities (the so-called "*strumenti di debito chirografario di secondo livello*").

To qualify as senior non-preferred securities, the Senior Non-Preferred Notes must comply with certain requirements, such as:

(i) the original maturity period is at least twelve months;

(ii) the Senior Non-Preferred Notes are not derivative securities or linked to derivative securities, as defined under Article 1, section 2-*ter*, of the Italian Legislative Decree No. 58 of 24 February 1998 (the "**Financial Services Act**"), nor include any feature of such derivative securities;

(iii) the minimum denomination is at least equal to €150,000 (as subsequently amended from time to time);

(iv) the prospectus and the agreements regulating the issuance of senior non-preferred securities expressly provide that payment of interests and reimbursement of principal due in respect thereof are subject to the

provisions set forth in of Article 91, section 1-*bis*, letter c-*bis* of the Legislative Decree No. 385 of 1 September 1993, as amended (the "**Consolidated Banking Act**").

Pursuant to Article 91, paragraph 1-*bis*, letter c-*bis* of the Consolidated Banking Act, in the event an issuer of senior non-preferred securities is subject to compulsory liquidation (*liquidazione coatta amministrativa*), the relevant payment obligations in respect thereof will rank in right of payment (A) after unsubordinated creditors (including depositors), (B) at least *pari passu* with all other present and future unsubordinated and non-preferred obligations which do not rank or are not expressed by their terms to rank junior or senior to such senior non-preferred securities and (C) in priority to any present or future claims ranking junior to such senior non-preferred securities and the claims of the shareholders.

Furthermore, Article 12-*bis* of the Consolidated Banking Act also provides that:

(a) the provisions set forth in Article 91, paragraph 1-*bis*, letter c-*bis* of the Consolidated Banking Act shall apply to such senior non-preferred securities only to the extent that the requirements described in paragraphs (i), (ii) and (iv) above have been complied with; any contractual provision which does not comply with any of the above requirements is invalid but such invalidity does not imply the invalidity of the entire agreement;

(b) the senior non-preferred securities, once issued, may not be amended in a manner that the requirements described in paragraphs (i), (ii) and (iv) above are not complied with and that any different contractual provision is null and void; and

(c) the Bank of Italy may enact further regulation providing for additional requirements in respect of the issuance and the characteristics of senior non-preferred securities.

Any prospective investor in the Senior Non-Preferred Notes should be aware that the provisions of Articles 12-*bis* and 91, paragraph 1-*bis*, letter c-*bis* of the Consolidated Banking Act were recently enacted and that, as at the date of this Base Prospectus, no interpretation of the application of such provisions has been issued by any Italian court or governmental or regulatory authority and no regulation has been issued by the Bank of Italy in respect thereof. Consequently, it is possible that a regulation or official interpretation relating to the above will be issued in the future by the Bank of Italy or any different authority, the impact of which cannot be predicted by the Issuer as at the date of this Base Prospectus.

Senior Non-Preferred Notes are senior non-preferred obligations and are junior to certain obligations

In order to satisfy the provisions of Articles 12-*bis* and 91, paragraph 1-*bis*, letter c-*bis* of the Consolidated Banking Act and any relevant implementing regulation which may be enacted for such purposes by any Relevant Authority and also qualify as eligible liabilities available to meet the MREL/TLAC Requirements (as defined in Condition 4(c) (*Redemption for regulatory reasons - Regulatory Call*) of the Terms and Conditions for the Notes in Global Form and in Condition 4(c) (*Redemption for regulatory reasons - Regulatory Call*) of the Terms and Conditions for the Dematerialised Notes), Senior Non-Preferred Notes will rank junior to Senior Preferred Notes and any other unsecured and unsubordinated obligations of the Issuer which rank, or are expressed to rank by their terms, senior to the Senior Non-Preferred Notes in the event that the Issuer is subject to compulsory liquidation (*liquidazione coatta amministrativa*). As a result, the default risk on the Senior Non-Preferred Notes will be higher than the risk associated with preferred senior debt (such as Senior Preferred Notes) and other senior liabilities (such as wholesale deposits).

Although Senior Non-Preferred Notes may pay a higher rate of interest than comparable Senior Preferred Notes which are not issued on a senior non-preferred basis, there is a greater risk that an investor in Senior Non-Preferred Notes will lose all or some of its investment should the Issuer become subject to compulsory liquidation (*liquidazione coatta amministrativa*). Thus, such holders of Senior Non-Preferred Notes face an increased performance risk compared to holders of Senior Preferred Notes.

Risk of classification of the Senior Non-Preferred Notes

The intention of the Issuer is for Senior Non-Preferred Notes to qualify on issue as "*strumenti di debito chirografario di secondo livello*" pursuant to and for the purposes of Articles 12-*bis* and 91, paragraph 1-*bis*, letter c-*bis* of the Consolidated Banking Act and any relevant implementing regulation which may be enacted for such purposes by any Relevant Authority and also qualify as eligible liabilities available to meet the MREL/TLAC Requirements. Current regulatory practice of the Bank of Italy (acting as lead regulator) does not require (or customarily provide for) a confirmation to be given prior to the issuance of the Senior Non-Preferred Notes that the Senior Non-Preferred Notes will comply with such provisions.

Although it is the Issuer's expectation that the Senior Non-Preferred Notes qualify as "*strumenti di debito chirografario di secondo livello*" pursuant to and for the purposes of Articles 12-*bis* and 91, paragraph 1-*bis*, letter c-*bis* of the Consolidated Banking Act and any relevant implementing regulation which may be enacted for such purposes by any Relevant Authority and also qualify as eligible liabilities available to meet the MREL/TLAC Requirements (as defined in Condition 4(c) (*Redemption for regulatory reasons - Regulatory Call*) of the Terms and Conditions of the Notes in Global Form and in Condition 4(c) (*Redemption for regulatory reasons - Regulatory Call*) of the Terms and Conditions for Dematerialised Notes) there can be no assurance that the Senior Non-Preferred Notes will so qualify upon issue and will continue to so qualify during their life. Upon the occurrence of an MREL/TLAC Disqualification Event, the Issuer will have the right to redeem the Senior Non-Preferred Notes in accordance with Condition 4(c) (*Redemption for regulatory reasons - Regulatory Call*) of the Terms and Conditions of the Notes in Global Form and with Condition 4(c) (*Redemption for regulatory reasons - Regulatory Call*) of the Terms and Conditions for Dematerialised Notes. Any redemption of Senior Non-Preferred Notes issued by the Issuer is subject to the provisions of Condition 4(l) (*Conditions to Redemption and Purchase of the Notes*) of the Terms and Conditions of the Notes in Global Form and of Condition 4(l) (*Conditions to Redemption and Purchase of the Notes*) of the Terms and Conditions for Dematerialised Notes.

At those times, an investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Senior Non-Preferred Notes being redeemed and may only be able to do so at a significantly lower rate and, in any case, the relevant redemption amount of the Notes to be redeemed may be lower than the amount corresponding to the then current market value of such Notes as of the relevant redemption date. Potential investors should consider reinvestment risk in light of other investments available at that time. In addition, if the Issuer has the right to redeem any Senior Non-Preferred Notes at its option, the exercise of such right is subject to the previsions set forth in Condition 4(l) (*Conditions to Redemption and Purchase of the Notes*) of the Terms and Conditions of the Notes in Global Form and in Condition 4(l) (*Conditions to Redemption and Purchase of the Notes*) of the Terms and Conditions of the Dematerialised Notes and, in any case, the relevant redemption amount of the Senior Non-Preferred Notes to be redeemed may be lower than the amount corresponding to the then current market value of such Senior Non-Preferred Notes as of the relevant redemption date.

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

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

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

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

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

Upon issue, the Senior Non-Preferred Notes may be rated by one or more credit rating agencies. Such credit rating may be lower than the Issuer's credit rating, since it reflects the increased risk of loss in the event of the Issuer's insolvency. As a result, Senior Non-Preferred Notes are likely to be rated by one or more credit rating agencies close to the level of subordinated debt and as such may be subject to a higher risk of price volatility than the Senior Preferred Notes.

In addition, the rating may change in the future depending on the assessment, by one or more credit rating agencies, of the impact on the different instrument classes resulting from the modified liability structure following the issuance of the Senior Non-Preferred Notes.

Furthermore, credit rating agencies may seek to rate any Senior Non-Preferred Notes on an "unsolicited" basis and, if such "unsolicited ratings" are lower than the comparable ratings assigned to such Senior Non-Preferred Notes on a "solicited" basis, such shadow or unsolicited ratings could have an adverse effect on the value of any Senior Non-Preferred Notes.

Risks related to Subordinated Notes

Subordinated Notes

If the Issuer is declared insolvent and a winding up is initiated, or in the event that the Issuer becomes subject to an order of "*liquidazione coatta amministrativa*" as defined in the Consolidated Banking Act, it will be required to pay the holders of senior debt (including the holders of the Senior Preferred Notes and the Senior Non-Preferred Notes) and meet its obligations to all its other creditors ranking senior to the holders of the Subordinated Notes (including unsecured creditors) in full before it can make any payments on the Subordinated Notes. If this occurs, the Issuer may not have enough assets remaining after these payments to pay amounts due under the Subordinated Notes and/or payments to Noteholders may be delayed with respect to payments made to holders of senior debt and/or other creditors.

Furthermore, the BRRD provides for a Member State as a last resort, after having assessed and applied the 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 requirements of the EU state aid framework and the BRRD. As an exemption from these principles, the BRRD allows for three kinds of extraordinary public support to be provided to a solvent institution without triggering resolution: 1) a State guarantee to back liquidity facilities provided by central banks according to the central banks' conditions; 2) a State guarantee of newly issued liabilities; or 3) an injection of Own Funds (as defined in the CRR as interpreted and applied in accordance with the Applicable Banking Regulations) in the form of precautionary recapitalisation. In the case of precautionary recapitalisation EU state aid rules require that shareholders and junior bond holders (such as holders of the Subordinated Notes) contribute to the costs of restructuring.

As a result, Subordinated Notes may be subject to a partial or full write-down or conversion to common equity Tier 1 instruments of the Issuer or one of the Group's entities or another institution. Accordingly, trading behaviour may also be affected by the threat that non-viability loss absorption (or the general bail-in tool) may be applied to Subordinated Notes or the burden sharing requirements of the EU state aid framework and the BRRD may be applied and, as a result, Subordinated Notes are not necessarily expected to follow the trading behaviour associated with other types of securities. Noteholders should consider the risk that they may lose all of their investment, including the principal amount plus any accrued interest if the non-viability loss absorption (or the general bail-in tool) is applied to the Subordinated Notes or the burden sharing requirements of the EU state aid framework and the BRRD are applied or that such Subordinated Notes may be converted into ordinary shares which ordinary shares may be of little value at the time of conversion.

Italian Legislative Decree No. 193 of 8 November 2021 implementing BRRD II in Italy and published on 30 November 2021 in the Gazzetta Ufficiale has transposed in the Italian legislation Article 48(7) of BRRD II under Article 91, paragraph 1-*bis*, letter c-*ter* of the Consolidated Banking Act. Such provisions state that (i) if an instrument is only partly recognised as an Own Funds item, the whole instrument shall be treated in insolvency as a claim resulting from an Own Funds item and shall rank lower than any claim that does not result from an Own Funds item and (ii) if an instrument is fully disqualified as Own Funds item, it would cease to be treated as a claim resulting from an Own Funds item in insolvency and, consequently, would improve their ranking with respect to any claim that results from an Own Funds item (such as the Subordinated Notes).

In light of this new provision, if the Subordinated Notes were to be disqualified in full as Own Funds items in the future:

(a) their ranking would improve *vis-à-vis* the rest of the Subordinated Notes; and

(b) in the event of a liquidation or bankruptcy of the Issuer, the Issuer would, *inter alia*, be required to pay the holders of the Notes and any other subordinated creditors of the Issuer, whose claims arise from

liabilities that are no longer fully recognised as an Own Funds instrument, in full before it can make any payments on any other Subordinated Notes which are still recognised (at least in part) as Own Funds instruments.

The terms of the Subordinated Notes include provisions, a number of which are mandated by the Bank of Italy or any European supervisory authority regulations, which may affect the ability of the Issuer to make payments under the Notes. Such provisions, including the terms of their subordination, the limited number of events of default and the limited right of the Noteholders to accelerate such Notes, are described in the "*Terms and Conditions of the Notes*" below. Prospective investors in Subordinated Notes should therefore read the relevant provisions of the "*Terms and Conditions of the Notes*" carefully before making any investment decision.

Regulatory classification of the Subordinated Notes

If any Subordinated Notes are issued under the Programme, the Issuer's intention is that they should qualify on issue as "Tier II Capital", for so long as this is permitted under the Bank of Italy regulations. Current regulatory practice by the Bank of Italy does not require (or customarily provide for) a confirmation prior to the issuance of Subordinated Notes that the Notes will be treated as such. There can be no assurance that any such Subordinated Notes will continue to qualify as "Tier II Capital" during the life of the Notes or that the Notes will be grandfathered under the implementation of further EU capital requirement regulations. If the Notes are not grandfathered, or for any other reason cease to qualify (in whole or in part), as "Tier II Capital", the Issuer will (if so specified in the applicable Final Terms) have the right to redeem the Notes in accordance with Condition 4(c) (*Redemption for regulatory reasons - Regulatory Call*) of the Terms and Conditions for the Notes in Global Form and Condition 4(c) (*Redemption for regulatory reasons - Regulatory Call*) of the Terms and Conditions for the Dematerialised Notes, subject to the prior approval of the Bank of Italy.

At those times, an investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Subordinated Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time. In addition, if the Issuer has the right to redeem any Notes at its option, the exercise of such right is subject to the previsions set forth in Condition 4(l) (*Conditions to Redemption and Purchase of the Notes*) of the Terms and Conditions for the Notes in Global Form and in Condition 4(l) (*Conditions to Redemption and Purchase of the Notes*) of the Terms and Conditions for the Dematerialised Notes and, in any case, the relevant redemption amount of the Subordinated Notes to be redeemed may be lower than the amount corresponding to the then current market value of such Subordinated Notes as of the relevant redemption date.

Early redemption and purchase of the Subordinated Notes may be restricted

The Applicable Banking Regulations prescribe certain conditions for the granting of permission by the Relevant Authority to a request by the Issuer to redeem a Series of Subordinated Notes prior to their stated maturity or repurchase the Subordinated Notes. Any early redemption or purchase of Subordinated Notes is subject to compliance by the Issuer with any conditions to such redemption or purchase set out in the Applicable Banking Regulations at the relevant time and to the other provisions set out in Condition 4(l)(ii) (*Conditions to Redemption and Purchase of the Notes*) of the Terms and Conditions for the Notes in Global Form and Condition 4(l)(ii) (*Conditions to Redemption and Purchase of the Notes*) of the Terms and Conditions for the Dematerialised Notes.

There can be no assurance that the Relevant Authority will permit any redemption or purchase of Subordinated Notes. In addition, the Issuer may elect not to exercise any option to redeem any Subordinated Notes early. Holders of Subordinated Notes should be aware that they may be required to bear the financial risks of an investment in such Notes for an extended period.

Variation following a Tax Event, Alignment Event, MREL/TLAC Disqualification Event or Regulatory Event

In relation to any Series of Subordinated Notes, if Modification following a Tax Event, Alignment Event or Regulatory Event is specified as applicable in the applicable Final Terms, the Issuer may, upon the occurrence of a Tax Event, Alignment Event or Regulatory Event and/or in order to ensure the effectiveness and enforceability of Condition 16 (*Acknowledgment of Statutory Bail-in Power*) of the Terms and Conditions of the Notes in Global Form and Condition 14 (*Acknowledgment of Statutory Bail-in Power*) of the Terms and Conditions of the Dematerialised Notes, modify the terms and conditions (in each case of all but not some only) of such Subordinated Notes, so that they remain or, as appropriate become, Qualifying Subordinated Notes, without any requirement for the consent or approval of the Noteholders to the extent that such modification is reasonably necessary to ensure that no Tax Event, Alignment Event or Regulatory Event would exist after such modification and/or in order to ensure the effectiveness and enforceability of Condition 16 (*Acknowledgment of Statutory Bail-in Power*) of the Terms and Conditions of the Notes in Global Form and Condition 14 (*Acknowledgment of*

Statutory Bail-in Power) of the Terms and Conditions of the Dematerialised Notes, **provided that** the relevant conditions set forth in Condition 10 (*Meetings of Noteholders; Modification; Waiver*) of the Terms and Conditions of the Notes in Global Form and in Condition 9 (*Meetings of Noteholders; Modification; Waiver*) of the Terms and Conditions of the Dematerialised Notes are satisfied. See also "*Variation following an MREL/TLAC Disqualification Event"* risk factor related to the Senior Notes.

Investors should be aware that, where the terms and conditions of such Notes are varied, Noteholders may, as a result, among other things, be assessed as a class rather than individually, and any tax consequences may be borne by the Noteholders.

Risks related to Notes generally

The Bank Recovery and Resolution Directive may affect the Notes

The Regulatory Authorities have, pursuant to the BRRD framework, the power to apply "resolution" tools if the Issuer is failing or likely to fail, as an alternative to *liquidazione coatta amministrativa* (compulsory liquidation proceedings). Specifically, these tools are: (1) the sale of business assets or shares of the Issuer; (2) the establishment of a bridging organization; (3) the separation of the unimpaired assets of the Issuer from those which are deteriorated or impaired; and (4) a bail-in, through write-down/conversion into equity of regulatory capital instruments (including the Subordinated Notes) as well as other liabilities of the Issuer (including the Senior Notes) if the relevant conditions are satisfied and in accordance with the creditors' hierarchy provided under the relevant provisions of Italian law.

Furthermore, Article 33(a) of BRRD II introduces a new pre-resolution moratorium tool as a temporary measure in an early stage and new suspension powers, which the resolution authority can use within the resolution period. Any suspension of activities can, as stated above, result in the partial or complete suspension of the performance of agreements (including any payment or delivery obligation) entered into by the respective credit institution. The exercise of any such power or any suggestion of such exercise could materially adversely affect the rights of the holders of securities issued by the Issuer, the price or value of their investment in any such security and/or the ability of the credit institution to satisfy its obligations under any such security.

In particular, by its acquisition of a Note (whether on issuance or in the secondary market), each holder of the Notes acknowledges, accepts, agrees to be bound by and consents to the exercise of any Bail-in Power by a Regulatory Authority that may result in the cancellation of all, or a portion, of the principal amount of, or interest on, the Notes and/or the conversion of all, or a portion, of the principal amount of, or interest on, the Notes into equity or other securities or other obligations of the Issuer or another person, including by means of a variation to the terms of the Notes, in each case to give effect to the exercise by a Regulatory Authority of such Bail-in Power. Each holder of the Notes acknowledges, accepts and agrees that its rights as a holder of the Notes are subject to, and will be varied, if necessary, so as to give effect to, the exercise of any such power by any Regulatory Authority.

The exercise of any power under the BRRD or any suggestion of such exercise taking place could, therefore, have a material adverse effect on the rights of Noteholders, the price or value of their investment in any Notes and/or the ability of the Issuer to satisfy its obligations under any Notes.

For a description of the loss absorption requirement, see Condition 2(d) (*Status of Subordinated Notes*) of the Terms and Conditions of the Notes in Global Form and Condition 2(d) (*Status of Subordinated Notes*) of the Terms and Conditions for Dematerialised Notes.

The Notes have limited Events of Default and remedies

The Events of Default in respect of the Notes, being events upon which the Noteholders may declare the Notes to be immediately due and payable, are limited to circumstances in which the relevant Issuer becomes subject to compulsory winding-up (*liquidazione coatta amministrativa*) pursuant to Articles 80 and following of the Consolidated Banking Act (as amended from time to time) as set out in Condition 9 (*Events of Default)* of the Terms and Conditions for the Notes in Global Form and Condition 8 (*Events of Default)* of the Terms and Conditions for the Dematerialised Notes, as applicable. Accordingly, other than following the occurrence of an Event of Default, even if the Issuer fails to meet any of its obligations under the Notes, including the payment of any interest, or in case of the exercise of any bail-in by the Relevant Authority, the Noteholders will not have the right of acceleration of principal and the sole remedy available to Noteholders for recovery of amounts owing in respect of any of the Notes will be the institution of proceedings to enforce such payment. Notwithstanding the foregoing, the Issuer will not, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

Potential Conflicts of Interest

The Issuer or the Agent may act as Calculation Agent or the Issuer may appoint a Dealer as Calculation Agent in respect of an issuance of Notes under the Programme. In such a case the Calculation Agent is likely to be a member of a financial group that is involved, in the ordinary course of its business, in a wide range of banking activities out of which conflicting interests may arise. Whilst such a Calculation Agent will, where relevant, have information barriers and procedures in place to manage conflicts of interest, it may in its other banking activities from time to time be engaged in transactions involving an index or related derivatives which may affect amounts receivable by Noteholders during the term and on the maturity of the Notes or the market price, liquidity or value of the Notes and which could be deemed to be adverse to the interests of the Noteholders.

Modification and waiver

Provisions for calling meetings of Noteholders are contained in the Agency Agreement for the Notes in Global Form and Annex 1 to the Terms and Conditions of the Dematerialised Notes, as applicable, and summarised in Condition 10 (*Meetings of Noteholders; Modification; Waiver*) of the Terms and Conditions of the Notes in Global Form and in Condition 9 (*Meetings of Noteholders; Modification and Waiver*), as applicable.

Noteholders' meetings may be called to consider matters affecting Noteholders' interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. In addition, pursuant to Condition 3(f) (*Benchmark Replacement*) of the Terms and Conditions of the Notes in Global Form and to Condition 3(f) (*Benchmark Replacement*) of the Terms and Conditions for Dematerialised Notes, certain changes may be made to the interest calculation provisions of the Notes in the circumstances and as otherwise set out in such Conditions.

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

To the extent applicable, Notes issued under the Programme will be in dematerialised form and evidenced at any time through book entries pursuant to the relevant provisions of Consolidated Finance Act and in accordance with CONSOB and Bank of Italy Regulation. In no circumstance would physical documents of title be issued in respect of the Notes issued in dematerialised form. While the Dematerialised Notes are represented by book entries, investors will be able to trade their beneficial interests only through Monte Titoli and the authorised financial intermediaries holding accounts on behalf of their customers with Monte Titoli. As the Dematerialised Notes are held in dematerialised form with Monte Titoli, investors will have to rely on the procedures of Monte Titoli and the financial intermediaries authorised to hold accounts therewith, for transfer, payment and communication with the Issuer.

Risks relating to change of law or administrative practices

The Terms and Conditions of the Notes are based on the laws of Italy in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to the laws or administrative practice of Italy after the date of this Base Prospectus and any such change could materially adversely impact the value of any Notes affected by it.

No gross up on withholding tax

The Notes may be subject to withholding taxes in circumstances where the Issuer is not obliged to make gross up payments and this would result in Noteholders receiving less interest than expected and could significantly adversely affect their return on the Notes.

U.S. Foreign Account Tax Compliance Act Withholding ("FATCA")

Pursuant to provisions of law commonly known as the U.S. Foreign Account Tax Compliance Act ("**FATCA**"), the Issuer and other non-U.S. financial institutions through which payments on the Notes are made may be required to withhold U.S. tax at a rate of 30 per cent on all, or a portion of, "foreign passthru payments". According to Proposed U.S. Treasury Regulations, such withholding should begin no earlier than 2 years after the date of publication of final U.S. Treasury Regulations defining the term foreign passthru payments. Such withholding may have to be made in respect of such foreign passthru payments on (i) any Notes characterized as debt (or which are not otherwise characterized as equity) for U.S. federal tax purposes that are issued or materially modified after the date that is six months after the date of publication of final U.S. Treasury Regulations defining the term "foreign passthru payments" and (ii) any Notes characterized as equity for U.S. federal tax purposes, whenever issued.

In order to improve international tax compliance and to implement FATCA, Italy entered into an intergovernmental agreement with the United States on 10 January 2014 ("**IGA**"), ratified by way of Law No. 95 on 18 June 2015, published in the Official Gazette – general series No. 155, on 7 July 2015. The Issuer is now required to report certain information in relation to its U.S. account holders to the Italian tax authorities in order (i) to obtain an exemption from FATCA withholding on certain payments it receives and/or (ii) to comply with any applicable Italian law. However, it is not yet certain how the United States and Italy will address withholding on "foreign passthru payments" (which may include payments on the Notes) or if such withholding will be required at all.

This withholding tax may be triggered on payments on the Notes where the Issuer or the Paying Agent is a foreign financial institution ("**FFI**") that is required to withhold on "foreign passthru payments", that it makes to a "recalcitrant account holder" or another FFI that is neither a "participating FFI" nor a "deemed-compliant FFI" (as such terms are defined in FATCA, including any accompanying U.S. regulations or guidance). The IGA may modify such withholding tax requirements.

If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes as a result of FATCA, none of the Issuer, the Paying Agent or any other person would be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive amounts that are less than expected. An investor who is able to claim the benefits of an income tax treaty between its own jurisdiction and the United States may be entitled to a refund of amounts withheld pursuant to the FATCA rules, though the investor would have to file a U.S. tax return to claim this refund and would not be entitled to interest from the U.S. Internal Revenue Service ("**IRS**") for the period prior to the refund.

However, whilst the Notes are in global form and held within the ICSDs, in all but the most remote circumstances, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent and the common depositary and common safekeeper, given that each of the entities in the payment chain between the Issuer and the participants in the ICSDs is a major financial institution whose business is dependent on compliance with FATCA. Further, FFIs in a jurisdiction that has entered into an IGA with the United States are generally not expected to be subject to being withheld upon under FATCA or an IGA unless such FFI is treated as a nonparticipating FFI. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA withholding. However, definitive Notes will only be printed in remote circumstances.

FATCA withholding, if ever required, may affect payments made to custodians or intermediaries in the payment chain leading to the Issuer, or the ultimate investor, if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. FATCA withholding may also affect payment to any ultimate investor that is an FFI 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.

Each Noteholder should consult its own tax adviser to obtain a more detailed explanation of FATCA and to understand how FATCA might affect each Noteholder in its specific circumstances.

Certain benchmark rates including EURIBOR, may be discontinued or reformed in the future

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

Key international reforms of "benchmarks" include IOSCO's proposed Principles for Financial Market Benchmarks (July 2013) (the "**IOSCO Benchmark Principles**") and the EU Benchmarks Regulation 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 EU Benchmarks Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK Benchmarks Regulation**") applies to "contributors", "administrators" and "users of" "benchmarks" in the EU, and among other things, (i) requires benchmark administrators to be authorised (or, if non-EU-based or non-UK-based, to be subject

to an equivalent regulatory regime) and to comply with extensive requirements in relation to the administration of "benchmarks" and (ii) bans the use of "benchmarks" of unauthorised administrators, among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed). The scope of the EU Benchmarks Regulation and the UK Benchmarks Regulation is wide and, in addition to so-called "critical benchmark" indices such as EURIBOR, could also potentially apply to many other interest rate indices, as well as equity, commodity and foreign exchange rate indices and other indices (including "proprietary" indices or strategies) which are referenced in listed financial instruments (including listed Notes), financial contracts and investment funds.

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could also have a material impact on any listed Notes linked to a "benchmark" index, including in any of the following circumstances:

(i) an index which is a "benchmark" could not be used as such if its administrator does not obtain appropriate EU or UK authorisations or is based in a non-EU or non-UK jurisdiction which (subject to any applicable transitional provisions) does not have equivalent regulation. In such event, depending on the particular "benchmark" and the applicable terms of the Notes, the Notes could be delisted (if listed), adjusted, redeemed or otherwise impacted;

(ii) the methodology or other terms of the "benchmark" related to a series of Notes could be changed in order to comply with the terms of the EU Benchmarks Regulation, and such changes could have the effect of reducing or increasing the rate or level of the "benchmark" or of affecting the volatility of the published rate or level, and could lead to adjustments to the terms of the Notes, including Calculation Agent determination of the rate or level in its discretion.

Any of the international, national or other reforms (or proposals for reform) or the general increased regulatory scrutiny of "benchmarks" could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or participate in certain "benchmarks", trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the disappearance of certain "benchmarks".

On 21 September 2017, the European Central Bank announced that it would be part of a new working group tasked with the identification and adoption of a "risk free overnight rate" which can serve as a basis for an alternative to current benchmarks used in a variety of financial instruments and contracts in the euro area. On 11 May 2021 the euro risk-free rate working group published its recommendation on EURIBOR fallback trigger events and fallback rates. The recommended fallback rates are based on the new Euro short-term rate ("**€STR**"). Although EURIBOR has subsequently been reformed in order to comply with the terms of the EU Benchmarks Regulation, it remains uncertain as to how long it will continue in its current form, or whether it will be further reformed or replaced with €STR or an alternative benchmark.

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

The Terms and Conditions provide that, if the Issuer determines that a Benchmark Event (as defined in the Conditions) has occurred (including, but not limited to, a Reference Rate (as defined in the Terms and Conditions) ceasing to be provided or upon a material change of a Reference Rate if applicable), such an event may be deemed to have occurred prior to the issue date of a Series of Notes and the Issuer shall use reasonable endeavours to appoint an Independent Adviser for the purposes of determining a Successor Rate or an Alternative Benchmark Rate (as further described in Condition 3(f) (*Benchmark Replacement*) of the Terms and Conditions of the Notes in Global Form and in Condition 3(f) (*Benchmark Replacement*) of the Terms and Conditions for Dematerialised Notes) and, if applicable, an Adjustment Spread. Please refer to Condition 3(f) (*Benchmark Replacement*) of the Terms and Conditions of the Notes in Global Form and to Condition 3(f) (*Benchmark Replacement*) of the Terms and Conditions of the Dematerialised Notes for the full definitions of a Benchmark Event.

In certain circumstances, including but not limited to where (i) the Issuer is unable to appoint an Independent Adviser or (ii) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate, or where (if so specified in the relevant Final Terms) amendments to the terms of the Notes in accordance with Condition 3(f) (*Benchmark Replacement*) of the Terms and Conditions of the Notes in Global Form and with Condition 3(f) (*Benchmark Replacement*) of the Terms and Conditions of the Dematerialised Notes would cause the occurrence of a Regulatory Event or a MREL Disqualification Event (as applicable) or (in the case of Senior Preferred Notes or Senior Non-Preferred Notes only) would result in the Relevant Authority treating an Interest Payment Date as the effective maturity date of the Notes, rather than the relevant Maturity Date, the ultimate fallback for the purposes of calculation of interest for a particular Interest Period or Reset Period (as applicable) may result in the Reference Rate applicable to the immediate following Interest Period or Reset Period (as applicable) being the Reference Rate applicable as at the last preceding Interest Determination Date. If there has not been a first Interest Payment Date, the Reference Rate may be the Reference Rate applicable to the first Interest Period. This may result in effective application of a fixed rate of interest for Notes initially designated to be Floating Rate Notes or Reset Notes (as applicable). In addition, due to the uncertainty concerning the availability of Successor Rates and Alternative Reference Rates and the involvement of an Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time.

The use of a Successor Rate or an Alternative Benchmark Rate may result in interest payments that are substantially lower than or that do not otherwise correlate over time with the payments that could have been made on the Notes if the relevant benchmark remained available in its current form. In addition, while any Adjustment Spread may be expected to be designed to eliminate or minimise any potential transfer of value between counterparties, the application of the Adjustment Spread to the Notes may not do so and may result in the Notes performing differently (which may include payment of a lower interest rate) than they would do if the Reference Rate were to continue to apply in its current form. Any such consequences could have a material adverse effect on the value of and return on any such Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Issuer to meet its obligations under the Floating Rate Notes or Reset Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Notes or Reset Notes. Investors should consider these matters when making their investment decision with respect to the relevant Floating Rate Notes or Reset Notes.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation and the UK Benchmarks Regulation or any of the international or national reforms and the possible application of the benchmark replacement provisions of the Notes, investigations and licensing issues in making any investment decision with respect to the Notes linked to or referencing such a "benchmark" since the rate of interest will be changed in ways which may be adverse to holders of such Notes, without any requirement that the consent of such holders be obtained.

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

The use of risk-free rates, including those such as SONIA and €STR, as reference rates for Eurobonds continues to develop. This relates not only to the substance of the calculation and the development and adoption of market infrastructure for the issuance and trading of bonds referencing such rates, but also how widely such rates and methodologies might be adopted.

The market, or a significant part thereof, may adopt an application of risk free rates that differs (also significantly) from that set out in the Conditions and used in relation to Notes referenced to a reference rate under the Programme. Interest on Notes which reference certain risk free rates is only capable of being determined immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Notes which reference such risk free rate to reliably estimate the amount of interest which will be payable on such Notes. Furthermore, if the Notes become due and payable or are otherwise redeemed early on a date other than an Interest Payment Date, the Rate of Interest payable for the final Interest Period in respect of such Notes shall only be determined immediately prior to the date the Notes became due and payable and shall not be reset thereafter. Furthermore, with respect to SONIA linked Notes, the Issuer may in the future issue Notes referencing SONIA that differ materially in terms of interest determination when compared with any previous SONIA linked Notes issued by it under the Programme. The development of Compounded Daily SONIA as an interest reference rate for the Eurobond markets, as well as continued development of SONIA-based rates for such market and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of any SONIA-referenced Notes issued under the Programme from time to time. Investors should consider these matters when making their investment decision with respect to any such Floating Rate Notes.

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

The Bank of England (or a successor), as administrator of SONIA, may make methodological or other changes that could change the value of SONIA, including changes related to the method by which SONIA is calculated, eligibility criteria applicable to the transactions used to calculate SONIA, or timing related to the publication of SONIA. In addition, the administrator may alter, discontinue or suspend calculation or dissemination of SONIA (in which case a fallback method of determining the interest rate on the Notes will apply).

The administrator has no obligation to consider the interests of Noteholders when calculating, adjusting, converting, revising or discontinuing SONIA.

Because the Global Notes in respect of the Notes in Global Form are held by or on behalf of Euroclear and/or Clearstream, Luxembourg, investors will have to rely on the procedures of the clearing systems

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

While the Notes in Global Form are represented by one or more global Notes, the Issuer will discharge its payment obligations under the Notes in Global Form by making payments to the common depositary or, as the case may be, common safekeeper for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the relevant Notes in Global Form. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the global Notes.

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

Notes issued with a specific use of proceeds, such as a "Green Bond", "Social Bond" or "Sustainability Bond"

The applicable Final Terms relating to any specific Tranche of Notes may provide that it will be the Issuer's intention to apply an amount equal to the proceeds from an offer of those Notes specifically for projects and activities that promote "green" purposes ("**Green Bonds**" and "**Eligible Green Assets**") and "social" purposes ("**Social Bonds**" and "**Eligible Social Assets**") or a combination of "green" and "social" purposes ("**Sustainability Bonds**" and "**Eligible Sustainability Assets**" and, together with the Eligible Green Assets and Eligible Social Assets, the "**Eligible Assets**").

Prospective investors should have regard to the information contained in the section "*Use of Proceeds*" and in the applicable Final Terms regarding such use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in such Notes together with any other investigation such investor deems necessary.

There is currently no firm market consensus as to what bonds may qualify as Green Bonds, Social Bonds, or Sustainability Bonds, or as to what precise attributes are required for a particular project to be defined as "green", in the case of Green Bonds, "social", in the case of Social Bonds, or "sustainable", in the case of Sustainability Bonds, or be given other equivalent label, nor can any assurance be given that a clear definition or consensus will develop over time. The lack of market consensus is, to a certain degree, mitigated through voluntary measures, such as by complying with the relevant set of principles published by the International Capital Market Association ("**ICMA**"), notably green bond principles (the "**Green Bond Principles**"), social bond principles (the "**Social Bond Principles**") and sustainability bond guidelines (the "**Sustainability Bond Guidelines**", and together with the Green Bond Principles and Social Bond Principles, the " **Principles**"), or by obtaining an external review.

The Principles aim to promote integrity of the Green, Social and Sustainability Bond markets through transparency, disclosure and reporting by the issuers. The Principles provide high-level categories for Eligible Assets and give other guidance on the key components involved in launching a credible Green, Social or Sustainability Bond. However, given a broad categorisation of project eligibility by the Principles, diversity of

current market views and the ongoing development in the understanding of environmental and social issues and their consequences, a degree of uncertainty with respect to what projects or activities qualify as "green", "social" or "sustainability", and as result which bonds qualify as Green, Social or Sustainability Bonds, may be inevitable.

A basis for the determination of the definitions of "green" and "sustainable" has been established in the EU with the publication in the Official Journal of the Sustainable Finance Taxonomy Regulation on the establishment of a framework to facilitate sustainable investment (the "**EU Sustainable Finance Taxonomy**") and the final social taxonomy report on transition activities for the EU Sustainable Finance Taxonomy, which was published by the Platform on Sustainable Finance on 28 February 2022. On 21 April 2021, the European Commission approved the Taxonomy Climate Delegated Act (as defined below), formally adopted on 4 June 2021, introducing a first set of technical screening criteria to be used to define which activities contribute to the following environmental objectives under the EU Sustainable Finance Taxonomy: climate change adaptation and climate change mitigation (the "**Taxonomy Climate Delegated Act**"). The Taxonomy Climate Delegated Act entered into force on 1 January 2022. On 10 March 2022, the EU Commission adopted the EU taxonomy Complementary Climate Delegated Act, covering certain nuclear and gas activities, which was published in the Official Journal on 15 July 2022 and it applies as of January 2023. The criteria for the specific gas and nuclear activities are in line with EU climate and environmental objectives and will help accelerate the shift from solid or liquid fossil fuels, including coal, towards a climate-neutral future. A second delegated act setting out proposed technical screening criteria for economic activities that make a substantial contribution to the (non-climate) environmental objectives of the Sustainable Finance Taxonomy Regulation was adopted by the Commission on 27 June 2023. Furthermore, on 6 April 2022, the European Commission adopted the Regulatory Technical Standards (RTS) to Regulation (EU) 2019/2088 (the "**Sustainable Finance Disclosure Regulation**") which apply from 1 January 2023. In addition, on 25 July 2022 Commission Delegated Regulation (EU) 2022/1288, supplementing the SFDR with regard to RTS specifying the details of the content and presentation of the information in relation to the principle of "do no significant harm", specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports ("**SFDR RTS**"), was published in the Official Journal. The new RTS apply from 1 January 2023. On 31 October 2022 the European Commission adopted the Delegated Regulation (EU) 2023/363 amending and correcting the standards laid down in the SFDR RTS to ensure investors receive information reflecting provisions set out in the Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022. The Delegated Regulation has been published in the Official Journal on 17 February 2023 and has come into force on the third day after publication in the Official Journal. Any further delegated act adopted by the EU Commission to implement the Sustainable Finance Taxonomy Regulation or the Sustainable Finance Disclosure Regulation may result in a regular review of the relating screening criteria, with changes to the scope of activities and other amendments to reflect technological progress.

In addition, on 18 June 2019, the Commission Technical Expert Group on sustainable finance published its final report on a future European standard for green bonds (the "**EU Green Bond Standard**"). In the context of the public consultation on the renewed sustainable finance strategy, the European Commission launched a targeted consultation on the establishment of an EU Green Bond Standard, that builds and consults on the work of the Commission Technical Expert Group and has run between 12 June and 2 October 2020. On 19 October 2020, the European Commission published the Commission Work Programme 2021, in which expressed the intention to deliver a legislative proposal by the end of the second quarter of 2021. On 6 July 2021, the European Commission officially adopted a legislative proposal for a EU Green Bond Standard setting out four main requirements: (i) allocation of the funds raised by the green bond should be made in compliance with the EU Sustainable Finance Taxonomy; (ii) full transparency on the allocation of the green bond proceeds; (iii) monitoring and compliance activities to be carried out by an external reviewer; and (iv) registration of external reviewers with the ESMA and subjection to its supervision. In this respect, on 22 November 2023, Regulation (EU) 2023/2631 of the European Parliament and of the Council on European Green Bonds and optional disclosures for bonds marketed as environmentally sustainable and for sustainability-linked bonds was enacted and will apply starting from 21 December 2024.

Accordingly, no assurance is or can be given to investors that:

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

- any Eligible Assets will meet any or all investor expectations regarding such "green", "environmental", "social" or "sustainable" or other equivalently-labelled performance objectives (including those set out under the Sustainable Finance Taxonomy Regulation) or that any adverse environmental, social and/or other impacts will not occur during the implementation of any Eligible Assets. Moreover, where adverse impacts are insufficiently mitigated, the relevant Eligible Assets may become controversial and may generate negative market opinion.

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

Moreover, in light of the continuing development of legal, regulatory and market conventions in the green, sustainable and positive social impact markets, there is a risk that the legal frameworks and/or definitions may (or may not) be modified to adapt any update that may be made to the Green Bond Principles and/or the Social Bond Principles and/or the Sustainability Bond Guidelines and/or the EU Sustainable Finance Taxonomy framework. Any such changes could have an adverse effect on the liquidity and value of and return on any such green or social or sustainable bonds.

With reference to any Notes in respect of which the applicable Final Terms state that an amount equal to the proceeds will be used to finance or refinance Eligible Assets, while it is the intention of the Issuer to apply an amount equal to the net proceeds of any Notes in such a manner, there can be no assurance that the relevant projects (either resulting from the original application of the proceeds of the Notes or a subsequent reallocation of such proceeds, as the case may be), will be capable of being implemented in or substantially in such manner and/or in accordance with any timing schedule and that accordingly such proceeds will be totally disbursed for the specified Green, Social or Sustainability Assets. Nor can there be any assurance that (i) such Green, Social or Sustainable projects will be completed within any specified period or at all or, (ii) with the results or outcome as originally expected or anticipated by the Issuer, or (iii) the originally designated green project or social project or sustainable project (or any project(s) resulting from any subsequent reallocation of some or all of the proceeds of the relevant Green Bonds, Social Bonds or Sustainability Bonds) will not be the potentially or actual disqualified as such.

Any such event or failure by the Issuer (including to comply with its reporting obligations in relation to green or social or sustainable bonds), any actual or potential maturity mismatch between the green, social or sustainable asset(s) towards which an amount equal to the proceeds of the Notes may have been applied and the relevant Notes or if any other risk(s) set out or contemplated by this risk factor with respect to Green Bonds, Social Bonds or Sustainability Bonds are realised, such occurrence will not, with respect to any Notes (including for the avoidance of doubt, any Senior Notes or Subordinated Notes), (i) give rise to any claim of a Noteholder against the Issuer; (ii) constitute an Event of Default under the relevant Notes; (iii) lead to an obligation of the Issuer to redeem such Notes or be a relevant factor for the Issuer in determining whether or not to exercise any optional redemption rights in respect of any Notes and/or give a right to a Noteholder to request early redemption; (iv) affect the qualification of such Notes as *strumenti di debito chirografario di secondo livello*, Tier II Capital or as eligible liabilities instruments or impact any of the features of such Notes, including (without limitation, as applicable) features relating to ranking, permanence, loss absorption and/or flexibility of payments (as applicable); (v) have any impact on the status of the Notes as indicated in Conditions 2(b) (*Status of Senior Preferred Notes*), 2(c) (*Status of Senior Non-Preferred Notes*) and 2(d) (*Status of Subordinated Notes*) of the Terms and Conditions of the Notes in Global Form and in Conditions 2(b) (*Status of Senior Preferred Notes*), 2(c) (*Status of Senior Non-Preferred Notes*) and 2(d) (*Status of Subordinated Notes*) of the Terms and Conditions for Dematerialised Notes, or (vi) prevent the applicability of the Bail-in Power (or any other provision of the applicable regulations). For the avoidance of doubt, neither the proceeds of any Green Bonds, Social Bonds or Sustainability Bonds, nor any amount equal to such proceeds and the operation of any other features will be segregated by the Issuer from its capital and other assets and payments of principal and interest (as the case may be) on the relevant Green Bonds, Social Bonds or Sustainability Bonds shall not depend on the performance of the relevant project nor have any preferred right against such assets.

Green Bonds, Social Bonds or Sustainability Bonds, as any other Bonds, will be fully subject to the application of CRR eligibility criteria and BRRD requirements for Own Funds and eligible liabilities instruments and, as such, an amount equal to the proceeds from Green Bonds, Social Bonds or Sustainability Bonds qualifying as Own Funds or eligible liabilities should cover all losses in the balance sheet of the Issuer regardless of their "green", "social" or "sustainable" or such other equivalent label. The fact that Notes which qualify as Own Funds or eligible liabilities (which may include, for the avoidance of doubt, Senior Notes and Subordinated Notes) are also Green Bonds, Social Bonds or Sustainability Bonds shall not impact (i) any of the features of such Notes, including (without limitation, as applicable) features relating to ranking, permanence, loss absorption and/or flexibility of payments or enhance the performance of the relevant Notes in any way, (ii) the availability of the Notes (or the amounts equal to the proceeds thereof) to absorb all losses (whether or not related to any green, social or sustainable assets towards which an amount equal to the proceeds of the relevant Notes may have been applied or, if relevant, reallocated) in accordance with their terms (if applicable) or the applicable regulations, (iii) the relevant CRR eligibility criteria applicable to the qualification of the relevant Notes as Own Funds or eligible liabilities (as appropriate) or applicability of the relevant BRRD requirements for Own Funds and eligible liabilities or (iv) the risks related to the qualification of such Notes as Own Funds or eligible liabilities (as appropriate). The fact that such Notes are designated as Green Bonds, Social Bonds or Sustainability Bonds does not provide their holders with any priority compared to other Notes and such Notes will be subject to the same risks relating to their level of subordination and the enforcement rights of the holders of the Notes will be equally extremely limited.

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

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

No assurance of suitability or reliability of any Second Party Opinion or any other opinion or certification of any third party relating to any Green or Social Bonds

ISS Corporate Solutions has issued an independent opinion, dated 21 April 2023, on the Issuer's Green, Social and Sustainability Bond Framework (the "**Second Party Opinion**"). The Second Party Opinion provides an opinion on certain environmental and related considerations is a statement of opinion, not a statement of fact. No representation or assurance is given as to the suitability or reliability of the Second Party Opinion or any opinion or certification of any third party (whether or not solicited by the Issuer) made or which may be available in connection with an issue of Notes issued as Green or Social or Sustainable Bonds and in particular with any Eligible Projects to fulfil any environmental, sustainability, social and/or other criteria. The Second Party Opinion and any other such opinion or certification is not intended to address any credit, market or other aspects of any investment in any Note, including without limitation market price, marketability, investor preference or suitability of any security or any other factors that may affect the value of the Notes. The Second Party Opinion and any other opinion or certification is not a recommendation to buy, sell or hold any such Notes and is current only as of the date it was initially issued.

The criteria and/or considerations that formed the basis of the Second Party Opinion and any other such opinion or certification may change at any time and the Second Party Opinion may be amended, updated, supplemented, replaced and/or withdrawn at any time. Any withdrawal of the Second Party Opinion or any other opinion or certification may have a material adverse effect on the value of any Green or Social Bonds in respect of which such opinion or certification is given and /or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose. As at the date of this Base Prospectus, ISS Corporate Solutions being the provider of such opinions and certifications is not subject to any specific regulatory or other regime or oversight. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the reliability of the provider of such opinion or certification for the purpose of any investment in such Green Bond or Social Bond or Sustainability

Bond. The Second Party Opinion and any other such opinion or certification does not form part of, nor is incorporated by reference, in this Base Prospectus.

Minimum Denomination

Notes may in certain circumstances be issued in denominations including (i) a minimum denomination (the "**Minimum Denomination**") of €100,000 (or its equivalent in another currency) or, in the case of Senior Non-Preferred Notes, €150,000 (or, in each case, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency) or, in the case of Subordinated Notes, €200,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency) or such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) and (ii) an amount which is greater than the Minimum Denomination (or its equivalent) but which is an integral multiple of a smaller amount (such as €1,000). Where this occurs, Notes may be traded in amounts in excess of the Minimum Denomination (or its equivalent) that are not integral multiples of the Minimum Denomination (or its equivalent). In such a case, a holder who as a result of trading such amounts, holds a principal amount of less than the Minimum Denomination will not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to an integral multiple of the Minimum Denomination.

Risks related to the market generally

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

The secondary market generally

Notes may have no established trading market when issued, and one may never develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Notes. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. If the Notes are traded after their initial issuance, they may be traded at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial conditions of the Issuer. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes would generally have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes, although application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange.

In addition, Notes issued under the Programme might not be listed on a stock exchange or regulated market and, in these circumstances, pricing information may be more difficult to obtain and the liquidity and market prices of such Notes may be adversely affected. In an illiquid market, an investor might not be able to sell his Notes at any time at fair market prices. The possibility to sell the Notes might additionally be restricted by country specific reasons. In addition, liquidity may be limited if the Issuer makes large allocations to a limited number of investors.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes 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 change significantly (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 Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

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

Rating

Credit or corporate ratings may not reflect all risks. One or more independent rating agencies may assign ratings to the Notes and/or the Issuer. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this paragraph, and other factors that may affect the value of the Notes or the standing of the Issuer. A credit rating and/or a corporate rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. Any adverse change in the applicable credit rating could adversely affect the trading price of the Notes.

Furthermore, in general, EEA regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the EU CRA regulation, or (2) the rating is provided by a credit rating agency not established in the 11 EEA which is certified under the EU CRA Regulation. In general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the United Kingdom and registered under Regulation (EU) No 1060/2009 on credit rating agencies, as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**") unless (1) the rating is provided by a credit rating agency not established in the United Kingdom but is endorsed by a credit rating agency established in the United Kingdom and registered under the UK CRA Regulation, or (2) the rating is provided by a credit rating agency not established in the United Kingdom which is certified under the UK CRA Regulation.

Interest rate risks

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

Transfers of the Notes may be restricted, which may adversely affect the secondary market liquidity and/or trading prices of the Notes

Subject to applicable Italian laws and regulations, the ability to transfer the Notes may also be restricted by securities laws or regulations of certain countries or regulatory bodies. See "*Subscription and Sale*".

The Notes have not been, and will not be, registered under the Securities Act or any state securities laws or the securities laws of any other jurisdiction. Noteholders may not offer the Notes in the United States or for the account or benefit of a U.S. person, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. It is the obligation of each Noteholder to ensure that offers and sales of Notes comply with all applicable securities laws and regulations. In addition, transfers to certain persons in certain other jurisdictions may be limited by law and regulations, or may result in the imposition of penalties or liability. For a description of restrictions which may be applicable to transfers of the Notes, see "*Subscription and Sale*".

The Notes may be delisted

Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange and Notes issued under the Programme may also be admitted to trading, listing and/or quotation by any other listing authority, stock exchange or quotation system (each, a "**listing**"), as specified in the applicable Final Terms. Such Notes may subsequently be delisted despite the best efforts of the Issuer to maintain such listing and, although no assurance is made as to the liquidity of the Notes as a result of listing, any delisting of the Notes may have a material effect on a Noteholder's ability to resell the Notes on the secondary market.

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 (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing, and (iii) other restrictions apply to the purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

RESPONSIBILITY STATEMENT

The Issuer accepts responsibility for the information contained in this Base Prospectus.

The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Certification of the Manager responsible for preparing the Issuer's financial reports, pursuant to Article 154-*bis*, paragraph 2 of Consolidated Finance Act.

The Manager responsible for preparing the Issuer's financial reports, Marco Bonfatti, declares in accordance with Article 154-*bis*, paragraph 2 of the Consolidated Finance Act, that the accounting data contained in this Base Prospectus agrees with the underlying documents, books of accounting entries.

INFORMATION INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with the following documents which have previously been published or which are published simultaneously with this Base Prospectus. Such documents shall be incorporated by reference in and form part of this Base Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

1. Issuer's by-laws (*Statuto*) as of the date of this Base Prospectus, that can be obtained at the webpage:

   https://istituzionale.bper.it/documents/133577364/191148577/Articles+of+Association.pdf/7ad14f30-6f1b-4812-4a03-38866f41e523?version=1.3&t=1669652513193&download=true

2. Issuer's unaudited consolidated half-year report (including limited review report) as at 30 June 2023, that can be obtained at the webpage:

   https://istituzionale.bper.it/documents/133577364/2732143984/Consolidated+half+year+report+as+at+30+06+2023.pdf/dfe5fb52-aa54-ebaa-7839-8f7cf8ba3c2e?version=1.0&t=1696588702782&download=true

3. Issuer's unaudited consolidated interim report on operations (without a review report) as at 31 March 2023, that can be obtained at the webpage:

   https://istituzionale.bper.it/documents/133577364/2732143984/Consolidated+interim+report+on+operations+as+at+31+03+2023.pdf/164af6a5-f2bc-b8a6-7b51-498b1c68ec0f?version=1.0&t=1690836941548&download=true

4. Issuer's consolidated audited annual financial statements, including the auditors' report thereon, notes thereto and the relevant accounting principles in respect of the year ended on 31 December 2022, that can be obtained at the webpage:

   https://istituzionale.bper.it/documents/133577364/2131684318/Annual+Report+2022+%28PDF%29.pdf/b8517d71-0cce-df7f-aa54-87d355d1d6b1?version=1.0&t=1687883613005&download=true

5. Issuer's consolidated Non-Financial Statement pursuant to Italian Legislative Decree 254/2016 in respect of the year ended on 31 December 2022 (Sustainability Report 2022), that can be obtained at the webpage:

   https://istituzionale.bper.it/documents/133577364/191166662/Sustainability+Report+2022.pdf/ac90b602-b0b2-c8ea-4a54-984ad6cf467d?version=1.1&t=1685024273865&download=true

6. Issuer's unaudited consolidated half-year report (including limited review report) as at 30 June 2022, that can be obtained at the webpage:

   https://istituzionale.bper.it/documents/133577364/2131684318/Consolidated+half-year+financial+statements+as+at+30+06+2022.pdf/696afa63-7d81-4531-4425-0c0e040246e5?version=1.0&t=1665762565904&download=true

7. Issuer's consolidated audited annual financial statements, including the auditors' report thereon, notes thereto and the relevant accounting principles in respect of the year ended on 31 December 2021, that can be obtained at the webpage:

   https://istituzionale.bper.it/documents/133577364/1357214240/2021+Annual+Report+%28PDF%29.pdf/10d25ff6-4572-3a4d-f9fd-059f5d37a094?version=1.0&t=1656508516889&download=true

8. BPER Group press release dated 26 April 2023 entitled "Results of the Ordinary Shareholders' Meeting of 26 April 2023", that can be obtained at the webpage:

   https://istituzionale.bper.it/documents/133577364/0/Results_of_the_Ordinary_Shareholders__Meeting_of_26_April_2023_S.pdf/97952efe-7800-f951-496b-8debe8a171b1?t=1682519138497

9. BPER Group press release dated 8 November 2023 entitled "Consolidated results as at 30 September 2023", that can be obtained at the webpage:

https://istituzionale.bper.it/documents/133577364/2789463703/BPER+Risultati+9M23+-+EN_def+logo.pdf/4e1caff4-9732-9b38-baca-7b8f2d0248ac?t=1699463168175

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

The table below sets out the relevant page references for: (i) the Issuer's by-laws (*Statuto*) as of the date of this Base Prospectus; (ii) the Issuer's unaudited consolidated half-year report (including limited review report) as at 30 June 2023; (iii) the Issuer's unaudited consolidated interim report on operations (without a review report) as at 31 March 2023; (iv) the Issuer's consolidated audited annual financial statements, including the auditors' report thereon, notes thereto and the relevant accounting principles in respect of the year ended on 31 December 2022; (v) the Issuer's consolidated Non-Financial Statement pursuant to Italian Legislative Decree 254/2016 in respect of the year ended on 31 December 2022 (Sustainability Report 2022); (vi) the Issuer's unaudited consolidated half-year report (including limited review report) as at 30 June 2022; (vii) the Issuer's consolidated audited annual financial statements, including the auditors' report thereon, notes thereto and the relevant accounting principles in respect of the year ended on 31 December 2021; (viii) the BPER Group press release dated 26 April 2023 entitled "Results of the Ordinary Shareholders' Meeting of 26 April 2023"; and (ix) the BPER Group press release dated 8 November 2023 entitled "Consolidated results as at 30 September 2023".

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

Information contained in the documents incorporated by reference other than information listed in the table below does not form part of this Base Prospectus and is either not relevant for the investor or it is covered elsewhere in this Base Prospectus.

Comparative Table of Documents incorporated by reference

Document	**Information incorporated**	**Page numbers**
Issuer's by-laws (*Statuto*)	Entire document	All
Issuer's unaudited consolidated half-year report (including limited review report) as at 30 June 2023		
	Consolidated balance sheet as at 30 June 2023	Pages 80 to 81
	Consolidated Income Statement as at 30 June 2023	Page 82
	Consolidated statement of other comprehensive income	Page 83
	Consolidated statement of changes in shareholders' equity	Page 84
	Consolidated Statement of Cash Flows	Pages 85 to 86
	Consolidated explanatory notes and attachments	Pages 88 to 194
	Independent auditors' report	Pages 199 to 200 (reference is to the

Document	Information incorporated	Page numbers
		pages of the pdf version)
Issuer's unaudited consolidated interim report on operations (without a review report) as at 31 March 2023		
	Consolidated balance sheet as at 31 March 2023	Page 59
	Consolidated income statement as at 31 March 2023	Page 60
	Consolidated statement of other comprehensive income	Page 61
	Consolidated statement of changes in shareholders' equity	Page 62
	Consolidated explanatory notes and attachments	Pages 63 to 125
Issuer's consolidated audited annual financial statements, including the auditors' report thereon, notes thereto and the relevant accounting principles in respect of the year ended on 31 December 2022		
	Consolidated balance sheet as at 31 December 2022	Page 94
	Consolidated Income Statement as at 31 December 2022	Page 95
	Consolidated statement of other comprehensive income	Page 96
	Consolidated statement of changes in shareholders' equity	Page 97
	Consolidated Statement of Cash Flows	Pages 98 to 99
	Consolidated explanatory notes and attachments	Pages 101 to 412
	Independent auditors' report	Pages 417 to 426
Issuer's consolidated Non-Financial Statement pursuant to Italian Legislative Decree 254/2016 in respect of the year ended on 31 December 2022 (Sustainability Report)		
	History	Pages 18 to 20
	Mission and Approach	Page 21
	The BPER Group's Commitments	Pages 22 to 27

Document	Information incorporated	Page numbers
	Governance and Organisation Model	Pages 28 to 30
	ESG Governance	Pages 30 to 31
	Relation with Suppliers	Page 42
	Ethics and Integrity	Pages 45 to 53
	Group Stakeholders and Materiality Analysis	Pages 54 to 63
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Alternative Performance Measures

The information provided is consistent with the ESMA document of 5 October 2015 "*Guidelines on Alternative performance measures*", aimed at promoting the usefulness and transparency of alternative performance measures ("**APM**") included in prospectuses or documents containing regulated information.

In order to better evaluate the BPER Group financial management performance, the management has identified several APMs. The management believes that these APMs provide useful information for investors as regards the financial position, cash flows and financial performance of the same, because they facilitate the identification of significant operating trends and financial parameters. This Base Prospectus contains alternative performance measures which are used by the management of the Issuer to monitor its financial and operating performance.

For any further information related to APMs see also the relevant footnotes on relevant tables referred to performance ratios data as at 30 June 2023, 31 March 2023, 31 December 2022, 30 June 2022 and 31 December 2021.

It should be noted that:

(i) the APMs are based exclusively on the BPER and BPER Group historical data and are not indicative of the future performance;

(ii) the APMs are not derived from IFRS and, as they are derived from the consolidated financial statements of BPER and BPER Group prepared in conformity with these principles, they are not subject to audit;

(iii) the APMs are non-IFRS financial measures and are not recognised as measures of performance or liquidity under IFRS and should not be recognised as alternative to performance measure derived in accordance with IFRS or any other generally accepted accounting principles;

(iv) the APMs should be read together with financial information for BPER and BPER Group taken from the Issuer's unaudited consolidated half-year report (including limited review report) as at 30 June 2023, the Issuer's unaudited consolidated interim report on operations (without a review report) as at 31 March 2023, the Issuer's consolidated audited annual financial statements, including the auditors' report thereon, notes thereto and the relevant accounting principles in respect of the year ended on 31 December 2022, the Issuer's unaudited consolidated half-year report (including limited review report) as at 30 June 2022 and the Issuer's consolidated audited annual financial statements, including the auditors' report thereon, notes thereto and the relevant accounting principles in respect of the year ended on 31 December 2021;

(v) since all companies do not calculate APMs in an identical manner, the presentation of BPER and BPER Group may not be consistent with similar measures used by other companies. Therefore, undue reliance should not be placed on these data;

(vi) the APMs and definitions used herein are consistent and standardised for all the period for which financial information in this Base Prospectus are included.

The Issuer has selected and represented the APMs set out below as it believes that they are a useful means to obtain a better understanding of the economic and financial performance, because they facilitate the identification of important operating trends and financial parameters peculiar to the areas of the Issuers business activities:

- **TEXAS Ratio**: calculated as total gross non-performing loans on net tangible equity plus impairment provisions for nonperforming loans. The Texas ratio assesses a bank's financial position. It is a measure of a bank's credit quality;

- **ROE**: calculated as ratio of net profit for the year on average shareholders' equity of the Group not including net profit. It is considered a gauge of a corporation's profitability and how efficient it is in generating profits;

- **ROTE**: calculated as net profit for the year on average shareholders' equity of the Group not including net profit and intangible assets. It measures the rate of return on the tangible common equity;

- **ROA**: calculated as net profit for the year (including net profit pertaining to minority interests) on total assets. It is a metric that indicates a company's profitability in relation to its total assets;

- **The Cost to income ratio**: calculated on the basis of the reclassified income statement (operating costs/operating income) and on the basis of the schedules provided by the 7th update of Bank of Italy Circular no. 262. It is one of the main indicators of the Issuer's operational efficiency.

- **The Cost of credit risk**: calculated as net impairment losses to loans to customers on net loans to customers. It is the measure of the cost of managing risk and incurring losses due to risk.

The information that is not included in the cross-reference list above is considered additional information not incorporated by reference and is either not relevant for investors or covered elsewhere in the Base Prospectus or not required by the relevant schedules of the Commission Delegated Regulation 2019/980.

The Issuer's unaudited consolidated half-year report (including limited review report) as at 30 June 2023 has been subject to limited review by Deloitte and Touche S.p.A. ("**Deloitte**") in its capacity as independent auditor of the Issuer, as indicated in its report thereon.

The Issuer's consolidated audited annual financial statements, including the auditors' report thereon, notes thereto and the relevant accounting principles in respect of the year ended on 31 December 2022 and 31 December 2021 have been audited by Deloitte in its capacity as independent auditors of the Issuer, as indicated in its reports thereon.

The financial statements incorporated by reference herein are English translations of the Italian financial statements prepared for and used in Italy and have been translated for the convenience of international readers. The Issuer takes responsibility for the translation of the financial statements relating to it and incorporated by reference herein, whereas the translation of the auditors' report was received directly from the independent auditors of the Issuer, Deloitte.

Deloitte has given, and has not withdrawn, its consent to the inclusion of its reports on the accounts of the Issuer in this Base Prospectus in the form and context in which they are included.

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

Availability of Documents

Copies of all documents incorporated herein by reference may be obtained without charge at the head office of the Luxembourg Listing Agent in the city of Luxembourg and may be obtained from the registered office of the Issuer on the Issuer's website (*https://istituzionale.bper.it/*) or at the website of the Luxembourg Stock Exchange (*www.luxse.com*). Written or oral requests for such documents should be directed to the specified office of the Luxembourg Listing Agent.

BASE PROSPECTUS SUPPLEMENT

If at any time the Issuer shall be required to prepare a prospectus supplement pursuant to Article 23 of the Prospectus Regulation, the Issuer will prepare and make available an appropriate supplement to this Base Prospectus which, in respect of any subsequent issue of Notes to be listed on the Official List and admitted to trading on the Luxembourg Stock Exchange's regulated market, shall constitute a prospectus supplement as required by the above mentioned Article 23 of the Prospectus Regulation.

In connection with the listing on the Official List and admission to trading on the Luxembourg Stock Exchange's regulated market of the Notes, the Issuer has given an undertaking to the Dealers that, if at any time during the duration of the Programme there is a significant new factor, material mistake or material inaccuracy relating to information contained in this Base Prospectus which may affect the assessment of the Notes and whose inclusion in or removal from this Base Prospectus is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, and the rights attaching to the Notes, the Issuer shall prepare a supplement to this Base Prospectus or publish a replacement Base Prospectus for use in connection with any subsequent offering of the Notes and shall supply to each Dealer such number of copies of such supplement hereto as such Dealer may reasonably request.

KEY FEATURES OF THE PROGRAMME RELATING TO THE NOTES

The following overview of key features of the Programme does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. Words and expressions defined in the sections headed "Form of the Notes", or "Terms and Conditions of the Notes" below shall have the same meanings in this overview of key features of the Programme.

Issuer:	BPER Banca S.p.A. (the "**Bank**" or the "**Issuer**")
Issuer Legal Entity Identifier (LEI)	N747OI7JINV7RUUH6190 (expiring on 4 November 2024)
Arranger:	Citigroup Global Markets Europe AG
Dealers:	Barclays Bank Ireland PLC BNP Paribas BPER Banca S.p.A. Citigroup Global Markets Europe AG Deutsche Bank Aktiengesellschaft Goldman Sachs International HSBC Continental Europe Intesa Sanpaolo S.p.A. J.P. Morgan SE Mediobanca - Banca di Credito Finanziario S.p.A. NatWest Markets N.V. Nomura Financial Products Europe GmbH Société Générale UBS Europe SE and any other Dealer appointed from time to time by the Issuer, either generally in respect of the Programme or in relation to a particular Tranche of Notes. (together, the "**Dealers**") Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*" below).
Issuing and Principal Paying Agent (for the Notes in Global Form):	Citibank N.A., London Branch
Paying Agent for the Dematerialised Notes	BPER Banca S.p.A.
Luxembourg Listing Agent:	Banque Internationale à Luxembourg SA
Programme Amount:	The aggregate nominal amount outstanding in respect of Notes under the Programme at any time shall not exceed €6,000,000,000 (or its equivalent in other currencies at the date of issue of the relevant Notes). The Issuer may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Subject to compliance with all applicable legal and/or regulatory restrictions and/or central bank requirements, Notes may be denominated in such currencies as may be agreed between the Issuer and the relevant Dealer(s) (as indicated in the applicable Final Terms).

Maturities: The Notes may have any Maturity Period subject to compliance with all relevant legal and/or regulatory and/or central bank requirements.

Where Senior Preferred Notes have a maturity of less than one year and either:

(a) the issue proceeds are received by the Issuer in the United Kingdom or

(b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, such Notes must:

(i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities include acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or

(ii) be issued in other circumstances which do not constitute a contravention of section 19 (*the general prohibition*) of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Issuer.

Under applicable laws and regulations at the date of this Base Prospectus:

(i) Senior Non-Preferred Notes shall have a minimum Maturity Period of twelve months, as provided under Articles 12-*bis* and 91, paragraph 1- *bis*, letter c-*bis* of the Consolidated Banking Act and any relevant implementing regulation which may be enacted for such purposes by any Relevant Authority, and may be redeemable only subject to the prior authorisation of the Bank of Italy, when required; and

(ii) Subordinated Notes shall have a minimum Maturity Period of five years, as provided under the Applicable Banking Regulations, and may be redeemable only subject to Relevant Authority prior authorisation, when required.

Denomination: The Notes will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements, and save that the minimum denomination of each Note will be €100,000 (or equivalent in another currency) and, in the case of Senior Non-Preferred Notes, of at least €150,000 (or where the Senior Non-Preferred Notes are denominated in a currency other than euro, the equivalent amount in such other currency) or such other minimum denomination provided by applicable law from time to time, and in the case of Subordinated Notes of at least €200,000 (or, where the Subordinated Notes are denominated in a currency other than euro, the equivalent amount in such other currency) or such other minimum denomination provided by applicable law from time to time.

Issue Price: Notes may be issued at par or at a discount to, or premium over, par, as specified in the applicable Final Terms.

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.

Form of Notes: The Notes of a Tranche will be in bearer form and may:

(A) in the case of Notes in Global Form, initially be represented by a Temporary Global Note which (i) in respect of a Temporary Global Note which is not intended to be issued in new global note form (a "**Classic Global Note**" or "**CGN**", as specified in the applicable Final Terms), will be deposited on the issue date thereof with a common depositary on behalf of Euroclear and Clearstream, Luxembourg, and/or any other agreed clearance system as specified in the applicable Final Terms and each global, and (ii) in respect of a Temporary Global Note which is intended to be issued in new global note form (a "**New Global Note**" or "**NGN**", as specified in the applicable Final Terms), will be deposited on or around the issue date thereof with a common safekeeper for Euroclear and/or Clearstream, Luxembourg and/or any other agreed clearance system. Each Temporary Global Note will be exchangeable, as specified in the applicable Final Terms, for either a Permanent Global Note or Notes in definitive form, in each case not earlier than 40 days after the Issue Date upon certification as to non US beneficial ownership as required by U.S. Treasury Regulations. A Permanent Global Note will be exchangeable, in whole but not in part, for definitive Notes in accordance with its terms. Any interest in a global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg as appropriate; or

(B) in the case of Dematerialised Notes, be held in dematerialised form on behalf of the beneficial owners, until redemption or cancellation thereof, by Monte Titoli, for the account of the relevant Monte Titoli Account Holders. The expression "Monte Titoli Account Holders" means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Monte Titoli and includes any depository banks appointed by Euroclear and Clearstream, Luxembourg. The Notes have been accepted for clearance by Monte Titoli. The Notes will at all times be held in book entry form and title to the Notes will be evidenced by book entries pursuant to the relevant provisions of the Consolidated Finance Act and in accordance with the CONSOB and Bank of Italy Regulation. The Noteholders may not require physical delivery of the Notes. However, the Noteholders may ask the relevant intermediaries for certification pursuant to Article 83-*quinquies* and 83-*sexies* of the Consolidated Finance Act.

Interest: Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or interest may initially accrue at a fixed rate and then switch to a floating rate, or interest may initially accrue at a floating rate and then switch to a fixed rate. The method of calculating interest may vary between the issue date and the maturity date of the relevant Series.

Fixed Rate Notes: Fixed rate interest will be payable on such date or dates as agreed between the Issuer and the relevant Dealer(s) (as indicated in the applicable Final Terms) and on redemption.

Interest will be calculated on such basis as may be agreed as indicated in the applicable Final Terms.

Reset Notes If the Senior Preferred Notes and the Subordinated Notes are issued in a manner which qualifies such Notes as Reset Notes, then such Reset Notes will, in respect of an initial period, bear interest at the initial fixed rate of interest specified in the applicable Final Terms. Thereafter, the fixed rate of interest will be reset on one or more date(s) specified in the applicable Final

Terms by reference to a Mid-Market Swap Rate, as adjusted for any applicable margin, in each case, as may be specified in the applicable Final Terms.

Floating Rate Notes:

Floating Rate Notes will bear interest at a rate determined by reference to one of the following:

(i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating either the 2006 ISDA Definitions or the 2021 ISDA Definitions as defined in Condition 3(c)(ii)(A) (*Interest on Floating Rate Notes, including CMS Linked Interest Notes and SONIA Linked Interest Notes*); or

(ii) on the basis of a reference rate (which, in the case of CMS Linked Interest Notes, will be the CMS Rate) appearing on an agreed screen page of a commercial quotation service,

as indicated in the applicable Final Terms.

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer(s) for each Series of Floating Rate Notes.

Other provisions in relation to Floating Rate Notes, including CMS Linked Interest Notes and SONIA Linked Interest Notes:

Floating Rate Notes (including CMS Linked Interest Notes and SONIA Linked Interest) may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes (including CMS Linked Interest Notes and SONIA Linked Interest Notes) in respect of each Interest Period, as selected prior to the issue by the Issuer and the relevant Dealer(s) will be payable on the Interest Payment Dates specified in, or determined pursuant to, the applicable Final Terms and will be calculated on the basis indicated in Condition 3(c) (*Interest on Floating Rate Notes, including CMS Linked Interest Notes and SONIA Linked Interest Notes*) of the Terms and Conditions of the Notes in Global Form and in Condition 3(c) (*Interest on Floating Rate Notes, including CMS Linked Interest Notes and SONIA Linked Interest Notes*) of the Terms and Conditions of the Dematerialised Notes and the applicable Final Terms.

Fixed-Floating and Floating-Fixed Rate Notes:

Fixed-Floating Rate Notes will initially bear interest in accordance with the Fixed Rate Note provisions and will then switch to bear interest in accordance with the Floating Rate Note provisions, as specified in the applicable Final Terms.

Floating-Fixed Rate Notes will initially bear interest in accordance with the Floating Rate Note provisions and will then switch to bear interest in accordance with the Fixed Rate Note provisions, as specified in the applicable Final Terms.

Zero Coupon Notes:

Zero Coupon Notes may be offered and sold at a discount to their nominal amount and will not bear interest other than in the case of late payment.

Redemption:

Notes may be redeemed as specified in the applicable Final Terms.
For so long as:

(i) it is required under the MREL/TLAC Requirements, any redemption, purchase or modification of the Senior Preferred Notes in accordance with the Senior Notes Conditions is subject to the Issuer giving notice to the Relevant Authority and the Relevant

Authority granting permission to redeem or purchase the relevant Senior Preferred Notes;

(ii) it is required under Articles 12-*bis* and 91, paragraph 1-*bis*, letter c-*bis* of the Consolidated Banking Act and any relevant implementing regulation which may be enacted for such purposes by any Relevant Authority and/or under the MREL/TLAC Requirements, any redemption, purchase or modification of the Senior Non-Preferred Notes in accordance with the Senior Notes Conditions is subject to the Issuer giving notice to the Relevant Authority and the Relevant Authority granting permission to redeem or purchase the relevant Senior Non-Preferred Notes; and

(iii) it is required under Applicable Banking Regulations, any redemption, purchase or modification of the Subordinated Notes in accordance with the Subordinated Notes Conditions is subject to the Issuer giving notice to the Relevant Authority and such Relevant Authority granting permission to redeem or purchase the relevant Subordinated Notes (in each case to the extent, and in the manner, required by the relevant Applicable Banking Regulations including Articles 77 and 78 of CRR or, if different, the then Applicable Banking Regulations), in compliance with any alternative or additional pre-conditions to redemption or purchase, as applicable, set out in the relevant Applicable Banking Regulations for the time being.

Optional Redemption: Subject to any legal and regulatory requirements, the Final Terms issued in respect of each issue of Notes will state whether the relevant Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders, and if so the terms applicable to such redemption and subject to all relevant legal and regulatory requirements.

If the Notes are:

(i) Senior Preferred Notes, unless otherwise permitted under the MREL/TLAC Requirements, the Optional Redemption Date shall be subject to the prior authorisation of the Relevant Authority, when required;

(ii) Senior Non-Preferred Notes, unless otherwise permitted by Articles 12-*bis* and 91, paragraph 1-*bis*, letter c-*bis* of the Consolidated Banking Act and any relevant implementing regulation which may be enacted for such purposes by any Relevant Authority and/or under the MREL/TLAC Requirements, the Optional Redemption Date shall not be earlier than twelve months after the Issue Date, subject to the prior authorisation of the Relevant Authority, when required; and

(iii) Subordinated Notes, unless otherwise permitted by current laws, regulations, directives, and/or the Relevant Authority's requirements applicable to the issue of Subordinated Notes, the Optional Redemption Date shall not be earlier than five years after the Issue Date, subject to the Relevant Authority prior authorisation when required.

Subject to Condition 4(l) (*Conditions to Redemption and Purchase of the Notes*) of the Terms and Conditions of the Notes in Global Form and to Condition 4(l) (*Conditions to Redemption and Purchase of the Notes*) of the Terms and Conditions for Dematerialised Notes, if Regulatory Call is specified in the applicable Final Terms, the Senior Notes and the Subordinated Notes may be redeemed at the option of the Issuer, in whole but not in part, at any time (if the Note is not a Floating Rate Note) or on any

Interest Payment Date (if the Note is a Floating Rate Note): (i) in case of the Senior Notes and Subordinated Notes, upon the occurrence of an MREL/TLAC Disqualification Event (as defined in Condition 4(c) (*Redemption for regulatory reasons - Regulatory Call*) of the Terms and Conditions of the Notes in Global Form and in Condition 4(c) (*Redemption for regulatory reasons - Regulatory Call*) of the Terms and Conditions for Dematerialised Notes), and (ii) in case of Subordinated Notes, the Subordinated Notes cease to qualify (in whole or in part) as "Tier II Capital", on a consolidated or non-consolidated basis, as a result of changes after the date of issue of the relevant Subordinated Notes, in any case in accordance with the Applicable Banking Regulations.

Variation following Tax Event, Regulatory Event or MREL/TLAC Disqualification Event

In relation to the Subordinated Notes of any Series, if Modification following Tax Event, an Alignment Event, MREL/TLAC Disqualification Event or Regulatory Event is specified as applicable in the applicable Final Terms, the Issuer may, upon the occurrence of Tax Event, Alignment Event, MREL/TLAC Disqualification Event or Regulatory Event and/or in order to ensure the effectiveness and enforceability of Condition 16 (*Acknowledgment of Statutory Bail-in Power*), modify the terms and conditions (in each case all but not some only) of such Notes so that they remain or, as appropriate become, Qualifying Subordinated Notes, without any requirement for the consent or approval of the Noteholders to the extent that such modification is reasonably necessary to ensure that no Tax Event, Alignment Event, MREL/TLAC Disqualification Event or Regulatory Event would exist after such modification and/or in order to ensure the effectiveness and enforceability of Condition 16 (*Acknowledgment of Statutory Bail-in Power*), **provided that** the relevant conditions set forth in Condition 10 (*Meetings of Noteholders; Modification; Waiver*) of the Terms and Conditions of the Notes in Global Form and in Condition 9 (*Meetings of Noteholders; Modification and Waiver*) of the Terms and Conditions of the Dematerialised Notes are satisfied.

In relation to any Series of Senior Notes (only), if Modification following an MREL/TLAC Disqualification Event or Alignment Event is specified as applicable in the relevant Final Terms, the Issuer may, upon the occurrence of an MREL/TLAC Disqualification Event or Alignment Event and/or in order to ensure the effectiveness and enforceability of Condition 16 (*Acknowledgment of Statutory Bail-in Power*), modify the terms and conditions of all (but not some only) of such Senior Notes so that they remain or, as appropriate become, Qualifying Senior Preferred Notes or Qualifying Senior Non-Preferred Notes, without any requirement for the consent or approval of the Noteholders to the extent that such modification is reasonably necessary to ensure that no MREL/TLAC Disqualification Event or Alignment Event would exist after such modification and/or in order to ensure the effectiveness and enforceability of Condition 16 (*Acknowledgment of Statutory Bail-in Power*), **provided that** the relevant conditions set forth in Condition 10 (*Meetings of Noteholders; Modification; Waiver*) of the Terms and Conditions of the Notes in Global Form and in Condition 9 (*Meetings of Noteholders; Modification and Waiver*) of the Terms and Conditions of the Dematerialised Notes are satisfied.

Taxation:

All payments by the Issuer in respect of the Notes will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of Italy unless the withholding is required by law. In that event, the Issuer will (subject to Condition 8 (*Taxation*) of the Terms and Conditions of the Notes in Global Form and Condition 7 (*Taxation*) of the Terms and Conditions for Dematerialised Notes) pay such additional amounts in respect of principal and interest in the case of Senior Notes (if permitted by MREL/TLAC Requirements) and interest only in the case of Subordinated Notes as will

result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required.

Status of the Notes: Notes may be issued by the Issuer on a senior preferred basis (the "**Senior Preferred Notes**") or a senior non-preferred basis (the "**Senior Non-Preferred Notes**", and together with the Senior Preferred Notes, the "**Senior Notes**") and on a subordinated basis (the "**Subordinated Notes**"), as specified in the applicable Final Terms.

(i) Status of Senior Preferred Notes

The Senior Preferred Notes will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will rank at all times *pari passu* without any preference among themselves and (subject to any obligations preferred by any applicable law) at least *pari passu* with all other present and future unsecured and unsubordinated obligations (other than obligations ranking junior to the Senior Preferred Notes from time to time, including Senior Non-Preferred Notes) of the Issuer (as set out in Condition 2(b) (*Status of Senior Preferred Notes*) of the Terms and Conditions of the Notes in Global Form and in Condition 2(b) (*Status of Senior Preferred Notes*) of the Terms and Conditions for Dematerialised Notes).

(ii) Status of Senior Non-Preferred Notes

The Senior Non-Preferred Notes will constitute direct, unconditional, unsecured and non-preferred obligations of the Issuer and will rank at all times *pari passu* and without any preference among themselves (as set out in Condition 2(c) (*Status of Senior Non-Preferred Notes*) of the Terms and Conditions of the Notes in Global Form and in Condition 2(c) (*Status of Senior Non-Preferred Notes*) of the Terms and Conditions for Dematerialised Notes).

In the event of compulsory winding-up (*liquidazione coatta amministrativa*) of the Issuer, the payment obligations of the Issuer under each Series of Senior Non-Preferred Notes, and the relative coupons as the case may be, will rank in right of payment: (A) junior to Senior Preferred Notes and all present or future unsecured and unsubordinated obligations of the Issuer which rank, or are expressed to rank by their terms and/or by provision of law, senior to the Senior Non-Preferred Notes (including, without limitation, any obligations under the Senior Preferred Notes and any obligation required to be preferred by law and claims arising from the excluded liabilities within the meaning of Article 72a(2) of the CRR); (B) at least *pari passu* among themselves and with any other present or future unsubordinated and non preferred obligations of the Issuer which do not rank, or are not expressed by their terms or mandatory provisions of law to rank, junior or senior to such Series of Senior Non-Preferred Notes; and (C) in priority to any present or future claims ranking junior to such Series of Senior Non-Preferred Notes (including any holder of Subordinated Notes) and the claims of the shareholders of the Issuer, in all such cases in accordance with the provisions of Article 91, paragraph 1-*bis*, letter c-*bis* of the Consolidated Banking Act and any relevant implementing regulation which may be enacted for such purposes by any Relevant Authority.

(iii) Status of Subordinated Notes

The Subordinated Notes constitute direct, unsecured and subordinated obligations of the Issuer and will at all times rank *pari passu* without

any preference among themselves (as set out in Condition 2(d) (*Status of Subordinated Notes*) of the Terms and Conditions of the Notes in Global Form and in Condition 2(d) (*Status of Subordinated Notes*) of the Terms and Conditions for Dematerialised Notes).

Subject to Condition 2(c)(iii) (*Status of Senior Non-Preferred Notes*), in the event of compulsory winding-up (*liquidazione coatta amministrativa*) of the Issuer, the payment obligations of the Issuer under the Subordinated Notes and the related Coupons and Vouchers shall rank in right of payment (A) after unsubordinated, unsecured creditors (including depositors and any holder of Senior Preferred Notes, Senior Non-Preferred Notes and their respective Coupons) of the Issuer and all other creditors of the Issuer holding instruments that are less subordinated than the Subordinated Notes (including any subordinated instruments that have ceased to qualify, in their entirety, as own fund items (*elementi di fondi propri*), including any obligation required to be preferred by law) (B) but at least *pari passu* with all other present and future subordinated obligations of the Issuer which do not rank or are not expressed by their terms to rank junior to or senior to the Series of Subordinated Notes, and (C) in priority to the claims of other subordinated creditors ranking or expressed to rank junior to the Subordinated Notes and of the shareholders of the Issuer.

Negative pledge: The Notes will not contain any negative pledge provision.

Cross-Default: The Notes will not contain any cross-default provision.

Listing and Admission to Trading: Application has been made for the Notes issued under the Programme to be listed on the Official List and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange. The Notes may also be admitted to listing, trading and/or quotation by such other listing authority, stock exchange and/or quotation system as may be agreed between the Issuer and the relevant Dealer in relation to each issue. Unlisted Notes may also be issued under the Programme. The Final Terms relating to each relevant Notes will state whether or not such Notes are to be admitted to listing, trading and/or quotation and, if so, by which listing authority, stock exchange and/or quotation system.

Governing Law: Italian law

Ratings: Notes issued pursuant to the Programme may be rated or unrated. Where an issue of Notes is rated, its rating will not necessarily be the same as any rating applicable to the Programme. Details of the rating, if any, attributable to a Series of Notes will be specified in the applicable Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Whether or not each credit rating applied for in relation to the relevant Series of Notes will be (1) issued by a credit rating agency established in the European Union and registered under the EU CRA Regulation, or (2) issued by a credit rating agency established in the United Kingdom and registered under the UK CRA Regulation but is endorsed by a credit rating agency which is established in the European Union and registered under the EU CRA Regulation, or (3) issued by a credit rating agency which is not established in the European Union but which is certified under the EU CRA Regulation, will be disclosed in the Final Terms.

In general, EEA regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation, or (2) the rating is provided by a credit rating agency not established in the 11 EEA which is certified under the EU CRA Regulation. In general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the United Kingdom and registered under the UK CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the United Kingdom but is endorsed by a credit rating agency established in the United Kingdom and registered under the UK CRA Regulation, or (2) the rating is provided by a credit rating agency not established in the United Kingdom which is certified under the UK CRA Regulation.

The European Securities and Markets Authority ("**ESMA**") is obliged to maintain on its website a list of credit rating agencies registered and certified in accordance with the EU CRA Regulation, which may be found on the following page:

http://www.esma.europa.eu/supervision/creditrating-agencies/risk.

Selling Restrictions: For a description of certain selling restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States, the United Kingdom, Canada, Singapore, Switzerland, the European Economic Area, Republic of Italy, Japan and France, see "*Subscription and Sale*" below.

FORM OF THE NOTES

The Notes of each Tranche may be issued as Notes in Global Form or as Dematerialised Notes, as specified in the applicable Final Terms.

(1) ***Notes in Global Form***

Each Tranche of Notes will be represented initially by a temporary global note ("**Temporary Global Note**") in bearer form without vouchers, interest coupons or talons. Each Temporary Global Note which is not intended to be issued in NGN form, as specified in the applicable Final Terms, will be delivered to a common depositary for Euroclear and Clearstream, Luxembourg and each Temporary Global Note which is intended to be issued in NGN form, as specified in the applicable Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

On 13 June 2006, the ECB announced that Notes in NGN form are in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the central banking system for the euro (the "**Eurosystem**"), **provided that** certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

The applicable Final Terms will also specify either that the United States Treasury Regulation §1.163-5(c)(2)(i)(D) (the "**TEFRA D Rules**") are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that the TEFRA D Rules are not applicable.

Whilst any Note in Global Form is represented by a Temporary Global Note, payments of principal and interest (if any) due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Note if the Temporary Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Temporary Global Note are not US persons or persons who have purchased for resale to any US person, as required by U.S. Treasury Regulations has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Agent. Any reference in this section "*Form of the Notes*" to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearance system approved by the Issuer and the Agent.

On and after the date (the "**Exchange Date**") which is 40 days after the completion of the distribution of the Notes, interests in the Temporary Global Note will be exchangeable upon request as described therein either for interests in a permanent global note ("**Permanent Global Note**") without vouchers, interest coupons or talons for the Series of Notes to which the relevant Tranche of Notes relates or for Notes in definitive form ("**definitive Notes**" or "**Definitive Notes**") (as indicated in the applicable Final Terms and subject, in the case of definitive Notes, with, where applicable, vouchers, interest coupons and talons attached, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described in the preceding paragraph unless certification has already been given. On and after the Exchange Date, the holder of a Temporary Global Note will not be entitled to receive any payment of interest or principal thereon. Pursuant to the Agency Agreement for the Notes in Global Form (as defined under "*Terms and Conditions for the New Global Notes*"), the Agent shall arrange that, where a further Tranche of Notes is issued, the Notes of such Tranche shall be assigned a common code and an ISIN by Euroclear and Clearstream, Luxembourg which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until at least 40 days after the completion of the distribution of the Notes of such Tranche as notified by the Agent to the relevant Dealer(s).

Payments of principal and interest (if any) on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification. Each Permanent Global Note will be exchangeable for definitive Notes only in accordance with its terms. Global Notes and definitive Notes will be issued pursuant to the Agency Agreement for the Notes in Global Form.

The following legend will appear on all global Notes, definitive Notes, vouchers, interest coupons, and talons in the case of any Tranche of Notes having a maturity of more than 365 days:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE

LIMITATIONS PROVIDED IN SECTIONS 165(J) AND 1287(A) OF THE INTERNAL REVENUE CODE."

(2) ***Dematerialised Notes***

Dematerialised Notes will be held in dematerialised form on behalf of the beneficial owners, until redemption or cancellation thereof, by Monte Titoli, for the account of the relevant Monte Titoli Account Holders. The expression "Monte Titoli Account Holders" means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Monte Titoli and includes any depository banks appointed by Euroclear Bank SA/NV as operator of the Euroclear and Clearstream, Luxembourg.

The Notes will at all times be held in book entry form and title to the Notes will be evidenced by book entries pursuant to the relevant provisions of the Consolidated Finance Act and in accordance with the **C**ONSOB and Bank of Italy Regulation. The Noteholders may not require physical delivery of the Notes. However, the Noteholders may ask the relevant intermediaries for certification pursuant to Article 83-*quinquies* and 83-*sexies* of the Consolidated Finance Act.

TERMS AND CONDITIONS OF THE NOTES IN GLOBAL FORM

*The following are the Terms and Conditions applicable to each Series of notes in global form (respectively, the "**Notes in Global Form**" or the "**Notes**" and the "**Terms and Conditions of the Notes in Global Form**" or the "**Terms and Conditions**") which will be incorporated by reference into each global Note and definitive Note, as applicable only if permitted by the relevant stock exchange and agreed by the Issuer and the relevant Dealer(s) at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms in relation to any Tranche of Notes shall specify terms which complete the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to each global Note and each definitive Note. Reference should be made to "Form of the Notes" above for a description of the content of Final Terms, which will include the definition of certain terms used in the following Terms and Conditions or specify which of such terms are to apply in relation to the relevant Notes.*

This Note is one of a Series of Notes, which expression shall mean (i) in relation to any Notes represented by a global Note, units of the lowest Specified Denomination in the Specified Currency, (ii) definitive Notes issued in exchange (or part exchange) for a global Note and (iii) any global Note. The Notes, the Vouchers, the Coupons and the Talons (each as defined below) have the benefit of an agency agreement dated on or around 5 December 2023 (the "**Agency Agreement for the Notes in Global Form**") and made between, the Issuer, Citibank N.A., London Branch as issuing and principal paying agent (the "**Agent**", which expression shall include any successor agent) and the other paying agents named therein (together with the Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents appointed from time to time in connections with the Notes).

All of the Notes from time to time issued by the Issuer which are for the time being outstanding are hereinafter referred to as the "**Notes**" and the term "**Note**" is to be construed accordingly. As used herein, "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of the Notes which are (a) expressed to be consolidated and form a single series, and (b) identical in all respects (including as to listing) except for their respective Issue Dates, Issue Prices and/or Interest Commencement Dates. As used herein, "**Tranche**" means all Notes of the same Series which are identical in all respects (including as to listing).

Interest bearing definitive Notes will (unless otherwise indicated in the applicable Final Terms) have interest coupons ("**Coupons**", the holders of which are "**Couponholders**") and, if indicated in the applicable Final Terms, talons for further Coupons ("**Talons**", the holders of which are "**Talonholders**") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Notes repayable in instalments will have vouchers ("**Vouchers**", the holders of which are "**Voucherholders**") for the payment of the instalments of principal (other than the final instalment) attached on issue.

The Final Terms applicable to this Note (or the relevant provisions thereof) is attached to or endorsed on this Note and complete these Terms and Conditions. References herein to the "**applicable Final Terms**" are to the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

Copies of the Agency Agreement for the Notes in Global Form and the applicable Final Terms are available for inspection during normal business hours at the specified office of the Agent and each of the other Paying Agents save that, if this Note is an unlisted Note of any Series, the applicable Final Terms will only be available for inspection by a Noteholder holding one or more unlisted Notes of that Series and such Noteholder must produce evidence satisfactory to the Agent or the relevant Paying Agent, as the case may be, as to its identity. The Noteholders, the Voucherholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement for the Notes in Global Form and the applicable Final Terms, which are binding on them. Words and expressions defined in the Agency Agreement for the Notes in Global Form or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated **provided that**, in the event of inconsistency between the Agency Agreement for the Notes in Global Form and the applicable Final Terms, the applicable Final Terms will prevail.

1. Form, Denomination and Title of the Notes

The Notes will be in bearer form in the Specified Currency and Specified Denomination(s) and Definitive Notes will be serially numbered.

The minimum denomination per Note will be €100,000, provided that Senior Non-Preferred Notes will have a denomination of at least €150,000 and Subordinated Notes will have a denomination of at least €200,000 or, in

each case, where the Notes are denominated in a Specified Currency other than Euro, the equivalent amount in such other Specified Currency.

The Note may be a Fixed Rate Note, a Floating Rate Note, a Fixed-Floating Rate Note, a Floating-Fixed Rate Note, a Zero Coupon Note, an Instalment Note or any combination of any of the foregoing, depending upon the provisions set out in the applicable Final Terms. If it is a Definitive Note, it is issued with Coupons attached, unless it is a Zero Coupon Note in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable. If it is an Instalment Note in definitive form it is issued with Vouchers attached.

Subject as set out below, title to the Notes, Vouchers and Coupons will pass by delivery in accordance with the provisions of the Agency Agreement for the Notes in Global Form. The Issuer and any Paying Agent may deem and treat the bearer of any Note, Voucher or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a global Note held on behalf of Euroclear Bank SA/NV ("**Euroclear**") or of Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular nominal amount of Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer any Paying Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such Notes, for which purpose the bearer of the relevant global Note shall be treated by the Issuer and any Paying Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant global Note (and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly). Notes which are represented by a global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear or of Clearstream, Luxembourg, as the case may be.

Any reference in these Terms and Conditions to the records of Euroclear and Clearstream, Luxembourg shall be to the records that each of Euroclear and Clearstream, Luxembourg hold for their customers which reflect the amount of such customers' interests in the Notes but excluding any interest in any Notes of Euroclear or Clearstream, Luxembourg shown in the records of the other clearing system.

Any reference in these Terms and Conditions to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearance system approved by the Issuer and the Agent.

2. **Status**

(a) ***Definitions***

For the purposes of these Conditions:

an "**Alignment Event**" will be deemed to have occurred if, as a result of a change in or amendment to the Applicable Banking Regulations or interpretation thereof, at any time after the Issue Date, the Issuer would be able to issue an instrument (i) in the case of Senior Notes, qualifying as eligible liabilities instruments or (ii) in the case of Subordinated Notes, qualifying as Tier II Capital, that contains one or more provisions that are, in the reasonable opinion of the Issuer, different in any material respect from those contained in these Conditions;

"**Bank of Italy's Regulations**" means the Bank of *Italy's Disposizioni di Vigilanza per le Banche*, as set out in Bank of Italy Circular No. 285 of 17 December 2013, as amended or supplemented from time to time, including any successor regulations;

"**BRRD**" means Directive 2014/59/EU of the European Parliament and of the Council providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms, as amended, supplemented or replaced from time to time (including by BRRD II);

"**BRRD II**" means Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC;

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

"**Relevant Authority**" means the Bank of Italy or other governmental authority in Italy (or other country in which the Issuer is then domiciled) or in the European Union having primary responsibility for the prudential oversight and supervision of the Issuer, including resolution powers in relation to the BRRD; and

"**SRM**" means the Single Resolution Mechanism established pursuant to Regulation (EU) No. 806/2014 of the European Parliament and of the Council, as amended, supplemented or replaced from time to time.

(b) ***Status of Senior Preferred Notes***

(i) The Senior Preferred Notes and the Vouchers and Coupons relating to them will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will rank at all times *pari passu* without any preference among themselves and (subject to any obligations preferred by any applicable law) at least *pari passu* with all other present and future unsecured and unsubordinated obligations (other than obligations ranking junior to the Senior Preferred Notes from time to time, including Senior Non-Preferred Notes) of the Issuer.

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

(iii) If upon issue the Senior Preferred Notes satisfy MREL/TLAC Requirements, the Issuer may treat the Senior Preferred Notes, for regulatory purposes, as MREL/TLAC eligible liabilities, but that the obligations of the Issuer and the rights of the Noteholders under the Senior Preferred Notes shall not be affected if the Senior Preferred Notes no longer satisfy MREL/TLAC Requirements. However, if applicable, the Issuer may redeem Senior Preferred Notes upon the occurrence of MREL/TLAC Disqualification Event in accordance with Condition 4(c) (*Redemption for regulatory reasons – Regulatory Call*).

(c) ***Status of Senior Non-Preferred Notes***

(i) The Senior Non-Preferred Notes will constitute direct, unconditional, unsecured and non-preferred obligations of the Issuer and will rank at all times *pari passu* without any preference among themselves. In the event of compulsory winding-up (*liquidazione coatta amministrativa*) of the Issuer, the payment obligations of the Issuer under each Series of Senior Non-Preferred Notes, and the relative Coupons and Vouchers as the case may be, will rank in right of payment:

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

(B) at least *pari passu* among themselves and with any other present or future unsubordinated and non preferred obligations of the Issuer which do not rank, or are not expressed by their terms or mandatory provisions of law to rank, junior or senior to such Series of Senior Non-Preferred Notes, and

(C) in priority to any present or future claims ranking junior to such Series of Senior Non-Preferred Notes (including any holder of Subordinated Notes) and the claims of shareholders of the Issuer, in all such cases in accordance with the provisions of Article 91, paragraph 1-*bis*, letter c-*bis* of the Consolidated Banking Act and any relevant implementing regulation which may be enacted for such purposes by any Relevant Authority.

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

(iii) If upon issue the Senior Non-Preferred Notes satisfy MREL/TLAC Requirements, the Issuer may treat the Senior Non-Preferred Notes, for regulatory purposes, as MREL/TLAC eligible liabilities, but that the obligations of the Issuer and the rights of the Noteholders under the Senior Non-Preferred Notes shall not be affected if the Senior Non-Preferred Notes no longer satisfy MREL/TLAC Requirements. However, if applicable, the Issuer may redeem Senior Non-Preferred Notes upon the occurrence of MREL/TLAC Disqualification Event in accordance with Condition 4(c) (*Redemption for regulatory reasons – Regulatory Call*).

(d) ***Status of Subordinated Notes***

(i) The Subordinated Notes and the Vouchers and Coupons relating to them constitute unconditional, unsecured and subordinated obligations of the Issuer. The Subordinated Notes will rank *pari passu* without any preference amongst themselves and with all other subordinated obligations of the Issuer which do not rank or are not expressed by their terms to rank junior or senior to the Subordinated Notes and in priority to the claims of shareholders of the Issuer. In relation to each Series of Subordinated Notes, each of such Series will be treated equally and all amounts paid by the Issuer in respect of principal and interest thereon will be paid *pro rata* on all Subordinated Notes of such Series.

(ii) In the event of compulsory winding-up (*liquidazione coatta amministrativa*) of the Issuer, the payment obligations of the Issuer under the Subordinated Notes and the relative Vouchers and Coupons shall rank in right of payment (A) after unsubordinated, unsecured creditors (including depositors and any holder of Senior Preferred Notes, Senior Non-Preferred Notes and their respective Coupons and Vouchers) of the Issuer and all other creditors of the Issuer holding instruments that are less subordinated than the Subordinated Notes (including any subordinated instruments that have ceased to qualify, in their entirety, as own fund items (*elementi di fondi propri*), including any obligation required to be preferred by law), (B) but at least *pari passu* with all other present and future subordinated obligations of the Issuer which do not rank or are not expressed by their terms to rank junior to or senior to the Series of Subordinated Notes, and (C) in priority to the claims of other subordinated creditors ranking or expressed to rank junior to the Subordinated Notes and of the shareholders of the Issuer.

(iii) In the event the Subordinated Notes do not qualify or cease to qualify, in their entirety, as Own Funds, such Subordinated Notes and any relative Vouchers and Coupons shall rank subordinated and junior to unsubordinated unsecured creditors (including depositors and holders of Senior Preferred Notes and Senior Non-Preferred Notes) of BPER, *pari passu* among themselves and with the Issuer's obligations in respect of any other subordinated instruments which do not qualify or have ceased to qualify, in their entirety, as Own Funds and with all other present and future subordinated obligations of BPER which do not rank or are not expressed by their terms and/or by mandatory and/or overriding provisions of law to rank junior or senior to the relevant Subordinated Notes (which do not qualify or have so ceased to qualify, in their entirety, as Own Funds) and senior to instruments which qualify (in whole or in part) as Own Fund items (*elementi di fondi propri*).

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

(v) Subordinated Notes shall have a minimum maturity period of five years, as provided under the Bank of Italy's Regulations.

(vi) It is the intention of the Issuer that the Subordinated Notes shall, for regulatory purposes, be treated as Tier II capital, but the obligations of the Issuer and the rights of the Noteholders shall not be affected if the Subordinated Notes no longer qualify as Tier II capital. However, the Issuer may redeem the Subordinated Notes in accordance with Condition 4(c) (*Redemption for regulatory reasons – Regulatory Call*).

(vii) Subordinated Notes (including, for the avoidance of doubt, payments of principal and/or interest) may be subject to full or partial write-down of the principal or conversion into common equity Tier 1 instruments or other instruments of ownership (the "**Loss Absorption Requirement**") in accordance with the powers of the Relevant Authority if the Relevant Authority determines that application of the Loss Absorption Requirement to the Subordinated Notes is necessary pursuant to applicable law and/or regulation in force from time to time.

3. **Interest**

Condition 3(a) below is applicable to the Notes (a) if the Fixed Rate Note Provisions are specified in the applicable Final Terms as being applicable; and (b) if the Fixed-Floating Rate Note Provisions or the Floating-Fixed Rate Note Provisions are specified in the applicable Final Terms as being applicable, in respect of those Fixed Interest Periods for which the Fixed Rate Note Provisions are stated to apply.

(a) ***Interest on Fixed Rate Notes***

(i) Each Fixed Rate Note bears interest on its nominal amount from (and including) the Interest Commencement Date at the rate(s) per annum equal to the fixed Rate(s) of Interest payable in arrear on the Interest Payment Date(s) in each year and on the Maturity Date if that does not fall on an Interest Payment Date. The Rate of Interest may be specified in the applicable Final Terms (i) as the same Rate of Interest payable on all Interest Payment Dates or (ii) as a different Rate of Interest payable on one or more Interest Payment Dates, including by way of a fixed Rate of Interest which is subject to one or more resets as specified in the applicable Final Terms. The first payment of interest will be made on the Interest Payment Date next following the Interest Commencement Date and, if the first anniversary of the Interest Commencement Date is not an Interest Payment Date, will amount to the Initial Broken Amount specified in the applicable Final Terms. If the Maturity Date is not an Interest Payment Date, interest from (and including) the preceding Interest Payment Date (or the Interest Commencement Date, as the case may be) to (but excluding) the Maturity Date will amount to the Final Broken Amount specified in the applicable Final Terms. The applicable Final Terms may also specify other Broken Amounts and the Interest Payment Date(s) on which such Broken Amounts are payable in circumstances where payments of interest not amounting to a full year's interest are due. The amount of interest payable in respect of each Note for any Interest Period shall be the relevant fixed coupon amount specified in the applicable Final Terms (the "**Fixed Coupon Amount**") and if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

(ii) If interest is required to be calculated for a period for which a Fixed Coupon Amount is not specified, such interest shall be calculated:

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

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

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

(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 (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; or

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

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

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

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

"**M_2**" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

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

"**D_2**" 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 D_1 is greater than 29, in which case D_2 will be 30.

In Condition 3: (a) "**Interest Period**" means each period on (and including) the Interest Commencement Date and ending on (but excluding) the next Interest Payment Date; and (b) "**Regular Period**" means (i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date, (ii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls and (iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period.

Condition 3(b) below is applicable to the Notes if the Reset Note Provisions are specified in the applicable Final Terms as being applicable.

(b) ***Interest on Reset Notes***

(i) *Rates of Interest and Interest Payment Dates*

If the Reset Note Provisions are specified in the applicable Final Terms as being applicable, then such Reset Note bears interest:

(A) from (and including) the Interest Commencement Date until (but excluding) the First Reset Date at the Initial Rate of Interest;

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

(C) for each Subsequent Reset Period thereafter (if any), at the relevant Subsequent Reset Rate of Interest,

payable, in each case, in arrear on each Interest Payment Date and on the Maturity Date if that does not fall on an Interest Payment Date. The Rate of Interest and the Interest Amount payable shall be determined by the Calculation Agent, (i) in the case of the Rate of Interest, at or as soon as practicable after each time at which the Rate of Interest is to be determined, and (ii) in the case of the Interest Amount in accordance with the provisions for calculating amounts of interest in Condition 3(a) (*Interest on Fixed Rate Notes*).

(ii) *Fallbacks*

Subject to Condition 3(f) (*Benchmark Replacement*), if on any Reset Determination Date the Relevant Screen Page is not available or the Mid-Swap Rate does not appear on the Relevant Screen Page, the Issuer shall request each of the Reference Banks (as defined below) to provide the Issuer with its Mid-Market Swap Rate Quotation as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on the Reset Determination Date in question.

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

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

For the purposes of this Condition 3(b):

"**Reference Banks**" means the principal office in the principal financial centre of the Specified Currency of four major banks in the swap, money, securities or other market most closely connected with the relevant Mid-Swap Rate as selected by the Issuer on the advice of an investment bank of international repute.

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

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

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

"**First Reset Rate of Interest**" means, in respect of the First Reset Period and subject to Condition 3(b)(ii) (*Interest on Reset Notes - Fallbacks*), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Mid-Swap Rate and the First Margin (with such sum converted (if necessary) to a basis equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (such calculation to be made by the Calculation Agent)).

"**Fixed Coupon Amount**" means the amount specified as such in the applicable Final Terms.

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

"**Mid-Market Swap Rate**" means for any Reset Period the mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (calculated on the day count basis customary for fixed rate payments in the Specified Currency as determined by the Calculation Agent) of a fixed-for-floating interest rate swap transaction in the Specified Currency which transaction (i) has a term equal to the relevant Reset Period and commencing on the relevant Reset Date, (ii) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market and (iii) has a floating leg based on the Mid-Swap Floating Leg Benchmark Rate for the Mid-Swap Maturity (as specified in the applicable Final Terms) (calculated on the day count basis customary for floating rate payments in the Specified Currency as determined by the Calculation Agent).

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

"**Mid-Swap Floating Leg Benchmark Rate**" means EURIBOR if the Specified Currency is euro, provided that in the event that EURIBOR or the rate specified in the applicable Final Terms has been discontinued, the Mid-Swap Floating Leg Benchmark Rate shall be such other successor benchmark rate as the financial industry shall have accepted as a successor or substitute rate for EURIBOR or the relevant specified rate, as applicable.

"**Mid-Swap Rate**" means, in relation to a Reset Determination Date and subject to Condition 3(b)(ii) (*Interest on Reset Notes - Fallbacks*), either:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"**Subsequent Reset Rate of Interest**" means, in respect of any Subsequent Reset Period and subject to Condition 3(b)(ii) (*Interest on Reset Notes - Fallbacks*), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Mid-Swap Rate and the relevant Subsequent Margin (with such sum converted (if necessary) to a basis equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (such calculation to be made by the Calculation Agent)).

Condition 3(c) below is applicable to the Notes (a) if the Floating Rate Note Provisions are specified in the applicable Final Terms as being applicable; and (b) if the Fixed-Floating Rate Note Provisions or the Floating-Fixed Rate Note Provisions are specified in the applicable Final Terms as being applicable, in respect of those Interest Periods for which the Floating Rate Note Provisions are stated to apply.

(c) ***Interest on Floating Rate Notes, including CMS Linked Interest Notes and SONIA Linked Interest Notes***

(i) *Interest Payment Dates*

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

(A) the Interest Payment Date(s) in each year, or

(B) if no express Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each an "**Interest Payment Date**") which falls the number of months or other period specified as the Interest Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

If a business day convention is specified in the applicable Final Terms and if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the business day convention specified is:

(1) in any case where Interest Periods are specified in accordance with Condition 3(c)(i)(B) above, the Floating Rate Convention, FRN Convention or Eurodollar Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the number of months or other period specified as the Interest Period in the applicable Final Terms after the preceding applicable Interest Payment Date occurred; or

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

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

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

In this Condition, "**Business Day**" means:

(a) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and

(b) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

"**Calculation Agent**" means the Agent or such other person specified in the applicable Final Terms;

"**T2**" means the real time gross settlement system operated by the Eurosystem, or any successor system; and

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

(ii) *Rate of Interest*

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

(A) *ISDA Determination for Floating Rate Notes*

Where, in respect of Senior Preferred Notes only, ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be

determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent or such other person acting as calculation agent for that swap transaction under the terms of an agreement incorporating either the 2006 ISDA Definitions or the 2021 ISDA Definitions:

(i) the Floating Rate Option is as specified in the applicable Final Terms;

(ii) the Designated Maturity is a period specified in the applicable Final Terms; and

(iii) the relevant Reset Date is either (i) if the applicable Floating Rate Option is EURIBOR for a currency, the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

For the purposes of this sub-paragraph (A):

"**2006 ISDA Definitions**" means, in relation to a Series of Notes, the 2006 ISDA Definitions (as supplemented, amended and updated as at the date of issue of the first Tranche of the Notes of such Series) as published by ISDA (copies of which may be obtained from ISDA at www.isda.org);

"**2021 ISDA Definitions**" means, in relation to a Series of Notes, the latest version of the 2021 ISDA Interest Rate Derivatives Definitions (including each Matrix (and any successor Matrix thereto), as defined in such 2021 ISDA Interest Rate Derivatives Definitions) as at the date of issue of the first Tranche of Notes of such Series, as published by ISDA on its website (www.isda.org);

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

"**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Euro-Zone**" and "**Reset Date**" have the meanings given to those terms in the ISDA Definitions.

When this sub-paragraph (A) applies, in respect of each relevant Interest Period the Calculation Agent will be deemed to have discharged its obligations under Condition 3(c)(iv) (*Determination of Rate of Interest and Calculation of Interest Amounts*) in respect of the determination of the Rate of Interest if it has determined the Rate of Interest in respect of such Interest Period in the manner provided in this sub-paragraph (A).

(B) *Screen Rate Determination for Floating Rate Notes other than CMS Linked Interest Notes and SONIA Linked Interest Notes*

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined and "CMS Rate" and "SONIA" is not specified as the Reference Rate in the Final Terms, the Rate of Interest for each Interest Period will, subject as provided below, be either:

(i) the offered quotation; or

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

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

Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

Subject to Condition 3(f) (*Benchmark Replacement*), if the Relevant Screen Page is not available or if, in the case of (i) above, no such offered quotation appears or, in the case of (ii) above, fewer than three such offered quotations appear, in each case as at the Relevant Time, the Issuer shall request the principal Relevant Financial Centre (as specified in the applicable Final Terms) office of each of the Reference Banks (as defined below) to provide the Issuer with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Relevant Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Issuer with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Issuer with such offered quotations as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates quoted by four major banks in the Principal Financial Centre (defined below) of the Specified Currency selected by the Issuer, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the Interest Determination Date for loans in the Specified Currency to leading European banks for a period of the duration of the relevant Interest Period and in an amount that is representative for a single transaction in the relevant market at the relevant time plus or minus (as appropriate) the Margin (if any) **provided that**, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period).

In this Condition 3:

"**Reference Rate**" means the rate specified in the applicable Final Terms.

"**Reference Banks**" means four major banks selected by the Issuer in the market that is most closely connected with the Reference Rate.

"**Principal Financial Centre**" means, in relation to any currency, the principal financial centre for that currency **provided**, **however**, **that** (x) in relation to euro, it means the principal financial centre of such Member State of the European Union as is selected by the Calculation Agent and (y) 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 by the Calculation Agent.

"**Additional Business Centre**" means the city or cities specified as such in the applicable Final Terms.

(C) *Screen Rate Determination for Floating Rate Notes which are CMS Linked Interest Notes*

If Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate(s) of Interest is/are to be determined and "CMS Rate" is specified as the Reference Rate in the Final Terms, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent by reference to the following formula, subject to Condition 3(f):

CMS Rate plus Margin

If the Relevant Screen Page is not available, the Issuer shall request each of the CMS Reference Banks to provide the Issuer with its quotation for the Relevant Swap Rate at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the Interest Determination Date in question. If at least three of the CMS Reference Banks provide the Issuer with such quotation, the CMS Rate for such Interest Period shall be the arithmetic mean of such quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest).

If on any Interest Determination Date less than three or none of the CMS Reference Banks provides the Issuer with such quotations as provided in the preceding paragraph, the CMS Rate shall be determined by the Issuer in good faith on such commercial basis as considered appropriate by the Issuer in its absolute discretion, in accordance with standard market practice.

In this Condition 3(c)(ii)(C):

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

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

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

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

"**Relevant Swap Rate**" means:

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

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

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

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

If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined and "SONIA" is specified as the Reference Rate in the relevant Final Terms, the Rate of Interest applicable to the Notes for each Interest Period shall be Compounded Daily SONIA plus or minus the Margin (if any) as specified in the applicable Final Terms, subject to Condition 3(f).

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

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

In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms), subject to Condition 3(f), the Rate of Interest shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period in place of the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to that last preceding Interest Period); or (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (including applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Period).

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

For the purposes of this sub-paragraph 3(c)(ii)(D): "**Compounded Daily SONIA**" means, with respect to an Interest Period, the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) on the Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the third decimal place, with 0.0005 being rounded upwards:

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

Where:

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

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

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

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

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

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

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

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

(iii) *Minimum and/or Maximum Interest Rate*

If the applicable Final Terms specifies a Minimum Interest Rate for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Interest Rate, the Rate of Interest for such Interest Period shall be such Minimum Interest Rate, which shall never be less than zero. If the applicable Final Terms specifies a Maximum Interest Rate for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Interest Rate, the Rate of Interest for such Interest Period shall be such Maximum Interest Rate. The provisions relating to the Maximum or Minimum Interest Rate, however, shall not apply to the Senior Non-Preferred Notes and shall not be specified at any time in the applicable Final Terms.

(iv) *Determination of Rate of Interest and Calculation of Interest Amounts*

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

The Calculation Agent will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Notes or CMS Linked Interest Notes in respect of each Specified

Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying such sum by the applicable Day Count Fraction and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note 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.

If the Reset Note Provisions are specified in the applicable Final Terms as being applicable, the Interest Amount payable for any Interest Period shall be an amount calculated by the Calculation Agent in accordance with the provisions of Condition 3(b)(i) (*Interest on Reset Notes - Rates of Interest and Interest Payment Dates*) (adjusted or unadjusted in accordance with the Business Day Convention, as specified in the applicable Final Terms).

"**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 applicable Final Terms and:

(i) if "**Actual/365**" or "**Actual/Actual (ICMA)**" is so specified, means:

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

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

(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 (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; or

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

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

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

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

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

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

"**D_2**" 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 D_1 is greater than 29, in which case D_2 will be 30;

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

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

where:

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

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

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

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

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

"**D_2**" 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 D_2 will be 30; and

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

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

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Paying Agents and any stock exchange on which the relevant Notes are for the time being listed and notice thereof to be published in accordance with Condition 13 (*Notices*) as soon as possible after their determination but in no event later than the first day of the relevant Interest Period. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Notes are for the time being listed and to the Noteholders in accordance with Condition 13 (*Notices*). If the Calculation Amount is less than the minimum Specified Denomination the Calculation 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 Note having the minimum Specified Denomination.

(vi) *Determination or Calculation by a leading bank or investment banking firm other than the Calculation Agent*

If for any reason the Calculation Agent at any time after the Issue Date defaults in its obligation to determine the Rate of Interest or calculate any Interest Amount in accordance with this Condition 3(c), the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market)

that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

(vii) *Certificates to be Final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 3(c), whether by the Calculation Agent or the Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Calculation Agent, the Agent, the other Paying Agents and all Noteholders, Voucherholders and Couponholders and (in the absence as aforesaid) no liability to the Noteholders, the Voucherholders or the Couponholders shall attach to the Calculation Agent or the Agent in connection with the exercise or non-exercise by them of their powers, duties and discretions pursuant to such provisions.

(d) ***Zero Coupon Notes***

If the Redemption Amount payable in respect of any Zero Coupon Note 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 Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

For the purposes of this Condition 3(d):

"**Redemption Amount**" means, as appropriate, the Final Redemption Amount, the Early Redemption Amount, the Optional Redemption Amount or such other amount in the nature of a redemption amount as may be specified in the applicable Final Terms;

"**Reference Price**" has the meaning given in the applicable Final Terms; and "**Accrual Yield**" has the meaning given in the applicable Final Terms.

(e) ***Accrual of Interest***

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the due date for its redemption unless, upon due presentation of the Note, payment of principal is improperly withheld or refused. In such event interest will continue to accrue as provided in this Condition 3 (*Interest*).

(f) ***Benchmark Replacement***

Notwithstanding the provisions in Conditions 3(b)(ii) (*Interest on Reset Notes - Fallbacks*) and 3(c) (*Interest on Floating Rate Notes, including CMS Linked Interest Notes and SONIA Linked Notes*), if the Issuer (in consultation with the Calculation Agent or the person specified in the applicable Final Terms as the party responsible for calculating the Rate of Interest and the Interest Amount(s)) determines a Benchmark Event has occurred in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the following provisions shall apply:

(i) the Issuer shall use reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser to determine (acting in good faith and in a commercially reasonable manner) a Successor Rate or, alternatively, if there is no Successor Rate, an Alternative Benchmark Rate no later than 3 Business Days prior to the Reset Determination Date or Interest Determination Date (as applicable) relating to the next succeeding Reset Period or Interest Period (as applicable) (the "**IA Determination Cut-off Date**") for purposes of determining the

Rate of Interest applicable to the Notes for all future Reset Periods or Interest Periods (as applicable) (subject to the subsequent operation of this Condition 3(f));

(ii) if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine a Successor Rate or an Alternative Benchmark Rate prior to the IA Determination Cut-off Date, then the Issuer (acting in good faith and a commercially reasonable manner) may determine a Successor Rate or, if there is no Successor Rate, an Alternative Benchmark Rate;

(iii) if a Successor Rate or, failing which, an Alternative Benchmark Rate is determined in accordance with the preceding provisions, such Successor Rate or, failing which, Alternative Benchmark Rate shall be the Reference Rate or Mid-Swap Rate (as applicable) in relation to the Notes for all future Reset Periods or Interest Periods (as applicable) (subject to the subsequent operation of this Condition 3(f)); **provided, however, that** if sub-paragraph (ii) applies and the Issuer is unable or unwilling to determine a Successor Rate or an Alternative Benchmark Rate prior to the Reset Determination Date or Interest Determination Date (as applicable) relating to the next succeeding Reset Period or Interest Period (as applicable), the Rate of Interest applicable to such next succeeding Reset Period or Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of a preceding Reset Period or Interest Period as applicable (which may be the Initial Rate of Interest) (though substituting, where a different Margin is to be applied to the relevant Reset Period or Interest Period from that which applied to the last preceding Reset Period or Interest Period, the Margin relating to the relevant Reset Period or Interest Period, in place of the Margin relating to that last preceding Reset Period or Interest Period); for the avoidance of doubt, the provisions in this sub-paragraph (iii) shall apply to the relevant Interest Period or Reset Period (as applicable) only and any subsequent Interest Periods or Reset Periods (as applicable) are subject to the subsequent operation of, and to adjustment as provided in, this Condition 3(f);

(iv) if the Independent Adviser or the Issuer (each, acting in good faith and in a commercially reasonable manner) determines a Successor Rate or, failing which, an Alternative Benchmark Rate in accordance with the above provisions, the Independent Adviser or the Issuer (as the case may be) may also, following consultation with the Calculation Agent (or the person specified in the applicable Final Terms as the party responsible for calculating the Rate of Interest and the Interest Amount(s)), specify (x) changes to the Terms and Conditions in order to follow market practice in relation to such Successor Rate or, as applicable, Alternative Benchmark Rate, including but not limited to, the Additional Business Centre, Business Day, Business Day Convention, Day Count Fraction, Interest Determination Date, Relevant Screen Page and/or the definition of Mid-Swap Rate or Reference Rate applicable to the Notes, and (y) any other changes which the Independent Adviser or the Issuer (as the case may be) determines are reasonably necessary to ensure the proper operation and comparability to the Reference Rate or Mid-Swap Rate of such Successor Rate or the Alternative Benchmark Rate, which changes shall apply to the Notes for all future Reset Periods or Interest Periods (as applicable) (subject to the subsequent operation of this Condition 3(f)). If the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable), determines that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Benchmark Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Benchmark Rate (as applicable). If the Independent Adviser or the Issuer (as applicable) is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Successor Rate or Alternative Benchmark Rate (as applicable) will apply without an Adjustment Spread;

(v) promptly following the determination of any Successor Rate or Alternative Benchmark Rate, and, if applicable, any Adjustment Spread, the Issuer shall give notice thereof and of any changes (and the effective date thereof) pursuant to sub-paragraph (iv) above to the Paying Agents and, if applicable the Calculation Agent and the Noteholders in accordance with Condition 13 (*Notices*); and

(vi) no consent of the Noteholders shall be required in connection with effecting a relevant Successor Rate or Alternative Benchmark Rate (as applicable) or such other changes pursuant to this Condition 3(f), including for the execution of any documents or the taking of other steps by the Issuer.

Notwithstanding any other provision of this Condition 3(f): (i) no Successor Rate or Alternative Benchmark Rate (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made pursuant to this Condition 3(f), if and to the extent that, in the determination of the Issuer, the same could reasonably: (X) result in the occurrence of a Regulatory Event and/or a MREL/TLAC Disqualification Event; and/or (Y) be expected to prejudice the qualification of the Notes as: (A) in the case of Senior Preferred Notes or Senior Non-Preferred Notes, satisfying the MREL Requirements; (B) in the case of Subordinated Notes, Tier II capital for regulatory capital purposes of the Issuer and/or the Group; and/or (ii) in the case of Senior Preferred Notes and Senior Non-Preferred Notes only, no Successor Rate or Alternative Benchmark Rate (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made pursuant to this Condition 3(f), if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to result in the Relevant Authority treating an Interest Payment Date as the effective maturity of the Notes, rather than the relevant Maturity Date. If any of the preceding circumstances occurs, then 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.

For the purposes of this Condition 3(f):

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

(a) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Reference Rate or Mid-Swap Rate (as applicable) with the Successor Rate by any Relevant Nominating Body; or

(b) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Benchmark Rate, the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable) determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Reference Rate or Mid-Swap Floating Rate (as applicable), where such rate has been replaced by the Successor Rate or the Alternative Benchmark Rate (as applicable); or

(c) if no such customary market usage is recognised or acknowledged, the Independent Adviser (in consultation with the Issuer), determines (acting in good faith and in a commercially reasonable manner) to be appropriate.

"**Alternative Benchmark Rate**" means the rate that the Independent Adviser or the Issuer (as applicable) determines has replaced the relevant Reference Rate or Mid-Swap Rate (as applicable) in customary market usage in the international debt capital markets for the purposes of determining rates of interest in respect of eurobonds denominated in the Specified Currency and of a comparable duration to the relevant Interest Period or Reset Period (as applicable), or, if the Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other rate as the Independent Adviser or the Issuer (as applicable) determines in its discretion (acting in good faith and in a commercially reasonable manner) is most comparable to the relevant Reference Rate or Mid-Swap Rate (as applicable).

"**Authorised Person**" means any person who is represented by the Issuer as being for the time being authorised to sign (whether alone or with another person(s)) on behalf of the Issuer and so as to bind it.

"**Benchmark Event**" means:

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

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

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

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

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

(f) it has become unlawful for any Paying Agent, Calculation Agent or the Issuer to calculate any payments due to be made to any Noteholder using the Original Reference Rate.

For the avoidance of doubt, in respect of paragraphs (b), (c) and (d) above, such public statement will not constitute a Benchmark Event before the date falling six months prior the date specified in the relevant public announcement on which the Original Reference Rate is permanently or indefinitely discontinued or prohibited.

"**Independent Adviser**" means an independent financial institution of international repute or other independent financial adviser experienced in the international capital markets, in each case appointed by the Issuer at its own expense.

"**Original Reference Rate**" means:

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

(b) any Successor Rate or Alternative Benchmark Rate which has been determined in relation to such benchmark or screen rate (as applicable) pursuant to the operation of Condition 3(f) (*Benchmark Replacement*).

"**Relevant Nominating Body**" means, in respect of a reference rate or mid-swap floating leg benchmark rate:

(a) the central bank for the currency to which the reference rate or mid swap floating leg benchmark rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate or mid swap floating leg benchmark rate; or

(b) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (w) the central bank for the currency to which the reference rate or mid swap floating leg benchmark rate relates, (x) any central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate or mid-swap floating leg benchmark rate, (y) a group of the aforementioned central banks or other supervisory authorities, or (z) the Financial Stability Board or any part thereof; and

"**Successor Rate**" means the rate that the Independent Adviser or the Issuer (as applicable) determines is a successor to or replacement of the Reference Rate or Mid-Swap Rate (as applicable) which is formally recommended by any Relevant Nominating Body.

4. **Redemption and Purchase**

(a) ***At Maturity***

Unless previously redeemed, or purchased and cancelled, as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount (which will always be at least 100 per cent of their nominal value) specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date, subject as provided in Condition 4(l) (*Conditions to Redemption and Purchase of the Notes*).

Subordinated Notes shall have a minimum maturity period of five years, as provided under the Applicable Banking Regulations.

Senior Non-Preferred Notes shall have a minimum Maturity Period of twelve months, as provided under Articles 12-*bis*, paragraph 1, letter a of the Consolidated Banking Act and any relevant implementing regulation which may be enacted for such purposes by any Relevant Authority.

(b) ***Redemption for Tax Reasons***

Subject to Condition 4(l) (*Conditions to Redemption and Purchase of the Notes*), if redemption for tax reasons is specified as applicable in the applicable Final Terms and the Issuer satisfies the Agent, immediately prior to the giving of the notice referred to below, that:

(i) as a result of any amendment to or change in the laws or regulations of Italy or of any political subdivision thereof or any authority or agency therein or thereof or in the interpretation or administration of any such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Notes of the Series, the Issuer would (notwithstanding its having used such endeavours as the Agent shall consider reasonable) be required to pay additional amounts as provided in Condition 8 (*Taxation*) on the occasion of the next payment in respect of Notes of the Series,

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

(iii) in the case of Subordinated Notes only, if the circumstances under points (i) and (ii) above have occurred before five years from the issue of the relevant Subordinated Notes, the Issuer has demonstrated to the satisfaction of the Relevant Authority (as defined in Condition 2(a)) that such change is material and was not reasonably foreseeable at the Issue Date, and

(iv) such circumstances are evidenced by the delivery by the Issuer to the Agent of (A) a certificate signed by two authorised signatories of the Issuer stating that the said circumstances prevail and describing the facts leading thereto, and (B) an opinion of independent legal advisers of recognised standing to the effect that such circumstances prevail (a "**Tax Event**"),

the Issuer may, at its option, having given not more than 60 nor less than 30 days' notice to the Paying Agent and, in accordance with Condition 13 (*Notices*), the Noteholders, at any time or, if the Notes are Floating Rate Notes, including CMS Linked Interest Notes and SONIA Linked Interest Notes, on the next Interest Payment Date, repay all, but not some only, of the Notes at their Early Redemption Amount referred to in paragraph (f) below, together, if appropriate, with interest accrued to (but excluding) the date of repayment **provided that** the date fixed for such repayment shall not be earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts, were a payment in respect of the Notes then due. Upon the expiry of such notice, the Issuer shall be bound to redeem the Notes accordingly.

(c) ***Redemption for regulatory reasons - Regulatory Call***

(i) *Senior Notes*

Subject to Condition 4(l)(i) (*Conditions to Redemption and Purchase of the Notes – Senior Notes*), if MREL/TLAC Disqualification Event is specified in the applicable Final Terms as being applicable, the Senior Preferred Notes and/or the Senior Non-Preferred Notes (as the case may be) may be redeemed at the option of the Issuer, in whole but not in part, at the Early Redemption Amount at any time (if the Senior Preferred Notes and/or the Senior Non-Preferred Note (as the case may be) is not a Floating Rate Note) or on any Interest Payment Date (if the Note is a Floating Rate Note), on giving not less than 15 nor more than 30 days' notice (which notice shall be irrevocable) to the Paying Agent and, in accordance with Condition 13 (*Notices*), to the holders of the Senior Preferred Notes and/or the Senior Non-Preferred Notes (as the case may be), upon the occurrence of an MREL/TLAC Disqualification Event with respect to the relevant Series of Senior Preferred Notes and/or Senior Non-Preferred Notes (as the case may be).

"**MREL/TLAC Disqualification Event**" means the determination by the Issuer, that as a result of a change in Italian and/or EU laws, regulations, guidelines, rules, standards and policies, delegated or implementing acts, regulatory technical standards as well as a change in the application or official interpretation of the relevant regulations, becoming effective on or after the Issue Date of a Series of Senior Preferred Notes, of Senior Non-Preferred Notes and/or of Subordinated Notes, which change was not reasonably foreseeable by the Issuer as at the Issue Date of the Series, it is likely that all or part of the aggregate outstanding nominal amount of

such Series of Senior Preferred Notes, of Senior Non-Preferred Notes and/or of Subordinated Notes will be excluded from instruments able to count towards MREL/TLAC Requirements (however called or defined by then applicable regulations) if the Issuer is then subject to such requirements, **provided that** an MREL/TLAC Disqualification Event shall not occur where such Series of Senior Preferred Notes, of Senior Non-Preferred Notes and/or of Subordinated are excluded on the basis (1) that the remaining maturity of such Senior Preferred Notes, Senior Non-Preferred Notes and/or Subordinated Notes is less than any period prescribed by any applicable eligibility criteria under the MREL/TLAC Requirements, or (2) of any applicable limits on the amount of eligible liabilities permitted or allowed to meet the MREL/TLAC Requirements. For the avoidance of doubt, for the purpose of this definition of "MREL/TLAC Disqualification Event", the Issuer is considered already subject to MREL/TLAC Requirements regardless of any transitional period which may apply to the mandatory application of the same.

"**MREL/TLAC Requirements**" means the minimum requirement for Own Funds and eligible liabilities and/or total loss-absorbing capacity requirements applicable to the Issuer and/or the Group referred to in the BRRD (as defined in Condition 2(a)), any other EU law or regulation and relevant implementing legislation and regulation in Italy.

(ii) *Subordinated Notes*

Subject to Condition 4(l)(ii) (*Conditions to Redemption and Purchase of the Notes – Subordinated Notes*), if MREL/TLAC Disqualification Event or Regulatory Event is specified in the applicable Final Terms as being applicable, to the extent that the Issuer determines that a MREL/TLAC Disqualification Event or Regulatory Event has occurred, the Notes may be redeemed at the option of the Issuer, in whole but not in part, at the Early Redemption Amount at any time (if the Note is not a Floating Rate Note) or on any Interest Payment Date (if the Note is a Floating Rate Note), on giving not less than 15 nor more than 30 days' notice (which notice shall be irrevocable) to the Agent and, in accordance with Condition 13 (*Notices*), the Noteholders.

Prior to the publication of any notice of redemption pursuant to this Condition 4(c), the Issuer shall deliver or procure that there is delivered to the Agent a certificate signed by two authorised signatories of the Issuer stating that the said circumstances prevail and describe the facts leading thereto, in which event it shall be conclusive and binding on the Noteholders, the Voucherholders and the Couponholders.

Upon the expiry of any such notice as is referred to in this Condition 4(c), the Issuer shall be bound to redeem the Notes in accordance with this Condition 4(c), at the Early Redemption Amount described in the applicable Final Terms, together (if appropriate) with interest accrued to (but excluding) the date of redemption.

In this Condition 4(c)(ii):

"**Applicable Banking Regulations**" means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy then in effect in the Republic of Italy, including, without limitation to the generality of the foregoing, those regulations, requirements, guidelines and policies relating to capital adequacy then in effect of the Relevant Authority (as defined in Condition 2(a)) whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer and including, for avoidance of doubt, as at the Issue Date the rules contained in, or implementing, CRD IV and the Banking Reform Package;

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

conservation measures; and (iv) Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU as regards the loss-absorbing and recapitalization capacity of credit institutions and investment firms and Directive 98/26/EC;

"**CRD IV**" means the CRD IV Directive, the CRR and any CRD IV Implementing Measure;

"**CRD IV Directive**" means the directive 2013/36 of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, as amended and supplemented from time to time (including by the CRD V Directive);

"**CRD IV Implementing Measure**" means any regulatory capital rules implementing the CRD IV Directive or the CRR which may from time to time be introduced, including, but not limited to, delegated or implementing acts (regulatory technical standards) adopted by the European Commission, national laws and regulations, and regulations and guidelines issued by the Bank of Italy, the European Banking Authority or any other relevant authority, which are applicable to the Issuer (on a standalone basis) or the Issuer together with its consolidated subsidiaries (on a consolidated basis) and which prescribe the requirements to be fulfilled by financial instruments for inclusion in the regulatory capital of the Issuer (on a standalone or consolidated basis);

"**CRD V Directive**" means the Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures, as amended or replaced from time to time;

"**CRR**" means the Regulation No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms amending Regulation No. 648/2012, as amended and supplemented from time to time (including by the CRR II Regulation);

"**CRR II Regulation**" means Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for Own Funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012, as amended or replaced from time to time;

"**Early Redemption Amount**" means in respect of any Note, its principal amount or such other amount as may be specified in the applicable Final Terms;

"**EU CRA Regulation**" means Regulation (EC) No. 1060/2009, as amended and supplemented from time to time;

"**Regulatory Event**" is deemed to have occurred if there is a change in the regulatory classification of the Subordinated Notes that would be likely to result in their exclusion in whole or, to the extent permitted by the Applicable Banking Regulations, in part, from Tier II Capital of the Issuer (whether on a consolidated or non- consolidated basis, as a result of changes after the date of issue of the relevant Subordinated Notes in the standards and guidelines of the Bank of Italy or in the applicable legal or regulatory provisions (including adopted by the European Union) (save where the exclusion from Tier II Capital of the Issuer is solely (A) a result of any applicable limitation on the amount of such capital, or (B) in accordance with any requirement that recognition of such Series of Subordinated Notes as part of the Tier II Capital of the Issuer be amortised in the five years prior to maturity of such Notes, in either (A) or (B) in accordance with Applicable Banking Regulations in force as at the date on which agreement is reached to issue the first Tranche of such Series of Subordinated Notes) and, in case the Regulatory Event has occurred before five years from the issue of the relevant Subordinated Notes, both of the following conditions are met: (i) the Relevant Authority considers such a change to be sufficiently certain and (ii) the Issuer demonstrates to the satisfaction of the Relevant Authority (as defined in Condition 2(a)) that the change in regulatory classification of the Notes was not reasonably foreseeable as at the Issue Date;

"**Tier II Capital**" has the meaning given to it by (i) the Bank of Italy or (ii) any regulation, directive or other binding rules, standards or decisions adopted by the institutions of the European Union from time to time, as applicable.

(d) ***Redemption at the Option of the Issuer - Call Option***

Subject to Condition 4(l) (*Conditions to Redemption and Purchase of the Notes*), if the Call Option is specified in the applicable Final Terms as being applicable, the Issuer may having given not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 13 (*Notices*) (or such other period of notice as is specified in the applicable Final Terms), (which notice shall be irrevocable), redeem all or, if so specified in the applicable Final Term, some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of an amount equal to the Minimum Redemption Amount or a Higher Repayment Amount. In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will be selected either individually by lot, in the case of Redeemed Notes in respect of which definitive Notes have been issued, or in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion), in the case of Redeemed Notes in relation to which Notes are represented by a global Note, in each case not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Notes in respect of which definitive Notes have been issued, a list of the serial numbers of such Notes will be published in accordance with Condition 13 (*Notices*) not less than 15 days prior to the date fixed for redemption. The aggregate amount of Redeemed Notes in respect of which definitive Notes have been issued shall bear the same proportion to the aggregate amount of all Redeemed Notes as the aggregate amount of Notes in respect of which definitive Notes have been issued and are outstanding bears to the aggregate amount of the Notes outstanding, in each case on the Selection Date, **provided that** such first mentioned amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination; and the aggregate amount of Redeemed Notes represented by a global Note shall be equal to the balance of the Redeemed Notes. No exchange of the relevant global Note will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this Condition 4(d) and a statement to that effect shall be included in the original notice of redemption given by the Issuer to the Noteholders pursuant to (i) above.

(e) ***Redemption at the Option of the Noteholders - Put Option***

Except in the case of Senior Non-Preferred Notes and Subordinated Notes, to which this paragraph (e) shall not apply, if the Put Option is specified in the applicable Final Terms as being applicable, upon the holder of any Note giving notice to the Issuer in accordance with Condition 13 (*Notices*) not less than 15 nor more than 30 days' notice (or such other period of notice as is specified in the applicable Final Terms) the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, in whole (but not in part), such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

If this Note is in definitive form, to exercise the right to require redemption of this Note the holder of this Note must deliver such Note at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a "**Put Notice**") and in which the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition.

Any Put Notice given by a holder of any Note pursuant to this paragraph shall be irrevocable except where prior to the due date of repayment an Event of Default shall have occurred and be continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph.

(f) ***Redemption at the Option of the Issuer - Clean-Up***

Subject to Condition 4(l) (*Conditions to Redemption and Purchase of the Notes*), if Clean-Up Redemption Option is specified as applicable in the Final Terms, and if 75 per cent. or any higher percentage specified in the relevant Final Terms (the "**Clean-Up Percentage**") of the initial aggregate

nominal amount of the Notes of the same Series (which for the avoidance of doubt includes, any additional Notes issued subsequently and forming a single series with the first Tranche of a particular Series of Notes) have been redeemed or purchased by, or on behalf of, the Issuer and cancelled, the Issuer may, subject in the case of Subordinated Notes and Senior Notes eligible to comply with MREL Requirements, to compliance with the Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) then in force, at any time, at its option, and having given not less than 5 nor more than 30 calendar days' notice (the "**Clean-Up Redemption Notice**"), in accordance with Condition 13 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), to the Noteholders, redeem such outstanding Notes, in whole but not in part, at their Optional Redemption Amount together, if appropriate, with accrued interest to (but excluding) the date of redemption, on the date fixed for redemption identified in the Clean-Up Redemption Notice.

(g) ***Redemption Amounts***

For the purposes of paragraphs (a), (b), (c) and (d) above and Condition 9 (*Events of Default*), the Notes will be redeemed at an amount that is equal to at least 100 per cent of the nominal amount.

(h) ***Instalments***

Each Note, if it is redeemable in instalments, will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Final Terms. In the case of such Notes in definitive form, all instalments (other than the final instalment) will be paid against surrender of the relevant Voucher (which must be presented with the Note to which it appertains) and in the case of the final instalment against surrender of the relevant Note, all as more fully described in this Condition 4.

(i) ***Early Redemption of Zero Coupon Notes***

Unless otherwise specified in the applicable Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes 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 4(i) or, if none is so specified, a Day Count Fraction of 30E/360.

(j) ***Purchases***

Subject to Condition 4(l) (*Conditions to Redemption and Purchase of the Notes*), the Issuer, or any of its Subsidiaries may purchase Notes (provided that, in the case of definitive Notes, all unmatured Vouchers and Coupons appertaining thereto are purchased therewith), in any manner and at any price. In the case of any purchase, such Notes may be held, reissued or resold by the Issuer or any of its Subsidiaries or, at the option of the Issuer, cancelled.

Notes may only be purchased by the Issuer or any of its Subsidiaries, unless and to the extent permitted by the Applicable Banking Regulations at the relevant time.

(k) ***Cancellation***

All Notes redeemed by or on behalf of the Issuer or any of its Subsidiaries and all Notes purchased by or on behalf of the Issuer or any of its Subsidiaries and surrendered for cancellation pursuant to Condition 4(j) (*Purchases*), shall be cancelled forthwith together, in the case of definitive Notes, with all unmatured Vouchers and Coupons surrendered therewith. All Notes so cancelled may not be reissued or resold and the obligations of the Issuer in respect of the Notes shall be discharged.

(l) ***Conditions to Redemption and Purchase of the Notes***

(i) *Senior Notes*

Any redemption, variation or purchase in accordance with Conditions 4(b) (*Redemption for Tax Reasons*), 4(c) (*Redemption for regulatory reasons - Regulatory Call*), 4(d) (*Redemption at the Option of the Issuer – Call Option*) and/or Condition 10 (*Meetings of Noteholders; Modification; Waiver*) (including for the avoidance of doubt, any modification in accordance with Condition 10), and 4(j) (*Purchases*) of Senior Notes qualifying as eligible liabilities instruments according to the MREL Requirements is subject to compliance with the then Applicable Banking Regulations, including the condition that the Issuer has obtained the prior permission of the Relevant Authority in accordance with Article 78a of the CRR (to the extent required), where one of the following conditions is met:

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

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

(C) the Issuer has demonstrated to the satisfaction of the Relevant Authority that the partial or full replacement of the eligible liabilities with Own Funds instruments is necessary to ensure compliance with the Own Funds requirements laid down in the Applicable Banking Regulations for continuing authorization, subject in any event to any different conditions or requirements as may be provided from time to time under the Applicable Banking Regulations.

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

Failure to redeem any such Senior Notes where such consent has not been granted shall not constitute an event of default of the Issuer for any purpose. Notwithstanding the above conditions, if, at the time of any redemption or purchase, Articles 12-*bis* and 91, paragraph 1-*bis*, letter c-*bis* of the Consolidated Banking Act and any relevant implementing regulation which may be enacted for such purposes by any Relevant Authority (with respect to the Senior Non-Preferred Notes only) and/or the MREL/TLAC Requirements (with respect to the Senior Preferred Notes and the Senior Non-Preferred Notes) permit the redemption or purchase only after compliance with one or more alternative or additional pre-conditions to those set out above in this Condition 4(l) the Issuer shall comply with such other and/or, as appropriate, additional pre-condition(s).

(ii) *Subordinated Notes*

Any redemption, variation or purchase of the Subordinated Notes in accordance with Conditions 4(b) (*Redemption for Tax Reasons*), 4(c) (*Redemption for regulatory reasons - Regulatory Call*), 4(d) (*Redemption at the Option of the Issuer – Call Option*), and/or Condition 10 (*Meetings of Noteholders; Modifications; Waiver*) (including for the avoidance of doubt, any modification in accordance with Condition 10), and 4(j) (*Purchases*) is subject to, if and to the extent then required under the Applicable Banking Regulations:

(i) the Issuer giving notice to the Relevant Authority and the Relevant Authority granting prior permission to redeem or purchase the relevant Subordinated Notes (in each case to the extent, and in the manner, required by the then Applicable Banking Regulations, including Articles 77 and 78 of the CRR, as amended or replaced from time to time), where either:

(a) on or before such redemption or purchase (as applicable), the Issuer replaces the relevant Notes with Own Funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or

(b) the Issuer has demonstrated to the satisfaction of the Relevant Authority that its Own Funds and eligible liabilities would, following such repayment or purchase, exceed the minimum requirements (including any capital buffer requirements) required under the Applicable Banking Regulations by a margin that the Relevant Authority considers necessary at such time; and

(ii) in respect of a call, redemption repayment or purchase prior to the fifth anniversary of the Issue Date of the relevant Subordinated Notes, if and to the extent required under Article 78(4) of the CRR or the Commission Delegated Regulation (EU) No. 241/2014 of 7 January 2014:

(a) in the case of redemption pursuant to Condition 4(b) (*Redemption for Tax Reasons*), the Issuer having demonstrated to the satisfaction of the Relevant Authority that the change in the applicable tax treatment of the Subordinated Notes is material and was not reasonably foreseeable as at the Issue Date; or

(b) in case of redemption pursuant to Condition 4(c) (*Redemption for regulatory reasons - Regulatory Call*), a Regulatory Event having occurred in respect of Subordinated Notes; or

(c) on or before such redemption or purchase (as applicable), the Issuer replacing the relevant Notes with Own Funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer and the Relevant Authority having permitted that action on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances; or

(d) the relevant Notes being purchased for market making purposes,

subject in any event to any alternative or additional conditions or requirements as may be applicable from time to time under the Applicable Banking Regulations

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

Failure to redeem any such Subordinated Notes where such consent has not been granted shall not constitute an event of default of the Issuer for any purpose. Notwithstanding the above conditions, if, at the time of any redemption, variation or purchase, the Applicable Banking Regulations permit the redemption, variation or purchase only after compliance with one or more alternative or additional pre-conditions to those set out above in this Condition 4(l), the Issuer shall comply with such other and/or, as appropriate, additional pre-condition(s).

5. **Payments**

(a) ***Payments to Noteholders***

The Issuer and the Paying Agents have acknowledged and agreed in the Agency Agreement for the Notes in Global Form that the obligations of the Issuer to make payments in respect of the Notes will be discharged by the Issuer making payment to the relevant Noteholders, Voucherholders and Couponholders as described below.

(b) ***Method of Payment***

Subject as provided below:

(i) payments in a Specified Currency other than Euro will be made by transfer to an account in the relevant Specified Currency maintained by the payee with, or by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which if the Specified Currency is in Australian dollars or New Zealand dollars shall be Sydney or Wellington, respectively) as specified in the applicable Final Terms; and

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

All payments in respect of the Notes 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 8 (*Taxation*).

(c) ***Presentation of Notes, Vouchers, Coupons and Talons***

Payments of principal and accrued interest in respect of Notes in respect of which definitive Notes have been issued will (subject as provided below) be made in the manner specified in paragraphs (a) and (b) above against presentation and surrender (or, in the case of part payment only, endorsement) of definitive Notes and payments of interest (other than rolled-up interest) in respect of the Notes will (subject as provided below) be made as aforesaid against presentation and surrender (or, in the case of part payment only, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (as referred to below).

Payments of instalments of principal (if any) in respect of Notes in definitive form, other than the final instalment, will (subject as provided below) be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Voucher at the specified office of any Paying Agent. Each Voucher must be presented for payment of the relevant instalment together with the relevant definitive Note against which the amount will be payable in respect of that instalment. If any definitive Note is redeemed or becomes redeemable prior to its Maturity Date, principal will be payable on presentation and surrender (or, in the case of part payment only, endorsement) of such definitive Note together with all unmatured Vouchers appertaining thereto. Vouchers presented without the definitive Notes to which they appertain and unmatured Vouchers do not constitute valid obligations in respect of the Notes to which they relate.

Each Fixed Rate Note in definitive form should be presented for payment together with all unmatured Coupons appertaining thereto (which for this purpose shall be deemed to include Coupons falling to be issued on exchange of matured Talons) failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the aggregate amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against presentation and surrender (or, in the case of part payment only, endorsement) of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8 (*Taxation*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 12 (*Prescription*)). Upon any Fixed Rate Note becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining to the definitive Note relating thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note (including a CMS Interest Linked Note and SONIA Interest Linked Notes) represented by Notes in definitive form becomes due and repayable, unmatured Vouchers, Coupons and Talons (if any) appertaining to such definitive Notes (whether or not attached) shall become void and no payment shall be made in respect thereof.

In the event that definitive Notes are issued, if the due date for redemption thereof is not an Interest Payment Date, interest (if any) accrued in respect of such Notes from and including the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant definitive Notes.

Payments of principal and interest (if any) in respect of Notes represented by any global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes and

otherwise in the manner specified in the relevant global Note against presentation and surrender (or, in the case of part payment only, endorsement), as the case may be, of such global Note to or to the order of the Agent or any other Paying Agent, as the case may be. A record of each payment made against presentation or surrender of such global Note distinguishing between any payment of principal and any payment of interest, will in the case of a classic global note ("**CGN**") (as specified in the applicable Final Terms) be made on such global Note by the Agent or other Paying Agent, as the case may be, and such record shall be *prima facie* evidence that the payment in question has been made and in the case of a new global note ("**NGN**") (as specified in the applicable Final Terms) *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

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

Notwithstanding the foregoing, payments of interest in respect of the Notes will only be made at the specified office of a Paying Agent in the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)) if:

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

(ii) payment of the full amount of such interest at such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions; and

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

(d) ***Payment Day***

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

(a) day on which commercial banks and foreign exchange markets settle payments in the relevant place of presentation; and

(b) Business Day (as defined in Condition 3(c)(i) (*Interest Payment Dates*)).

Notwithstanding the definition of "**Payment Day**" above, while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global note are) deposited with a depositary, a common depositary, or a common safekeeper for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, "**Payment Day**" means:

(a) if the currency of payment is euro, any day which is 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

(b) if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

Without prejudice to the provisions of Condition 3(c)(i) (*Interest Payment Dates*), if the Final Terms specify that a date for payment of any amount in respect of any Note, Voucher or Coupon, including Interest Payment Dates, is adjusted in accordance with a Business Day Convention and if any relevant

date of payment would otherwise fall on a day which is not a Payment Day, then, if the business day convention specified is:

(a) the Following Business Day Convention, such date of payment shall be postponed to the next day which is a Payment Day; or

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

(c) the Preceding Business Day Convention, such date of payment shall be brought forward to the immediately preceding Payment Day.

(e) ***Interpretation of Principal and Interest***

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

(i) any additional amounts which may be payable under Condition 8 (*Taxation*);

(ii) the Final Redemption Amount of such Notes;

(iii) the Early Redemption Amount of such Notes;

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

(v) any rolled-up interest in respect of such Notes;

(vi) in relation to Notes redeemable in instalments, the Instalment Amounts; and

(vii) any premium and any other amounts which may be payable under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable under Condition 8 (*Taxation*) or pursuant to any undertakings given in addition thereto or in substitution therefor pursuant to the Agency Agreement for the Notes in Global Form.

6. **Agent and Paying Agents**

The names of the initial Agent and the other initial Paying Agents and their initial specified offices are set out below.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent or any other paying agent appointed under the terms of the Agency Agreement for the Notes in Global Form and/or appoint additional or other paying agents and/or approve any change in the specified office through which any paying agent acts, **provided that**:

(i) so long as the Notes are admitted to listing, traded and/or quoted on any stock exchange, listing authority and/or quotation system, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange, listing authority and/or quotation system;

(ii) there will at all times be a Paying Agent with a specified office in a city with a specified office in a European Union Member State other than Italy; and

(iii) there will at all times be an Agent.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 5(c) (*Presentation of Notes, Vouchers, Coupons and Talons*). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 13 (*Notices*) **provided that** no such variation, termination, appointment or change shall take effect (except in the case of insolvency) within 15 days before or after any Interest Payment Date.

7. **Exchange of Talons**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to, and including, the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 11 (*Replacement of Notes, Vouchers, Coupons and Talons*). Each Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

8. **Taxation**

All payments in respect of the Notes shall be made without deduction or withholding for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of the Republic of Italy or of any political subdivision thereof or any authority or agency therein or thereof, unless the deduction or withholding of such taxes or duties is required by law. In that event, the Issuer will pay such additional amounts in respect of, with regard to the Senior Preferred Notes not qualifying at such time as liabilities that are eligible to meet the MREL Requirements only, principal and interest (if permitted by MREL/TLAC Requirements), and, with regard to any Notes, interest only (and not in respect of principal) as may be necessary in order that the net amounts received by the holders of the Notes, Voucher or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would have been received in respect of the Notes, Voucher or (as the case may be) Coupons, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Voucher or Coupon presented for payment:

(a) by or on behalf of a Noteholder, Voucherholder or Couponholder who:

(i) is entitled to avoid such deduction or withholding by making a declaration of non-residence or other similar claim for exemption; or

(ii) is liable to such taxes or duties by reason of his having some connection with Italy other than the mere holding of the Note, Voucher or Coupon; or

(iii) would have been able to avoid such withholding or deduction by presenting the relevant Note, Voucher or Coupon to another Paying Agent in a Member State of the EU; or

(b) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amount on presenting the same for payment on such thirtieth day; or

(c) in relation to any payment or deduction of any interest, principal or other proceeds of any Note, Voucher or Coupon on account of *imposta sostitutiva* pursuant to Italian Legislative Decree No. 239 of 1 April 1996 as amended; or

(d) in Italy; or

(e) in respect of any Note that qualifies as an atypical security where such withholding or deduction is required pursuant to Law Decree No. 512 of 30 September 1983, as amended.

As used in these Terms and Conditions, "**Relevant Date**" means whichever is the later of (A) the date on which such payment first becomes due; and (B) if the full amount of the moneys payable has not been received by the Agent on or prior to such due date, the date seven days after the date on which such moneys shall have been so received and notice to that effect shall have been given to the Noteholders in accordance with Condition 13 (*Notices*).

Notwithstanding any other provision in these Terms and Conditions, the Issuer and/or any paying agent shall be permitted to withhold or deduct any amounts required to be deducted or withheld pursuant to Sections 1471 through 1474 of the

U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to (i) any regulations thereunder or official interpretations thereof, or (ii) an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof, or (iii) any law

implementing such an intergovernmental agreement (any such withholding or deduction, a "**FATCA Withholding**"), as a result of a holder, beneficial owner or an intermediary not being entitled to receive payments free of FATCA withholding. None of the Issuer, the paying agent or any other person will be required to pay additional amounts or otherwise indemnify a holder/investor for any such FATCA Withholding deducted or withheld.

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

References herein to the principal of, and/or interest on, the Notes shall be deemed also to refer to any additional amounts which may be payable under the obligations referred to in this Condition 8 (*Taxation*) or any obligations undertaken in addition thereto or in substitution therefor pursuant to the Agency Agreement for the Notes in Global Form.

9. **Events of Default**

If the Issuer becomes subject to compulsory winding-up (*liquidazione coatta amministrativa*) pursuant to Articles 80 and following of the Consolidated Banking Act (as amended from time to time) (the "**Event of Default**"), then any holder of a Note may, by written notice to the Issuer at the specified office of the Issuer or the Agent, effective upon the date of receipt thereof by the Issuer or the Agent, declare any Note held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at its Early Redemption Amount together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

No remedy against the Issuer (including any remedy under the Italian Civil Code) other than as specifically provided by this Condition 9 (*Events of Default*) shall be available to the Noteholder, Voucherholder or Couponholder whether for the recovery of amounts owing in respect of the Notes and related Coupons and Vouchers or in respect of any breach by the Issuer of any of its obligations in relation to the Notes or otherwise.

No Events of Default for the Notes shall occur other than in the context of an insolvency proceeding (including, without limitation, *liquidazione coatta amministrativa*) in respect of the Issuer (and, for the avoidance of doubt, resolution proceeding(s) or moratoria imposed by a resolution authority in respect of the Issuer shall not constitute an Event of Default for the Notes for any purpose).

10. **Meetings of Noteholders; Modification; Waiver**

The Agency Agreement for the Notes in Global Form contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification of these Terms and Conditions, the Notes, the Vouchers, the Coupons, the Agency Agreement for the Notes in Global Form or the terms of the Notes. The quorum at any such meeting for passing an Extraordinary Resolution shall be one or more persons present holding or representing the holders of Notes relating to a clear majority of the nominal amount of the Notes for the time being outstanding, or at any such adjourned meeting one or more persons present holding or representing the holders of the Notes whatever the nominal amount of the Notes, except that at any meeting, the business of which includes, *inter alia*, the modification of the Agency Agreement for the Notes in Global Form, the reduction of the amount, variation of the currency or postponement of the date for payment of principal or interest in respect of the Notes, the necessary quorum for passing an Extraordinary Resolution shall be one or more persons present holding or representing in the aggregate not less than two-thirds, or at any adjourned such meeting not less than one-third, in nominal amount of the Notes for the time being outstanding. Any resolution passed at any meeting of the Noteholders will be binding on all the Noteholders whether or not they are present at the meeting, and on all holders of Vouchers and Coupons relating to the Notes.

The rights and powers of the Noteholders may only be exercised in accordance with the relevant provisions for the meetings of the Noteholders attached to the Agency Agreement for the Notes in Global Form (the "**Provisions for Meetings of Noteholders of Notes in Global Form**") which are deemed to form part of these Conditions. The Noteholders are deemed to have notice of and are bound by, and shall have the benefit of, *inter alia*, the terms of the Provisions for Meetings of Noteholders of Notes in Global Form.

The Agent and the Issuer may agree, without the consent of the Noteholders, Voucherholders or Couponholders, to any modification (subject to certain exceptions) of, or to the waiver or authorisation

of any breach or proposed breach of, any of these Terms and Conditions, the Agency Agreement for the Notes in Global Form, the Vouchers, the Coupons or the terms of the Notes or determine that any event which would or might otherwise be an Event of Default shall not be treated as such where, in any such case, it is not, in the opinion of the Issuer, materially prejudicial to interests of the Noteholders, Voucherholders and Couponholders so to do, or to any modification which is of a formal, minor or technical nature or which is made to correct a manifest error.

Any such modification, waiver, authorisation or determination shall be binding on the Noteholders, Voucherholders and Couponholders and any such modification shall be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 13 (*Notices*). For the avoidance of doubt, any variation of these Conditions and the Agency Agreement for the Notes in Global Form to give effect to the Benchmark Amendments in accordance with Condition 3(f) (*Benchmark replacement*) shall not require the consent or approval of Noteholders, Voucherholders or Couponholders, subject (to the extent required) to the Issuer giving any notice required to be given to, any receiving any consent required from, or non-objection from, the Relevant Authority.

In relation to any Subordinated Notes, if Modification following a Tax Event, Alignment Event, MREL/TLAC Disqualification Event or Regulatory Event is specified as applicable in the applicable Final Terms, if at any time a Tax Event, Alignment Event, MREL/TLAC Disqualification Event or Regulatory Event occurs and/or in order to ensure the effectiveness and enforceability of Condition 16 (*Acknowledgment of Statutory Bail-in Power*), then the Issuer may, subject to giving any notice required to, and receiving any required consent from, the Relevant Authority, (without any requirement for the consent or approval of the holders of the Subordinated Notes of relevant Series) and having given not less than 30 nor more than 60 days' notice to the holders of the relevant Subordinated Notes of that Tranche, at any time vary the terms of all (but not some only) of the Subordinated Notes so that they remain or, as appropriate, become, Qualifying Subordinated Notes, to the extent that such modification is reasonably necessary to ensure that no Tax Event, Alignment Event, MREL/TLAC Disqualification Event or Regulatory Event would exist after such modification and/or in order to ensure the effectiveness and enforceability of Condition 16 (*Acknowledgment of Statutory Bail-in Power*), provided that such variation does not itself give rise to any right of the Issuer to redeem the varied securities or otherwise provide the Issuer with a right of redemption pursuant to the provisions of the Subordinated Notes.

In addition, in relation to Senior Notes, if Modification following an MREL/TLAC Disqualification Event or an Alignment Event is specified as applicable in the applicable Final Terms, if at any time an MREL or TLAC Disqualification Event or Alignment Event occurs and/or in order to ensure the effectiveness and enforceability of Condition 16 (*Acknowledgment of Statutory Bail-in Power*), then the Issuer may, subject to giving any notice required to be given to, and receiving any consent required from, the Relevant Authority (without any requirement for the consent or approval of the holders of the relevant Senior Notes of that Series) and having given not less than 30 nor more than 60 days' notice to the holders of the Senior Notes of that Series, at any time vary the terms of all (but not some only) of such Senior Notes so that they remain or, as appropriate, become, Qualifying Senior Preferred Notes or Qualifying Senior Non-Preferred Notes, as applicable, to the extent that such modification is reasonably necessary to ensure that no MREL/TLAC Disqualification Event or Alignment Event would exist after such modification and/or in order to ensure the effectiveness and enforceability of Condition 16 (*Acknowledgment of Statutory Bail-in Power*), provided that such variation does not itself give rise to any right of the Issuer to redeem the varied securities. Any modification of Senior Notes must comply with the limitations imposed by applicable Italian law.

In these Conditions:

"**Qualifying Subordinated Notes**" means securities issued by the Issuer that:

(a) other than in respect of the effectiveness and enforceability of Condition 16, have terms not materially less favourable to a holder of the Subordinated Notes than the terms of the Subordinated Notes, and that shall also (A) contain terms which at such time result in such securities being eligible to count towards fulfilment of the Issuer's minimum requirements for Tier II Capital and result in such securities being eligible to count towards fulfilment of the Issuer's and/or the Group's (as applicable) minimum requirements for own funds and eligible liabilities under the then applicable MREL Requirements; (B) include a ranking at least equal to that of the Subordinated Notes; (C) have the same interest rate and the same Interest Payment Dates as those from time to time applying to the Subordinated Notes; (D) have the same redemption rights as the Subordinated Notes; and (E) are assigned (or maintain) the same credit ratings as were assigned to the Subordinated Notes immediately prior to such variation; and

(b) are listed on a recognised stock exchange if the Notes were listed immediately prior to such variation.

"**Qualifying Senior Non-Preferred Notes**" means securities issued by the Issuer that:

(a) other than in respect of the effectiveness and enforceability of Condition 16, have terms not materially less favourable to a holder of the Senior Non-Preferred Notes than the terms of the Senior Non-Preferred Notes, and that shall also (A) contain terms which at such time result in such securities being eligible to count towards fulfilment of the Issuer's minimum requirements for Own Funds and eligible liabilities under the then applicable MREL/TLAC Requirements; (B) include a ranking at least equal to that of the Senior Non-Preferred Notes; (C) have the same interest rate and the same Interest Payment Dates as those from time to time applying to the Senior Non-Preferred Notes; (D) have the same redemption rights as the Senior Non-Preferred Notes; and (E) are assigned (or maintain) the same credit ratings as were assigned to the Senior Non-Preferred Notes immediately prior to such variation; and

(b) are listed on a recognised stock exchange if the Senior Non-Preferred Notes were listed immediately prior to such variation.

"**Qualifying Senior Preferred Notes**" means securities issued by the Issuer that:

(a) other than in respect of the effectiveness and enforceability of Condition 16, have terms not materially less favourable to a holder of the Senior Preferred Notes than the terms of the Senior Preferred Notes, and that shall also (A) contain terms which at such time result in such securities being eligible to count towards fulfilment of the Issuer's minimum requirements for Own Funds and eligible liabilities under the then applicable MREL/TLAC Requirements; (B) include a ranking at least equal to that of the Senior Preferred Notes; (C) have the same interest rate and the same Interest Payment Dates as those from time to time applying to the Senior Preferred Notes; (D) have the same redemption rights as the Senior Preferred Notes; and (E) are assigned (or maintain) the same credit ratings as were assigned to the Senior Preferred Notes immediately prior to such variation; and

(b) are listed on a recognised stock exchange if the Senior Preferred Notes were listed immediately prior to such variation.

11. Replacement of Notes, Vouchers, Coupons and Talons

Should any Note, Voucher, Coupon or Talon be mutilated, defaced or destroyed or be lost or stolen, it may be replaced at the specified office of the Paying Agent in Luxembourg (or such other place as may be notified to the Noteholders), in accordance with all applicable laws and regulations, upon payment by the claimant of the expenses incurred by the Issuer and such Paying Agent in connection therewith and on such terms as to evidence, indemnity, security or otherwise as the Issuer may require. Mutilated or defaced Notes, Vouchers, Coupons or Talons must be surrendered before replacements will be issued.

12. Prescription

Claims for principal shall become void unless the relevant Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

13. Notices

All notices to Noteholders regarding the Notes shall be published (a) in one leading English language daily newspaper of general circulation in London and (b) so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and the rules of that exchange so require, in one leading daily newspaper of general circulation in Luxembourg or on the website of the Luxembourg Stock Exchange (*www.luxse.com*). It is expected that publication of notices will normally be made in the *Financial Times* in London and the *Luxemburger Wort* in Luxembourg. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication in both the required newspapers. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any other stock exchange on which the Notes are for the time being listed.

Notwithstanding the above, while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited, in the case of a CGN, with a common depositary or, in the case of an NGN, with a common safekeeper for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and for so long as Notes are listed on the Official List of the Luxembourg Stock Exchange and the rules of that exchange so require, in one leading daily newspaper of general circulation in Luxembourg which is expected to be the *Luxemburger Wort* or on the website of the Luxembourg Stock Exchange (*www.luxse.com*) and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with this Condition on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any other stock exchange on which the Notes are for the time being listed.

Until such time as any definitive Notes are issued (and provided that, in the case of Notes listed on a stock exchange, the rules of that stock exchange so permit and so long as the Global Note(s) is or are held in its/their entirety on behalf of Euroclear and Clearstream, Luxembourg), such publication in such newspaper may be substituted with the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by them to the Noteholders. Any such notice shall be deemed to have been given to the Noteholders on the day on which the said notice was given to Euroclear and Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Agent. Whilst any of the Notes is represented by a Global Note, such notice may be given by any Noteholder to the Agent via Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

Couponholders will be deemed for all purposes to have notice of the contents of any notice given to Noteholders in accordance with this Condition.

14. **Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Noteholders, Voucherholders or Couponholders to issue further notes, such further notes to rank *pari passu* in all respects (or in all respects save for the date of, and the amount of, the first payment of interest in such further notes) with the outstanding Notes and so that the same shall be consolidated and form a single series with the outstanding Notes.

15. **Governing Law; Submission to Jurisdiction**

The Agency Agreement for the Notes in Global Form, the Terms and Conditions for the Notes in Global Form and any non-contractual obligations arising out of or in connection with them shall be governed by, and shall be construed in accordance with, Italian law.

The courts of Milan have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising from or connected with the Notes (including a dispute regarding the existence, validity or termination of the Agency Agreement for the Notes in Global Form or the Notes or any non-contractual obligations arising out of or in connection with them) or the consequences of the nullity of the Agency Agreement for the Notes in Global Form or the Notes. The Issuer and the Noteholders agree that the courts of Milan are the most appropriate and convenient courts to settle any Dispute and, accordingly, it will not argue to the contrary.

16. **Acknowledgment of Statutory Bail-in Power**

Notwithstanding any provision of these Conditions or any other agreements, arrangements, or understandings between the Issuer and any Noteholder, and without prejudice to Article 55(1) of the BRRD, by its acquisition of the Notes each Noteholder (which, for the purposes of this Condition 16, includes each holder of a beneficial interest in the Notes) acknowledges, accepts, consents to and agrees to be bound by the effects of the exercise of the Italian Bail-in Power by the Relevant Authority (as defined in Condition 2(a)), which exercise may include and result in any of the following, or some combination thereof: (i) the reduction of all, or a portion, of the principal amount in respect of the Notes

together with any accrued but unpaid interest due thereon and any additional amounts (if any) due in relation thereto; (ii) the conversion of all, or a portion, of the principal amount in respect of the Notes together with any accrued but unpaid interest due thereon and any additional amounts (if any) due in relation thereto, into ordinary shares, other securities or other obligations of the Issuer or another person (and the issue to or conferral on the holder of such shares, securities or obligations), including by means of an amendment, modification or variation of these Conditions; (iii) the cancellation of the Notes or the principal amount in respect of the Notes together with any accrued but unpaid interest due thereon and any additional amounts (if any) due in relation thereto; (iv) the amendment or alteration of the maturity of the Notes or amendment of the amount of interest payable on the Notes, or the date on which the interest becomes payable, including by suspending payment for a temporary period; and (v) the variation of these Conditions, as deemed necessary by the Relevant Authority, to give effect to the exercise of the Italian Bail-in Power by the Relevant Authority.

Upon the Issuer becoming aware of the exercise of the Italian Bail-In Power by the Relevant Authority with respect to the Notes, the Issuer shall provide a notice to the holders of the Notes in accordance with Condition 13 (*Notices*) as soon as reasonably practicable. The Issuer shall also deliver a copy of such notice to the Agent for information purposes. Any delay or failure by the Issuer to give notice shall not affect the validity and enforceability of the Italian Bail-In Power nor the effects on the Notes described in this Condition 16 (*Acknowledgement of Statutory Bail-in Power*) and shall not constitute an Event of Default.

The exercise of the Italian Bail-In Power by the Relevant Authority with respect to the Notes shall not constitute an Event of Default and the terms and conditions of the Notes shall continue to apply to the outstanding principal amount of the Notes subject to any modification of the amount of interest payments to reflect the reduction of the outstanding principal amount, and any further modification of the terms that the Relevant Authority may decide in accordance with applicable laws and regulations, including in particular the BRRD and the SRM Regulation, and any other relevant provisions under the Applicable Banking Regulations.

Each Noteholder also acknowledges and agrees that this provision is exhaustive on the matters described herein to the exclusion of any other agreements, arrangements or understandings relating to the application of the Italian Bail-In Power to the Notes.

In this Condition 16:

"**Italian Bail-in Power**" means any write-down, conversion, transfer, modification, or suspension power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in the Republic of Italy, relating to (i) the transposition of the BRRD (in including, but not limited to, Legislative Decrees No. 180/2015 and 181/2015) as amended from time to time, (ii) Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014, establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of the Single Supervisory Mechanism and the Single Resolution Fund and amending Regulation (EU) No. 1093/2010, as amended or superseded from time to time (the "**SRM Regulation**") and (iii) the instruments, rules and standards created thereunder, pursuant to which any obligation of a regulated entity (as defined below) (or other affiliate of such regulated entity) can be reduced, cancelled, modified, or converted into shares, other securities, or other obligations of such regulated entity or any other person (or suspended for a temporary period).

TERMS AND CONDITIONS OF THE DEMATERIALISED NOTES

*The following are the Terms and Conditions applicable to each Series of dematerialised notes (respectively, the "**Dematerialised Notes**" or the "**Notes**" and the "**Terms and Conditions of the Dematerialised Notes**" or the "**Terms and Conditions**"). The applicable Final Terms in relation to any Tranche of Notes shall specify terms which complete the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon each Dematerialised Note. Reference should be made to "Form of the Notes" above for a description of the content of Final Terms, which will include the definition of certain terms used in the following Terms and Conditions or specify which of such terms are to apply in relation to the relevant Notes.*

*With reference to the Dematerialised Notes, references in this Terms and Conditions to the "**holder**" of a Note or to "**Noteholders**" are to the beneficial owners of Notes issued in dematerialised form and evidenced in book entry form with Euronext Securities Milan (formerly Monte Titoli S.p.A.) ("**Monte Titoli**") pursuant to the relevant provisions of the Consolidated Finance Act and in accordance with CONSOB and Bank of Italy Regulation. No physical document of title will be issued in respect of Notes. Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**") are intermediaries authorised to operate through Monte Titoli.*

This Note is one of a Series of Notes. The Issuer will also act as initial paying agent for the Notes (the "**Paying Agent for the Dematerialised Notes**" or the "**Paying Agent**"), save that the Issuer is entitled to appoint a different Paying Agent for the Dematerialised Notes in accordance with Condition 6 (*Paying Agents*).

Payment of principal and interest in respect of the Notes will be credited, according to the instructions of Monte Titoli, by the Paying Agent for the Dematerialised Notes to the accounts of the Monte Titoli Account Holders (as defined below) whose accounts with Monte Titoli are credited with those Notes and thereafter credited by such Monte Titoli Account Holders to the accounts of the beneficial owners of those Notes or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Notes, in accordance with the rules and procedures of Monte Titoli, Euroclear or Clearstream, Luxembourg, as the case may be.

In these Terms and Conditions, the expression "**Monte Titoli Account Holder**" means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Monte Titoli and includes any depositary banks appointed by Euroclear and Clearstream, Luxembourg.

All of the Notes from time to time issued by the Issuer which are for the time being outstanding are hereinafter referred to as the "**Notes**" and the term "**Note**" is to be construed accordingly. As used herein, "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of the Notes which are (a) expressed to be consolidated and form a single series, and (b) identical in all respects (including as to listing) except for their respective Issue Dates, Issue Prices and/or Interest Commencement Dates. As used herein, "**Tranche**" means all Notes of the same Series which are identical in all respects (including as to listing).

The Final Terms applicable to this Note (or the relevant provisions thereof) is endorsed on this Note and complete these Terms and Conditions. References herein to the "**applicable Final Terms**" are to the Final Terms (or the relevant provisions thereof) endorsed on this Note.

1. Form, Denomination and Title of the Notes

The Notes will be in bearer form and will be held in dematerialised form on behalf of the beneficial owners by Monte Titoli for the account of the relevant Monte Titoli Account Holders as of their respective date of issue. Monte Titoli shall act as depository for Euroclear and Clearstream, Luxembourg.

The minimum denomination per Note will be €100,000, provided that Senior Non-Preferred Notes will have a denomination of at least €150,000 and Subordinated Notes will have a denomination of at least €200,000 or, in each case, where the Notes are denominated in a Specified Currency other than Euro, the equivalent amount in such other Specified Currency.

The Notes will at all times be evidenced by, and title to the Notes will be established or transferred by way of, book-entries pursuant to the relevant provisions of the Consolidated Finance Act and in accordance with CONSOB and Bank of Italy Regulation. No physical document of title will be issued in respect of the Notes.

The Notes are issued in the Specified Currency and Specified Denomination(s) as specified in the applicable Final Terms.

The Note may be a Fixed Rate Note, a Floating Rate Note, a Fixed-Floating Rate Note, a Floating-Fixed Rate Note, a Zero Coupon Note, an Instalment Note or any combination of any of the foregoing, depending upon the provisions set out in the applicable Final Terms.

Any reference in these Terms and Conditions to the records of Euroclear and Clearstream, Luxembourg shall be to the records for which Monte Titoli acts as depository. Any reference in these Terms and Conditions to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearance system approved by the Issuer.

2. **Status**

(a) ***Definitions***

For the purposes of these Conditions:

an "**Alignment Event**" will be deemed to have occurred if, as a result of a change in or amendment to the Applicable Banking Regulations or interpretation thereof, at any time after the Issue Date, the Issuer would be able to issue an instrument (i) in the case of Senior Notes, qualifying as eligible liabilities instruments or (ii) in the case of Subordinated Notes, qualifying as Tier II Capital, that contains one or more provisions that are, in the reasonable opinion of the Issuer, different in any material respect from those contained in these Conditions;

"**Bank of Italy's Regulations**" means the Bank of Italy's *Disposizioni di Vigilanza per le Banche*, as set out in Bank of Italy Circular No. 285 of 17 December 2013, as amended or supplemented from time to time, including any successor regulations;

"**BRRD**" means Directive 2014/59/EU of the European Parliament and of the Council providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms, as amended, supplemented or replaced from time to time (including by BRRD II);

"**BRRD II**" means Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC;

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

"**Relevant Authority**" means the Bank of Italy or other governmental authority in Italy (or other country in which the Issuer is then domiciled) or in the European Union having primary responsibility for the prudential oversight and supervision of the Issuer, including resolution powers in relation to the BRRD; and

"**SRM**" means the Single Resolution Mechanism established pursuant to Regulation (EU) No. 806/2014 of the European Parliament and of the Council, as amended, supplemented or replaced from time to time.

(b) ***Status of Senior Preferred Notes***

(i) The Senior Preferred Notes will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will rank at all times *pari passu* without any preference among themselves and (subject to any obligations preferred by any applicable law) at least *pari passu* with all other present and future unsecured and unsubordinated obligations (other than obligations ranking junior to the Senior Preferred Notes from time to time, including Senior Non-Preferred Notes) of the Issuer.

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

(iii) If upon issue the Senior Preferred Notes satisfy MREL/TLAC Requirements, the Issuer may treat the Senior Preferred Notes, for regulatory purposes, as MREL/TLAC eligible liabilities, but that the obligations of the Issuer and the rights of the Noteholders under the Senior Preferred Notes shall not be affected if the Senior Preferred Notes no longer satisfy MREL/TLAC Requirements. However, if applicable, the Issuer may redeem Senior Preferred Notes upon the

occurrence of MREL/TLAC Disqualification Event in accordance with Condition 4(c) (*Redemption for regulatory reasons – Regulatory Call*).

(c) ***Status of Senior Non-Preferred Notes***

(i) The Senior Non-Preferred Notes will constitute direct, unconditional, unsecured and non-preferred obligations of the Issuer and will rank at all times *pari passu* without any preference among themselves. In the event of compulsory winding-up (*liquidazione coatta amministrativa*) of the Issuer, the payment obligations of the Issuer under each Series of Senior Non-Preferred Notes, will rank in right of payment:

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

(B) at least *pari passu* among themselves and with any other present or future unsubordinated and non preferred obligations of the Issuer which do not rank or are not expressed by their terms or mandatory provisions of law to rank, junior or senior to such Series of Senior Non-Preferred Notes, and

(C) in priority to any present or future claims ranking junior to such Series of Senior Non-Preferred Notes (including any holder of Subordinated Notes) and the claims of shareholders of the Issuer, in all such cases in accordance with the provisions of Article 91, paragraph 1-*bis*, letter c-*bis* of the Consolidated Banking Act and any relevant implementing regulation which may be enacted for such purposes by any Relevant Authority.

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

(iii) If upon issue the Senior Non-Preferred Notes satisfy MREL/TLAC Requirements, the Issuer may treat the Senior Non-Preferred Notes, for regulatory purposes, as MREL/TLAC eligible liabilities, but that the obligations of the Issuer and the rights of the Noteholders under the Senior Non-Preferred Notes shall not be affected if the Senior Non-Preferred Notes no longer satisfy MREL/TLAC Requirements. However, if applicable, the Issuer may redeem Senior Non-Preferred Notes upon the occurrence of MREL/TLAC Disqualification Event in accordance with Condition 4(c) (*Redemption for regulatory reasons – Regulatory Call*).

(d) ***Status of Subordinated Notes***

(i) The Subordinated Notes constitute unconditional, unsecured and subordinated obligations of the Issuer. The Subordinated Notes will rank *pari passu* without any preference amongst themselves and with all other subordinated obligations of the Issuer which do not rank or are not expressed by their terms to rank junior or senior to the Subordinated Notes and in priority to the claims of shareholders of the Issuer. In relation to each Series of Subordinated Notes, each of such Series will be treated equally and all amounts paid by the Issuer in respect of principal and interest thereon will be paid pro rata on all Subordinated Notes of such Series.

(ii) In the event of compulsory winding-up (*liquidazione coatta amministrativa*) of the Issuer, the payment obligations of the Issuer under the Subordinated Notes shall rank in right of payment (A) after unsubordinated, unsecured creditors (including depositors and any holder of Senior Preferred Notes, Senior Non-Preferred Notes) of the Issuer and all other creditors of the Issuer holding instruments that are less subordinated than the Subordinated Notes (including any subordinated instruments that have ceased to qualify, in their entirety, as own fund items (*elementi di fondi propri*), including any obligation required to be preferred by law), (B) but at least *pari passu* with all other present and future subordinated obligations of the Issuer which do not rank or are not expressed by their terms to rank junior to or senior to the Series of Subordinated Notes, and (C) in priority to the claims of other subordinated creditors ranking or expressed to rank junior to the Subordinated Notes and of the shareholders of the Issuer.

(iii) In the event the Subordinated Notes do not qualify or cease to qualify, in their entirety, as Own Funds, such Subordinated Notes shall rank subordinated and junior to unsubordinated unsecured creditors (including depositors and holders of Senior Preferred Notes and Senior Non-Preferred Notes) of BPER, *pari passu* among themselves and with the Issuer's obligations in respect of any other subordinated instruments which do not qualify or have ceased to qualify, in their entirety, as Own Funds and with all other present and future subordinated obligations of BPER which do not rank or are not expressed by their terms and/or by mandatory and/or overriding provisions of law to rank junior or senior to the relevant Subordinated Notes (which do not qualify or have so ceased to qualify, in their entirety, as Own Funds) and senior to instruments which qualify (in whole or in part) as own fund items (*elementi di fondi propri*).

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

(v) Subordinated Notes shall have a minimum maturity period of five years, as provided under the Bank of Italy's Regulations.

(vi) It is the intention of the Issuer that the Subordinated Notes shall, for regulatory purposes, be treated as Tier II capital, but the obligations of the Issuer and the rights of the Noteholders shall not be affected if the Subordinated Notes no longer qualify as Tier II capital. However, the Issuer may redeem the Subordinated Notes in accordance with Condition 4(c) (*Redemption for regulatory reasons – Regulatory Call*).

(vii) Subordinated Notes (including, for the avoidance of doubt, payments of principal and/or interest) shall be subject to full or partial write-down of the principal or conversion into common equity Tier 1 instruments or other instruments of ownership (the "**Loss Absorption Requirement**") in accordance with the powers of the Relevant Authority if the Relevant Authority determines that application of the Loss Absorption Requirement to the Subordinated Notes is necessary pursuant to applicable law and/or regulation in force from time to time.

3. **Interest**

Condition 3(a) below is applicable to the Notes (a) if the Fixed Rate Note Provisions are specified in the applicable Final Terms as being applicable; and (b) if the Fixed-Floating Rate Note Provisions or the Floating-Fixed Rate Note Provisions are specified in the applicable Final Terms as being applicable, in respect of those Fixed Interest Periods for which the Fixed Rate Note Provisions are stated to apply.

(a) ***Interest on Fixed Rate Notes***

(i) Each Fixed Rate Note bears interest on its nominal amount from (and including) the Interest Commencement Date at the rate(s) per annum equal to the fixed Rate(s) of Interest payable in arrear on the Interest Payment Date(s) in each year and on the Maturity Date if that does not fall on an Interest Payment Date. The Rate of Interest may be specified in the applicable Final Terms (i) as the same Rate of Interest payable on all Interest Payment Dates or (ii) as a different Rate of Interest payable on one or more Interest Payment Dates, including by way of a fixed Rate of Interest which is subject to one or more resets as specified in the applicable Final Terms. The first payment of interest will be made on the Interest Payment Date next following the Interest Commencement Date and, if the first anniversary of the Interest Commencement Date is not an Interest Payment Date, will amount to the Initial Broken Amount specified in the applicable Final Terms. If the Maturity Date is not an Interest Payment Date, interest from (and including) the preceding Interest Payment Date (or the Interest Commencement Date, as the case may be) to (but excluding) the Maturity Date will amount to the Final Broken Amount specified in the applicable Final Terms. The applicable Final Terms may also specify other Broken Amounts and the Interest Payment Date(s) on which such Broken Amounts are payable in circumstances where payments of interest not amounting to a full year's interest are due. The amount of interest payable in respect of each Note for any Interest Period shall be the relevant fixed coupon amount specified in the applicable Final Terms (the "**Fixed Coupon Amount**") and if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

(ii) If interest is required to be calculated for a period for which a Fixed Coupon Amount is not specified, such interest shall be calculated:

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

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

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

(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 (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; or

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

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

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"$\mathbf{D_2}$" 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 D_1 is greater than 29, in which case D_2 will be 30.

In Condition 3: (a) "**Interest Period**" means each period on (and including) the Interest Commencement Date and ending on (but excluding) the next Interest Payment Date; and (b) "**Regular Period**" means (i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date, (ii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls and (iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period.

Condition 3(b) below is applicable to the Notes if the Reset Note Provisions are specified in the applicable Final Terms as being applicable.

(b) ***Interest on Reset Notes***

(i) *Rates of Interest and Interest Payment Dates*

If the Reset Note Provisions are specified in the applicable Final Terms as being applicable, then such Reset Note bears interest:

(A) from (and including) the Interest Commencement Date until (but excluding) the First Reset Date at the Initial Rate of Interest;

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

(C) for each Subsequent Reset Period thereafter (if any), at the relevant Subsequent Reset Rate of Interest,

payable, in each case, in arrear on each Interest Payment Date and on the Maturity Date if that does not fall on an Interest Payment Date. The Rate of Interest and the Interest Amount payable shall be determined by the Calculation Agent, (i) in the case of the Rate of Interest, at or as soon as practicable after each time at which the Rate of Interest is to be determined, and (ii) in the case of the Interest Amount in accordance with the provisions for calculating amounts of interest in Condition 3(a) (*Interest on Fixed Rate Notes*).

(ii) *Fallbacks*

Subject to Condition 3(f) (*Benchmark Replacement*), if on any Reset Determination Date the Relevant Screen Page is not available or the Mid-Swap Rate does not appear on the Relevant Screen Page, the Calculation Agent shall request each of the Reference Banks (as defined below) to provide the Calculation Agent with its Mid- Market Swap Rate Quotation as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on the Reset Determination Date in question.

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

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

For the purposes of this Condition 3(b):

"**Reference Banks**" means the principal office in the principal financial centre of the Specified Currency of four major banks in the swap, money, securities or other market most closely connected with the relevant Mid-Swap Rate as selected by the Issuer on the advice of an investment bank of international repute.

"**First Margin**" means the margin specified as such in the applicable Final Terms. "**First Reset Date**" means the date specified in the applicable Final Terms.

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

"**First Reset Rate of Interest**" means, in respect of the First Reset Period and subject to Condition 3(b)(ii) (*Interest on Reset Notes - Fallbacks*), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Mid-Swap Rate and the First Margin.

"**Fixed Coupon Amount**" means the amount specified as such in the applicable Final Terms.

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

"**Mid-Market Swap Rate**" means for any Reset Period the mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (calculated on the day count basis customary for fixed rate payments in the Specified Currency as determined by the Calculation Agent) of a fixed-for-floating interest rate swap transaction in the Specified Currency which transaction (i) has a term equal to the relevant Reset Period and commencing on the relevant Reset Date, (ii) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market and (iii) has a floating leg based on the Mid-Swap Floating Leg Benchmark Rate for the Mid-Swap Maturity (as specified in the applicable Final Terms) (calculated on the day count basis customary for floating rate payments in the Specified Currency as determined by the Calculation Agent).

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

"**Mid-Swap Floating Leg Benchmark Rate**" means EURIBOR if the Specified Currency is euro, provided that in the event that EURIBOR or the rate specified in the applicable Final Terms has been discontinued, the Mid-Swap Floating Leg Benchmark Rate shall be such other successor benchmark rate as the financial industry shall have accepted as a successor or substitute rate for EURIBOR or the relevant specified rate, as applicable.

"**Mid-Swap Rate**" means, in relation to a Reset Determination Date and subject to Condition 3(b)(ii) (*Interest on Reset Notes - Fallbacks*), either:

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

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

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

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

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

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

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

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

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

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

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

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

"**Subsequent Margin**" means the margin specified as such in the applicable Final Terms. "**Subsequent Reset Date**" means the date or dates specified in the applicable Final Terms.

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

"**Subsequent Reset Rate of Interest**" means, in respect of any Subsequent Reset Period and subject to Condition 3(b)(ii) (*Interest on Reset Notes - Fallbacks*), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Mid-Swap Rate and the relevant Subsequent Margin.

Condition 3(c) below is applicable to the Notes (a) if the Floating Rate Note Provisions are specified in the applicable Final Terms as being applicable; and (b) if the Fixed-Floating Rate Note Provisions or the Floating-Fixed Rate Note Provisions are specified in the applicable Final Terms as being applicable, in respect of those Interest Periods for which the Floating Rate Note Provisions are stated to apply.

(c) ***Interest on Floating Rate Notes, including CMS Linked Interest Notes and SONIA Linked Interest Notes***

(i) *Interest Payment Dates*

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

(A) the Interest Payment Date(s) in each year, or

(B) if no express Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each an "**Interest Payment Date**") which falls the number of months or other period specified as the Interest Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

If a business day convention is specified in the applicable Final Terms and if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the business day convention specified is:

(1) in any case where Interest Periods are specified in accordance with Condition 3(c)(i)(B) above, the Floating Rate Convention, FRN Convention or Eurodollar Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the number of months or other period specified as the Interest Period in the applicable Final Terms after the preceding applicable Interest Payment Date occurred; or

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

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

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

In this Condition, "**Business Day**" means:

(a) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and

(b) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

"**Calculation Agent**" means the Issuer or such other person specified in the applicable Final Terms;

"**T2**" means the real time gross settlement system operated by the Eurosystem, or any successor system; and

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

(ii) *Rate of Interest*

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

(A) *ISDA Determination for Floating Rate Notes*

Where, in respect of Senior Preferred Notes only, ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent or such other person acting as calculation agent for that swap transaction under the terms of an agreement incorporating either the 2006 ISDA Definitions or the 2021 ISDA Definitions:

(i) the Floating Rate Option is as specified in the applicable Final Terms;

(ii) the Designated Maturity is a period specified in the applicable Final Terms; and

(iii) the relevant Reset Date is either (i) if the applicable Floating Rate Option is EURIBOR for a currency, the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

For the purposes of this sub-paragraph (A):

"**2006 ISDA Definitions**" means, in relation to a Series of Notes, the 2006 ISDA Definitions (as supplemented, amended and updated as at the date of issue of the first Tranche of the Notes of such Series) as published by ISDA (copies of which may be obtained from ISDA at www.isda.org);

"**2021 ISDA Definitions**" means, in relation to a Series of Notes, the latest version of the 2021 ISDA Interest Rate Derivatives Definitions (including each Matrix (and any successor Matrix thereto), as defined in such 2021 ISDA Interest Rate Derivatives Definitions) as at the date of issue of the first Tranche of Notes of such Series, as published by ISDA on its website (www.isda.org);

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

"**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Euro-Zone**" and "**Reset Date**" have the meanings given to those terms in the ISDA Definitions.

When this sub-paragraph (A) applies, in respect of each relevant Interest Period the Calculation Agent will be deemed to have discharged its obligations under Condition 3(c)(iv) (*Determination of Rate of Interest and Calculation of Interest Amounts*) in respect of the determination of the Rate of Interest if it has determined the Rate of Interest in respect of such Interest Period in the manner provided in this sub-paragraph (A).

(B) *Screen Rate Determination for Floating Rate Notes other than CMS Linked Interest Notes and SONIA Linked Interest Notes*

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined and "CMS Rate" and "SONIA" is not specified as the Reference Rate in the Final Terms, the Rate of Interest for each Interest Period will, subject as provided below, be either:

(i) the offered quotation; or

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

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

Subject to Condition 3(f) *(Benchmark Replacement*), if the Relevant Screen Page is not available or if, in the case of (i) above, no such offered quotation appears or, in the case of (ii) above, fewer than three such offered quotations appear, in each case as at the Relevant Time, the Calculation Agent shall request the principal Relevant Financial Centre (as specified in the applicable Final Terms) office of each of the Reference Banks (as defined below) to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Relevant Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with such offered quotations as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates quoted by four major banks in the Principal Financial Centre (defined below) of the Specified Currency selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the Interest Determination Date for loans in the Specified Currency to leading European banks for a period of the duration of the relevant Interest Period and in an amount that is representative for a single transaction in the relevant market at the relevant time plus or minus (as appropriate) the Margin (if any) **provided that**, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period).

In this Condition 3:

"**Reference Rate**" means the rate specified in the applicable Final Terms.

"**Reference Banks**" means four major banks selected by the Issuer in the market that is most closely connected with the Reference Rate.

"**Principal Financial Centre**" means, in relation to any currency, the principal financial centre for that currency **provided**, **however**, **that** (x) in relation to euro, it means the principal financial centre of such Member State of the European Union as is selected by the Calculation Agent and (y) 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 by the Calculation Agent.

"**Additional Business Centre**" means the city or cities specified as such in the applicable Final Terms.

(C) *Screen Rate Determination for Floating Rate Notes which are CMS Linked Interest Notes*

If Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate(s) of Interest is/are to be determined and "CMS Rate" is specified as the Reference Rate in the Final Terms, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent by reference to the following formula, subject to Condition 3(f):

CMS Rate plus Margin

If the Relevant Screen Page is not available, the Calculation Agent shall request each of the CMS Reference Banks to provide the Calculation Agent with its quotation for the Relevant Swap Rate at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the Interest Determination Date in question. If at least three of the CMS Reference Banks provide the Calculation Agent with such quotation, the CMS Rate for such Interest Period shall be the arithmetic mean of such quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest).

If on any Interest Determination Date less than three or none of the CMS Reference Banks provides the Calculation Agent with such quotations as provided in the preceding paragraph, the CMS Rate shall be determined by the Calculation Agent in good faith on such commercial basis as considered appropriate by the Calculation Agent in its absolute discretion, in accordance with standard market practice.

In this Condition 3(c)(ii)(C):

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

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

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

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

"**Relevant Swap Rate**" means:

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

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

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

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

If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined and "SONIA" is specified as the Reference Rate in the relevant Final Terms, the Rate of Interest applicable to the Notes for each Interest Period shall be Compounded Daily SONIA plus or minus the Margin (if any) as specified in the applicable Final Terms, subject to Condition 3(f).

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

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

In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms), subject to Condition 3(f), the Rate of Interest shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) is to be applied to the relevant Interest Period from that which applied to the last preceding Interest

Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period in place of the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to that last preceding Interest Period); or (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (including applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Period).

If the relevant Series of Notes become due and payable in accordance with Condition 8 (*Events of Default*), the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Final Terms, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on such Notes shall, for so long as any such Notes remain outstanding, be that determined on such date.

For the purposes of this sub-paragraph 3(c)(ii)(D): "**Compounded Daily SONIA**" means, with respect to an Interest Period, the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) on the Interest Determination

Date, as follows, and the resulting percentage will be rounded if necessary to the third decimal place, with 0.0005 being rounded upwards:

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

Where:

"**d**" is the number of calendar days in the relevant Interest Period; "$\mathbf{d_o}$" is the number of Business Days in the relevant Interest Period;

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

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

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

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

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

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

"**SONIA Reference Rate**" means in respect of any Business Day, a reference rate equal to the daily Sterling Overnight Index Average ("**SONIA**") rate for such Business Day as provided by the administrator of SONIA to authorised distributors and as then

published on the screen or, if the screen is unavailable, as otherwise published by such authorised distributors (on the Business Day immediately following such Business Day).

(iii) *Minimum and/or Maximum Interest Rate*

If the applicable Final Terms specifies a Minimum Interest Rate for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Interest Rate, the Rate of Interest for such Interest Period shall be such Minimum Interest Rate, which shall never be less than zero. If the applicable Final Terms specifies a Maximum Interest Rate for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Interest Rate, the Rate of Interest for such Interest Period shall be such Maximum Interest Rate. The provisions relating to the Maximum or Minimum Interest Rate, however, shall not apply to the Senior Non-Preferred Notes and shall not be specified at any time in the applicable Final Terms.

(iv) *Determination of Rate of Interest and Calculation of Interest Amounts*

The Calculation Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Calculation Agent will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Notes or CMS Linked Interest Notes in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying such sum by the applicable Day Count Fraction and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note 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.

If the Reset Note Provisions are specified in the applicable Final Terms as being applicable, the Interest Amount payable for any Interest Period shall be an amount calculated by the Calculation Agent in accordance with the provisions of Condition 3(b)(i) (*Interest on Reset Notes - Rates of Interest and Interest Payment Dates*) (adjusted or unadjusted in accordance with the Business Day Convention, as specified in the applicable Final Terms).

"**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 applicable Final Terms and:

(i) if "**Actual/365**" or "**Actual/Actual (ICMA)**" is so specified, means:

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

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

(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 (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; or

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

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

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

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

where:

"$\mathbf{Y_1}$" 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;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"$\mathbf{D_2}$" 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 D_1 is greater than 29, in which case D_2 will be 30;

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

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

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"$\mathbf{D_2}$" 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 D_2 will be 30; and

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

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

The Paying Agent for the Dematerialised Notes will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, Monte Titoli, the Paying Agent for the Dematerialised Notes and any stock exchange on which the relevant Notes are for the time being listed and notice thereof to be published in accordance with Condition 11 (*Notices*) as soon as possible after their determination but in no event later than the first day of the relevant Interest Period. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Notes are for the time being listed and to the Noteholders in accordance with Condition 11 (*Notices*). If the Calculation Amount is less than the minimum Specified Denomination the Calculation 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 Note having the minimum Specified Denomination.

(vi) *Determination or Calculation by a leading bank or investment banking firm other than the Calculation Agent*

If for any reason the Calculation Agent at any time after the Issue Date defaults in its obligation to determine the Rate of Interest or calculate any Interest Amount in accordance with this Condition 3(c), the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

(vii) *Certificates to be Final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 3(c), whether by the Calculation Agent or the Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Calculation Agent, the Paying Agent for the Dematerialised Notes and all Noteholders no liability to the Noteholders shall attach to the Calculation Agent or the Paying Agent for the Dematerialised Notes in connection with the exercise or non-exercise by them of their powers, duties and discretions pursuant to such provisions.

(d) ***Zero Coupon Notes***

If the Redemption Amount payable in respect of any Zero Coupon Note 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 Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

For the purposes of this Condition 3(d):

"**Redemption Amount**" means, as appropriate, the Final Redemption Amount, the Early Redemption Amount, the Optional Redemption Amount or such other amount in the nature of a redemption amount as may be specified in the applicable Final Terms;

"**Reference Price**" has the meaning given in the applicable Final Terms; and "**Accrual Yield**" has the meaning given in the applicable Final Terms.

(e) ***Accrual of Interest***

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the due date for its redemption unless payment of principal is improperly withheld or refused. In such event interest will continue to accrue as provided in this Condition 3 (*Interest*).

(f) ***Benchmark Replacement***

Notwithstanding the provisions in Conditions 3(b)(ii) (*Interest on Reset Notes - Fallbacks*) and 3(c) (*Interest on Floating Rate Notes, including CMS Linked Interest Notes and SONIA Linked Notes*), if the Issuer (in consultation with the Calculation Agent or the person specified in the applicable Final Terms as the party responsible for calculating the Rate of Interest and the Interest Amount(s)) determines a Benchmark Event has occurred in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the following provisions shall apply:

(i) the Issuer shall use reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser to determine (acting in good faith and in a commercially reasonable manner) a Successor Rate or, alternatively, if there is no Successor Rate, an Alternative Benchmark Rate no later than 3 Business Days prior to the Reset Determination Date or Interest Determination Date (as applicable) relating to the next succeeding Reset Period or Interest Period (as applicable) (the "**IA Determination Cut-off Date**") for purposes of determining the Rate of Interest applicable to the Notes for all future Reset Periods or Interest Periods (as applicable) (subject to the subsequent operation of this Condition 3(f));

(ii) if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine a Successor Rate or an Alternative Benchmark Rate prior to the IA Determination Cut-off Date, then the Issuer (acting in good faith and a commercially reasonable manner) may determine a Successor Rate or, if there is no Successor Rate, an Alternative Benchmark Rate;

(iii) if a Successor Rate or, failing which, an Alternative Benchmark Rate is determined in accordance with the preceding provisions, such Successor Rate or, failing which, Alternative Benchmark Rate shall be the Reference Rate or Mid-Swap Rate (as applicable) in relation to the Notes for all future Reset Periods or Interest Periods (as applicable) (subject to the subsequent operation of this Condition 3(f)); **provided, however, that** if sub-paragraph (ii) applies and the Issuer is unable or unwilling to determine a Successor Rate or an Alternative Benchmark Rate prior to the Reset Determination Date or Interest Determination Date (as applicable) relating to the next succeeding Reset Period or Interest Period (as applicable), the Rate of Interest applicable to such next succeeding Reset Period or Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of a preceding Reset Period or Interest Period as applicable (which may be the Initial Rate of Interest) (though substituting, where a different Margin is to be applied to the relevant Reset Period or Interest Period from that which applied to the last preceding Reset Period or Interest Period, the Margin relating to the relevant Reset Period or Interest Period, in place of the Margin relating to that last preceding Reset Period or Interest Period); for the avoidance of doubt, the provisions in this sub-paragraph (iii) shall apply to the relevant Interest Period or Reset Period (as applicable) only and any subsequent Interest Periods or Reset Periods (as applicable) are subject to the subsequent operation of, and to adjustment as provided in, this Condition 3(f);

(iv) if the Independent Adviser or the Issuer (each, acting in good faith and in a commercially reasonable manner) determines a Successor Rate or, failing which, an Alternative Benchmark Rate in accordance with the above provisions, the Independent Adviser or the Issuer (as the case may be) may also, following consultation with the Calculation Agent (or the person specified in the applicable Final Terms as the party responsible for calculating the Rate of Interest and the Interest Amount(s)), specify (x) changes to the Terms and Conditions in order to follow market practice in relation to such Successor Rate or, as applicable, Alternative Benchmark Rate, including but not limited to, the Additional Business Centre, Business Day, Business Day Convention, Day Count Fraction, Interest Determination Date, Relevant Screen Page and/or the definition of Mid-Swap Rate or Reference Rate applicable to the Notes, and (y) any other changes which the Independent Adviser or the Issuer (as the case may be) determines are reasonably necessary to ensure the proper operation and comparability to the Reference Rate or

Mid-Swap Rate of such Successor Rate or the Alternative Benchmark Rate, which changes shall apply to the Notes for all future Reset Periods or Interest Periods (as applicable) (subject to the subsequent operation of this Condition 3(f)). If the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable), determines that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Benchmark Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Benchmark Rate (as applicable). If the Independent Adviser or the Issuer (as applicable) is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Successor Rate or Alternative Benchmark Rate (as applicable) will apply without an Adjustment Spread;

(v) promptly following the determination of any Successor Rate or Alternative Benchmark Rate, and, if applicable, any Adjustment Spread, the Issuer shall give notice thereof and of any changes (and the effective date thereof) pursuant to sub-paragraph (iv) above to the Paying Agent for the Dematerialised Notes and, if applicable the Calculation Agent and the Noteholders in accordance with Condition 11 (*Notices*); and

(vi) no consent of the Noteholders shall be required in connection with effecting a relevant Successor Rate or Alternative Benchmark Rate (as applicable) or such other changes pursuant to this Condition 3(f), including for the execution of any documents or the taking of other steps by the Issuer.

Notwithstanding any other provision of this Condition 3(f): (i) no Successor Rate or Alternative Benchmark Rate (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made pursuant to this Condition 3(f), if and to the extent that, in the determination of the Issuer, the same could reasonably: (X) result in the occurrence of a Regulatory Event and/or a MREL/TLAC Disqualification Event; and/or (Y) be expected to prejudice the qualification of the Notes as: (A) in the case of Senior Preferred Notes or Senior Non-Preferred Notes, satisfying the MREL Requirements; (B) in the case of Subordinated Notes, Tier II capital for regulatory capital purposes of the Issuer and/or the Group; and/or (ii) in the case of Senior Preferred Notes and Senior Non-Preferred Notes only, no Successor Rate or Alternative Benchmark Rate (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made pursuant to this Condition 3(f), if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to result in the Relevant Authority treating an Interest Payment Date as the effective maturity of the Notes, rather than the relevant Maturity Date. If any of the preceding circumstances occurs, then 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.

For the purposes of this Condition 3(f):

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

(a) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Reference Rate or Mid-Swap Rate (as applicable) with the Successor Rate by any Relevant Nominating Body; or

(b) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Benchmark Rate, the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable) determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Reference Rate or Mid-Swap Floating Rate (as applicable), where such rate has been replaced by the Successor Rate or the Alternative Benchmark Rate (as applicable); or

(c) if no such customary market usage is recognised or acknowledged, the Independent Adviser (in consultation with the Issuer), determines (acting in good faith and in a commercially reasonable manner) to be appropriate.

"**Alternative Benchmark Rate**" means the rate that the Independent Adviser or the Issuer (as applicable) determines has replaced the relevant Reference Rate or Mid-Swap Rate (as applicable) in customary market usage in the international debt capital markets for the purposes of determining rates of interest in respect of eurobonds denominated in the Specified Currency and of a comparable duration to the relevant Interest Period or Reset Period (as applicable), or, if the Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other rate as the Independent Adviser or the Issuer (as applicable) determines in its discretion (acting in good faith and in a commercially reasonable manner) is most comparable to the relevant Reference Rate or Mid-Swap Rate (as applicable).

"**Authorised Person**" means any person who is represented by the Issuer as being for the time being authorised to sign (whether alone or with another person(s)) on behalf of the Issuer and so as to bind it.

"**Benchmark Event**" means:

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

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

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

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

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

(f) it has become unlawful for any Paying Agent for the Dematerialised Notes, Calculation Agent or the Issuer to calculate any payments due to be made to any Noteholder using the Original Reference Rate.

For the avoidance of doubt, in respect of paragraphs (b), (c) and (d) above, such public statement will not constitute a Benchmark Event before the date falling six months prior the date specified in the relevant public announcement on which the Original Reference Rate is permanently or indefinitely discontinued or prohibited.

"**Independent Adviser**" means an independent financial institution of international repute or other independent financial adviser experienced in the international capital markets, in each case appointed by the Issuer at its own expense.

"**Original Reference Rate**" means:

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

(b) any Successor Rate or Alternative Benchmark Rate which has been determined in relation to such benchmark or screen rate (as applicable) pursuant to the operation of Condition 3(f) (*Benchmark Replacement*).

"**Relevant Nominating Body**" means, in respect of a reference rate or mid-swap floating leg benchmark rate:

(a) the central bank for the currency to which the reference rate or mid swap floating leg benchmark rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate or mid swap floating leg benchmark rate; or

(b) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (w) the central bank for the currency to which the reference rate or mid swap floating

leg benchmark rate relates, (x) any central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate or mid-swap floating leg benchmark rate, (y) a group of the aforementioned central banks or other supervisory authorities, or (z) the Financial Stability Board or any part thereof; and

"**Successor Rate**" means the rate that the Independent Adviser or the Issuer (as applicable) determines is a successor to or replacement of the Reference Rate or Mid-Swap Rate (as applicable) which is formally recommended by any Relevant Nominating Body.

4. **Redemption and Purchase**

(a) ***At Maturity***

Unless previously redeemed, or purchased and cancelled, as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount (which will always be at least 100 per cent of their nominal value) specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date, subject as provided in Condition 4(l) (*Conditions to Redemption and Purchase of the Notes*).

Subordinated Notes shall have a minimum maturity period of five years, as provided under the Applicable Banking Regulations.

Senior Non-Preferred Notes shall have a minimum Maturity Period of twelve months, as provided under Articles 12-*bis*, paragraph 1, letter a of the Consolidated Banking Act and any relevant implementing regulation which may be enacted for such purposes by any Relevant Authority.

(b) ***Redemption for Tax Reasons***

Subject to Condition 4(l) (*Conditions to Redemption and Purchase of the Notes*), if redemption for tax reasons is specified as applicable in the applicable Final Terms and the Issuer confirms to the Noteholders in accordance with Condition 11 (*Notices*), immediately prior to the giving of the notice referred to below, that:

(i) as a result of any amendment to or change in the laws or regulations of Italy or of any political subdivision thereof or any authority or agency therein or thereof or in the interpretation or administration of any such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Notes of the Series, the Issuer would (notwithstanding its having used such endeavours as the Agent shall consider reasonable) be required to pay additional amounts as provided in Condition 7 (*Taxation*) on the occasion of the next payment in respect of Notes of the Series,

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

(iii) in the case of Subordinated Notes only, if the circumstances under points (i) and (ii) above have occurred before five years from the issue of the relevant Subordinated Notes, the Issuer has demonstrated to the satisfaction of the Relevant Authority (as defined in Condition 2(a)) that such change is material and was not reasonably foreseeable at the Issue Date, and

(iv) such circumstances are evidenced by (A) a certificate signed by two authorised signatories of the Issuer stating that the said circumstances prevail and describing the facts leading thereto, and (B) an opinion of independent legal advisers of recognised standing to the effect that such circumstances prevail (a "**Tax Event**"), to be made available, upon request, to the Noteholders,

the Issuer may, at its option, having given not more than 60 nor less than 30 days' notice to Monte Titoli, the Paying Agent for the Dematerialised Notes and, in accordance with Condition 11 (*Notices*), the Noteholders, at any time or, if the Notes are Floating Rate Notes, including CMS Linked Interest Notes and SONIA Linked Interest Notes, on the next Interest Payment Date, repay all, but not some only, of the Notes at their Early Redemption Amount referred to in paragraph (f) below, together, if appropriate, with interest accrued to (but excluding) the date of repayment **provided that** the date fixed for such repayment shall not be earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts, were a payment in respect of the Notes then due. Upon the expiry of such notice, the Issuer shall be bound to redeem the Notes accordingly.

(c) ***Redemption for regulatory reasons - Regulatory Call***

(i) *Senior Notes*

Subject to Condition 4(l)(i) (*Conditions to Redemption and Purchase of the Notes – Senior Notes*), if MREL/TLAC Disqualification Event is specified in the applicable Final Terms as being applicable, the Senior Preferred Notes and/or the Senior Non-Preferred Notes (as the case may be) may be redeemed at the option of the Issuer, in whole but not in part, at the Early Redemption Amount at any time (if the Senior Preferred Notes and/or the Senior Non-Preferred Note (as the case may be) is not a Floating Rate Note) or on any Interest Payment Date (if the Note is a Floating Rate Note), on giving not less than 15 nor more than 30 days' notice (which notice shall be irrevocable) to Monte Titoli, the Paying Agent for the Dematerialised Notes and, in accordance with Condition 11 (*Notices*), to the holders of the Senior Preferred Notes and/or the Senior Non-Preferred Notes (as the case may be), upon the occurrence of an MREL/TLAC Disqualification Event with respect to the relevant Series of Senior Preferred Notes and/or Senior Non-Preferred Notes (as the case may be).

"**MREL/TLAC Disqualification Event**" means the determination by the Issuer, that as a result of a change in Italian and/or EU laws, regulations, guidelines, rules, standards and policies, delegated or implementing acts, regulatory technical standards as well as a change in the application or official interpretation of the relevant regulations, becoming effective on or after the Issue Date of a Series of Senior Preferred Notes, of Senior Non-Preferred Notes and/or of Subordinated Notes, which change was not reasonably foreseeable by the Issuer as at the Issue Date of the Series, it is likely that all or part of the aggregate outstanding nominal amount of such Series of Senior Preferred Notes, of Senior Non-Preferred Notes and/or of Subordinated Notes will be excluded from the instruments able to count towards the MREL/TLAC Requirements (however called or defined by then applicable regulations) if the Issuer is then subject to such requirements, **provided that** an MREL/TLAC Disqualification Event shall not occur where such Series of Senior Preferred Notes, of Senior Non-Preferred Notes and/or of Subordinated Notes are excluded on the basis (1) that the remaining maturity of such Senior Preferred Notes, Senior Non-Preferred Notes and/or Subordinated Notes is less than any period prescribed by any applicable eligibility criteria under the MREL/TLAC Requirements, or (2) of any applicable limits on the amount of eligible liabilities permitted or allowed to meet the MREL/TLAC Requirements. For the avoidance of doubt, for the purpose of this definition of "MREL/TLAC Disqualification Event", the Issuer is considered already subject to MREL/TLAC Requirements regardless of any transitional period which may apply to the mandatory application of the same.

"**MREL/TLAC Requirements**" means the minimum requirement for Own Funds and eligible liabilities and/or total loss-absorbing capacity requirements applicable to the Issuer and/or the Group referred to in the BRRD (as defined in Condition 2(a)), any other EU law or regulation and relevant implementing legislation and regulation in Italy.

(ii) *Subordinated Notes*

Subject to Condition 4(l)(ii) (*Conditions to Redemption and Purchase of the Notes – Subordinated Notes*), if MREL/TLAC Disqualification Event or Regulatory Event is specified in the applicable Final Terms as being applicable, to the extent that the Issuer determines that a MREL/TLAC Disqualification Event or Regulatory Event has occurred, the Notes may be redeemed at the option of the Issuer, in whole but not in part, at the Early Redemption Amount at any time (if the Note is not a Floating Rate Note) or on any Interest Payment Date (if the Note is a Floating Rate Note), on giving not less than 15 nor more than 30 days' notice (which notice shall be irrevocable) to Monte Titoli and the Paying Agent for the Dematerialised Notes and, in accordance with Condition 11 (*Notices*), the Noteholders.

Prior to the publication of any notice of redemption pursuant to this Condition 4(c), the Issuer shall make available, upon request, to the Noteholders, a certificate signed by two authorised signatories of the Issuer stating that the said circumstances prevail and describe the facts leading thereto, in which event it shall be conclusive and binding on the Noteholders.

Upon the expiry of any such notice as is referred to in this Condition 4(c), the Issuer shall be bound to redeem the Notes in accordance with this Condition 4(c), at the Early Redemption

Amount described in the applicable Final Terms, together (if appropriate) with interest accrued to (but excluding) the date of redemption.

In this Condition 4(c)(ii):

"**Applicable Banking Regulations**" means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy then in effect in the Republic of Italy, including, without limitation to the generality of the foregoing, those regulations, requirements, guidelines and policies relating to capital adequacy then in effect of the Relevant Authority (as defined in Condition 2(a)) whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer and including, for avoidance of doubt, as at the Issue Date the rules contained in, or implementing, CRD IV and the Banking Reform Package;

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

"**CRD IV**" means the CRD IV Directive, the CRR and any CRD IV Implementing Measure;

"**CRD IV Directive**" means the directive 2013/36 of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, as amended and supplemented from time to time (including by the CRD V Directive);

"**CRD IV Implementing Measure**" means any regulatory capital rules implementing the CRD IV Directive or the CRR which may from time to time be introduced, including, but not limited to, delegated or implementing acts (regulatory technical standards) adopted by the European Commission, national laws and regulations, and regulations and guidelines issued by the Bank of Italy, the European Banking Authority or any other relevant authority, which are applicable to the Issuer (on a standalone basis) or the Issuer together with its consolidated subsidiaries (on a consolidated basis) and which prescribe the requirements to be fulfilled by financial instruments for inclusion in the regulatory capital of the Issuer (on a standalone or consolidated basis);

"**CRD V Directive**" means the Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures, as amended or replaced from time to time;

"**CRR**" means the Regulation No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms amending Regulation No. 648/2012, as amended and supplemented from time to time (including by the CRR II Regulation);

"**CRR II Regulation**" means Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for Own Funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment

undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012, as amended or replaced from time to time;

"**Early Redemption Amount**" means in respect of any Note, its principal amount or such other amount as may be specified in the applicable Final Terms;

"**EU CRA Regulation**" means Regulation (EC) No. 1060/2009, as amended and supplemented from time to time;

"**Regulatory Event**" is deemed to have occurred if there is a change in the regulatory classification of the Subordinated Notes that would be likely to result in their exclusion in whole or, to the extent permitted by the Applicable Banking Regulations, in part, from Tier II Capital of the Issuer (whether on a consolidated or non- consolidated basis, as a result of changes after the date of issue of the relevant Subordinated Notes in the standards and guidelines of the Bank of Italy or in the applicable legal or regulatory provisions (including adopted by the European Union) (save where the exclusion from Tier II Capital of the Issuer is solely (A) a result of any applicable limitation on the amount of such capital, or (B) in accordance with any requirement that recognition of such Series of Subordinated Notes as part of the Tier II Capital of the Issuer be amortised in the five years prior to maturity of such Notes, in either (A) or (B) in accordance with Applicable Banking Regulations in force as at the date on which agreement is reached to issue the first Tranche of such Series of Subordinated Notes) and, in case the Regulatory Event has occurred before five years from the issue of the relevant Subordinated Notes, both of the following conditions are met: (i) the Relevant Authority considers such a change to be sufficiently certain and (ii) the Issuer demonstrates to the satisfaction of the Relevant Authority (as defined in Condition 2(a)) that the change in regulatory classification of the Notes was not reasonably foreseeable as at the Issue Date;

"**Tier II Capital**" has the meaning given to it by (i) the Bank of Italy or (ii) any regulation, directive or other binding rules, standards or decisions adopted by the institutions of the European Union from time to time, as applicable.

(d) ***Redemption at the Option of the Issuer - Call Option***

Subject to Condition 4(l) (*Conditions to Redemption and Purchase of the Notes*), if the Call Option is specified in the applicable Final Terms as being applicable, the Issuer may having given not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 11 (*Notices*) (or such other period of notice as is specified in the applicable Final Terms) (which notice shall be irrevocable), redeem all or, if so specified in the applicable Final Term, some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will be selected either individually by lot or in accordance with the rules of Monte Titoli, in each case not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). Each Noteholder that holds a Redeemed Note will be informed by the Issuer in accordance with Condition 11 (*Notices*) not less than 15 days prior to the date fixed for redemption.

(e) ***Redemption at the Option of the Noteholders - Put Option***

Except in the case of Senior Non-Preferred Notes and Subordinated Notes, to which this paragraph (e) shall not apply, if the Put Option is specified in the applicable Final Terms as being applicable, upon the holder of any Note giving a signed notice (a "**Put Notice**") to the Issuer (such Put Notice to include the ISIN Code of the Notes for which the Put Option is exercised) in accordance with Condition 11 (*Notices*) not less than 15 nor more than 30 days' notice (or such other period of notice as is specified in the applicable Final Terms) the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, in whole (but not in part), such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

Any Put Notice given by a holder of any Note pursuant to this paragraph shall be irrevocable except where prior to the due date of repayment an Event of Default shall have occurred and be continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the Put Notice given pursuant to this paragraph.

(f) ***Redemption at the Option of the Issuer - Clean-Up***

Subject to Condition 4(l) (*Conditions to Redemption and Purchase of the Notes*), if Clean-Up Redemption Option is specified as applicable in the Final Terms, and if 75 per cent. or any higher percentage specified in the relevant Final Terms (the "**Clean-Up Percentage**") of the initial aggregate nominal amount of the Notes of the same Series (which for the avoidance of doubt includes, any additional Notes issued subsequently and forming a single series with the first Tranche of a particular Series of Notes) have been redeemed or purchased by, or on behalf of, the Issuer and cancelled, the Issuer may, subject in the case of Subordinated Notes and Senior Notes eligible to comply with MREL Requirements, to compliance with the Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) then in force, at any time, at its option, and having given not less than 5 nor more than 30 calendar days' notice (the "**Clean-Up Redemption Notice**") to Monte Titoli, the Paying Agent for the Dematerialised Notes and, in accordance with Condition 11 (*Notice*s) (which notice shall be irrevocable and shall specify the date fixed for redemption), to the Noteholders, redeem such outstanding Notes, in whole but not in part, at their Optional Redemption Amount together, if appropriate, with accrued interest to (but excluding) the date of redemption, on the date fixed for redemption identified in the Clean-Up Redemption Notice.

(g) ***Redemption Amounts***

For the purposes of paragraphs (a), (b), (c) and (d) above and Condition 8 (*Events of Default*), the Notes will be redeemed at an amount that is equal to at least 100 per cent of the nominal amount.

(h) ***Instalments***

Each Note, if it is redeemable in instalments, will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Final Terms.

(i) ***Early Redemption of Zero Coupon Notes***

Unless otherwise specified in the applicable Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes 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 4(i) or, if none is so specified, a Day Count Fraction of 30E/360.

(j) ***Purchases***

Subject to Condition 4(l) (*Conditions to Redemption and Purchase of the Notes*), the Issuer, or any of its Subsidiaries may purchase Notes, in any manner and at any price. In the case of any purchase, such Notes may be held, reissued or resold by the Issuer or any of its Subsidiaries or, at the option of the Issuer, cancelled.

Notes may only be purchased by the Issuer or any of its Subsidiaries, unless and to the extent permitted by the Applicable Banking Regulations at the relevant time.

(k) ***Cancellation***

All Notes redeemed by or on behalf of the Issuer or any of its Subsidiaries and all Notes purchased by or on behalf of the Issuer or any of its Subsidiaries shall be cancelled forthwith together. All Notes so cancelled may not be reissued or resold and the obligations of the Issuer in respect of the Notes shall be discharged.

(l) ***Conditions to Redemption and Purchase of the Notes***

(i) *Senior Notes*

Any redemption, variation or purchase in accordance with Conditions 4(b) (*Redemption for Tax Reasons*), 4(c) (*Redemption for regulatory reasons - Regulatory Call*), 4(d) (*Redemption at the Option of the Issuer – Call Option*) and/or Condition 9 (*Meetings of Noteholders; Modification; Waiver*) (including for the avoidance of doubt, any modification in accordance with Condition 9), and 4(j) (*Purchases*) of Senior Notes qualifying as eligible liabilities instruments according to the MREL Requirements is subject to compliance with the then Applicable Banking Regulations, including the condition that the Issuer has obtained the prior permission of the Relevant Authority in accordance with Article 78a of the CRR (to the extent required), where one of the following conditions is met:

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

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

(C) the Issuer has demonstrated to the satisfaction of the Relevant Authority that the partial or full replacement of the eligible liabilities with Own Funds instruments is necessary to ensure compliance with the Own Funds requirements laid down in the Applicable Banking Regulations for continuing authorisation, subject in any event to any different conditions or requirements as may be provided from time to time under the Applicable Banking Regulations.

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

Failure to redeem any such Senior Notes where such consent has not been granted shall not constitute an event of default of the Issuer for any purpose. Notwithstanding the above conditions, if, at the time of any redemption or purchase, Articles 12-*bis* and 91, paragraph 1-*bis*, letter c-*bis* of the Consolidated Banking Act and any relevant implementing regulation which may be enacted for such purposes by any Relevant Authority (with respect to the Senior Non-Preferred Notes only) and/or the MREL/TLAC Requirements (with respect to the Senior Preferred Notes and the Senior Non-Preferred Notes) permit the redemption or purchase only after compliance with one or more alternative or additional pre-conditions to those set out above in this Condition 4(l) the Issuer shall comply with such other and/or, as appropriate, additional pre-condition(s).

(ii) *Subordinated Notes*

Any redemption, variation or purchase of the Subordinated Notes in accordance with Conditions 4(b) (*Redemption for Tax Reasons*), 4(c) (*Redemption for regulatory reasons - Regulatory Call*), 4(d) (*Redemption at the Option of the Issuer – Call Option*), and/or Condition 9 (*Meetings of Noteholders; Modifications; Waiver*) (including for the avoidance of doubt, any modification in accordance with Condition 9), and 4(j) (*Purchases*) is subject to, if and to the extent then required under the Applicable Banking Regulations:

(i) the Issuer giving notice to the Relevant Authority and the Relevant Authority granting prior permission to redeem or purchase the relevant Subordinated Notes (in each case to the extent, and in the manner, required by the then Applicable Banking Regulations,

including Articles 77 and 78 of the CRR, as amended or replaced from time to time), where either:

(a) on or before such redemption or purchase (as applicable), the Issuer replaces the relevant Notes with Own Funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or

(b) the Issuer has demonstrated to the satisfaction of the Relevant Authority that its Own Funds and eligible liabilities would, following such repayment or purchase, exceed the minimum requirements (including any capital buffer requirements) required under the Applicable Banking Regulations by a margin that the Relevant Authority considers necessary at such time; and

(ii) in respect of a call, redemption repayment or purchase prior to the fifth anniversary of the Issue Date of the relevant Subordinated Notes, if and to the extent required under Article 78(4) of the CRR or the Commission Delegated Regulation (EU) No. 241/2014 of 7 January 2014:

(a) in the case of redemption pursuant to Condition 4(b) (*Redemption for Tax Reasons*), the Issuer having demonstrated to the satisfaction of the Relevant Authority that the change in the applicable tax treatment of the Subordinated Notes is material and was not reasonably foreseeable as at the Issue Date; or

(b) in case of redemption pursuant to Condition 4(c) (*Redemption for regulatory reasons - Regulatory Call*), a Regulatory Event having occurred in respect of Subordinated Notes; or

(c) on or before such redemption or purchase (as applicable), the Issuer replacing the relevant Notes with Own Funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer and the Relevant Authority having permitted that action on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances; or

(d) the relevant Notes being purchased for market making purposes,

subject in any event to any alternative or additional conditions or requirements as may be applicable from time to time under the Applicable Banking Regulations

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

Failure to redeem any such Subordinated Notes where such consent has not been granted shall not constitute an event of default of the Issuer for any purpose. Notwithstanding the above conditions, if, at the time of any redemption, variation or purchase, the Applicable Banking Regulations permit the redemption, variation or purchase only after compliance with one or more alternative or additional pre-conditions to those set out above in this Condition 4(l), the Issuer shall comply with such other and/or, as appropriate, additional pre-condition(s).

5. **Payments**

(a) ***Payments to Noteholders***

Payment of principal and interest in respect of the Notes will be credited, according to the instructions of Monte Titoli, by the Paying Agent for the Dematerialised Notes to the accounts of the Monte Titoli Account Holders whose accounts with Monte Titoli are credited with those Notes and thereafter credited by such Monte Titoli Account Holders to the accounts of the beneficial owners of those Notes or through

Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Notes, in accordance with the rules and procedures of Monte Titoli, Euroclear or Clearstream, Luxembourg, as the case may be.

(b) ***Method of Payment***

Subject as provided below:

(i) payments in a Specified Currency other than Euro will be made by transfer to an account in the relevant Specified Currency maintained by the payee with, or by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which if the Specified Currency is in Australian dollars or New Zealand dollars shall be Sydney or Wellington, respectively) as specified in the applicable Final Terms; and

(ii) payments in Euro will be made by Monte Titoli crediting the Euro accounts of the relevant intermediaries, on behalf of the Noteholders, as evidenced in Monte Titoli's records.

All payments in respect of the Notes 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 7 (*Taxation*).

(c) ***Payment Day***

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

(a) day on which commercial banks and foreign exchange markets settle payments in London and Milan; and

(b) Business Day (as defined in Condition 3(c)(i) (*Interest Payment Dates*)).

Without prejudice to the provisions of Condition 3(c)(i) (*Interest Payment Dates*), if the Final Terms specify that a date for payment of any amount in respect of any Note, including Interest Payment Dates, is adjusted in accordance with a Business Day Convention and if any relevant date of payment would otherwise fall on a day which is not a Payment Day, then, if the business day convention specified is:

(a) the Following Business Day Convention, such date of payment shall be postponed to the next day which is a Payment Day; or

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

(c) the Preceding Business Day Convention, such date of payment shall be brought forward to the immediately preceding Payment Day.

(d) ***Interpretation of Principal and Interest***

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

(i) any additional amounts which may be payable under Condition 7 (*Taxation*);

(ii) the Final Redemption Amount of such Notes;

(iii) the Early Redemption Amount of such Notes;

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

(v) any rolled-up interest in respect of such Notes;

(vi) in relation to Notes redeemable in instalments, the Instalment Amounts; and

(vii) any premium and any other amounts which may be payable under or in respect of the Notes.

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

6. **Paying Agents**

The Issuer will act as initial Paying Agent for the Dematerialised Notes and the name of the Issuer will be included in the applicable Final Terms as Paying Agent for the Dematerialised Notes.

The Issuer is entitled to terminate its role as Paying Agent for the Dematerialised Notes and to appoint additional or other Paying Agents for the Dematerialised Notes, in each case under the terms of an agency agreement in a customary form to be approved by the Dealer(s) with whom the Issuer has agreed the issue of the relevant Tranche of Dematerialised Notes, **provided that** there will at all times be a Paying Agent for the Dematerialised Notes.

Notice of any change in the Paying Agent or in its Specified Offices shall promptly be given to the Noteholders in accordance with Condition 11 (*Notices*).

7. **Taxation**

All payments in respect of the Notes shall be made without deduction or withholding for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of the Republic of Italy or of any political subdivision thereof or any authority or agency therein or thereof, unless the deduction or withholding of such taxes or duties is required by law. In that event, the Issuer will pay such additional amounts in respect of, with regard to the Senior Preferred Notes not qualifying at such time as liabilities that are eligible to meet the MREL Requirements only, principal and interest (if permitted by MREL/TLAC Requirements), and, with regard to any Notes, interest only (and not in respect of principal) as may be necessary in order that the net amounts received by the holders of the Notes after such withholding or deduction shall equal the respective amounts of principal and interest which would have been received in respect of the Notes, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note presented for payment:

(a) by or on behalf of a Noteholder who:

(i) is entitled to avoid such deduction or withholding by making a declaration of non-residence or other similar claim for exemption; or

(ii) is liable to such taxes or duties by reason of his having some connection with Italy other than the mere holding of the Note; or

(iii) would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent for the Dematerialised Notes in a Member State of the EU; or

(b) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amount on presenting the same for payment on such thirtieth day; or

(c) in relation to any payment or deduction of any interest, principal or other proceeds of any Note on account of *imposta sostitutiva* pursuant to Italian Legislative Decree No. 239 of 1 April 1996 as amended; or

(d) in Italy; or

(e) in respect of any Note that qualifies as an atypical security where such withholding or deduction is required pursuant to Law Decree No. 512 of 30 September 1983, as amended.

As used in these Terms and Conditions, "**Relevant Date**" means whichever is the later of (A) the date on which such payment first becomes due; and (B) if the full amount of the moneys payable has not been received by the Agent on or prior to such due date, the date seven days after the date on which such moneys shall have been so received and notice to that effect shall have been given to the Noteholders in accordance with Condition 11 (*Notices*).

Notwithstanding any other provision in these Terms and Conditions, the Issuer, Monte Titoli and/or any paying agent shall be permitted to withhold or deduct any amounts required to be deducted or withheld pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to (i) any regulations thereunder or official interpretations thereof, or (ii) an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof, or (iii) any law implementing such an intergovernmental agreement (any such withholding or deduction, a "**FATCA Withholding**"), as a result of a holder, beneficial owner or an intermediary not being entitled to receive payments free of FATCA withholding. None of the Issuer, the paying agent or any other person will be required to pay additional amounts or otherwise indemnify a holder/investor for any such FATCA Withholding deducted or withheld.

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

References herein to the principal of, and/or interest on, the Notes shall be deemed also to refer to any additional amounts which may be payable under the obligations referred to in this Condition 7 (*Taxation*).

8. **Events of Default**

If the Issuer becomes subject to compulsory winding-up (*liquidazione coatta amministrativa*) pursuant to Articles 80 and following of the Consolidated Banking Act (as amended from time to time) (the "**Event of Default**"), then any holder of a Note may, by written notice to the Issuer at the specified office of the Issuer, effective upon the date of receipt thereof by the Issuer or the Agent, declare any Note held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at its Early Redemption Amount together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

No remedy against the Issuer (including any remedy under the Italian Civil Code) other than as specifically provided by this Condition 8 *(Events of Default)* shall be available to the Noteholder whether for the recovery of amounts owing in respect of the Notes or in respect of any breach by the Issuer of any of its obligations in relation to the Notes or otherwise.

No Events of Default for the Notes shall occur other than in the context of an insolvency proceeding (including, without limitation, *liquidazione coatta amministrativa*) in respect of the Issuer (and, for the avoidance of doubt, resolution proceeding(s) or moratoria imposed by a resolution authority in respect of the Issuer shall not constitute an Event of Default for the Notes for any purpose).

9. **Meetings of Noteholders; Modification and Waiver**

The provisions for meetings of noteholders attached to these Terms and Conditions (the "**Provisions for Meetings of Noteholders of Dematerialised Notes**") contain provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification of these Terms and Conditions and the Dematerialised Notes or the terms of the Notes. The quorum at any such meeting for passing an Extraordinary Resolution shall be one or more persons present holding or representing the holders of Notes relating to a clear majority of the nominal amount of the Notes for the time being outstanding, or at any such adjourned meeting one or more persons present holding or representing the holders of the Notes whatever the nominal amount of the Notes, except that at any meeting, the business of which includes, *inter alia*, the modification of the Notes, the reduction of the amount, variation of the currency or postponement of the date for payment of principal or interest in respect of the Notes, the necessary quorum for passing an Extraordinary Resolution shall be one or more persons present holding or representing in the aggregate not less than two-thirds, or at any adjourned such meeting not less than one-third, in nominal amount of the Notes for the time being outstanding. Any resolution passed at any meeting of the Noteholders will be binding on all the Noteholders whether or not they are present at the meeting, and on all holders of Vouchers and Coupons relating to the Notes.

The rights and powers of the Noteholders may only be exercised in accordance with the Provisions for Meetings of Noteholders of Dematerialised Notes which are deemed to form part of these Conditions. The Noteholders are deemed to have notice of and are bound by, and shall have the benefit of, *inter alia*, the terms of the Provisions for Meetings of Noteholders of Dematerialised Notes.

The Paying Agent and the Issuer may carry out, without the consent of the Noteholders any modification (subject to certain exceptions) of, or the waiver or authorisation of any breach or proposed breach of, any

of these Terms and Conditions, the Notes or the terms of the Notes or determine that any event which would or might otherwise be an Event of Default shall not be treated as such where, in any such case, it is not, in the opinion of the Issuer, materially prejudicial to interests of the Noteholders so to do, or to any modification which is of a formal, minor or technical nature or which is made to correct a manifest error.

Any such modification, waiver, authorisation or determination shall be binding on the Noteholders and any such modification shall be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 11 (*Notices*). For the avoidance of doubt, any variation of these Conditions to give effect to the Benchmark Amendments in accordance with Condition 3(f) (*Benchmark Replacement*) shall not require the consent or approval of Noteholders, subject (to the extent required) to the Issuer giving any notice required to be given to, any receiving any consent required from, or non-objection from, the Relevant Authority.

In relation to any Subordinated Notes, if Modification following a Tax Event, Alignment Event, MREL/TLAC Disqualification Event or Regulatory Event is specified as applicable in the applicable Final Terms, if at any time a Tax Event, Alignment Event, MREL/TLAC Disqualification Event or Regulatory Event occurs and/or in order to ensure the effectiveness and enforceability of Condition 14 (*Acknowledgment of Statutory Bail-in Power*), then the Issuer may, subject to giving any notice required to, and receiving any required consent from, the Relevant Authority, (without any requirement for the consent or approval of the holders of the Notes of relevant Series) and having given not less than 30 nor more than 60 days' notice to the holders of the relevant Subordinated Notes of that Tranche, at any time vary the terms of all (but not some only) of the Subordinated Notes so that they remain or, as appropriate, become, Qualifying Subordinated Notes, to the extent that such modification is reasonably necessary to ensure that no Tax Event, Alignment Event, MREL/TLAC Disqualification Event or Regulatory Event would exist after such modification and/or in order to ensure the effectiveness and enforceability of Condition 16 (*Acknowledgment of Statutory Bail-in Power*), provided that such variation does not itself give rise to any right of the Issuer to redeem the varied securities or otherwise provide the Issuer with a right of redemption pursuant to the provisions of the Subordinated Notes.

In addition, in relation to Senior Notes, if Modification following an MREL/TLAC Disqualification Event or Alignment Event is specified as applicable in the applicable Final Terms, if at any time an MREL or TLAC Disqualification Event or Alignment Event occurs and/or in order to ensure the effectiveness and enforceability of Condition 14 (*Acknowledgment of Statutory Bail-in Power*), then the Issuer may, subject to giving any notice required to be given to, and receiving any consent required from, the Relevant Authority (without any requirement for the consent or approval of the holders of the relevant Senior Notes of that Series) and having given not less than 30 nor more than 60 days' notice to the holders of the Senior Notes of that Series, at any time vary the terms of all (but not some only) of such Senior Notes so that they remain or, as appropriate, become, Qualifying Senior Preferred Notes or Qualifying Senior Non-Preferred Notes, as applicable, to the extent that such modification is reasonably necessary to ensure that no MREL/TLAC Disqualification Event or Alignment Event would exist after such modification and/or in order to ensure the effectiveness and enforceability of Condition 16 (*Acknowledgment of Statutory Bail-in Power*), provided that such variation does not itself give rise to any right of the Issuer to redeem the varied securities. Any modification of Senior Non-Preferred Notes must comply with the limitations imposed by applicable Italian law.

In these Conditions:

"**Qualifying Subordinated Notes**" means securities issued by the Issuer that:

(a) other than in respect of the effectiveness and enforceability of Condition 14, have terms not materially less favourable to a holder of the Subordinated Notes than the terms of the Subordinated Notes, and that shall also (A) contain terms which at such time result in such securities being eligible to count towards fulfilment of the Issuer's minimum requirements for Tier II Capital and result in such securities being eligible to count towards fulfilment of the Issuer's and/or the Group's (as applicable) minimum requirements for own funds and eligible liabilities under the then applicable MREL Requirements; (B) include a ranking at least equal to that of the Subordinated Notes; (C) have the same interest rate and the same Interest Payment Dates as those from time to time applying to the Subordinated Notes; (D) have the same redemption rights as the Subordinated Notes; and (E) are assigned (or maintain) the same credit ratings as were assigned to the Subordinated Notes immediately prior to such variation; and

(b) are listed on a recognised stock exchange if the Notes were listed immediately prior to such variation.

"**Qualifying Senior Non-Preferred Notes**" means securities issued by the Issuer that:

(a) other than in respect of the effectiveness and enforceability of Condition 14, have terms not materially less favourable to a holder of the Senior Non-Preferred Notes than the terms of the Senior Non-Preferred Notes, and that shall also (A) contain terms which at such time result in such securities being eligible to count towards fulfilment of the Issuer's minimum requirements for Own Funds and eligible liabilities under the then applicable MREL/TLAC Requirements; (B) include a ranking at least equal to that of the Senior Non-Preferred Notes; (C) have the same interest rate and the same Interest Payment Dates as those from time to time applying to the Senior Non-Preferred Notes; (D) have the same redemption rights as the Senior Non-Preferred Notes; and (E) are assigned (or maintain) the same credit ratings as were assigned to the Senior Non-Preferred Notes immediately prior to such variation; and

(b) are listed on a recognised stock exchange if the Senior Non-Preferred Notes were listed immediately prior to such variation.

"**Qualifying Senior Preferred Notes**" means securities issued by the Issuer that:

(a) other than in respect of the effectiveness and enforceability of Condition 14, have terms not materially less favourable to a holder of the Senior Preferred Notes than the terms of the Senior Preferred Notes, and that shall also (A) contain terms which at such time result in such securities being eligible to count towards fulfilment of the Issuer's minimum requirements for Own Funds and eligible liabilities under the then applicable MREL/TLAC Requirements; (B) include a ranking at least equal to that of the Senior Preferred Notes; (C) have the same interest rate and the same Interest Payment Dates as those from time to time applying to the Senior Preferred Notes; (D) have the same redemption rights as the Senior Preferred Notes; and (E) are assigned (or maintain) the same credit ratings as were assigned to the Senior Preferred Notes immediately prior to such variation; and

(b) are listed on a recognised stock exchange if the Senior Preferred Notes were listed immediately prior to such variation.

10. **Prescription**

Claims for principal shall be prescribed and shall become void unless made within ten years of the appropriate Relevant Date. Claims for interest shall be prescribed and shall become void unless made within five years from the appropriate Relevant Date.

11. **Notices**

Any notice regarding the Notes, as long as the Notes are held through Monte Titoli, shall be deemed to have been duly given through the systems of Monte Titoli, and, as long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and the rules of that exchange so require, in one leading daily newspaper of general circulation in Luxembourg or on the website of the Luxembourg Stock Exchange (*www.luxse.com*). It is expected that publication of notices will normally be made on the *Luxemburger Wort* in Luxembourg. Any such notice shall be deemed to have been given on the date of such delivery to Monte Titoli or publication or, if published more than once or on different dates, on the date of the first publication in the required newspaper or on the website of the Luxembourg Stock Exchange or of delivery to Monte Titoli, as the case may be. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any other stock exchange on which the Notes are for the time being listed.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Issuer.

12. **Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Noteholders to issue further notes, such further notes to rank *pari passu* in all respects (or in all respects save for the date of, and the amount of, the first payment of interest in such further notes) with the outstanding Notes and so that the same shall be consolidated and form a single series with the outstanding Notes.

13. **Governing Law; Submission to Jurisdiction**

The Terms and Conditions for the Notes and any non-contractual obligations arising out of or in connection with them shall be governed by, and shall be construed in accordance with, Italian law.

The courts of Milan have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising from or connected with the Notes. The Issuer and the Noteholders agree that the courts of Milan are the most appropriate and convenient courts to settle any Dispute and, accordingly, it will not argue to the contrary.

14. **Acknowledgment of Statutory Bail-in Power**

Notwithstanding any provision of these Conditions or any other agreements, arrangements, or understandings between the Issuer and any Noteholder, and without prejudice to Article 55(1) of the BRRD, by its acquisition of the Notes each Noteholder (which, for the purposes of this Condition 14, includes each holder of a beneficial interest in the Notes) acknowledges, accepts, consents to and agrees to be bound by the effects of the exercise of the Italian Bail-in Power by the Relevant Authority (as defined in Condition 2(a)), which exercise may include and result in any of the following, or some combination thereof: (i) the reduction of all, or a portion, of the principal amount in respect of the Notes together with any accrued but unpaid interest due thereon and any additional amounts (if any) due in relation thereto; (ii) the conversion of all, or a portion, of the principal amount in respect of the Notes together with any accrued but unpaid interest due thereon and any additional amounts (if any) due in relation thereto, into ordinary shares, other securities or other obligations of the Issuer or another person (and the issue to or conferral on the holder of such shares, securities or obligations), including by means of an amendment, modification or variation of these Conditions; (iii) the cancellation of the Notes or the principal amount in respect of the Notes together with any accrued but unpaid interest due thereon and any additional amounts (if any) due in relation thereto; (iv) the amendment or alteration of the maturity of the Notes or amendment of the amount of interest payable on the Notes, or the date on which the interest becomes payable, including by suspending payment for a temporary period; and (v) the variation of these Conditions, as deemed necessary by the Relevant Authority, to give effect to the exercise of the Italian Bail-in Power by the Relevant Authority.

Upon the Issuer becoming aware of the exercise of the Italian Bail-In Power by the Relevant Authority with respect to the Notes, the Issuer shall provide a notice to the holders of the Notes in accordance with Condition 11 (*Notices*) as soon as reasonably practicable. The Issuer shall also deliver a copy of such notice to the Agent for information purposes. Any delay or failure by the Issuer to give notice shall not affect the validity and enforceability of the Italian Bail-In Power nor the effects on the Notes described in this Condition 14 (*Acknowledgement of Statutory Bail-in Power*) and shall not constitute an Event of Default.

The exercise of the Italian Bail-In Power by the Relevant Authority with respect to the Notes shall not constitute an Event of Default and the terms and conditions of the Notes shall continue to apply to the outstanding principal amount of the Notes subject to any modification of the amount of interest payments to reflect the reduction of the outstanding principal amount, and any further modification of the terms that the Relevant Authority may decide in accordance with applicable laws and regulations, including in particular the BRRD and the SRM Regulation, and any other relevant provisions under the Applicable Banking Regulations.

Each Noteholder also acknowledges and agrees that this provision is exhaustive on the matters described herein to the exclusion of any other agreements, arrangements or understandings relating to the application of the Italian Bail-In Power to the Notes.

In this Condition 14:

"**Italian Bail-in Power**" means any write-down, conversion, transfer, modification, or suspension power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in the Republic of Italy, relating to (i) the transposition of the BRRD (in including, but not limited to, Legislative Decrees No. 180/2015 and 181/2015) as amended from time to time, (ii) Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014, establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of the Single Supervisory Mechanism and the Single Resolution Fund (the "**Fund**") and amending Regulation (EU) No. 1093/2010, as amended or superseded from time to time (the "**SRM Regulation**") and (iii) the instruments, rules and standards created thereunder, pursuant to which any obligation of a regulated entity (as defined below) (or other affiliate of such regulated entity)

can be reduced, cancelled, modified, or converted into shares, other securities, or other obligations of such regulated entity or any other person (or suspended for a temporary period).

ANNEX 1

TO THE TERMS AND CONDITIONS OF THE DEMATERIALISED NOTES

PROVISIONS FOR MEETINGS OF NOTEHOLDERS OF DEMATERIALISED NOTES

The following provisions (the "**Provisions for Meetings of Noteholders of Dematerialised Notes**") will apply to the meetings of the holders of the Dematerialised Notes and will remain in full force and effect until full repayment or cancellation of the Dematerialised Notes to which the provisions apply.

The contents of these Provisions for Meetings of Noteholders of Dematerialised Notes are subject to any mandatory provisions of Italian law (including, without limitation, those set out in the Consolidated Finance Act) and the Issuer's by-laws in force from time to time.

Unless otherwise provided in these Provisions for Meetings of Noteholders of Dematerialised Notes, any capitalised term shall have the meaning attributed to it in the Terms and Conditions of the Dematerialised Notes.

In these Provisions for Meetings of Noteholders of Dematerialised Notes, the terms below shall have the following meaning, unless the context otherwise requires:

(1) "**voting certificate**" shall mean a certificate issued by the relevant Monte Titoli Account Holder in accordance with applicable laws and regulations, in which it is stated:

(a) that the blocked Notes have been blocked in an account with the relevant Monte Titoli Account Holder and will not be released until the earlier of:

(1) the conclusion of the meeting specified in such certificate or any adjournment thereof; and

(2) the surrender of the certificate to the relevant Monte Titoli Account Holder and the notification of release thereof to the Issuer; and

(b) that the bearer thereof is entitled to attend and vote at such meeting or any adjournment thereof in respect of the Notes represented by such certificate; and

(2) "**block voting instruction**" shall mean a document requested by any Noteholder and issued by the relevant Monte Titoli Account Holder in accordance with applicable laws and regulations, delivered to the Paying Agent in which::

(a) it is certified that Notes (not being Notes in respect of which a voting certificate has been issued and is outstanding in respect of the meeting specified in such block voting instruction or any adjournment thereof) are blocked in an account with the relevant Monte Titoli Account Holder and that no such Notes will not be released until the first to occur of:

(1) the conclusion of the meeting specified in such document or any adjournment thereof;

(2) the surrender, not less than 48 hours before the time for which such meeting or adjournment thereof is convened, of the receipt for each such blocked Note which is to be released by the Paying Agent which issued such receipt, coupled with notice thereof being given by such Paying Agent to the Issuer;

(b) it is certified that each holder of such Notes has instructed the Paying Agent that the vote(s) attributable to his or its Notes so blocked should be cast in a particular way in relation to the resolution or resolutions to be put to such meeting or any adjournment thereof and that all such instructions are during the period of 48 hours prior to the time for which such meeting or adjourned meeting is convened, neither revocable nor subject to amendment;

(c) the total number and the serial numbers of the Notes so blocked are listed, distinguishing with regard to each such resolution between those in respect of which instructions have been given as aforesaid that the votes attributable thereto should be cast in favour of the resolution and those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution; and

(d) any person named in such document (hereinafter called a "**proxy**") is authorised and instructed by the Paying Agent to cast the votes attributable to the Notes so listed in accordance with the instructions referred to in (c) above as set out in such document.

1. A holder of a Note may obtain a voting certificate from the relevant Monte Titoli Account Holder or require the relevant Monte Titoli Account Holder to issue a block voting instruction in respect of such Note, in each case not later than 48 hours before the time fixed for any meeting. Voting certificates and block voting instructions shall be valid until the relevant Notes are released and until then the holder of any such voting certificate or (as the case may be) the proxy named in any such block voting instruction shall, for all purposes in connection with any meeting of Noteholders, be deemed to be the holder of the Notes to which such voting certificate or block voting instruction relates.

2. The Issuer at any time may and shall upon a request in writing by Noteholders holding not less than one-tenth of the principal amount of the Notes of any Series for the time being outstanding, convene a meeting of the Noteholders of that Series. All references in these Provisions for Meetings of Noteholders of Dematerialised Notes to "**Notes**" and "**Noteholders**" shall be to the Notes of the relevant Series and the holders of those Notes, respectively. Whenever the Issuer is about to convene any such meeting, the Issuer shall forthwith give notice in writing to the Paying Agent of the day, time and place thereof and of the nature of the business to be transacted thereat. Every such meeting shall be held at such time and place as the Paying Agent shall approve.

3. At least twenty-one days' notice (exclusive of the day on which the notice is given and of the day on which the meeting is held) specifying the day, time and place of meeting shall be given to the Noteholders. A copy of the notice shall be given to the Paying Agent by the party convening the meeting. Such notice shall be given in the manner provided in the Conditions and shall specify the terms of the resolutions to be proposed and shall include statements to the effect that Notes may be blocked with the relevant Monte Titoli Account Holder for the purpose of obtaining voting certificates or appointing proxies not later than 48 hours before the time fixed for the meeting.

4. A person (who may, but need not, be a holder of Notes) nominated in writing by the Issuer shall be entitled to take the chair at every such meeting but if no such nomination is made or if at any meeting the person nominated shall not be present within fifteen minutes after the time appointed for the holding of such meeting the Noteholders present shall choose one of their number to be chairman, failing which the Issuer may appoint a chairman. The chairman of an adjourned meeting need not be the same person as was chairman of the original meeting.

5. At any such meeting any two or more persons present in person holding Notes or voting certificates or being proxies or representatives and holding or representing in the aggregate, not less than one-tenth in principal amount of the Notes for the time being outstanding shall (except for the purpose of passing an Extraordinary Resolution) form a quorum for the transaction of business and no business (other than the choosing of a chairman) shall be transacted at any meeting unless the requisite quorum be present at the commencement of business. The quorum at any such meeting for passing an Extraordinary Resolution shall (subject as provided below) be two or more persons present holding Notes or voting certificates or being proxies or representatives and holding or representing in the aggregate a clear majority in principal amount of the Notes for the time being outstanding **provided that** at any meeting the business of which includes any of the matters specified in the proviso to paragraph 19 hereof the quorum shall be two or more persons present holding Notes or voting certificates or being proxies or representatives and holding or representing in the aggregate not less than three-quarters in principal amount of the Notes for the time being outstanding.

6. If within a quarter of an hour from the time appointed for any such meeting a quorum is not present the meeting shall, if convened upon the requisition of Noteholders, be dissolved. In any other case, it shall stand adjourned for such period, not being less than fourteen days nor more than forty-two days, as may be appointed by the chairman. At such adjourned meeting, two or more persons present in person holding Notes or voting certificates or being proxies or representatives (whatever the principal amount of the Notes so held or represented by them) shall form a quorum and shall have the power to pass any resolution and to decide upon all matters which could properly have been dealt with at the meeting from which the adjournment took place had a quorum been present at such meeting **provided that** the quorum at any adjourned meeting at which is to be proposed an Extraordinary Resolution for the purpose of effecting any of the modifications specified in the proviso to paragraph 19 hereof shall be two or more persons present in person holding Notes or being proxies or representatives and holding or representing in the aggregate at least one-quarter in principal amount of the Notes for the time being outstanding.

7. The chairman may with the consent of (and shall if directed by) any meeting, adjourn the same from time to time and from place to place but no business shall be transacted at any adjourned meeting except business that might lawfully have been transacted at the meeting from which the adjournment took place.

8. At least ten days' notice of any meeting adjourned through want of a quorum shall be given in the same manner as of an original meeting and such notice shall state the quorum required at such adjourned meeting. Subject as aforesaid, it shall not be necessary to give any notice of an adjourned meeting.

9. Every question submitted to a meeting shall be decided in the first instance by a show of hands and in case of equality of votes the chairman shall both on a show of hands and on a poll have a casting vote in addition to the vote or votes (if any) to which he may be entitled as a Holder of Notes or as a holder of a voting certificate or as a proxy or as a representative.

10. At any meeting, unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman or the Issuer or by one or more persons holding one or more Notes or voting certificates or being proxies or representatives and holding or representing in the aggregate not less than one-fiftieth part of the principal amount of the Notes for the time being outstanding, a declaration by the chairman that a resolution has been carried or carried by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

11. If at any meeting a poll is so demanded, it shall be taken in such manner and (subject as hereinafter provided) either at once or after such an adjournment as the chairman directs and the result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded as at the date of the taking of the poll. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded.

12. Any poll demanded at any meeting on the electing of a chairman or on any question of adjournment shall be taken at the meeting without adjournment.

13. The Issuer and the Paying Agent (through their respective representatives) and their respective financial and legal advisers shall be entitled to attend and speak at any meeting of the Noteholders. Save as aforesaid, no person shall be entitled to attend or vote at any meeting of the Noteholders or to join with others in requesting the convening of such a meeting unless he is the holder of a Note or a voting certificate or is a proxy or representative.

14. Subject as provided in paragraph 14 hereof, at any meeting (a) on a show of hands every person who is present in person and produces a voting certificate or is a proxy or a representative shall have one vote and (b) on a poll every person who is so present shall have one vote in respect of each principal amount of Notes equal to the minimum denomination of such Series of Notes. Without prejudice to the obligations of the proxies named in any form of proxy, any person entitled to more than one vote need not use all his votes or cast all the votes to which he is entitled in the same way.

15. The proxy named in any block voting instruction or form of proxy need not be a Holder of Notes.

16. Each block voting instruction and each form of proxy, together (if so required by the Issuer) with proof satisfactory to the Issuer of its due execution, shall be deposited at the specified office of the Paying Agent not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the proxy named in the block voting instruction or form of proxy proposes to vote and in default the block voting instruction or form of proxy shall not be treated as valid unless the chairman of the meeting decides otherwise before such meeting or adjourned meeting proceeds to business. A notarial certified copy of each such block voting instruction and satisfactory proof as aforesaid (if applicable) shall if required by the Issuer be produced by the proxy at the meeting or adjourned meeting but the Issuer shall not thereby be obliged to investigate or be concerned with the validity of, or the authority of the proxy named in, any such block voting instruction or form or proxy.

17. Any vote given in accordance with the terms of the block voting instruction or form of proxy shall be valid notwithstanding the previous revocation or amendment of the block voting instructions or form of proxy or of any of the instructions of Noteholders pursuant to which it was executed, **provided that** no intimation in writing of such revocation or amendment shall have been received from the Paying Agent by the Issuer or by chairman of the meeting not less than 24 hours before the commencement of the meeting or adjourned meeting at which the block voting instruction or form of proxy is used.

18. A meeting of the Noteholders shall, subject to the provisions contained in the Terms and Conditions of the Dematerialised Notes, in addition to the powers hereinbefore given, but without prejudice to any powers conferred on other persons by these presents, have the following powers exercisable by Extraordinary Resolution namely:

(A) power to sanction any proposal by the Issuer for any modification, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Noteholders whether such rights shall arise under these presents or otherwise;

(B) power to sanction the exchange for the Notes of, or the conversion of the Notes into, shares, stock, bonds, debenture stock or other obligations or securities of the Issuer or any other body corporate formed or to be formed;

(C) power to assent to any modification of the provisions contained in these Provisions for Meetings of Noteholders of Dematerialised Notes or the Notes, which shall be proposed by the Issuer, any Holder of Notes or the Paying Agent;

(D) power to authorise the Paying Agent or any other person to concur in and execute and do all such documents, acts and things as may be necessary to carry out and give effect to any Extraordinary Resolution;

(E) power to give authority, direction or sanction which under the Terms and Conditions of the Dematerialised Notes is required to be given by Extraordinary Resolution;

(F) power to appoint any persons (whether or not Noteholders) as a committee or committees to represent the interests of the Noteholders and to confer upon such committee or committees any powers or discretions which the Noteholders could themselves exercise by Extraordinary Resolution;

Provided that the special quorum provisions contained in the provision to paragraph 6 and, in the case of an adjourned meeting, in the provision to paragraph 7 shall apply in relation to any Extraordinary Resolution for the purpose of making any modification to the provisions contained in these Provisions for Meetings of Noteholders of Dematerialised Notes, the Notes which:

(i) modifies the due date for payment of principal or interest in respect of the Notes; or

(ii) modifies the method of calculating any amount of interest or any amount payable on redemption of the Notes; or

(iii) reduces or cancels the principal payable in respect of the Notes or the rate of interest payable thereon, or

(iv) alters the currency in which any payment in respect of any Note is to be made; or

(v) modifies the provisions contained in these Provisions for Meetings of Noteholders of Dematerialised Notes concerning the quorum required at any meeting of Noteholders or any adjournment thereof or concerning the majority required to pass an Extraordinary Resolution; or

(vi) amends this provision in any manner.

19. An Extraordinary Resolution passed at a meeting of the Noteholders duly convened and held in accordance with these Provisions for Meetings of Noteholders of Dematerialised Notes shall be binding upon all the Noteholders, whether present or not present at such meeting and each of the Noteholders shall be bound to give effect thereto accordingly. The passing of any such resolution shall be conclusive evidence that the circumstances of such resolution justify the passing thereof.

20. The expression "**Extraordinary Resolution**" when used in these Provisions for Meetings of Noteholders of Dematerialised Notes means (a) a resolution passed at a meeting of the Noteholders duly convened and held in accordance with the provisions contained herein by a majority consisting of not less than three-fourths of the votes cast thereon, or (b) a resolution in writing signed by or on behalf of all the Noteholders, which resolution in writing may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Noteholders.

Minutes of all resolutions and proceedings at every such meeting as aforesaid shall be made and duly entered in books to be from time to time provided for that purpose by the Issuer and any such minutes as aforesaid, if purporting to be signed by the chairman of the meeting at which such resolutions were passed or proceedings transacted or by the chairman of the next succeeding meeting of the Noteholders, shall be conclusive evidence of the matters therein contained and until the contrary is proved every such meeting in respect of the proceedings of which minutes have been made and signed as aforesaid shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted thereat to have been duly passed and transacted.

FORM OF THE FINAL TERMS

The Final Terms in respect of each Tranche of Notes will be in the following form, duly completed to reflect the particular terms of the relevant Notes and their issue. Text in this section appearing in italics does not form part of the form of the Final Terms but denotes directions for completing the Final Terms.

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS - The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended and superseded, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.**]**[6]

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

[MIFID II product governance / Professional investors and ECPs only target market - Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the [Notes] has led to the conclusion that: (i) the target market for the [Notes] is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the [Notes] to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the [Notes] (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the [Notes] (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[UK MiFIR product governance / Professional investors and ECPs only target market - Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the [Notes] has led to the conclusion that: (i) the target mark et for the [Notes] is eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"), only; and (ii) all channels for distribution of the [Notes] to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the [Notes] (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the [Notes] (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

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[6] Legend to be included on front of the Final Terms if the Notes potentially constitute "packaged" products and no key information document will be prepared or the issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable".

Final Terms dated [•]

BPER Banca S.p.A.

Legal Entity Identifier (LEI): N747OI7JINV7RUUH6190

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

under the €6,000,000,000

Euro Medium Term Note Programme

PART A - CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the [Terms and Conditions of the Notes in Global Form] [Terms and Conditions of the Dematerialised Notes] (the "**Conditions**") set forth in the Base Prospectus dated 5 December 2023 [and the prospectus supplement dated [•]], which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Regulation (EU) 2017/1129, as amended or superseded (the "**Prospectus Regulation**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 8(4) of the Prospectus Regulation and must be read in conjunction with the Base Prospectus [as so supplemented] in order to obtain all the relevant information.

Full information on the Issuer and the offer of the Notes described herein is only available on the basis of the combination of these Final Terms and the Base Prospectus dated 5 December 2023 [as so supplemented]. The Base Prospectus is available for viewing at the address and website (https://istituzionale.bper.it) of the Issuer and copies may be obtained from the Issuer at its address in Modena, Via San Carlo 8/20, Italy. The Base Prospectus [and, in the case of notes admitted to trading on the regulated market of the Luxembourg Stock Exchange, these Final Terms,] will also be published on the website of the Luxembourg Stock Exchange (*www.luxse.com*).

[*Include whichever of the following apply or specify as "Not applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.*]

[(*When completing any final terms consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 23 of the Prospectus Regulation*).]

1.	(i)	Series Number:	[•]
	(ii)	Tranche Number:	[•]
	(*If fungible with existing Series*):		
	[(iii)]	[Date on which the Notes will be consolidated and form a single Series:]	[The notes will be consolidated and form a single Series with [*identify earlier Tranche(s)*] on [*insert*]].
2.	Specified Currency or Currencies:		[•]
3.	Aggregate Nominal Amount of Notes:		
	(i)	Series:	[•]
	(ii)	Tranche:	[•]
4.	Issue Price:		[•] per cent of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (if applicable)]
5.	(i)	Specified Denominations[7]:	[•]

[7] The minimum denomination of the Senior Non-preferred Notes will be Euro 150,000, and the minimum denomination of each Subordinated Note will be Euro 200,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency) or such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body).

(*Notes must have a minimum denomination of €100,000 (or equivalent). In the case of Senior Non-Preferred Notes, Notes must have a minimum denomination of €150,000 (or equivalent). In the case of Subordinated Notes, Notes must have a minimum denomination of €200,000 or equivalent).*

(Note – where multiple denominations above [€100,000] or equivalent are being used the following sample wording should be followed:

"[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].")

(*Notes (including Notes 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 section 19 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	[•] (*If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. There must be a common factor in the case of two or more Specified Denominations.*)
6.	(i)	Issue Date:	[•]
	(ii)	Interest Commencement Date (if different from the Issue Date):	[Specify/Issue Date/Not Applicable]
7.		Maturity Date:	*[Specify date or (for Floating Rate Notes) Interest Payment Date falling in the relevant month and year]* *[Unless otherwise permitted by current laws, regulations, directives and/or requirements applicable to the issue of Notes by the Issuer, Senior Non-Preferred Notes must have a maturity of not less than twelve months and Subordinated Notes must have a minimum maturity of five years.]* *[If the Maturity Date is less than one year from the Issue Date and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, (i) the Notes must have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be sold only to "professional investors" or (ii) another applicable exemption from section 19 of the FSMA must be available.]*
8.		Interest Basis:	[[•] per cent Fixed Rate]

		[[•] per cent to be reset on [•] [and [•]] and every [•] anniversary thereafter] [[•] per cent Fixed Rate from [•] to [•], then [•] per cent Fixed Rate from [•] to [•]] [[EURIBOR] [CMS Rate] [*specify other reference rate*]] [+/- [•] per cent Floating Rate] [Fixed-Floating Rate] [Floating-Fixed Rate] [Floating Rate: CMS Linked Interest] [Floating Rate: SONIA Linked Notes] [Zero Coupon] (further particulars specified below)
9.	Redemption/Payment Basis:	[Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [•] per cent of their nominal amount] [100 per cent redemption amount] [Instalment]
10.	Change of Interest or Redemption/Payment Basis:	[Applicable]/[Not Applicable] *(If applicable, specify the date when any fixed to floating rate or floating to fixed rate change occurs or when any fixed to fixed or floating to floating rate change occurs or cross refer to items 19 and 21 (as appropriate) below and identify there)* *(If not applicable, delete the remaining sub-paragraphs of this paragraph)* *(To be completed in addition to paragraphs 13, 14, 15, 16 and 17 (as appropriate) if any fixed to floating, floating to fixed or fixed or floating reset rate change occurs)*
11.	Put/Call Options:	[Investor Put] [Issuer Call] [(further particulars specified below)] [Not Applicable]
12.	Status of the Notes:	[Senior Preferred] [Senior Non-Preferred] [Subordinated]
	(i) Date [Board] approval for issue of Notes obtained	[•]/[Not Applicable] (*Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes*)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13.	**Fixed Rate Note Provisions**	[Applicable/Not Applicable/Applicable for the period starting from [•] [and including] [•] ending on [but excluding] [•]] (*If not applicable, delete the remaining sub paragraphs of this paragraph 13*)

	(i)	Rate[(s)] of Interest:	[[•]% per annum] [From (and including) [•] up to (but excluding) [•]] [the aggregate of [•] per cent and [•] per annum] [determined by the Agent] payable [annually/semi-annually /quarterly/monthly] in arrear on each Interest Payment Date.] [*specify other in case of different Rates of Interest in respect of different Interest Payment Dates including any details of any reset of the Fixed Rate*]
	(ii)	Interest Payment Date(s):	[•] in each year [adjusted in accordance with the [Following Business Day Convention /Modified Following Business Day Convention or Modified Business Day Convention/Preceding Business Day Convention]/not adjusted]
	(iii)	Fixed Coupon Amount[(s)]:	[•] per Calculation Amount *(Specify different Fixed Coupon Amounts if different Rates of Interest are specified as being applicable in respect of different Interest Payment Dates)*
	(iv)	Day Count Fraction:	[Actual/365]/[Actual/Actual(ICMA)]/ [Actual/365(Fixed)]/ [Actual/360]/[30/360]/ [30E/360]/[Eurobond Basis]/ [Actual/Actual (ISDA)]
	(v)	Broken Amount(s):	[•] per Calculation Amount payable on the Interest Payment Date falling [in/on] [•]
	(vi)	Determination Dates	[•] in each year / Not Applicable
14.	**Reset Note Provisions**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph 14*)
	(i)	Initial Rate of Interest:	[•] per cent per annum payable in arrear [on each Interest Payment Date]
	(ii)	First Margin:	[+/-][•] per cent *per annum*
	(iii)	Subsequent Margin:	[[+/-][•] per cent *per annum*] [Not Applicable]
	(iv)	Interest Payment Date(s):	[•] [and [•]] in each year up to and including the Maturity Date [until and excluding [•]]
	(v)	Fixed Coupon Amount up to (but excluding) the First Reset Date:	[[•] per Calculation Amount][Not Applicable]
	(vi)	Broken Amount(s):	[[•] per Calculation Amount payable on the Interest Payment Date falling [in/on] [•]][Not Applicable]
	(vii)	First Reset Date:	[•]

	(viii)	Second Reset Date:	[•]/[Not Applicable]
	(ix)	Subsequent Reset Date(s):	[•] [and [•]]
	(x)	Relevant Screen Page:	[•]/[Not Applicable]
	(xi)	Mid-Swap Rate:	[Single Mid-Swap Rate/Mean Mid-Swap Rate]
	(xii)	Mid-Swap Maturity:	[•]
	(xiii)	Day Count Fraction:	[Actual/365]/[Actual/Actual(ICMA)]/[Actual/365 (Fixed)]/[Actual/360]/[30/360]/[30E/360]/[Eurobond Basis]/[Actual/Actual (ISDA)]
	(xiv)	Determination Dates:	[•] in each year
	(xv)	Business Centre(s):	[•]
	(xvi)	Calculation Agent:	[the Agent] / [•]
15.	**Floating Rate Note Provisions**		[Applicable/Not Applicable/Applicable for the period starting from [•] [and including] [•] ending on [but excluding] [•]] (*If not applicable, delete the remaining sub paragraphs of this paragraph* 15)
	(i)	Interest Period(s)	[•]
		Interest Payment Dates:	[*Interest Period and Interest Payment Dates are alternatives. An Interest Period, rather than Interest* *Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise insert "Not Applicable"*]
	(ii)	First Interest Payment Date:	[•]
	(iii)	Business Day Convention:	[Floating Rate Convention/FRN Convention/ Eurodollar Convention/Following Business Day Convention/Modified Following Business Day Convention or Modified Business Day Convention/Preceding Business Day Convention]
	(iv)	Additional Business Centre(s):	[Not Applicable/[•]]
	(v)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination] (*for Senior Preferred Notes and Subordinated Notes*) / [Screen Rate Determination] (*for Senior Non-Preferred*)
	(vi)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Agent):	[[*Name*] shall be the Calculation Agent (*no need to specify if the Agent is to perform this function*)]/[Not Applicable]
	(vii)	Screen Rate Determination:	[Applicable/Not Applicable]
		• Reference Rate:	[EURIBOR/ CMS Rate/SONIA]

	•	Relevant Screen Page:	[•] (*in the case of CMS Linked Interest Notes, specify relevant screen page and any applicable headings and captions*)
	•	p:	[•]/[Not Applicable] (*Only applicable to SONIA Linked Interest Notes*)
	•	Interest Determination Date(s):	[•] (*in the case of a CMS Rate where the Reference Currency is euro*):[Second day on which the T2 System is open prior to the start of each Interest Period] *(in the case of a CMS Rate where the Reference Currency is other than euro*):[Second [specify type of day] prior to the start of each Interest Period]
	•	Relevant Time:	[•]
	•	Relevant Financial Centre:	[•]
	•	[Reference Currency:]	[•]
	•	(only relevant where the CMS Rate is the Reference Rate)	
	•	[Designated Maturity:]	[•]
	•	(only relevant where the CMS Rate is the Reference Rate)	
(viii)	ISDA Determination:		[Applicable/Not Applicable] (*for Senior Preferred Notes and Subordinated Notes*) / [Not Applicable] (*for Senior Non-Preferred*) [2006 ISDA Definitions / 2021 ISDA Definitions]
	•	Floating Rate Option:	[•]
	•	Designated Maturity:	[•]
	•	Reset Date:	[•]
(ix)	Margin(s):		[+/-][•] per cent per annum
(x)	Minimum Rate of Interest:		[[•] per cent per annum/Not Applicable] (*for Senior Preferred Notes and Subordinated Notes*) / [Not Applicable] (*for Senior Non-Preferred*)
(xi)	Maximum Rate of Interest:		[[•] per cent per annum/Not Applicable] (*for Senior Preferred Notes and Subordinated Notes*) / [Not Applicable] (*for Senior Non-Preferred*)

	(xii)	Day Count Fraction:	[Actual/365]/Actual/Actual(ICMA)]/ [Actual/365(Fixed)]/ [Actual/360]/ [30/360] [30E/360]/[Eurobond Basis] [Actual/Actual (ISDA)]
16.	**Fixed-Floating Rate Note Provisions**:		[Applicable/Not Applicable] [[•] per cent Fixed Rate in respect of the Fixed Interest Period(s) ending on (but excluding) [•], then calculated in accordance with paragraph 15 above.]
17.	**Floating-Fixed Rate Note Provisions**:		[Applicable/Not Applicable] [[*Floating Rate*] in respect of the Interest Period(s) ending on (but excluding) [•], then calculated in accordance with paragraph 13 above.]
18.	**Zero Coupon Note Provisions**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub paragraphs of this paragraph*)
	(i)	Accrual Yield:	[•] per cent per annum
	(ii)	Reference Price:	[•]
	(iii)	[Day Count Fraction]:	[Actual/365]/[Actual/Actual (ICMA)]/ [Actual/365 (Fixed)]/ [Actual/360]/ [30/360]/ [30E/360]/[Eurobond Basis]/ [Actual/Actual (ISDA)]

PROVISIONS RELATING TO REDEMPTION

19.	**Redemption at the Option of the Issuer (Call Option)**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub paragraphs of this paragraph 19*)
	(i)	Optional Redemption Date(s) (Call):	[each Business Day during the period from (and including) [•] to (but excluding) [•][and each Interest Payment Date following [•]].]
	(ii)	Optional Redemption Amount(s) (Call) and method, if any, of calculation of such amount(s):	[•] per Calculation Amount
		(a) Minimum Redemption Amount:	[[•] per Calculation Amount/Not Applicable]

	(b)	Higher Redemption Amount:	[[•] per Calculation Amount/Not Applicable]
(iii)		Notice period (if other than as set out in Condition 4(d)):	[•]/[Not Applicable]
20.	**Redemption for tax reasons/ Redemption for regulatory reasons (Regulatory Call):**		
(i)		Redemption for tax reasons:	[Applicable/Not Applicable]
(ii)		Redemption for regulatory reasons (Regulatory Call):	
	•	MREL/TLAC Disqualification Event	[Applicable/Not Applicable]
	•	Regulatory Event	[Applicable/Not Applicable] (*Only applicable for Subordinated Notes*)
(iii)		Modification following an MREL/TLAC Disqualification Event / Regulatory Event, Alignment Event or Tax Event	[Applicable/Not Applicable]
21.	**Redemption at the Option of the Issuer - Clean-Up**		[•]/[Not Applicable]
	Clean-Up Percentage Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):		[[75] per cent. / [•] per cent.] [•] per Note / [•]
22.	**Final Redemption Amount of each Note**		[•] per Calculation Amount
23.	**Early Redemption Amount**		
	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation or regulatory reasons or on event of default or other early redemption:		[•] per Calculation Amount
24.	**Instalment Notes**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i)		Instalment Amount(s):	[•]
(ii)		Instalment Date(s):	[•]
25.	**[Redemption at the Option of the Noteholders (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):	[•] per Calculation Amount
(iii)	Notice period:	Minimum period: [•] days Maximum period: [•] days (*N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent.*)]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25.	Form of Notes:	[Temporary Global Note exchangeable for a Permanent Global Note, which is exchangeable for Definitive Notes on [•] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]. [Temporary Global Note exchangeable for Definitive Notes on [•] days' notice]. [Permanent Global Note exchangeable for Definitive Notes on [•] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]. [Dematerialised Note held by Monte Titoli S.p.A. on behalf of the beneficial owners, until redemption or cancellation thereof, for the account of the relevant Monte Titoli S.p.A. Account Holders] *(In relation to any Notes issued with a denomination of €100,000 (or equivalent in another currency) and integral multiples of €1,000 (or equivalent in another currency) in excess thereof or other multiples of less than €100,000, the Permanent Global Note representing such Notes shall only be exchangeable to the Notes in definitive form on [•] days' notice/at any time should be disapplied).*
26.	New Global Note:	[Yes/No][Not Applicable]
27.	Additional Financial Centre(s) or other special provisions relating to Payment Dates:	[Not Applicable/*give details. Note that this item relates to the place of payment, and not interest period end dates, to which item 14(iv) relates*]
28.	Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No. *If yes, insert as follows*: One Talon in the event that more than 27 Coupons need to be attached to each Definitive Note. On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon comprised in the Coupon sheet may be surrendered at the specified office of the Paying Agent in exchange for a further Coupon sheet. Each Talon shall be deemed to mature in the Interest Payment Date on which the final Coupon comprised in the relevant Coupon sheet matures.] [Not Applicable]

THIRD PARTY INFORMATION

[[•] has been extracted from [•]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [•], no facts have been omitted which would render the reproduced information inaccurate or misleading. To the best of the knowledge of the Issuer, having taken all reasonable care to ensure that such is the case, the information contained in these Final Terms is in accordance with the facts and does not omit anything likely to affect the import of such information]/[Not Applicable].

Signed on behalf of the Issuer:

By: .....

Duly authorised

PART B - OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING**

(i)	Listing and Admission to trading:	[Application [has been/is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the regulated market of the Luxembourg Stock Exchange]/[•]] and admitted to the official list of [the Luxembourg Stock Exchange/[•]] with effect from [•].]/[Not Applicable].
(ii)	Estimate of total expenses related to admission to trading:	[•]

2. **RATINGS**

Ratings: [Not Applicable]

[The Notes to be issued have been rated:

[Moody's: [•]]

[Fitch [•]]

[DBRS: [•]]

[[Other]: [•]]]

[•] (*Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.*)

(*The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.*)

(Insert the following where the relevant credit rating agency is established in the EEA:)

[[*Insert legal name of particular credit rating agency entity providing rating*] is established in the EEA and [is included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority at http://www.esma.europa.eu/supervision/credit-rating-agencies/risk as being registered] / [is neither registered nor has it applied for registration] under Regulation (EC) No. 1060/2009, as amended (the "**EU CRA Regulation**"). [The rating [*insert legal name of particular credit rating agency entity providing rating*] has given to the Notes is endorsed by [*insert legal name of credit rating agency*], which is established in the UK and registered under Regulation (EU) No. 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**").] / [[*Insert legal name of particular credit rating agency entity providing rating*] has been certified under Regulation (EU) No. 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**").]

/ [[*Insert legal name of particular credit rating agency entity providing rating*] has not been certified under Regulation (EU) No. 1060/2009, as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation.]]

(Insert the following where the relevant credit rating agency is established in the United Kingdom:)

[[*Insert legal name of particular credit rating agency entity providing rating*] is established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**"). [*Insert legal name of particular credit rating agency entity providing rating*] appears on the latest update of the list of registered credit rating agencies (as of [*insert date of most recent list*]) on [FCA]. [The rating [*insert legal name of particular credit rating agency entity providing rating*] has given to the Notes is endorsed by [*insert legal name of credit rating agency*], which is established in the EEA and [is included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority at http://www.esma.europa.eu/supervision/credit-rating-agencies/risk as being registered] / [is neither registered nor has it applied for registration] under Regulation (EC) No. 1060/2009, as amended (the "**EU CRA Regulation**").] / [[*Insert legal name of particular credit rating agency entity providing rating*] has been certified under Regulation (EU) No. 1060/2009, as amended (the "**EU CRA Regulation**").] / [[I*nsert legal name of particular credit rating agency entity providing rating*] has not been certified under Regulation (EU) No. 1060/2009, as amended (the "**EU CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation.]]

(*Insert the following where the relevant credit rating agency is not established in the EEA or the United Kingdom:*)

[[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EEA or the UK [but the rating it has given to the Notes to be issued under the Programme is endorsed by [[*insert legal name of credit rating agency*], which is established in the EEA and registered under Regulation (EU) No. 1060/2009, as amended (the "**EU CRA Regulation**")][and][[*insert legal name of credit rating agency*], which is established in the UK and registered under Regulation (EU) No. 1060/2 009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**")]]. / [but is certified under [Regulation (EU) No. 1060/2009, as amended (the "**EU CRA Regulation**")][and][Regulation (EU) No. 1060/2009 as

it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**")]/ [and is not certified under Regulation (EU) No 1060/2009, as amended (the "EU CRA Regulation") or Regulation (EU) No. 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in either the EEA and registered under the EU CRA Regulation or in the UK and registered under the UK CRA Regulation.]]

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

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

["[Certain of the [Joint Lead] Managers/The Lead Manager/the Dealer] and [their/its] affiliates (including [its] parent compan[y/ies]) [have/has] engaged, and may in the future engage, in investment banking and/or commercial banking transactions and may perform services for the Issuer and its affiliates in the ordinary course of business.] Save as set out in the preceding sentence and save in respect of any fees payable to the [Joint Lead] Managers/Lead Manager/Dealer], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."]

[•]

[(*When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Regulation.)*]

4. USE AND ESTIMATED NET AMOUNT OF THE PROCEEDS

(a) Use of proceeds: [•][*(If the Notes are Green Bonds, Social Bonds or Sustainable Bonds, describe the relevant projects to which the net proceeds of the Notes will be applied or make reference to the relevant bond framework to which the net proceeds of the Notes will be applied. See "Use of Proceeds" wording in Base Prospectus)*]

(b) Estimated Net Amount of the Proceeds: [•]

5. **YIELD** *(Fixed Rate Notes only)*

Indication of yield: [•]/[Not Applicable]

6. **HISTORIC INTEREST RATES** (*Floating Rate Notes only)*

[Details of historic [EURIBOR/CMS Rate/SONIA] rates can be obtained from [Reuters][•] [insert relevant code of information providers]]/[Not Applicable]

[Amounts payable under the Notes will be calculated by reference to [•] which is provided by [•]. As at [•], [•] [appears/does not appear] on the register of administrators and benchmark s established and maintained by the European Securities and Markets Authority pursuant to Article 36 of the Benchmarks Regulation (Regulation (EU) No. 2016/1011) (the "**EU Benchmarks Regulation**"). [As far as the Issuer is aware, the transitional provisions in Article 51 of the EU Benchmarks Regulation apply, such that [•] is not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).]]

7. **OPERATIONAL INFORMATION**

ISIN Code:	[•]
Common Code:	[•]
CFI	[•], [as published on the website of the Association of National Numbering Agencies or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN]/[Not applicable]
FISN	[•], [as published on the website of the Association of National Numbering Agencies or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN]/[Not applicable]
New Global Note intended to be held in a manner which would allow Eurosystem eligibility:	[Not Applicable] [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] [No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra- day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

	Any clearing system(s) other than Monte Titoli, Euroclear and Clearstream, Luxembourg and the relevant identification number(s):	[Not Applicable/*give name(s), address(es) and number(s)*]
	Delivery:	Delivery [against/free of] payment
	Names and addresses of additional Paying Agent(s) (if any):	[•]/[Not Applicable]

8. **DISTRIBUTION**

(i)	Method of distribution:		[Syndicated]/[Non-syndicated]
(ii)	If syndicated:		
	(A)	Names of Managers:	[Not Applicable/*give details*]
	(B)	Date of Subscription Agreement:	[•]
	(C)	Stabilisation Manager (if any):	[Not Applicable/*give name*]
(iii)	If non-syndicated, name of Dealer:		[Not Applicable/*give name and address*]
(iv)	TEFRA:		[TEFRA D]/ [TEFRA Not Applicable]]
(v)	Prohibition of Sales to EEA Retail Investors:		[Applicable/Not Applicable] (*If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no KID will be prepared "Applicable" should be specified.*)
(vi)	Prohibition of Sales to UK Retail Investors:		[Applicable/Not Applicable] *(If the Notes clearly do not constitute "packaged" products, or the Notes do constitute "packaged" products and a key information document will be prepared in the UK, "Not Applicable" should be specified. If the Notes may constitute "packaged"* *products, "Applicable" should be specified.)*

USE OF PROCEEDS

An amount equal to the net proceeds to the Issuer from each issue of a Tranche of Notes will be used by the Issuer as specified in the applicable Final Terms, either:

(i) for general funding purposes of the Group (including funding of the mortgage loans business of the Group); or

(ii) to finance and/or refinance, in whole or in part, Eligible Green Assets, Eligible Social Assets or Eligible Sustainability Assets, meeting the applicable Eligibility Criteria (as defined below).

Only Tranches or Series of Notes financing or refinancing Eligible Green Assets, Eligible Social Assets or Eligible Sustainability Assets, and meeting the relevant set of the Eligibility Criteria and any other criteria specified in the Issuer's Green, Social and Sustainability Bond Framework, which is available on the Issuer's website (https://istituzionale.bper.it/en/investor-relations/obbligazioni-e-prospetti/esg-framework), may qualify as credible "**Green Bonds**", "**Social Bonds**" or "**Sustainability Bonds**".

According to the definition criteria set out by the International Capital Market Association ("**ICMA**") Green Bond Principles ("**GBP**"), Social Bond Principles ("**SBP**") and Sustainability Bond Guidelines ("**SBG**"), only Tranches of Notes financing or refinancing Eligible Green Assets, Eligible Social Assets and Eligible Sustainable Assets, respectively, will be denominated Green Bonds, Social Bonds and Sustainability Bonds, respectively.

In accordance with the Issuer's Green, Social and Sustainability Bond Framework:

- the net proceeds of each issue of a Tranche of Notes will not be used to finance or refinance any asset or investment related to: fossil fuels, nuclear energy, weapons, alcohol, gambling, adult entertainment, or tobacco. Furthermore, businesses with significant involvement in environmental controversies or social incidents such as human rights, labour rights, health and safety at work or negative impacts on communities will also be excluded under the Issuer's Green, Social and Sustainability Bond Framework;

- decisions relating to the selection and evaluation of Eligible Green Assets, Eligible Social Assets or Eligible Sustainability Assets will be made by an ESG committee, comprising members of the Board of Directors of the Group as well as Issuer's top representatives from all relevant business departments involved in the origination of the Eligible Assets, with full knowledge of the technical and sustainability characteristics of the Eligible Assets. With regards to the general ESG risk management, in the unlikely event an Eligible Asset is subject to a material ESG controversy, as determined by the Issuer's ESG committee, it will be removed from the Eligible Asset Portfolio;

- the Issuer's finance department will be responsible for managing and monitoring the allocation of the net proceeds from Green Bonds, Social Bonds or Sustainability Bonds to the Eligible Assets Portfolio;

- pending the full allocation of the proceeds or in the unlikely case of insufficient Eligible Assets, the Issuer will temporarily hold any unallocated funds in the Group's treasury investment portfolio, in accordance with its liquidity policy and ESG Investment Policy;

- the allocation of the net proceeds from Green Bonds, Social Bonds or Sustainability Bonds may be subject to an external verification from an independent third party until full allocation, or in the event of significant changes in the allocation of proceeds. The post-issuance external verification report will be published by the Issuer on its website (https://istituzionale.bper.it/en/investor-relations/obbligazioni-e-prospetti/esg-framework).

The Issuer will publish an annual green, social and sustainability bond report on its website, detailing both the allocation of the net proceeds of the Green Bonds, Social Bonds or Sustainability Bonds issued, as well as the associated environmental and social impacts of the Eligible Asset Portfolio. The Issuer will also report on any material developments of the Eligible Asset Portfolio. This reporting commitment of the Eligible Asset Portfolio will cease once all Green Bonds, Social Bonds or Sustainability Bonds have matured.

For the purposes of this section:

"**Eligible Asset Portfolio**" means the asset portfolio identified as such in the Issuer's Green, Social and Sustainability Bond Framework, published by the Issuer on its website (https://istituzionale.bper.it/en/investor-relations/obbligazioni-e-prospetti/esg-framework) as may be amended, supplemented or replaced before the Issue Date of the relevant Tranche of Notes.

"**Eligible Green Assets**" means projects identified as such in the Issuer's Green Bond Framework, published by the Issuer on its website (https://istituzionale.bper.it/en/investor-relations/obbligazioni-e-prospetti/esg-framework) as may be amended, supplemented or replaced before the Issue Date of the relevant Tranche of Notes.

"**Eligible Social Assets**" means projects identified as such in the Issuer's Social Bond Framework, published by the Issuer on its website (https://istituzionale.bper.it/en/investor-relations/obbligazioni-e-prospetti/esg-framework) as may be amended, supplemented or replaced before the Issue Date of the relevant Tranche of Notes.

"**Eligible Sustainability Assets**" means projects identified as such in the Issuer's Sustainability Bond Framework, published by the Issuer on its website (https://istituzionale.bper.it/en/investor-relations/obbligazioni-e-prospetti/esg-framework) as may be amended, supplemented or replaced before the Issue Date of the relevant Tranche of Notes.

"**Eligibility Criteria**" means the criteria prepared by the Issuer as set out in the Issuer's Green, Social and Sustainability Bond Framework, published by the Issuer on its website (https://istituzionale.bper.it/en/investor-relations/obbligazioni-e-prospetti/esg-framework) as may be amended, supplemented or replaced before the Issue Date of the relevant Tranche of Notes.

"**ESG Investment Policy**" means the ESG investment policy prepared by the Issuer as set out in the Issuer's Green Bond Framework, published by the Issuer on its website (https://istituzionale.bper.it/en/investor-relations/obbligazioni-e-prospetti/esg-framework) as may be amended, supplemented or replaced before the Issue Date of the relevant Tranche of Notes.

The Issuer have appointed ISS Corporate Solutions ("**ICS**") to provide an independent Second Party Opinion ("**Second Party Opinion**") to confirm the validity of the Issuer's Green, Social and Sustainability Bond Framework and its alignment with ICMA's Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines. The Second Party Opinion also includes an assessment of the compliance of the Eligible Green Assets with the EU taxonomy substantial contribution criteria for Climate Change Mitigation on a best effort basis. The Second Party Opinion is published by the Issuer on its website (https://istituzionale.bper.it/en/investor-relations/obbligazioni-e-prospetti/esg-framework).

The information on the websites does not form part of, and is not incorporated by reference in, the Base Prospectus and has not been scrutinized or approved by the competent authority.

DESCRIPTION OF THE ISSUER

General

BPER Banca S.p.A. (previously, Banca popolare dell'Emilia Romagna Società Cooperativa) ("**BPER**", "**BPER Banca**" or the "**Parent Company**") is a bank incorporated as a joint-stock company (società per azioni), operating in accordance with Italian Legislative Decree No. 385 of 1 September 1993. It is the parent company of the BPER Banca banking Group (the "**BPER Group**" or the "**BPER Banca Group**"), which was incorporated under the laws of the Republic of Italy on 29 December 1983 and, pursuant to its By-laws, its final term ends on 1 December 2100 and may be extended. The change of denomination from Banca popolare dell'Emilia Romagna Società Cooperativa to BPER Banca S.p.A. occurred on the basis of the Extraordinary Shareholders' Meeting held in Modena on 26 November 2016.

BPER's registered office is in Via San Carlo 8/20, Modena, Italy (Telephone number: +39 059 2021111). BPER is registered in the Bank of Italy's register of banks under number 4932 and with the Chamber of Commerce of Modena under number 01153230360.

The authorised and paid up share capital of BPER as at the date of this Base Prospectus was Euro 2,104,315,691.40 divided into 1,415,850,518 shares.

BPER Group's website: https://istituzionale.bper.it

The Legal Entity Identifier code of the Issuer is N747OI7JINV7RUUH6190 (expiring in November 2024).

BPER's shares are listed on the Italian stock market and are included into the FTSE MIB index.

Starting from September 2009 BPER's shares were also included in the Dow Jones STOXX 600.

BPER was initially established under the name Banca Popolare di Modena. In 1983, it was merged with Banca Cooperativa di Bologna, changing its name to Banca Popolare dell'Emilia. In 1992, BPER acquired Banca Popolare di Cesena and changed its name to Banca popolare dell'Emilia Romagna Società Cooperativa.

In 1994, the BPER Group acquired control of Banca Popolare di Ravenna S.p.A. ("**Banca Popolare di Ravenna**"), and in 1996, of Banca CRV – Cassa di Risparmio di Vignola S.p.A. ("**Banca CRV**"), consolidating its presence in Emilia Romagna.

BPER has established a strong foothold in the southern regions of Italy through the acquisitions, in 1995, of Banca Popolare di Lanciano e Sulmona S.p.A. ("**BPLS**") and Banca Popolare del Materano S.p.A. ("**Banca Popolare del Materano**"), and in 1996, Banca Popolare di Crotone S.p.A. ("**Banca Popolare di Crotone**").

As at the date of this Base Prospectus, BPER holds 100% of the share capital of BPER Bank Luxembourg S.A., a company set-up in 1996 whose headquarters are located in Luxembourg and whose business focus is on private banking, investment management and corporate banking services.

In 1998 BPER acquired control of Banca del Monte di Foggia S.p.A. At the end of 1998 BPER acquired approximately 55 per cent of the share capital of Banca Popolare di Aprilia S.p.A. ("**BPA**"). The acquisition, in 1999, of Banca Popolare di Salerno S.p.A. ("**Banca Popolare di Salerno**"), Cassa di Risparmio dell'Aquila S.p.A. ("**Carispaq**") and, in 2000, of Banca Popolare dell'Irpinia S.p.A. ("**Banca Popolare dell'Irpinia**") resulted in BPER consolidating its strong franchise in Campania and Abruzzo regions.

In 2001 BPER acquired control of the Banco di Sardegna group (51 per cent of the share capital), creating one of the largest banking groups in the country with a domestic network of approximately 1,000 branches and more than 10,000 employees at that time.

In June 2003 BPER subsidiaries Banca Popolare dell'Irpinia and Banca Popolare di Salerno merged to form the banking entity Banca della Campania S.p.A. ("**Banca della Campania**"), into which Banca del Monte di Foggia S.p.A. merged on 28 December 2006.

In 2005 BPER became the sole shareholder of ABF Leasing S.p.A. In June 2014 BPER and Banco di Sardegna resolved to commence the merger by incorporation of ABF Leasing S.p.A. into Sardaleasing S.p.A. The latter is a company operating in all leasing segments, with a distribution focus in the Sardinia region.

In 2005 BPER became the sole shareholder of Banca CRV.

In 2007, BPER acquired 48.75 per cent of the share capital of Arca Vita S.p.A. ("**Arca Vita**").

In November 2008, BPER subsidiaries Banca Popolare del Materano and Banca Popolare di Crotone merged to form a new banking entity named Banca Popolare del Mezzogiorno S.p.A. ("**Banca Popolare del Mezzogiorno**").

In March 2009, BPER acquired the entire share capital of Meliorbanca S.p.A. in a public tender offer. As a result, BPER – among others – gained indirect control over Banca della Nuova Terra S.p.A. ("**BNT**"), a bank specialised in agricultural loans, and Arca Vita that, in turn, controls ARCA Assicurazioni S.p.A, which specialises in non-life insurance. The latter two companies were already BPER Group's insurance partners.

Reorganisation of the ownership of BNT was completed on 3 February 2010. As a result of such reorganisation, the BPER Group released control of BNT and the investment in BNT was allocated in equal shares among the four banking shareholders (individually and/or at a group level).

In April 2014, BNT signed a contract with a securitisation vehicle called BNT Portfolio SPV s.r.l. set up in accordance with Law 130/1999. The contract involved a without-recourse sale *en bloc* of a large part of the existing and future portfolio of performing and non-performing loans resulting from loan contracts granted and/or held by BNT.

The notes issued by the SPV in a single tranche were subscribed by the member banks of BNT substantially in proportion to their respective interests.

In 2009 the BPER Group was closely involved in the plan to restructure Banca Italease S.p.A. ("**Banca Italease**"). The implementation of the project began with the establishment of two companies, Release S.p.A. ("**Release**") and Alba Leasing S.p.A. ("**Alba Leasing**"). A considerable portion of the assets and liabilities of Banca Italease were contributed to these companies: in particular its impaired assets went to Release, while its performing loans deriving from the banking channel went to Alba Leasing.

In June 2010 BPER and Banca Popolare di Sondrio S.c.p.A. ("**BPS**") transferred control over Arca Vita to Unipol Gruppo S.p.A. ("**Unipol Group**").

In July 2010 the plan for the absorption of Banca CRV into BPER was approved.

On 17 February 2012 BPER set up BPER Trust Company S.p.A. as a wholly-owned subsidiary. The objects of the company were mainly to act as trustee for trusts established by customers, as well as to provide advice on trust matters.

In November 2012 the merger by absorption of Meliorbanca S.p.A. by BPER took place.

In January 2013 BPER, Carispaq, BPLS and BPA approved a plan of merger by incorporation of Carispaq, BPLS and BPA (hereinafter, the "**Merged Companies**") into BPER. Having successfully concluded the merger of the Merged Companies, an equally important effort was made in 2014 to implement a major project of internal reorganization: the absorption by BPER of three further subsidiary banks, such as Banca Popolare del Mezzogiorno, Banca della Campania and Banca Popolare di Ravenna.

In February 2013 BPER completed a process aimed at gaining control of Cassa di Risparmio di Bra S.p.A. ("**CR Bra**").

In 2016 BPER consolidated its own direct control of Banca di Sassari S.p.A. ("**Banca di Sassari**") – originally a subsidiary company of Banco di Sardegna S.p.A. ("**Banco di Sardegna**") – with the view to allowing Banca di Sassari to focus on consumer credit lending activity and electronic payment system business. In April 2020 Banca di Sassari changed its name to Bibanca S.p.A ("**Bibanca**").

In October 2016 BPER acquired 48.98% of the share capital of Cassa di Risparmio di Saluzzo S.p.A. ("**CR Saluzzo**").

On 27 July 2020 BPER the merger through absorption of CR Bra and CR Saluzzo into BPER was completed.

On 30 June 2017 BPER performed the acquisition from the Single Resolution Fund of 100% of the share capital of Nuova Cassa di Risparmio di Ferrara S.p.A. ("**Nuova Carife**"), which was merged into BPER in November 2017.

On 22 July 2019 BPER and BPS completed the purchase of the shares of Arca Holding S.p.A. ("**Arca Holding**") auctioned off by the receiverships of Banca Popolare di Vicenza S.p.A. and Veneto Banca S.p.A. (both in LCA (*liquidazione coatta amministrativa*)), which in turn holds all the shares of Arca Fondi SGR.

On 25 July 2019 BPER acquired from Fondazione di Sardegna a 49% stake of Banco di Sardegna share capital and a stake of Banco di Sardegna preferred shares equal to approximately 36.90%. BPER currently holds the equivalent to 99.457% of the entire share capital of Banco di Sardegna, consisting of ordinary and preference shares.

On 31 July 2019 BPER purchased 100% of Unipol Banca S.p.A. ("**Unipol Banca**") from Unipol Group and UnipolSai Assicurazioni S.p.A. ("**UnipolSai**").

With effect from 25 November 2019 the deed of merger by incorporation of Unipol Banca with and into BPER was completed.

BPER Group's Non-Performing Exposure Strategy for the period 2018-2020 provided for the sale of bad loans at a Group level for a total gross book value of between Euro 3.5 and Euro 4.5 billion over 3 years, of which approximately Euro 3.0 billion through two securitisation transactions ("**4Mori Sardegna**" and "**AQUI**") were finalised within 2018.

The following Group's NPE Strategy on the 2019-2021 horizon took into consideration the qualitative recommendations of the ECB contained in the 2018 SREP Decision.

In March 2021 BPER approved the new NPE Strategy 2021-2023 in a "stand-alone" version.

On 7 July 2020, the BPER Group completed the sale, to an institutional investor, of 95% of the mezzanine and junior tranches of securities issued as part of the Spring bad loan securitisation, with a gross book value of € 1.2 billion as at 30 September 2019 ("**Spring**").

In December 2020 BPER completed a new securitisation of a bad loan portfolio ("**Summer**").

In the first half of 2021, the BPER Group prepared and partially executed several sales, mostly of "portfolios", involving positions classified as "Unlikely-ToPay" ("**UTP**"), to investors and mutual funds specialised in credit recovery management.

In 2020 BPER entered into an agreement with the Intesa Sanpaolo Group ("**ISP**") pursuant to which BPER purchased a going concern composed of approximately 1.2 million clients, distributed on the relevant banking branches of the former UBI Banca S.p.A. ("**UBI**").

In April 2020 the BPER ordinary and extraordinary shareholders' meeting approved, *inter alia*, the proposal to grant the Board of Directors the power to increase the share capital for payment for a maximum amount of Euro 1.0 billion in order to fund the transaction with ISP.

The transfer to BPER of the acquired business units took place in the first half of 2021.

On 28 July 2021 the BPER Group formally commenced (by means of a legal transfer to an SPV) the activities aimed at a further massive sale of non-performing loans, completed during the second half of 2021 by means of a securitisation transaction in compliance with the requirements and to be assisted by the Italian State guarantee scheme (GACS).

On 29 March 2022 the NPE Strategy 2022-2024 Guidelines were approved, having been developed on a "stand-alone" basis with an underlying macroeconomic scenario prior to the Russia-Ukraine conflict. These targets were revised and updated on 9 June 2022, when BPER approved the Plan (as defined below), which incorporated not only the acquisition of the Banca Carige S.p.A. Group ("**Carige Group**") but also a macroeconomic scenario conditioned by the Russia-Ukraine conflict by defining the target of non-performing exposures as at 2025.

In June 2022 BPER executed the acquisition of the Carige Group. The merger by absorption of Banca Carige S.p.A. ("**Banca Carige**" or "**Carige**") and Banca del Monte di Lucca S.p.A. (a subsidiary company of Carige's) into BPER took place in November 2022.

Strategy

2022-2025 Business Plan

On 9 June 2022 BPER's Board of Directors approved the BPER Group's new Business Plan 2022-2025, called "BPER e-volution" (the "**Plan**").

The Plan is based on 5 project areas:

- strengthening the multi-specialist bank model on a national scale;
- transformation of the revenue model to a "fee based perspective" by rotation toward business capital light models to increase fee contribution on total revenue;
- partnership between IT and business for transformation and growth;
- rationalization of the distribution network accompanied by simplification of processes to be achieved through increased digitization and adjustment of customer service models from an omnichannel perspective;
- enhancement of human capital through training plans, new career paths, and new work environments/models.

The above project areas will be supported by 3 levers:

- de-risking and credit monitoring: the divestment of the non-performing loans and UTP recovery platform together with the sale of additional NPE portfolios and improved management and workout activities will help reduce the gross NPE ratio structurally below 4 percent (3.6 percent as of 2025), while assuming very conservative assumptions about NPE flows to incorporate the macroeconomic scenario resulting from the ongoing Russia-Ukraine conflict;
- new innovation model as an accelerator of the Group's transformation path and an engine of new growth;
- ESG infusion: the Plan outlines the BPER Group's ESG development, with the aim of creating long-term shared value through the strengthening of sustainability issues within the corporate business model.

The extraordinary transactions envisaged in the Plan are aimed at further strengthening the competitive position at the national level and ensuring a greater focus on the activities identified as "core" for the BPER Group, thus also providing for divestments and deconsolidations of non-strategic assets, which will free up capital to be allocated to business development.

Extraordinary transactions

Acquisition of the Carige Group:

On the capital absorption front, benefits in terms of lower RWAs are expected over the Plan period due to the extension of AIRB models on the perimeter of loans to customers originating from Carige, with an estimated positive impact of about 40 b.p. on the capital position.

Disposal of internal platform of bad debt recovery and UTP and subsequent activation of NPE servicing:

The transaction is part of the broader de-risking strategy that the BPER Group has been effectively pursuing in recent years and envisages the sale of the internal platform for the recovery of non-performing loans and UTPs. Completion of the transaction is expected in the first half of 2024.

Disposal of merchant acquiring business:

In June 2022 a strategic agreement was signed with Nexi S.p.A. for the establishment of a long-term partnership to be realized through the transfer of the business unit having as its object merchant acquiring and POS management activities. The transaction enabled the BPER Group to enhance the value of these activities by taking advantage of the specialization and economies of scale enabled by the new partnership with Nexi S.p.A., while maintaining significant economic exposure to the merchant acquiring business. The deal closing enabled the BPER Group to realize a significant capital gain.

Deconsolidation Long Term Rental Company

BPER and UnipolSai signed an agreement to start a strategic commercial partnership in long-term rental which will be achieved, *inter alia*, via the merger by absorption of Società Italiana Flotte Aziendali S.p.A., entirely controlled by BPER, into UnipolRental S.p.A. ("**UnipolRental**"), a company controlled by UnipolSai.

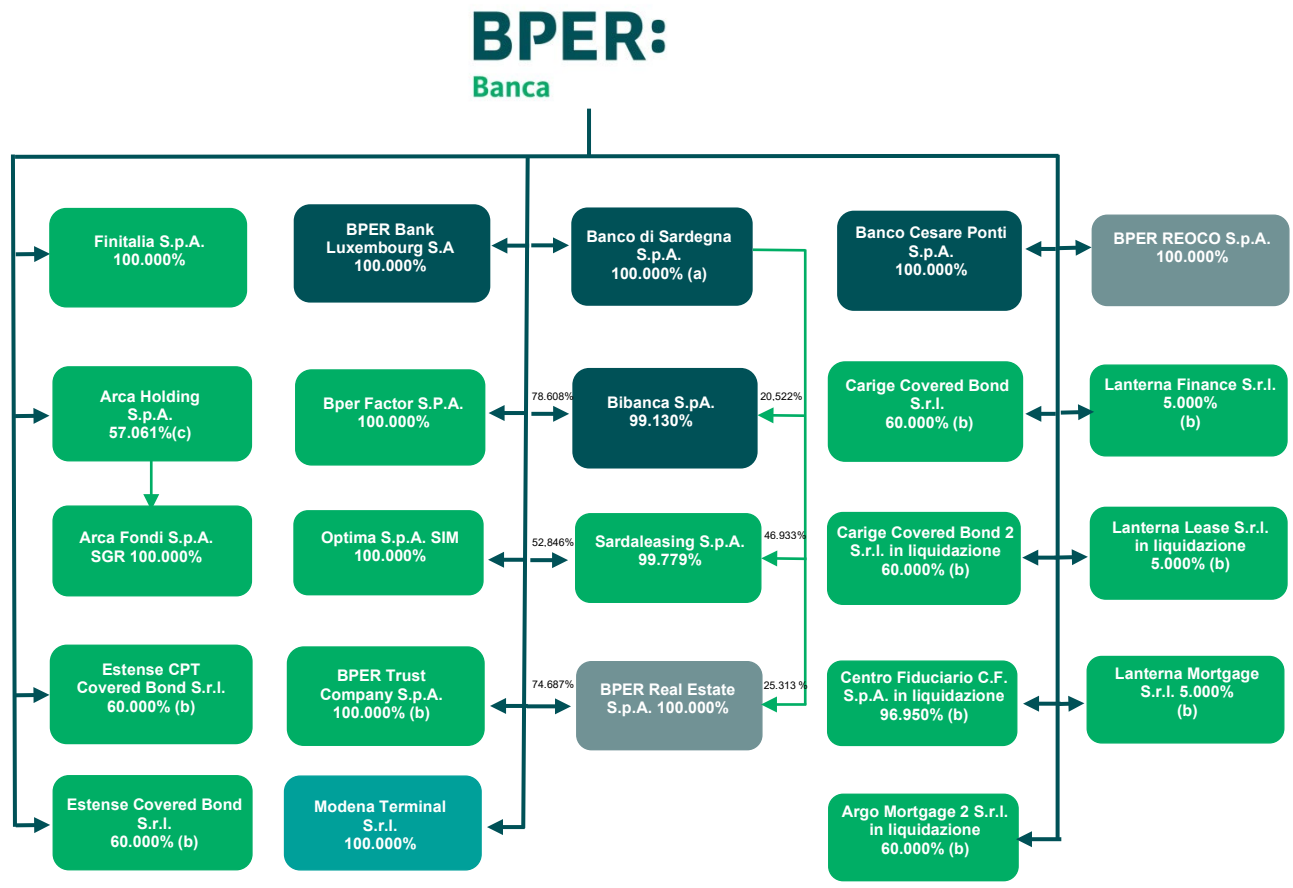
Upon completion of the merger, BPER will hold a 19.987% interest in the share capital of UnipolRental, with which it will enter into a long-term commercial agreement for the referral of customers to UnipolRental through BPER's branch network.

Creation of the Wealth Management & Asset Management hub:

Planned enhancement of Banca Cesare Ponti S.p.A. as a specialized vehicle and pillar of excellence directly serving private customers, as well as an investment management and advisory center with the task of coordinating the various product factories focused on the WM business. This operation will maximize synergies between the distribution networks and the product companies of the Asset Management and Bancassurance Vita business. For further details see the "*Recent Developments*" section below.

BPER Group

The BPER Group structure as at 30 September 2023 is as shown here below.



(a) Equivalent to 99.457% of the entire share capital consisting of ordinary and preference shares.

(b) Subsidiaries consolidated under the equity method.

(c) Subsidiary company which is not included in the Banking Group since it does not contribute directly to its activities.

St. Anna Gestione Golf Società Sportiva Dilettantistica s.r.l., a subsidiary of BPER REOCO through St. Anna Golf s.r.l., was excluded from the scope of consolidation as it was considered non-significant.

The scope of consolidation also includes the following subsidiaries which are not included in the BPER Group, since they do not contribute directly to its activities. These companies are consolidated under the equity method.

Subsidiaries of the Parent Company:
- Adras S.p.A. (100%);
- Sifà S.p.A. (100%);
- Commerciale Piccapietra S.r.l. (100%);
- Bridge Servicing S.p.A (100%).

Subsidiaries of BPER Reoco S.p.A.:
- Annia S.r.l. (100%);
- Sant'Anna Golf S.r.l. (100%).

The following companies are the principal subsidiaries of BPER as at the date of this Base Prospectus.

Banco di Sardegna

At the date of this Base Prospectus, BPER holds 100 per cent. of the ordinary voting shares of Banco di Sardegna. As at 30 June 2023, Banco di Sardegna employed 1,970 staff and had 290 branches; its total direct and indirect deposits amounted to Euro 16,402,560 thousand whilst net profit was Euro 93,611 thousand.

Bibanca (former Banca di Sassari)

At the date of this Base Prospectus, BPER and Banco di Sardegna hold, respectively, 78.608 and 20.522 per cent. of the ordinary voting shares of Bibanca. As at 30 June 2023, Bibanca employed 215 staff and had no branches; its total direct deposits amounted to Euro 257,530 thousand (Bibanca had no indirect deposit) whilst net profit was Euro 28,005 thousand.

Banca Cesare Ponti S.p.A.

At the date of this Base Prospectus, BPER holds 100 per cent. of the ordinary voting shares of Banca Cesare Ponti. As at 30 June 2023, Banca Cesare Ponti employed 32 staff and had 2 branches; its total direct and indirect deposits amounted to Euro 1,200,239 thousand whilst net profit was Euro 642 thousand.

BPER Bank Luxembourg s.a.

At the date of this Base Prospectus, BPER holds 100 per cent of the share capital of BPER Bank Luxembourg s.a. As at 30 June 2023, BPER Bank Luxembourg s.a. employed 29 staff and had 1 branch; its total direct and indirect deposits amounted to Euro 2,092,086 thousand whilst net profit was Euro 4,601 thousand.

Dependence

The Issuer is not dependent upon any other entity within the BPER Group.

Management of BPER

Board of Directors

The board of directors of BPER (the "**Board of Directors**") is composed of 15 members (including the Chairperson). At the date of this Base Prospectus, after the resignation of Mr. Gianfranco Farre on 1 June 2023, there are 14 members appointed.

Name	Title	In office since
Flavia Mazzarella	Chairperson	21/04/2021
Piero Luigi Montani	Chief Executive Officer	21/04/2021
Riccardo Barbieri	Deputy Chairperson	21/04/2021
Elena Beccalli	Director	21/04/2021
Monica Cacciapuoti	Director	05/11/2022
Silvia Elisabetta Candini	Director	21/04/2021
Maria Elena Cappello	Director	21/04/2021
Cristiano Cincotti	Director	21/04/2021
Alessandro Robin Foti	Director	21/04/2021
Roberto Giay	Director	21/04/2021
Gianni Franco Papa	Director	21/04/2021
Marisa Pappalardo	Director	21/04/2021

Name	Title	In office since
Monica Pilloni	Director	21/04/2021
Elisa Valeriani	Director	23/06/2021

General Management

Name	Title
Gian Luca Santi	Deputy General Manager
Elvio Sonnino	Deputy General Manager

The Manager responsible for preparing the Issuer's financial reports is:

Name	Title
Marco Bonfatti	Manager responsible for preparing the Issuer's financial reports

The business address of each of the above is c/o BPER, Via S. Carlo 8/20, 41121 Modena, Italy.

The General Managers and the Manager responsible for preparing the Issuer's financial reports are referred to as Senior Executives.

The Board of Directors is required under the BPER By-laws to meet monthly and at any other time when a meeting is convened by the Chairperson or called by one third of the Directors or by the Board of Statutory Auditors.

The Board of Directors is vested with all the powers for the ordinary and extraordinary administration of BPER, except those which are expressly reserved to the exclusive authority of the shareholders by Italian law or under the BPER By-laws.

Subject to the foregoing, the Board of Directors may delegate to the executive committee[8], the Chief Executive Officer and the General Managers such powers and duties regarding BPER's business and operations as it shall consider appropriate.

Administrative, management and control bodies and Senior Executives conflicts of interests

There are no conflicts of interest between any duties to the issuer and the private interests and/or other duties concerning the members of the Issuer's administrative, management and control bodies, as well as the Senior Executives, with the exception of those possibly relating to the transactions submitted to the competent corporate bodies of the Bank according to the established procedures, in strict compliance with the laws and regulations in force.

The Bank has in place procedures, in accordance with CONSOB Regulation no. 17221 of 12 March 2010 as amended and Bank of Italy Circular no. 285 of 17 December 2013 as amended, aimed at identifying and managing potential conflicts of interest that may arise from, among others, any activities of the members of the Issuer's administrative, management and control bodies, as well as the Senior Executives outside of the Issuer, to ensure, where possible, that no actual or potential conflicts of interest will arise and to guarantee that related party transactions are performed in compliance with all relevant requirements of law.

In this regard, it should be noted that the Board of Directors, on May 20, 2021, approved the internal document called "*Group Policy for the governance of the risk of non-compliance with regard to conflicts of interest with related parties and risk towards related parties*", after obtaining the favorable opinion of the committee composed of independent Directors and the control body, in order to ensure, among other things, the transparency and

[8] Presently no executive committee has been appointed.

substantial and procedural correctness of the transactions carried out with associated parties and related parties. The aforementioned policy is published on BPER's website, https://istituzionale.bper.it.

Finally, it should be noted that the members of the administrative, management and control bodies of the Bank, as well as the Senior Executives, are required to comply with the regulatory provisions referred to below, aimed at regulating cases in which the interests of the aforementioned subjects may be identified:

(i) article 53 of the Italian Legislative Decree No. 385 of 1 September 1993, which provides for the obligation of abstention for directors with a conflicting interest, on their own or on behalf of third parties, without prejudice to the obligations under art. 2391, paragraph 1, of the Civil Code;

(ii) article 136 of the Italian Legislative Decree No. 385 of 1 September 1993, which requires the adoption of a particular authorization procedure (resolution of the administrative body taken unanimously with the exclusion of the vote of the representative concerned and with the favorable vote of all the members of the control body) in the event that a bank contracts obligations of any kind or carries out transactions, directly or indirectly, with those who carry out administration, management and control functions within the same bank;

(iii) article 150 of the Financial Services Act, which states that directors are required to report to the board of statutory auditors on transactions in which they have an interest, on their own or on behalf of third parties, or which are influenced by the person exercising the management and coordination activity;

(iv) article 2391 of the Civil Code, pursuant to which the directors must notify the other directors and the board of statutory auditors of any interest that, on their own behalf or on behalf of third parties, they have in a specific company transaction, it being understood that, if the member of the board of the administration concerned is the chief executive officer, the latter must refrain from carrying out the transaction. In any case, the resolution of the board of directors must adequately justify the reasons and convenience for the company of the transaction; and

(v) article 2391-*bis* of the Civil Code, the Regulations on Related Party Transactions and the New Prudential Supervisory Provisions.

Board of Statutory Auditors:

Name	Title	In office since
Daniela Travella	Chairperson	23/06/2021
Carlo Appetiti	Acting Auditor	27/07/2022
Patrizia Tettamanzi	Acting Auditor	23/06/2021
Sonia Peron	Substitute Auditor	23/06/2021
Andrea Scianca	Substitute Auditor	21/04/2021

Shareholders

As at 13 November 2023 the main shareholders of BPER were as follows:

Shareholder	Shareholding (%)
Unipol Gruppo S.p.A.	19.9
Fondazione di Sardegna	10.2
Norges Bank	5.2

Rating of BPER

Moody's:

Short-Term Bank Deposit Rating: P-2;

Long-Term Bank Deposit Rating: Baa2 with "positive" outlook;

Long-Term Issuer Rating: Ba1 with "positive" outlook;

Baseline Credit Assessment ("BCA"): ba1;

Senior Unsecured Medium-Term Note Program: Ba1 with "positive" outlook;

Senior Non-Preferred Unsecured Medium-Term Note Program: Ba1 with "positive" outlook;

Subordinate Medium-Term Note Program: Ba2 with "positive" outlook.

Fitch:

Long-Term Issuer Default Rating: BBB- with "stable" outlook;

Short-Term Issuer Default Rating: F3;

Viability Rating: bbb-;

Long-Term Senior Preferred Rating: BBB-;

Long-Term Senior Non-Preferred Rating: BB+;

Subordinated Debt: BB;

Long-Term Deposit Rating: BBB;

Short-Term Deposit Rating: F3.

DBRS:

Long-Term Issuer Rating: BBB with "stable" outlook;

Short-Term Issuer Rating: R-2 (high) with "stable" outlook;

Long-Term Senior Debt: BBB with "stable" outlook;

Short-Term Debt: R-2 (high) with "stable" outlook;

Senior Non-Preferred Debt: BBB (low) with "stable" outlook;

Subordinated Debt: BB (high) with "stable" outlook;

Long-Term Deposits: BBB (high) with "stable" outlook;

Short-Term Deposits: R-1 (low) with "stable" outlook.

Each of Moody's France SAS ("**Moody's**"), Fitch Ratings Ireland Limited (Italian branch) ("**Fitch**") and DBRS Ratings GmbH ("**DBRS**") is established in the European Union and registered under Regulation (EU) No. 1060/2009, as amended. Each of Moody's, Fitch and DBRS is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at http://www.esma.europa.eu/supervision/credit-rating-agencies/risk) in accordance with the EU CRA Regulation.

Overview

The BPER Group operates mainly in the traditional banking sector, such as loans and deposits and providing credit to customers who are mainly represented by households and small and medium-sized businesses, through the Parent Company which operates throughout Italy whilst Banco di Sardegna operates mainly in Sardinia.

Through a network of companies, the Group offers a wide range of services to its customers in Corporate and Investment Banking, Private Banking and Wealth Management, as well as a series of financial products including leasing and factoring.

As at 30 June 2023, net interest income comes to Euro 1,545 million (Euro 1,826 million as at 31 December 2022).

Customer macro-segments

Retail

The products and services developed in 2022 and 2023 have been continuing to provide a response to the needs of the community, households and businesses.

In 2022 and 2023 BPER continued to review and strengthen the BPER Group's commercial offer by rationalising existing proposals and marketing new products and services.

Private Banking & Wealth Management

The private banking service of the BPER Group has continued to develop in qualitative and quantitative terms, with a view to becoming the principal banking provider of global wealth advice for the most advanced customers.

Corporate

Corporate customers have been taken care of by BPER employees visiting them and making sales proposals based on their specific needs, such as for medium to long-term financial support, in certain cases linked to international projects that Italian companies have put in place to offset the decline in domestic demand.

BPER's offer of financial products consists of Corporate Finance, Acquisition Finance, Project Finance (renewables, conventional energy and infrastructure) and Shipping Finance services. BPER continues offering expert advice to Corporate customers of the Group in the fields of Merger and Acquisition, Corporate and Institutional Advisory and IPOs.

Statements made by the Issuer regarding its competitive position

At 31 December 2022, the Group's network consisted of 1,913 branches located throughout the country, as well as a branch office in the Grand Duchy of Luxembourg, with consolidated total assets of Euro 152,302,794 thousand.

As at 30 June 2023 the BPER Group's network consists of 1,759 branches throughout the country, as well as a branch office in the Grand Duchy of Luxembourg, with consolidated total assets of Euro 143,092,178 thousand.

As at 31 March 2023, on the Italian banking scene, the BPER Group consolidated total assets of Euro 151,139,202 thousand.

Geographical organisation of the BPER Group and employees

As an average number of employees by category, the BPER Group companies employed 18,443 persons as at 31 December 2022.

The following table shows, as at 30 June 2023 and 31 December 2022, a breakdown of the BPER Group's employees.

Employees	**30.06.2023**	**31.12.2022**	**Changes**
1. BPER Banca s.p.a.	17,953	18,302	(349)
2. BPER Bank Luxembourg s.a.	29	28	1
3. Bibanca s.p.a.	215	199	16
4. Banco di Sardegna s.p.a.	1,970	2,071	(101)
5. Banca Cesare Ponti s.p.a.	32	32	-
Total banks	**20,199**	**20,632**	**(433)**
Subsidiaries consolidated line-by-line	397	427	(30)
Total of balance sheet	**20,596**	**21,059**	**(463)**

The following table shows, as at 30 June 2023 and 31 December 2022, a breakdown of the BPER Group's branches.

Branches	30.06.2023	31.12.2022	Changes
1. BPER Banca s.p.a.	1,467	1,603	(136)
2. Banco di Sardegna s.p.a.	290	308	(18)
3. Banca Cesare Ponti s.p.a.	2	2	-
Total Italian banks	**1,759**	**1,913**	**(154)**
4. BPER Bank Luxembourg s.a.	1	1	-
Total	**1,760**	**1,914**	**(154)**

Overview Financial Consolidated Information of the BPER Group

The following tables set out certain consolidated balance sheet data of the BPER Group, as at 31 December 2022 and 31 December 2021.

(in thousands of Euro)

Income statement	2022	2021
Net Interest income	1,825,893	1,505,362
Net commission income	1,942,080	1,641,575
Other operating expense / income	328,532	25,026
Net income from financial activities	139,722	196,231
Operating costs	(2,787,766)	(2,487,515)
Profit (loss) from current operations before tax	1,499,644	692,871
Profit (Loss) for the year	1,473,880	558,649
Profit (Loss) for the year pertaining to the Parent Company	1,448,975	525,123

(in thousands of Euro)

Balance Sheet statement	2022	2021
Net Loans to customer	91,174,835	79,112,914
- of which net bad loans	*220,917*	*566,941*
Net interbank position	(5,942,085)	(1,338,948)
Financial assets	30,665,767	28,373,380
Total assets	152,302,794	136,347,873
Direct deposits	114,831,032	101,388,140
Indirect deposits	138,875,198	146,986,089
- of which managed	*60,597,120*	*64,822,748*
- of which administered	*78,278,078*	*82,163,341*

(in thousands of Euro)

Cash flows statement	2022	2021
Net cash generated/absorbed by operating activities	12,793,995	1,264,902
Net cash generated/absorbed by investment activities	(17,069)	(743,125)
Net cash generated/absorbed by funding activities	(85,502)	(64,134)
Net cash generated/absorbed in the year	12,691,424	457,643

The following table sets out certain data and ratios of BPER as at 31 December 2022 and 31 December 2021 as previously published on the relevant annual report.

These data and ratios are not recognised as measures of financial performance or liquidity under IFRS. Investors should not place any undue reliance on these Non GAAP data and ratios and should not consider these measures as (a) an alternative to operating income or net income as determined in accordance with generally accepted accounting principles, or as measures of operating performance; (b) an alternative to cash flows from operating, investing or financing activities (as determined in accordance with generally accepted accounting principles), or

as a measure of BPER Group's ability to meet cash needs; or (c) an alternative to any other measures of performance under generally accepted accounting principles. These measures are not indicative of BPER Group's historical operating results, nor are they meant to be indicative of future results. These measures are used by management to monitor the underlying performance of the business and the operations. Since all companies do not calculate these measures in an identical manner, BPER Group's presentation may not be consistent with similar measures used by other companies. Therefore, investors should not place undue reliance on this data.

Performance ratios[9]

Financial ratios	**31.12.2022**	**2021**[10]
Structural ratios		
Net loans to customers/total assets	59.86%	58.02%
Net loans to customers/direct deposits from customers	79.40%	78.03%
Financial assets/total assets	20.13%	20.81%
Gross non-performing loans/gross loans to customers	3.20%	4.91%
Net non-performing loans/net loans to customers	1.41%	2.02%
Texas ratio[11]	32.29%	45.58%
Profitability ratios		
ROE[12]	7.94%	8.66%
ROTE[13]	8.30%	9.57%
ROA[14]	0.35%	0.41%
Cost to income ratio[15]	65.47%	73.42%
Cost of credit risk[16]	0.64%	1.06%

Prudential supervisory ratios	**31.12.2022**	**2021**[17]
Own Funds (Phased in)[18]***(in thousands of Euro)***		
Common Equity Tier 1 (CET1)	6,613,149	6,576,227
Total Own Funds	8,525,562	7,781,971
Risk-weighted assets (RWA)	53,025,476	45,340,544
Capital and liquidity ratios		
Common Equity Tier 1 Ratio (CET1 Ratio) - Phased in	12.47%	14.50%
Tier 1 Ratio (T1 Ratio) - Phased in	12.76%	14.84%

9 The information provided is consistent with the ESMA document of 5 October 2015 "*Guidelines on Alternative performance measures*", aimed at promoting the usefulness and transparency of Alternative Performance Measures included in prospectuses or documents containing regulated information. To construct ratios, reference was made to the balance sheet and income statement captions of the reclassified statements providing an operational management view.

10 The comparative ratios have been calculated on figures at 31 December 2021 as per the Consolidated financial statements as at 31 December 2021.

11 The Texas ratio is calculated as total gross non-performing loans on net tangible equity (Group and minority interests) plus impairment provisions for non-performing loans.

12 ROE has been calculated as net profit for the year (solely recurring/current component of Euro 502.8 million) on average shareholders' equity of Group not including net profit.

13 ROTE is calculated as the ratio between the net profit for the year (solely the recurring/current component amounting to Euro 502.8 million) and the Group's average shareholders' equity (i) including net profit for the year (solely the recurring/current component amounting to Euro 502.8 million) stripped of the portion allocated to dividends and (ii) excluding intangible assets and equity instruments.

14 ROA has been calculated as net profit for the year including net profit pertaining to minority interests (only recurring component of Euro 527.3 million) on total assets.

15 The Cost to income ratio is calculated on the basis of the reclassified income statement (operating costs/operating income); when calculated on the basis of the schedules provided by the 7th update of Bank of Italy Circular no. 262, the Cost to income ratio is at 73.17% (79.59% as at 31 December 2021 as per the Consolidated Financial Statements for the year ending on 31 December 2021).

16 The Cost of credit risk has been calculated as net impairment losses to loans to customers on net loans to customers as at 31 December. As at 31 December 2022, the cost of credit rises to 0.66%, if calculated by adding the net value adjustments on loans to Russian banks.

17 The comparative ratios have been calculated on figures at 31 December 2021 as per the Consolidated financial statements as at 31 December 2021.

18 Items have been calculated according to the provisions of Regulation (EU) 2395/2017, which amends Regulation (EU) 575/2013 (CRR) relating to "Transitional provisions to mitigate the impact of IFRS 9 on Own Funds". The Regulation introduced the transitional (Phase-in) regime offering banks the option to mitigate the impacts of IFRS 9 on Own Funds over a period of 5 years (from March 2018 to December 2022), by neutralising the impact on CET1 with the application of decreasing add-back factors over time. The BPER Group elected to apply the "static approach" to the impact arising from a reconciliation of impairment losses under IAS 39 as at 31 December 2017 to impairment losses under IFRS 9 as at 1 January 2018.

Prudential supervisory ratios	31.12.2022	2021[17]
Total Capital Ratio (TC Ratio) - Phased in	16.08%	17.16%
Common Equity Tier 1 Ratio (CET1 Ratio) - Fully Phased	12.04%	13.50%
Leverage Ratio - Phased in[19]	4.4%	4.8%
Leverage Ratio - Fully Phased[20]	4.3%	4.5%
Liquidity Coverage Ratio (LCR).	195.3%	215.1%
Net Stable Funding Ratio (NSFR)	127.3%	142.5%

The following table sets out certain data and ratios of BPER as at 30 June 2023 and 2022.

Performance ratios[21]

Financial ratios	30.06.2023	2022[22]
Structural ratios		
Net loans to customers/total assets	62.26%	59.86%
Net loans to customers/direct deposits from customers	78.38%	79.40%
Financial assets/total assets	21.29%	20.13%
Gross non-performing loans/gross loans to customers	2.74%	3.20%
Net non-performing loans/net loans to customers	1.14%	1.41%
Texas ratio[23]	26.04%	32.29%
Profitability ratios		
ROE[24]	19.90%	7.94%
ROTE[25]	20.03%	8.30%
ROA[26]	1.01%	0.35%
Cost to income ratio[27]	51.27%	64.26%
Cost of credit risk[28]	0.30%	0.21%
Prudential supervisory ratios	**30.06.2023**	**2022[29]**
Own Funds (Fully Phased) (in thousands of Euro)		
Common Equity Tier 1 (CET1)	7,451,222	6,379,995
Total Own Funds	9,386,687	8,292,408
Risk-weighted assets (RWA)	53,138,340	52,989,278
Fully Phased capital ratios and liquidity ratios		
Common Equity Tier 1 Ratio (CET1)	14.02%	12.04%
Tier 1 Ratio (T1 Ratio)	14.31%	12.32%
Total Capital Ratio (TC Ratio)	17.67%	15.65%

19 Ratios have been calculated according to the provisions of Regulation (EU) 575/2013 (CRR), as amended by Commission Delegated Regulation (EU) 62/2015.

20 See previous note.

21 The information provided is consistent with the ESMA document of 5 October 2015 "Guidelines on Alternative performance measures", aimed at promoting the usefulness and transparency of Alternative Performance Measures included in prospectuses or documents containing regulated information. To construct ratios, reference was made to the balance sheet and income statement captions of the reclassified statements providing an operational management view.

22 The comparative balance sheet ratios, together with ROE, ROTE and ROA, have been calculated on figures as at 31 December 2022 as per the Consolidated financial statements as at 31 December 2022, while profit and loss ratios have been calculated on figures at 30 June 2022 as per the half-year Consolidated report as at 30 June 2022.

23 The Texas ratio is calculated as total gross non-performing loans on net tangible equity (Group and minority interests) plus impairment provisions for non-performing loans.

24 ROE is calculated as the ratio of annualised net profit for the period to the Group's average shareholders' equity not including net profit.

25 ROTE is calculated as the ratio of annualised net recurring profit for the period to the Group's average shareholders' equity (i) including net recurring profit for the period, stripped of the portion allocated to dividends and then annualised and (ii) excluding intangible assets and equity instruments.

26 ROA is calculated as the ratio of annualised net profit for the period (including net profit for the period pertaining to minority interests) and total assets.

27 The Cost to income ratio is calculated on the basis of the reclassified income statement (operating costs/operating income) and on the basis of the schedules provided by the 8th update of Bank of Italy Circular no. 262.

28 The Cost of credit has been calculated as net impairment losses to loans to customers on net loans to customers as at 30 June 2023.

29 The comparative balance sheet ratios, together with ROE, ROTE and ROA, have been calculated on figures as at 31 December 2022 as per the Consolidated financial statements as at 31 December 2022, while profit and loss ratios have been calculated on figures as at 30 June 2022 as per the half-year Consolidated report as at 30 June 2022.

Financial ratios	30.06.2023	2022[22]
Leverage ratio[30]	5.2%	4.3%
Liquidity Coverage Ratio (LCR)	157.1%	195.3%
Net Stable Funding Ratio (NSFR)	126.1%	127.3%

Loans to customers

The following table shows, as at 31 December 2022 and 31 December 2021, a breakdown of the loans of the BPER Group (after provisions have been made).

(in thousands of Euro)

Captions	31.12.2022	31.12.2021	Change	Chg. %
Current accounts	5,482,779	4,969,075	513,704	10.34
Mortgage loans	62,952,434	53,621,023	9,331,411	17.40
Repurchase agreements	4,254	71,302	(67,048)	-94.03
Leases and factoring	5,051,671	4,090,897	960,774	23.49
Other transactions	17,683,697	16,360,617	1,323,080	8.09
Net loans to customers	**91,174,835**	**79,112,914**	**12,061,921**	**15.25**

Loans to customers, net of value adjustments, amount to Euro 91,174.8 million (Euro 79,112.9 million at 31 December 2021), an increase of Euro 12,061.9 million compared to 31 December 2021 mainly due to the acquisition of the Carige Group relating to the Purchase Price Allocation (PPA), which involved a change to the balance acquired for alignment to the relevant fair value of Euro -374.9 million. Among the various technical forms, the increase is general: on mortgage loans the increase was Euro 9,331.4 million (+17.40%), on current accounts Euro 513.7 million (+10.34%), on leases and factoring Euro 960.8 million (+23.49%) and on other transactions Euro 1,323.1 million (+8.09%). On the other hand, repurchase agreements decreased by Euro 67.0 million (-94.03%).

The increase in Net loans is attributable to the acquisition of the Carige Group, in addition to new disbursements of loans to households and businesses, which at the end of 2022 reached Euro 16.5 billion (+25.8% as compared to 2021), driven by the acceleration in commercial activity from as early as the fourth quarter of 2021.

(in thousands of Euro)

Captions	31.12.2022	31.12.2021	Change	Chg. %
Gross non-performing exposures	**2,991,445**	**4,024,358**	**(1,032,913)**	**-25.67**
Bad loans	961,093	2,013,607	(1,052,514)	-52.27
Unlikely-To-Pay loans	1,871,880	1,882,991	(11,111)	-0.59
Past due exposures	158,472	127,760	30,712	24.04
Gross performing exposures	**90,589,650**	**77,964,420**	**12,625,230**	**16.19**
Total gross exposure	**93,581,095**	**81,988,778**	**11,592,317**	**14.14**
Impairment losses on non-performing positions	**1,706,790**	**2,428,762**	**(721,972)**	**-29.73**
Bad loans	740,176	1,446,666	(706,490)	-48.84
Unlikely-To-Pay loans	916,779	948,958	(32,179)	-3.39
Past due exposures	49,835	33,138	16,697	50.39
Impairment losses on performing exposures	**699,470**	**447,102**	**252,368**	**56.45**
Total impairment losses	**2,406,260**	**2,875,864**	**(469,604)**	**-16.33**
Net non-performing exposures	**1,284,655**	**1,595,596**	**(310,941)**	**-19.49**
Bad loans	220,917	566,941	(346,024)	-61.03
Unlikely-To-Pay loans	955,101	934,033	21,068	2.26
Past due exposures	108,637	94,622	14,015	14.81
Net performing exposures	**89,890,180**	**77,517,318**	**12,372,862**	**15.96**

[30] Ratios have been calculated according to the provisions of Regulation (EU) 575/2013 (CRR), as amended by Commission Delegated Regulation (EU) 62/2015.

Captions	31.12.2022	31.12.2021	Change	Chg. %
Total net exposure	**91,174,835**	**79,112,914**	**12,061,921**	**15.25**

At 31 December 2022, the provisions relating to non-performing loans amounted to Euro 1,706.8 million (Euro 2,428.8 million at 31 December 2021; -29.73%), for a coverage ratio of 57.06% (60.35%[31] at 31 December 2021), while the provisions for performing loans amounted to Euro 699.5 million (Euro 447.1 million at 31 December 2021; +56.45%) and give a coverage ratio of to 0.77% (0.57%[32] at 31 December 2021). The latter increase is attributable primarily to the Overlays adopted by the Group as part of the update of the ECL in respect of the level of uncertainty in the use of relevant information for the accounting estimates connected with the macroeconomic context in general, as well as the gradual and constant updating of the risk parameters (in 2022, in particular, the IFRS 9 LGD), as inputs for the ECL model.

Considering the write-offs of bad loans still outstanding, Euro 68.5 million (Euro 376.5 million as at 31 December 2021), the coverage ratio has increased to 58.02% (63.74% at 31 December 2021).

The total coverage ratio is therefore 2.57%, down from the figure at 31 December 2021 (3.51%) due to a lower non-performing share of the total portfolio of loans to customers (primarily due to the disposal of an NPL portfolio as part of the derisking actions completed in 2022). Based on the same considerations made above concerning direct write-offs, the total effective coverage of loans comes to 2.64% (3.95% at 31 December 2021).

(in thousands of Euro)

Loans to customers	31.12.2022		31.12.2021		% Gross chg.	% Net chg.	% Coverage ratio
	Gross	Net	Gross	Net			
1. BPER Banca s.p.a.	82,120,863	80,376,740	71,291,972	69,185,166	15.19	16.18	2.12
2. BPER Bank Luxembourg s.a.	212,805	207,092	223,522	218,259	-4.79	-5.12	2.68
3. Bibanca s.p.a.	3,100,919	3,053,192	1,920,337	1,896,088	61.48	61.03	1.54
4. Banco di Sardegna s.p.a.	7,317,602	7,021,175	7,731,865	7,289,036	-5.36	-3.67	4.05
5. Banca Cesare Ponti s.p.a.	43,128	42,900	-	-	n.s.	n.s.	0.53
Total banks	**92,795,317**	**90,701,099**	**81,167,696**	**78,588,549**	**14.33**	**15.41**	**2.26**
6. Sardaleasing s.p.a.	3,659,519	3,385,856	3,354,953	3,096,078	9.08	9.36	7.48
7. BPER Factor s.p.a.	1,948,903	1,922,148	1,282,005	1,256,370	52.02	52.99	1.37
8. Finitalia s.p.a.	653,101	641,477	617,309	605,102	5.80	6.01	1.78
9. BPER Real Estate s.p.a.	263	263	-	-	n.s.	n.s.	-

[31] The calculation as at 31 December 2021 includes loans to customers of Euro 91.0 million (of which Euro 88.7 million in performing loans and Euro 2.3 million in non-performing loans classified to item 120 "Non-current assets and disposal groups classified as held for sale" relating to the 5 branches of former Unipol Banca s.p.a., acquired on 25 November 2019 by the Parent Company and subsequently transferred to Banco di Sardegna.

[32] See previous note.

Loans to customers	31.12.2022		31.12.2021		% Gross chg.	% Net chg.	% Coverage ratio
	Gross	Net	Gross	Net			
Other companies and consolidation adjustments	(5,476,008)	(5,476,008)	(4,433,185)	(4,433,185)	23.52	23.52	-
Balance sheet total	**93,581,095**	**91,174,835**	**81,988,778**	**79,112,914**	**14.14**	**15.25**	**2.57**

(in thousands of Euro)

Non-performing loans	31.12.2022		31.12.2021		% Gross chg.	% Net chg.	% Coverage ratio
	Gross	Net	Gross	Net			
1. BPER Banca s.p.a.	2,179,899	1,017,486	2,882,857	1,124,412	-24.38	-9.51	53.32
2. BPER Bank Luxembourg s.a.	9,540	4,402	7,669	2,770	24.40	58.92	53.86
3. Bibanca s.p.a.	58,166	28,853	41,419	23,682	40.43	21.84	50.40
4. Banco di Sardegna s.p.a.	328,032	86,098	629,788	243,655	-47.91	-64.66	73.75
5. Banca Cesare Ponti s.p.a.	567	407	-	-	n.s.	n.s.	28.22
Total banks	**2,576,204**	**1,137,246**	**3,561,733**	**1,394,519**	**-27.67**	**-18.45**	**55.86**
6. Sardaleasing s.p.a.	363,043	123,902	377,636	146,151	-3.86	-15.22	65.87
7. BPER Factor s.p.a.	42,474	20,036	73,625	50,542	-42.31	-60.36	52.83
8. Finitalia s.p.a.	9,724	3,471	11,364	4,384	-14.43	-20.83	64.30
Balance sheet total	**2,991,445**	**1,284,655**	**4,024,358**	**1,595,596**	**-25.67**	**-19.49**	**57.06**
Direct write-offs of bad loans	68,495	-	376,542	-	-81.81	n.s.	100.00
Adjusted total	**3,059,940**	**1,284,655**	**4,400,900**	**1,595,596**	**-30.47**	**-19.49**	**58.02**
Non-performing loans (balance sheet total) / Loans to customers	**3.20%**	**1.41%**	**4.91%**	**2.02%**			

Net non-performing loans amount to Euro 1,284.7 million (-19.49% compared with 31 December 2021), equal to 1.41% of total net loans to customers (2.02% as at 31 December 2021), whereas on a gross basis, the ratio between non-performing loans and loans to customers came to 3.20% (4.91% at 31 December 2021). The reduction in the gross and net incidence of the non-performing portfolio on total loans is attributable primarily to the disposal of a portfolio of NPLs as part of continued de-risking activities.

The coverage of non-performing loans of 57.06% has decreased compared with 31 December 2021 (60.35%). The reduction in the coverage of NPLs is mainly to be associated with the improvement in the quality of the portfolio of non-performing loans, which also decreased due to the NPL disposals completed in 2022.

(in thousands of Euro)

Bad loans	31.12.2022		31.12.2021		% Gross chg.	% Net chg.	% Coverage ratio
	Gross	Net	Gross	Net			
1. BPER Banca s.p.a.	453,215	120,126	1,302,165	362,005	-65.20	-66.82	73.49
2. BPER Bank Luxembourg s.a.	430	-	2,104	-	-79.56	n.s.	100.00
3. Bibanca s.p.a.	15,445	2,773	10,423	2,794	48.18	-0.75	82.05
4. Banco di Sardegna s.p.a.	210,965	35,961	427,940	132,216	-50.70	-72.80	82.95
5. Banca Cesare Ponti s.p.a.	163	81	-	-	n.s.	n.s.	50.31
Total banks	**680,218**	**158,941**	**1,742,632**	**497,015**	**-60.97**	**-68.02**	**76.63**
6. Sardaleasing s.p.a.	252,746	56,907	245,542	64,845	2.93	-12.24	77.48
7. BPER Factor s.p.a.	23,632	3,834	18,863	2,961	25.28	29.48	83.78
8. Finitalia s.p.a.	4,497	1,235	6,570	2,120	-31.55	-41.75	72.54
Balance sheet total	**961,093**	**220,917**	**2,013,607**	**566,941**	**-52.27**	**-61.03**	**77.01**
Direct write-offs of bad loans	68,495	-	376,542	-	-81.81	n.s.	100.00
Adjusted total	**1,029,588**	**220,917**	**2,390,149**	**566,941**	**-56.92**	**-61.03**	**78.54**
Bad loans (Balance sheet total)/Loans to customers	**1.03%**	**0.24%**	**2.46%**	**0.72%**			

Net bad loans amount to Euro 220.9 million (-61.03% compared with 31 December 2021), accounting for 0.24% of total net loans to customers (0.72% at 31 December 2021), whereas, on a gross basis, the bad loans on total loans to customers ratio comes to 1.03% (2.46% at 31 December 2021).

The coverage of bad loans of 77.01% has increased from 71.84% as at 31 December 2021.

(in thousands of Euro)

Unlikely-To-Pay loans	31.12.2022		31.12.2021		% Gross chg.	% Net chg.	% Coverage ratio
	Gross	Net	Gross	Net			
1. BPER Banca s.p.a.	1,629,038	830,228	1,503,252	704,584	8.37	17.83	49.04
2. BPER Bank Luxembourg s.a.	7,445	3,223	5,421	2,663	37.34	21.03	56.71
3. Bibanca s.p.a.	13,243	8,274	12,580	7,910	5.27	4.60	37.52
4. Banco di Sardegna s.p.a.	99,489	37,152	185,530	98,757	-46.38	-62.38	62.66
5. Banca Cesare Ponti s.p.a.	404	326	-	-	n.s.	n.s.	19.31
Total banks	**1,749,619**	**879,203**	**1,706,783**	**813,914**	**2.51**	**8.02**	**49.75**

Unlikely-To-Pay loans	31.12.2022		31.12.2021		% Gross chg.	% Net chg.	% Coverage ratio
	Gross	Net	Gross	Net			
6. Sardaleasing s.p.a.	100,363	58,951	119,481	72,422	-16.00	-18.60	41.26
7. BPER Factor s.p.a.	18,182	15,581	53,389	46,288	-65.94	-66.34	14.31
8. Finitalia s.p.a.	3,716	1,366	3,338	1,409	11.32	-3.05	63.24
Balance sheet total	**1,871,880**	**955,101**	**1,882,991**	**934,033**	**-0.59**	**2.26**	**48.98**
Unlikely to pay loans/Loans to customers	**2.00%**	**1.05%**	**2.30%**	**1.18%**			

Net unlikely-to-pay loans total Euro 955.1 million (+2.26% compared with 31 December 2021), representing 1.05% of total net loans to customers (1.18% as at 31 December 2021), while on a gross basis the ratio is 2.00% (2.30% at 31 December 2021).

The coverage of unlikely-to-pay loans has declined to 48.98%, compared with 50.40% at 31 December 2021.

(in thousands of Euro)

Past due loans	31.12.2022		31.12.2021		% Gross chg.	% Net chg.	% Coverage ratio
	Gross	Net	Gross	Net			
1. BPER Banca s.p.a.	97,646	67,132	77,440	57,823	26.09	16.10	31.25
2. BPER Bank Luxembourg s.a.	1,665	1,179	144	107	--	--	29.19
3. Bibanca s.p.a.	29,478	17,806	18,416	12,978	60.07	37.20	39.60
4. Banco di Sardegna s.p.a.	17,578	12,985	16,318	12,682	7.72	2.39	26.13
Total banks	**146,367**	**99,102**	**112,318**	**83,590**	**30.31**	**18.56**	**32.29**
5. Sardaleasing s.p.a.	9,934	8,044	12,613	8,884	-21.24	-9.46	19.03
6. BPER Factor s.p.a.	660	621	1,373	1,293	-51.93	-51.97	5.91
7. Finitalia s.p.a.	1,511	870	1,456	855	3.78	1.75	42.42
Balance sheet total	**158,472**	**108,637**	**127,760**	**94,622**	**24.04**	**14.81**	**31.45**
Past due loans/Loans to customers	**0.17%**	**0.12%**	**0.16%**	**0.12%**			

The net amount of past due loans of Euro 108.6 million (+14.81% compared with 31 December 2021) represents 0.12% of total net loans to customers (unchanged compared to 31 December 2021), whereas, on a gross basis, the past due loans on total loans to customers ratio is 0.17% (0.16% at 31 December 2021).

The coverage of past due loans is 31.45%, up from 25.94% as at 31 December 2021.

The distribution of loans to non-financial corporates is analysed by ATECO category below:

(in thousands of Euro)

Breakdown of loans to non-financial corporates	**31.12.2022**	**%**
A. Agriculture, forestry and fishing	1,046,681	1.15
B. Mining and quarrying	127,603	0.14
C. Manufacturing	13,553,175	14.87
D. Provision of electricity, gas, steam and air-conditioning	914,738	1.00
E. Provision of water, sewerage, waste management and rehabilitation	822,958	0.90
F. Construction	3,400,126	3.73
G. Wholesaling and retailing, car and motorcycle repairs	7,670,788	8.41
H. Transport and storage	1,503,982	1.65
I. Hotel and restaurants	1,985,981	2.18
J. Information and communication	997,850	1.09
K. Financial and insurance activities	220,202	0.24
L. Real estate	4,402,452	4.83
M. Professional, scientific and technical activities	1,795,403	1.97
N. Rentals, travel agencies, business support services	1,916,944	2.10
O. Public administration and defence, compulsory social security	27,043	0.03
P. Education	50,913	0.06
Q. Health and welfare	637,868	0.70
R. Arts, sport and entertainment	234,279	0.26
S. Other services	602,340	0.66
Total loans to non-financial corporates	**41,911,326**	**45.97**
Individuals and other not included above	41,383,228	45.38
Financial companies	5,122,327	5.62
Insurance	89,053	0.10
Governments and other public entities	2,668,901	2.93
Total loans	**91,174,835**	**100.00**

The following table sets out the same data as at 30 June 2023 compared with 31 December 2022.

Loans to customers, net of adjustments, total Euro 89,095.0 million (Euro 91,174.8 million as at 31 December 2022) down by Euro 2,079.8 million since 31 December 2022. In terms of the various technical forms, the reduction of the balance of mortgages totalled Euro -478.0 million (-0.76%), Euro -429.4 million (-8.50%) on leasing and factoring transactions and Euro -1,919.8 million (-10.86%) on other transactions, the latter due primarily to the reduction of stage one and stage two loans of BPER attributable primarily to s.b.f. (subject to collection) advances, deposits at Cassa Depositi e Prestiti, in addition to other subsidies totalling Euro 1,545.9 million. By contrast, current accounts increased by Euro 235.7 million (+4.30%) and repurchase agreements by Euro 511.7 million.

(in thousands of Euro)

Captions	**30.06.2023**	**31.12.2022**	**Changes**	**% Change**
Gross non-performing exposures	**2,503,715**	**2,991,445**	**(487,730)**	**-16.30**
Bad loans	1,020,232	961,093	59,139	6.15
Unlikely-To-Pay loans	1,276,799	1,871,880	(595,081)	-31.79
Past due loans	206,684	158,472	48,212	30.42
Gross performing exposures	**88,801,474**	**90,589,650**	**(1,788,176)**	**-1.97**
Total gross exposure	**91,305,189**	**93,581,095**	**(2,275,906)**	**-2.43**
Impairment losses on non-performing exposures	**1,491,096**	**1,706,790**	**(215,694)**	**-12.64**
Bad loans	830,277	740,176	90,101	12.17
Unlikely-To-Pay loans	603,014	916,779	(313,765)	-34.22
Past due loans	57,805	49,835	7,970	15.99

Captions	30.06.2023	31.12.2022	Changes	% Change
Impairment losses on performing exposures	**719,104**	**699,470**	**19,634**	**2.81**
Total impairment losses	**2,210,200**	**2,406,260**	**(196,060)**	**-8.15**
Net non-performing exposures	**1,012,619**	**1,284,655**	**(272,036)**	**-21.18**
Bad loans	189,955	220,917	(30,962)	-14.02
Unlikely-To-Pay loans	673,785	955,101	(281,316)	-29.45
Past due loans	148,879	108,637	40,242	37.04
Net performing exposures	**88,082,370**	**89,890,180**	**(1,807,810)**	**-2.01**
Total net exposure	**89,094,989**	**91,174,835**	**(2,079,846)**	**-2.28**

At 30 June 2023, the provisions relating to non-performing loans amounted to Euro 1,491.1 million (Euro 1,706.8 million at 31 December 2022; -12.64%), for a coverage ratio of 59.56% (57.06% at 31 December 2022), while the provisions for performing loans amounted to Euro 719.1 million (Euro 699.5 million at 31 December 2022; +2.81%) and give a non-performing coverage ratio of 0.81% (0.77% at 31 December 2022).

Considering the direct write-offs made for an amount of Euro 66.5 million (Euro 68.5 million at 31 December 2022) on outstanding bad loans due to insolvency procedures, the coverage ratio would rise to 60.60% (58.02% at 31 December 2022).

The overall level of credit coverage came to 2.42%, down compared to 2.57% as at 31 December 2022 due to the transfers of NPLs (UTP in particular) completed in the first half of 2023. Based on the same considerations made above concerning direct write-offs, the total effective coverage of loans comes to 2.49% (2.64% as at 31 December 2022).

(in thousands of Euro)

Loans to customers	30.06.2023		31.12.2022		% Gross chg.	% Net chg.	% Coverage ratio
	Gross	Net	Gross	Net			
1. BPER Banca s.p.a.	79,676,621	78,128,605	82,120,863	80,376,740	-2.98	-2.80	1.94
2. BPER Bank Luxembourg s.a.	285,020	278,699	212,805	207,092	33.93	34.58	2.22
3. Bibanca s.p.a.	3,315,065	3,264,497	3,100,919	3,053,192	6.91	6.92	1.53
4. Banco di Sardegna s.p.a.	7,211,717	6,927,638	7,317,602	7,021,175	-1.45	-1.33	3.94
5. Banca Cesare Ponti s.p.a.	39,200	38,811	43,128	42,900	-9.11	-9.53	0.99
Total banks	**90,527,623**	**88,638,250**	**92,795,317**	**90,701,099**	**-2.44**	**-2.27**	**2.09**
6. Sardaleasing s.p.a.	3,528,283	3,244,649	3,659,519	3,385,856	-3.59	-4.17	8.04
7. BPER Factor s.p.a.	1,647,173	1,620,266	1,948,903	1,922,148	-15.48	-15.71	1.63
8. Finitalia s.p.a.	541,756	531,470	653,101	641,477	-17.05	-17.15	1.90
9. BPER Real Estate s.p.a.	1,726	1,726	263	263	556.27	556.27	-
Other companies and consolidation adjustments	(4,941,372)	(4,941,372)	(5,476,008)	(5,476,008)	-9.76	-9.76	-
Balance sheet total	**91,305,189**	**89,094,989**	**93,581,095**	**91,174,835**	**-2.43**	**-2.28**	**2.42**

(in thousands of Euro)

Non-performing loans	30.06.2023		31.12.2022		% Gross chg.	% Net chg.	% Coverage ratio
	Gross	Net	Gross	Net			
1. BPER Banca s.p.a.	1,719,835	788,831	2,179,899	1,017,486	-21.10	-22.47	54.13
2. BPER Bank Luxembourg s.a.	9,876	4,139	9,540	4,402	3.52	-5.97	58.09
3. Bibanca s.p.a.	66,261	31,166	58,166	28,853	13.92	8.02	52.96
4. Banco di Sardegna s.p.a.	315,166	75,691	328,032	86,098	-3.92	-12.09	75.98
5. Banca Cesare Ponti s.p.a.	519	391	567	407	-8.47	-3.93	24.66
Total banks	**2,111,657**	**900,218**	**2,576,204**	**1,137,246**	**-18.03**	**-20.84**	**57.37**
6. Sardaleasing s.p.a.	343,680	92,685	363,043	123,902	-5.33	-25.19	73.03
7. BPER Factor s.p.a.	39,764	16,563	42,474	20,036	-6.38	-17.33	58.35
8. Finitalia s.p.a.	8,614	3,153	9,724	3,471	-11.42	-9.16	63.40
Balance sheet total	**2,503,715**	**1,012,619**	**2,991,445**	**1,284,655**	**-16.30**	**-21.18**	**59.56**
Direct write-offs of bad loans	66,508	-	68,495	-	-2.90	n.s.	100.00
Adjusted total	**2,570,223**	**1,012,619**	**3,059,940**	**1,284,655**	**-16.00**	**-21.18**	**60.60**
Non-performing loans (balance sheet total)/Loans to customers	**2.74%**	**1.14%**	**3.20%**	**1.41%**			

Net non-performing loans amount to Euro 1,012.6 million (-21.18% on 31 December 2022), equate to 1.14% of total net loans to customers (1.41% as at 31 December 2022), whereas, on a gross basis, the ratio of non-performing loans to loans to customers equates to 2.74% (3.20% at 31 December 2022).

The coverage of non-performing loans of 59.56% has increased compared with 31 December 2022 (57.06%).

(in thousands of Euro)

Bad loans	30.06.2023		31.12.2022		% Gross chg.	% Net chg.	% Coverage ratio
	Gross	Net	Gross	Net			
1. BPER Banca s.p.a.	520,243	121,128	453,215	120,126	14.79	0.83	76.72
2. BPER Bank Luxembourg s.a.	430	-	430	-	-	n.s.	100.00
3. Bibanca s.p.a.	17,397	1,861	15,445	2,773	12.64	-32.89	89.30
4. Banco di Sardegna s.p.a.	211,491	17,586	210,965	35,961	0.25	-51.10	91.68
5. Banca Cesare Ponti s.p.a.	45	31	163	81	-72.39	-61.73	31.11
Total banks	**749,606**	**140,606**	**680,218**	**158,941**	**10.20**	**-11.54**	**81.24**

Bad loans	30.06.2023		31.12.2022		% Gross chg.	% Net chg.	% Coverage ratio
	Gross	Net	Gross	Net			
6. Sardaleasing s.p.a.	242,266	44,645	252,746	56,907	-4.15	-21.55	81.57
7. BPER Factor s.p.a.	24,311	3,536	23,632	3,834	2.87	-7.77	85.46
8. Finitalia s.p.a.	4,049	1,168	4,497	1,235	-9.96	-5.43	71.15
Balance sheet total	**1,020,232**	**189,955**	**961,093**	**220,917**	**6.15**	**-14.02**	**81.38**
Direct write-offs of bad loans	66,508	-	68,495	-	-2.90	n.s.	100.00
Adjusted total	**1,086,740**	**189,955**	**1,029,588**	**220,917**	**5.55**	**-14.02**	**82.52**
Bad loans (Balance sheet total)/Loans to customers	**1.12%**	**0.21%**	**1.03%**	**0.24%**			

Net bad loans amount to Euro 190.0 million (-14.02% compared with 31 December 2022), accounting for 0.21% of total net loans to customers (0.24% at 31 December 2022), whereas, on a gross basis, the bad loans on total loans to customers ratio comes to 1.12% (1.03% at 31 December 2022).

The coverage of bad loans is 81.38%, up from 77.01% at 31 December 2022.

(in thousands of Euro)

Unlikely-To-Pay loans	30.06.2023		31.12.2022		% Gross chg.	% Net chg.	% Coverage ratio
	Gross	Net	Gross	Net			
1. BPER Banca s.p.a.	1,071,577	572,158	1,629,038	830,228	-34.22	-31.08	46.61
2. BPER Bank Luxembourg s.a.	7,468	2,742	7,445	3,223	0.31	-14.92	63.28
3. Bibanca s.p.a.	14,059	8,338	13,243	8,274	6.16	0.77	40.69
4. Banco di Sardegna s.p.a.	78,688	40,560	99,489	37,152	-20.91	9.17	48.45
5. Banca Cesare Ponti s.p.a.	474	360	404	326	17.33	10.43	24.05
Total banks	**1,172,266**	**624,158**	**1,749,619**	**879,203**	**-33.00**	**-29.01**	**46.76**
6. Sardaleasing s.p.a.	90,141	39,432	100,363	58,951	-10.19	-33.11	56.26
7. BPER Factor s.p.a.	11,143	8,969	18,182	15,581	-38.71	-42.44	19.51
8. Finitalia s.p.a.	3,249	1,226	3,716	1,366	-12.57	-10.25	62.27
Balance sheet total	**1,276,799**	**673,785**	**1,871,880**	**955,101**	**-31.79**	**-29.45**	**47.23**
Unlikely to pay loans/Loans to customers	**1.40%**	**0.76%**	**2.00%**	**1.05%**			

Net unlikely-to-pay loans total Euro 673.8 million (-29.45% on 31 December 2022), representing 0.76% of total net loans to customers (1.05% at 31 December 2022), while, on a gross basis, the ratio is 1.40% (2.00% at 31 December 2022).

The coverage of unlikely-to-pay loans has slightly decreased to 47.23%, compared with 48.98% at 31 December 2022.

(in thousands of Euro)

Past due loans	30.06.2023		31.12.2022		% Gross chg.	% Net chg.	% Coverage ratio
	Gross	Net	Gross	Net			
1. BPER Banca s.p.a.	128,015	95,545	97,646	67,132	31.10	42.32	25.36
2. BPER Bank Luxembourg s.a.	1,978	1,397	1,665	1,179	18.80	18.49	29.37
3. Bibanca s.p.a.	34,805	20,967	29,478	17,806	18.07	17.75	39.76
4. Banco di Sardegna s.p.a.	24,987	17,545	17,578	12,985	42.15	35.12	29.78
Total banks	**189,785**	**135,454**	**146,367**	**99,102**	**29.66**	**36.68**	**28.63**
5. Sardaleasing s.p.a.	11,273	8,608	9,934	8,044	13.48	7.01	23.64
6. BPER Factor s.p.a.	4,310	4,058	660	621	553.03	553.46	5.85
7. Finitalia s.p.a.	1,316	759	1,511	870	-12.91	-12.76	42.33
Balance sheet total	**206,684**	**148,879**	**158,472**	**108,637**	**30.42**	**37.04**	**27.97**
Past due loans/Loans to customers	**0.23%**	**0.17%**	**0.17%**	**0.12%**			

The net amount of past due loans of Euro 148.9 million (+37.04% compared with 31 December 2022) represents 0.17% of total net loans to customers (0.12% at 31 December 2022), whereas on a gross basis the ratio of past due loans to total loans to customers is 0.23% (0.17% at 31 December 2022). The coverage of past due loans is 27.97% (31.45% at 31 December 2022).

The breakdown of loans to non-financial corporates is reported below by the respective ATECO codes of economic activity:

(in thousands of Euro)

Distribution of loans	30.06.2023	%
A. Agriculture, forestry and fishing	1,017,495	1.14
B. Mining and quarrying	72,143	0.08
C. Manufacturing	13,400,359	15.04
D. Provision of electricity, gas, steam and air-conditioning	779,707	0.88
E. Provision of water, sewerage, waste management and rehabilitation	744,396	0.84
F. Construction	3,160,712	3.55
G. Wholesaling and retailing, car and motorcycle repairs	7,399,124	8.30
H. Transport and storage	1,292,030	1.45
I. Hotel and restaurants	1,893,083	2.12
J. Information and communication	1,009,075	1.13
K. Financial and insurance activities	233,515	0.26
L. Real estate	4,076,589	4.58
M. Professional, scientific and technical activities	1,923,348	2.16
N. Rentals, travel agencies, business support services	1,946,741	2.19
O. Public administration and defence, compulsory social security	24,972	0.03
P. Education	49,449	0.06
Q. Health and welfare	625,545	0.70

Distribution of loans	30.06.2023	%
R. Arts, sport and entertainment	212,946	0.24
S. Other services	556,791	0.62
Total loans to non-financial corporates	**40,418,020**	**45.37**
Individuals and other not included above	40,974,889	45.99
Financial companies	4,849,715	5.44
Insurance	56,674	0.06
Governments and other public entities	2,795,691	3.14
Total loans	**89,094,989**	**100.00**

Net interbank lending

The following table shows, as at 31 December 2022 and 31 December 2021, a breakdown of the net interbank position of the BPER Group.

(in thousands of Euro)

Net interbank position	31.12.2022	31.12.2021	Change	Chg. %
A. Loans to banks	**16,058,404**	**22,294,546**	**(6,236,142)**	**-27.97**
- Loans	**2,885,583**	**21,695,054**	**(18,809,471)**	**-86.70**
1. Current accounts and deposits	234,376	24,400	209,976	860.56
2. Repurchase agreements	358,702	399,378	(40,676)	-10.18
3. Compulsory reserve	1,347,747	20,310,134	(18,962,387)	-93.36
4. Other	944,758	961,142	(16,384)	-1.70
- Current accounts and demand deposits	**13,172,821**	**599,492**	**12,573,329**	**--**
1. with Central Banks	12,706,014	-	12,706,014	n.s.
2. with Banks	466,807	599,492	(132,685)	-22.13
B. Due to banks	**22,000,489**	**23,633,494**	**(1,633,005)**	**-6.91**
Total (A-B)	**(5,942,085)**	**(1,338,948)**	**(4,603,137)**	**343.79**

The net interbank position as at 31 December 2022 worsened by Euro 4,603.1 million compared to 31 December 2021. In a context of rising interest rates, as at 31 December 2022, the Group was more focussed on "overnight" deposits at Central Banks for Euro 12,706.0 million, compared to the excess liquidity in the Compulsory reserve which recorded a decrease of Euro 18,962.4 million compared to 31 December 2021.

The following table sets out the same data as at 30 June 2023 compared with 31 December 2022.

(in thousands of Euro)

Net interbank position	30.06.2023	31.12.2022	Changes	% Change
A. Loans to banks	**9,575,023**	**16,058,404**	**(6,483,381)**	**-40.37**
- Loans	**1,928,446**	**2,885,583**	**(957,137)**	**-33.17**
1. Current accounts and deposits	76,053	234,376	(158,323)	-67.55
2. Repurchase agreements	299,870	358,702	(58,832)	-16.40
3. Compulsory reserve	1,149,877	1,347,747	(197,870)	-14.68
4. Other	402,646	944,758	(542,112)	-57.38
- Current accounts and demand deposits	**7,646,577**	**13,172,821**	**(5,526,244)**	**-41.95**
1. with Central Banks	7,229,088	12,706,014	(5,476,926)	-43.10
2. with Banks	417,489	466,807	(49,318)	-10.56
B. Due to banks	**12,507,921**	**22,000,489**	**(9,492,568)**	**-43.15**
Total (A-B)	**(2,932,898)**	**(5,942,085)**	**3,009,187**	**-50.64**

The net interbank position as at 30 June 2023 improved by Euro 3,009.2 million compared to 31 December 2022. As at 30 June 2023, investments decreased in "overnight" deposits at Central Banks which, as at 30 June 2023, amounted to Euro 7,229.1 million (-43.10% compared to 31 December 2022) due to lower cash and cash equivalents to be invested as a result of repayments at maturity of two tranches of TLTRO.

Refinancing transactions with the European Central Bank

The following table gives details of such operations with the ECB as at 31 December 2022.

(in millions of Euro)

Refinancing operations with the European Central Bank	Principal	Maturity
Targeted Long Term Refinancing Operation (TLTRO-III) - BPER Banca	800	29.03.2023
Targeted Long Term Refinancing Operation (TLTRO-III) - BPER Banca	9,700	28.06.2023
Targeted Long Term Refinancing Operation (TLTRO-III) - BPER Banca	3,710	27.09.2023
Targeted Long Term Refinancing Operation (TLTRO-III) - BPER Banca	1,670	27.03.2024
Total	**15,880**	

As at 31 December 2022, refinancing operations in place at the European Central Bank (TLTRO-III) amounted to Euro 15,880 million. On 21 December 2022, the take-up coming to maturity on 28 June 2023 was actually partially repaid, for a nominal amount of Euro 6 billion.

The following table gives details of such operations with the ECB as at 30 June 2023.

(in millions of Euro)

Refinancing operations with the European Central Bank	Principal	Maturity
Targeted Long Term Refinancing Operation (TLTRO-III) - BPER Banca	3,710	27.09.2023
Targeted Long Term Refinancing Operation (TLTRO-III) - BPER Banca	1,670	27.03.2024
Total	**5,380**	

As at 30 June 2023, the BPER Group had Euro 5,380 million worth of TLTRO III operations outstanding, as against Euro 15,880 worth of refinancing operations in place as at 31 December 2022. The decrease is due to some auctions that have expired: on 29 March 2023, the auction with value date 25 March 2020 expired, for a nominal amount of Euro 800 million, and on 28 June 2023, the auction with value date 24 June 2020 expired for a nominal amount of Euro 9,700 million.

The following table sets forth the information as at 30 June 2023.

(in millions of Euro)

Counterbalancing Capacity	Guarantee value	Encumbered portion	Unencumbered portion
Eligible securities and loans	**35,360**	**11,814**	**23,546**
- of which Securities and loans transferred to the Pooling Account	*20,511*	*5,370*	*15,141*

At 30 June 2023, the Central Treasury held significant resources relating to securities eligible for refinancing at the European Central Bank of an overall amount, net of margin calls, of Euro 35,360 million (Euro 35,926 million at 31 March 2023). The unencumbered portion amounts to Euro 23,546 million (Euro 15,480 million at 31 March 2023). Of the amount held in the Treasury, as at 30 June 2023, a total of Euro 20,511 million, refinanced for Euro 5,370 million, therefore with Euro 15,141 million still available, is attributable to the Pooling account (as at 31 March 2023 securities eligible for refinancing totalling Euro 22,939 million were held in the Pooling Account, refinanced for Euro 15,148 million, therefore with Euro 7,791 million still available).

Funding

The following table shows, as at 31 December 2022 and 31 December 2021, a breakdown of the funding position of the BPER Group.

(in thousands of Euro)

Captions	31.12.2022	31.12.2021	Change	Chg. %
Current accounts and demand deposits	102,489,461	91,884,923	10,604,538	11.54
Time deposits	1,221,563	92,709	1,128,854	--
Repurchase agreements	-	1,360,188	(1,360,188)	-100.00
Lease liabilities	349,651	322,404	27,247	8.45
Other short-term loans	3,354,268	2,967,511	386,757	13.03
Bonds	6,307,775	4,654,811	1,652,964	35.51
- subscribed for by institutional customers	6,133,336	3,894,023	2,239,313	57.51
- subscribed for by ordinary customers	174,439	760,788	(586,349)	-77.07
Certificates	879,198	-	879,198	n.s.
Certificates of deposit	229,116	105,594	123,522	116.98
Direct deposits from customers	**114,831,032**	**101,388,140**	**13,442,892**	**13.26**
Indirect deposits (off-balance sheet figure)	**138,875,198**	**146,986,089**	**(8,110,891)**	**-5.52**
- of which under management	60,597,120	64,822,748	(4,225,628)	-6.52
- of which under administration	78,278,078	82,163,341	(3,885,263)	-4.73
Customer funds under administration	**253,706,230**	**248,374,229**	**5,332,001**	**2.15**
Deposits from banks	22,000,489	23,633,494	(1,633,005)	-6.91
Funds under administration or management	**275,706,719**	**272,007,723**	**3,698,996**	**1.36**

Direct deposits from customers of Euro 114,831.0 million have increased by 13.26% since 31 December 2021, mainly due to the business combination of the Carige Group.

Among the various technical forms, the main ones to register a significantly positive change of balance compared to 31 December 2021 were current accounts and demand deposits, for Euro 10,604.5 million (+11.54%), term deposits for Euro 1,128.9 million, bonds for Euro 1,653.0 million (+35.51%), the latter due to new issues of BPER bonds to institutional customers in 2022. As at 31 December 2022, certificates in issue totalled Euro 879.2 million, issued both by the Parent Company in 2022 and by the subsidiary acquired together with the Carige Group, Banca Cesare Ponti. As at the same date, by contrast, there were no repurchase agreements (these amounted to Euro 1,360.2 million as at 31 December 2021).

Indirect deposits, marked to market, amounted to Euro 138,875.2 million, down by Euro 8,110.9 million (-5.52%) compared to 31 December 2021, despite the contribution provided by the acquisition of the Carige Group, given the negative market trend recorded from the beginning of the period.

Total funds under administration or management by the Group, including deposits from banks (Euro 22,000.5 million) amount to Euro 275,706.7 million.

(in thousands of Euro)

Direct deposits	31.12.2022	31.12.2021	Change	Chg. %
1. BPER Banca s.p.a.	102,208,104	88,941,024	13,267,080	14.92
2. BPER Bank Luxembourg s.a.	603,465	732,379	(128,914)	-17.60
3. Bibanca s.p.a.	262,666	251,548	11,118	4.42
4. Banco di Sardegna s.p.a.	11,741,914	11,650,285	91,629	0.79
5. Banca Cesare Ponti s.p.a.	289,381	-	289,381	n.s.
Total banks	**115,105,530**	**101,575,236**	**13,530,294**	**13.32**
Other companies and consolidation adjustments	(274,498)	(187,096)	(87,402)	46.72
Total	**114,831,032**	**101,388,140**	**13,442,892**	**13.26**

Direct deposits include subordinated liabilities:

(in thousands of Euro)

Captions	31.12.2022	31.12.2021	Change	Chg. %
Non-convertible subordinated liabilities	1,646,723	926,447	720,276	77.75
Total Subordinated liabilities	**1,646,723**	**926,447**	**720,276**	**77.75**

Subordinated loans outstanding, with a book value of Euro 1,646.7 million, have increased by 77.75% compared with 31 December 2021 (when they amounted to Euro 926.4 million). The increase recorded during the year relates to new BPER issues for a nominal amount of Euro 1,012.0 million, together with the entry of new instruments resulting from the acquisition of the Carige Group for a nominal amount of Euro 217.3 million; this increase was partly offset by repayments, partial repurchases and intercompany eliminations of liabilities issued by other Group banks and subscribed by BPER for a total nominal value of Euro 521.3 million. As was the case in December 2021, there are no convertible subordinated liabilities at 31 December 2022.

(in thousands of Euro)

Indirect deposits	31.12.2022	31.12.2021	Change	Chg. %
1. BPER Banca s.p.a.	120,395,078	123,185,847	(2,790,769)	-2.27
2. BPER Bank Luxembourg s.a.	1,623,374	1,818,328	(194,954)	-10.72
3. Banco di Sardegna s.p.a.	4,444,970	4,814,270	(369,300)	-7.67
4. Banca Cesare Ponti s.p.a.	915,096	-	915,096	n.s.
Total banks	**127,378,518**	**129,818,445**	**(2,439,927)**	**-1.88**
5. Arca Fondi SGR s.p.a.	31,804,032	33,786,169	(1,982,137)	-5.87
Other companies and consolidation adjustments	(20,307,352)	(16,618,525)	(3,688,827)	22.20
Total	**138,875,198**	**146,986,089**	**(8,110,891)**	**-5.52**

Indirect deposits reported above do not include the amount arising from placement of insurance policies; the stock of customer assets invested in insurance products has increased by 25.06% since 31 December 2021, mainly due to the entry of new life insurance policies resulting from the acquisition of the Carige Group.

The following table sets out the same data as at 30 June 2023 compared with 31 December 2022.

(in thousands of Euro)

Captions	30.06.2023	31.12.2022	Changes	% Chg.
Current accounts and demand deposits	94,171,028	102,489,461	(8,318,433)	-8.12
Time deposits	3,085,373	1,221,563	1,863,810	152.58
Repurchase agreements	2,111,756	-	2,111,756	n.s.
Lease liabilities	333,482	349,651	(16,169)	-4.62
Other short-term loans	3,708,789	3,354,268	354,521	10.57
Bonds	8,409,916	6,307,775	2,102,141	33.33
- subscribed for by institutional customers	7,839,771	5,983,336	1,856,435	31.03
- subscribed for by ordinary customers	570,145	324,439	245,706	75.73
Certificates	1,425,321	879,198	546,123	62.12
Certificates of deposit	427,144	229,116	198,028	86.43
Direct deposits from customers	**113,672,809**	**114,831,032**	**(1,158,223)**	**-1.01**
Indirect deposits (off-balance sheet figure)	**142,610,110**	**138,875,198**	**3,734,912**	**2.69**
- of which under management	63,314,211	60,597,120	2,717,091	4.48
- of which under administration	79,295,899	78,278,078	1,017,821	1.30
Customer funds under administration	**256,282,919**	**253,706,230**	**2,576,689**	**1.02**
Deposits from banks	12,507,921	22,000,489	(9,492,568)	-43.15
Funds under administration and management	**268,790,840**	**275,706,719**	**(6,915,879)**	**-2.51**

Direct deposits from customers of Euro 113,672.8 million have decreased by -1.01% since 31 December 2022.

In terms of the various technical forms, the main one, which recorded a negative balance change, was that of current accounts and free deposits for Euro -8,318.4 million

(-8.12%), while term deposits recorded an increase of Euro 1,863.8 million (+152.58%), repurchase agreements rose by Euro 2,111.8 million (n.s. %) and bonds increased by Euro 2,102.1 million (+33.33%), the latter due to the new BPER bond issues for institutional customers in the first half of 2023, as well as certificates for Euro 546.1 million (+62.12%), due to new issues by the Parent Company in the first half of 2023.

Indirect customer deposits, marked to market, amounted to Euro 142,610.1 million, up by Euro 3,734.9 million (+2.69%) compared to 31 December 2022, given the positive market trend recorded in the period.

Total funds under administration or management by the Group, including deposits from banks (Euro 12,507.9 million) amount to Euro 268,790.8 million.

(in thousands of Euro)

Direct deposits	**30.06.2023**	**31.12.2022**	**Changes**	**% Chg.**
1. BPER Banca s.p.a.	101,643,682	102,208,104	(564,422)	-0.55
2. BPER Bank Luxembourg s.a.	405,379	603,465	(198,086)	-32.82
3. Bibanca s.p.a.	257,530	262,666	(5,136)	-1.96
4. Banco di Sardegna s.p.a.	11,410,748	11,741,914	(331,166)	-2.82
5. Banca Cesare Ponti s.p.a.	233,133	289,381	(56,248)	-19.44
Total banks	**113,950,472**	**115,105,530**	**(1,155,058)**	**-1.00**
Other companies and consolidation adjustments	(277,663)	(274,498)	(3,165)	1.15
Total	**113,672,809**	**114,831,032**	**(1,158,223)**	**-1.01**

Direct funding includes subordinated liabilities:

(in thousands of Euro)

Captions	**30.06.2023**	**31.12.2022**	**Changes**	**% Chg.**
Non-convertible subordinated liabilities	1,667,530	1,646,723	20,807	1.26
Total Subordinated liabilities	**1,667,530**	**1,646,723**	**20,807**	**1.26**

The subordinated loans outstanding, with a book value of Euro 1,667.5 million, have increased by 1.26% compared with 31 December 2022. As was the case in December 2022, there are no convertible subordinated liabilities at 30 June 2023.

(in thousands of Euro)

Indirect deposits	**30.06.2023**	**31.12.2022**	**Changes**	**% Change**
1. BPER Banca s.p.a.	122,629,734	120,395,078	2,234,656	1.86
2. BPER Bank Luxembourg s.a.	1,686,707	1,623,374	63,333	3.90
3. Banco di Sardegna s.p.a.	4,991,812	4,444,970	546,842	12.30
4. Banca Cesare Ponti s.p.a.	967,106	915,096	52,010	5.68
Total banks	**130,275,359**	**127,378,518**	**2,896,841**	**2.27**
5. Arca Fondi SGR s.p.a.	33,943,024	31,804,032	2,138,992	6.73
Other companies and consolidation adjustments	(21,608,273)	(20,307,352)	(1,300,921)	6.41
Total	**142,610,110**	**138,875,198**	**3,734,912**	**2.69**

Indirect deposits reported above do not include the amount arising from placement of insurance policies; the stock of customer assets invested in insurance products has decreased by 3.50% since 31 December 2022, due to the reduction of new life insurance policies.

Own Funds and capital ratios

The harmonised rules for banks and investment companies contained in Regulation (EU) 575/2013 (CRR) and in the 2013/36/EU Directive (CRD IV) approved on 26 June 2013 and published in the Official Journal of the European Union the next day, entered into force on 1 January 2014.

These rules were later amended by Regulation (EU) 2019/876 of the European Parliament and of the Council ("**CRR2**") and Directive 2019/878/EU of the European Parliament and of the Council (CRDV) of 20 May 2019, published in the Official Journal of the European Union on 7 June 2019. Subject to certain exceptions, the CRR2 Regulation applies from 28 June 2021.

This regulatory framework, which is the only set of rules that seeks to harmonise prudential regulations of the Member States of the European Community, was made applicable in Italy by the Bank of Italy's Circular 285, published on 17 December 2013 and subsequent updates.

The scope of consolidation for accounting purposes is the same as that used for prudential reporting purposes: companies excluded are treated in the same way as the Banks and Companies subject to significant influence and consolidated under the equity method.

On 27 October 2021, the Commission has published a proposal which transposes into the CRR (CRR3) and CRD (CRD6) the standards approved by the Basel Committee at the end of 2017, with specific reference to the treatment of the main risks (credit, market and operational) and the so-called "output floor". It also contains references on the issue of climate risks and the approach that banks and supervisors will have to take. The Commission's proposal pursues three main objectives: (i) further strengthening the resilience of the European banking system, respecting the principle of proportionality and taking into account the specificities already contained in the existing rules; (ii) contributing to the "green transition"; (iii) making supervisory powers more effective, also in light of recent financial scandals recorded in some countries. The directive was expected to be implemented within 18 months from the date of publication in the EU Official Journal, while the new CRR provisions are expected to come into force on 1 January 2025.

As at 31 December 2022, the BPER Group had internal models in use for measuring the capital requirements relating to the credit risk represented by both business and retail customers. The scope of the models[33] included BPER, Banco di Sardegna and Bibanca. The update of the plan for the extension of these models (roll-out), approved by the Board of Directors of the Parent Company on 7 July 2022 and subsequently transmitted to the ECB, included Banca Carige (merged into BPER on 28 November 2022) and its subsidiaries. The other BPER Group companies and asset classes not included in the roll-out plan continued to use the Standardised Approach.

On 25 January 2022, after completion of the annual Supervisory Review and Evaluation Process for 2021, BPER received its SREP Letter from the ECB. On 31 August 2022, in light of the acquisition of Banca Carige, the European Central Bank notified BPER of its updated decision on the prudential requirements to be complied with on a consolidated basis, pursuant to art. 16 of Regulation (EU) n. 1024/2013.

BPER had to maintain a minimum consolidated capital ratio in terms of Common Equity Tier 1 of 8.47%, consisting of the sum of the minimum regulatory Pillar 1 requirement of 4.5%, the additional Pillar 2 requirement of 1.47% and the Capital Conservation Buffer of 2.5%.

This requirement is also influenced by the additional Countercyclical Capital Buffer requirement specified for the BPER Group of 0.017% as at 31 December 2022, raising the overall minimum to 8.49%.

Compared with that limit, the amount of available equity (CET 1) at 31 December 2022 can be quantified at Euro 2,113 million (about 398 bps of CET1) under the Phased In transitional arrangements, while on a Fully Phased basis it is estimated at Euro 1,884 million, or about 355 bps of CET1.

With regard to the above, the amount calculated for CET1 as at 31 December 2022 includes the portion of profit for the period allocable to equity, Euro 1,279.1 million, as determined in accordance with the process envisaged in art. 3 of ECB Decision (EU) 656/2015 dated 4 February 2015 and art. 26, para. 2 of Regulation (EU) 575/2013 (CRR).

For further details on the SREP results please see the below section "*Recent Developments*".

[33] The ECB authorised the use of internal models on 24 June 2016.

The following table shows the BPER Group's capital ratios and the minimum capital adequacy requirements for regulatory purposes as at 31 December 2022.

(in thousands of Euro)

	31.12.2022 Fully Phased	31.12.2022 Phased in	31.12.2021 Fully Phased	31.12.2021 Phased in	Chg. in Phased in	Chg. %
Common Equity Tier 1 (CET1)	6,379,995	6,613,149	6,108,075	6,576,227	36,922	0.56
Additional Tier 1 capital (AT1)	150,435	150,435	150,453	150,453	(18)	-0.01
Tier 1 capital (Tier 1)	**6,530,430**	**6,763,584**	**6,258,528**	**6,726,680**	**36,904**	**0.55**
Tier 2 capital (Tier 2 - T2)	1,761,978	1,761,978	1,055,291	1,055,291	706,687	66.97
Total Own Funds	**8,292,408**	**8,525,562**	**7,313,819**	**7,781,971**	**743,591**	**9.56**
Total Risk-weighted assets (RWA)	**52,989,278**	**53,025,476**	**45,253,699**	**45,340,544**	**7,684,932**	**16.95**
CET1 Ratio (CET1/RWA)	**12.04%**	**12.47%**	**13.50%**	**14.50%**	**-203 bps**	
Tier 1 Ratio (Tier 1/RWA)	**12.32%**	**12.76%**	**13.83%**	**14.84%**	**-208 bps**	
Total Capital Ratio (Total Own Funds/RWA)	**15.65%**	**16.08%**	**16.16%**	**17.16%**	**-108 bps**	
RWA/Total assets	**34.79%**	**34.82%**	**33.19%**	**33.25%**	**+157 bps**	

The capital ratios as at 31 December 2022 were as follows:

- Common Equity Tier 1 ratio (Phased In) of 12.47%[34] (14.50% at 31 December 2021). The Fully Phased ratio is 12.04% (13.50% at 31 December 2021);
- Tier 1 ratio (Phased In) of 12.76%[35] (14.84% at 31 December 2021);
- Total Capital Ratio (Phased in) of 16.08%[36] (17.16% at 31 December 2021).

Note that the BPER Group uses different methods for calculating risk-weighted assets, which are summarised below:

- credit risk: for Group entities represented by BPER, Banco di Sardegna and Bibanca, credit risk measurement is performed using the AIRB approach. For Banks and other Companies that are not in the scope of validation and for other risk assets not included in the validated models, the standardised approach has been maintained;
- credit adjustment risk - the standardised approach is used;

[34] Reg. 2395/2017 "*Transitional provisions for mitigating the impact of the introduction of IFRS 9 on own funds*" introduced the transitional regime (a.k.a. Phased in) offers banks the option to mitigate the impacts of IFRS 9 on Own Funds over a period of 5 years (from March 2018 to December 2022), by neutralising the impact on CET1 with the application of decreasing add-back factors over time. The BPER Group elected to apply the "static approach" to the impact arising from a reconciliation of impairment losses under IAS 39 as at 31 December 2017 to impairment losses under IFRS 9 as at 1 January 2018.

[35] See the previous note on transitional provisions.

[36] See the previous note on transitional provisions.

- market risk - the standardised approach is used for assessing market risk (general and specific risk on equities, general risk on debt securities and positioning risk for units in investment funds) to determine the related separate and consolidated capital requirement;

- operational risk - operational risk measurement uses the standardised approach (TSA).

As at 30 June 2023, the BPER Group had internal models in use for measuring the capital requirements relating to the credit risk represented by both business and retail customers. The perimeter included:

- BPER, Banco di Sardegna and Bibanca (ECB authorisation of 24 June 2016);

- Banca Carige and subsidiaries (approved by the Board of Directors of the Parent Company on 7 July 2022 and subsequently transmitted to the ECB);

- former Cassa di Risparmio di Saluzzo, former UBI Banca and former Unipol Banca (ECB authorisation of 16 February 2023 and of 29 June 2023)[37].

In relation to the Internal Rating System, through the Final Decision issued as a result of its latest Internal Model Investigation in February 2023, the ECB issued its authorisation of material model changes to the internal models and the extension of the IRB models to former Cassa di Risparmio di Saluzzo and former UBI Banca exposures.

The new internal rating system has been in use since the supervisory reports of 31 March 2023 and for management purposes since May 2023.

In addition, for the Supervisory Reports as at 30 June 2023, the new IRB models were extended to former Unipol Banca exposures, with the ECB having confirmed, on said date, the fulfilment of Condition 1 set forth in the aforementioned Final Decision and authorised said extension.

The other BPER Group companies and asset classes not included in the roll-out plan will continue to use the Standardised Approach.

The prudential requirement to be complied with on a consolidated basis, pursuant to art. 16 of Regulation (EU) n. 1024/2013 – as mentioned here above – is also influenced by the additional Countercyclical Capital Buffer requirement specified for the BPER Group of 0.0335% at 30 June 2023, for an overall minimum requirement to be complied with of 8.504%.

With respect to said limit, the amount of available equity (CET1) as at 30 June 2023 is quantified at Euro 2,931 million (roughly 552 bps of CET1) on a Fully Phased basis.

With regard to the above, the CET1 amount was calculated by including the portion of the profit for the period that can be allocated to equity, amounting to Euro 492.2 million, as determined in accordance with the process envisaged in art. 3 of ECB Decision (EU) 656/2015 dated 4 February 2015 and art. 26, para. 2 of Regulation (EU) 575/2013 (CRR) for its inclusion.

The following table shows the BPER Group's capital ratios and the minimum capital adequacy requirements for regulatory purposes as at 30 June 2023.

(in thousands of Euro)

	30.06.2023 Fully Phased	**31.12.2022 Fully Phased**	**Change**	**% Chg.**
Common Equity Tier 1 capital - CET1	7,451,222	6,379,995	1,071,227	16.79
Additional Tier 1 capital (AT1)	150,388	150,435	(47)	-0.03
Tier 1 capital (Tier 1)	**7,601,610**	**6,530,430**	**1,071,180**	**16.40**
Tier 2 capital (Tier 2 - T2)	1,785,077	1,761,978	23,099	1.31
Total Own Funds	**9,386,687**	**8,292,408**	**1,094,279**	**13.20**
Total Risk-weighted assets (RWA)	**53,138,340**	**52,989,278**	**149,062**	**0.28**

[37] The former Cassa di Risparmio di Saluzzo and former UBI Banca exposures fall under the new system starting from the Supervisory Reports as of 31 March 2023; the former Unipol exposures fall under the Supervisory Reports of 30 June 2023.

	30.06.2023 Fully Phased	31.12.2022 Fully Phased	Change	% Chg.
CET1 Ratio (CET1/RWA)	**14.02%**	**12.04%**	**+198 bps**	
Tier 1 Ratio (Tier 1/RWA)	**14.31%**	**12.32%**	**+199 bps**	
Total Capital Ratio (Total Own Funds/RWA)	**17.67%**	**15.65%**	**+202 bps**	
RWA/Total assets	**37.14%**	**34.79%**	**+235 bps**	

The capital ratios are as follows:

- Common Equity Tier 1 Ratio (Fully Phased) of 14.02% (12.04% as at 31 December 2022);
- Tier 1 Ratio (Fully Phased) of 14.31% (12.32% as at 31 December 2022);
- Total Capital Ratio (Fully Phased) of 17.67% (15.65% as at 31 December 2022).

Note that the BPER Group uses different methods for calculating risk-weighted assets, which are summarised below:

- credit risk - for Group entities represented by BPER, Banco di Sardegna and Bibanca, credit risk is measured using the AIRB approach. For Banks and other Companies that are not in the scope of validation and for other risk assets not included in the validated models, the standardised approach has been maintained;
- credit adjustment risk - the standardised approach is used;
- market risk - the standardised approach is used for assessing market risk (general and specific risk on equities, general risk on debt securities and positioning risk for units in investment funds) to determine the related separate and consolidated capital requirement;
- operational risk - operational risk measurement uses the standardised approach (TSA).

Economic Performance

The table below sets out the consolidated income statement as at 31 December 2022 compared with 31 December 2021.

(in thousands of Euro)

Captions		31.12.2022	31.12.2021	Change	Chg. %
10+20	Net interest income	1,825,893	1,505,362	320,531	21.29
40+50	Net commission income	1,942,080	1,641,575	300,505	18.31
70	Dividends	22,124	20,084	2,040	10.16
80+90 +100+110	Net income from financial activities	139,722	196,231	(56,509)	-28.80
230	Other operating expense / income	328,532	25,026	303,506	--
	Operating income	**4,258,351**	**3,388,278**	**870,073**	**25.68**
190 a)	Staff costs	(1,682,286)	(1,528,240)	(154,046)	10.08
190 b)	Other administrative expenses	(877,808)	(679,158)	(198,650)	29.25
210+220	Net adjustments to property, plant and equipment and intangible assets	(227,672)	(280,117)	52,445	-18.72
	Operating costs	**(2,787,766)**	**(2,487,515)**	**(300,251)**	**12.07**
	Net operating income	**1,470,585**	**900,763**	**569,822**	**63.26**

Captions		31.12.2022	31.12.2021	Change	Chg. %
130 a)	Net impairment losses to financial assets at amortised cost	(606,059)	(837,194)	231,135	-27.61
	- loans to customers	*(582,815)*	*(839,068)*	*256,253*	*-30.54*
	- other financial assets	*(23,244)*	*1,874*	*(25,118)*	*--*
130 b)	Net impairment losses to financial assets at fair value	(442)	2,115	(2,557)	-120.90
140	Gains (Losses) from contractual modifications without derecognition	(139)	(2,893)	2,754	-95.20
	Net impairment losses for credit risk	**(606,640)**	**(837,972)**	**231,332**	**-27.61**
200	Net provisions for risks and charges	(132,256)	(80,745)	(51,511)	63.79
###	Contributions to SRF, DGS, IDPF - VS	(172,423)	(133,699)	(38,724)	28.96
250+260+270 +280	Gains (Losses) on investments	(7,745)	(283,323)	275,578	-97.27
275	Gain on a bargain purchase	948,123	1,127,847	(179,724)	-15.94
290	**Profit (Loss) from current operations before tax**	**1,499,644**	**692,871**	**806,773**	**116.44**
300	Income taxes on current operations for the year	(25,764)	(134,222)	108,458	-80.80
330	**Profit (Loss) for the year**	**1,473,880**	**558,649**	**915,231**	**163.83**
340	Profit (Loss) for the year pertaining to minority interests	(24,905)	(33,526)	8,621	-25.71
350	**Profit (Loss) for the year pertaining to the Parent Company**	**1,448,975**	**525,123**	**923,852**	**175.93**

The following table sets out the same data as at 30 June 2023 compared with 30 June 2022.

(in thousands of Euro)

Captions		30.06.2023	30.06.2022	Changes	% Chg.
10+20	Net interest income	1,544,969	785,449	759,520	96.70
40+50	Net commission income	995,629	913,969	81,660	8.93
70	Dividends	25,135	15,883	9,252	58.25
80+90 +100+110	Net income from financial activities	53,948	84,396	(30,448)	-36.08
230	Other operating expense / income	32,639	(12,746)	45,385	-356.07
	Operating income	**2,652,320**	**1,786,951**	**865,369**	**48.43**
190 a)	Staff costs	(849,174)	(711,542)	(137,632)	19.34
190 b)	Other administrative expenses	(395,747)	(342,655)	(53,092)	15.49
210+220	Net adjustments to property, plant and equipment and intangible assets	(115,017)	(94,082)	(20,935)	22.25
	Operating costs	**(1,359,938)**	**(1,148,279)**	**(211,659)**	**18.43**
	Net operating income	**1,292,382**	**638,672**	**653,710**	**102.35**

Captions		30.06.2023	30.06.2022	Changes	% Chg.
130 a)	Net impairment losses to financial assets at amortised cost	(269,330)	(215,617)	(53,713)	24.91
	- loans to customers	*(271,225)*	*(193,713)*	*(77,512)*	*40.01*
	- other financial assets	*1,895*	*(21,904)*	*23,799*	*-108.65*
130 b)	Net impairment losses to financial assets at fair value	498	(246)	744	-302.44
140	Gains (Losses) from contractual modifications without derecognition	2,896	(1,198)	4,094	-341.74
	Net impairment losses for credit risk	**(265,936)**	**(217,061)**	**(48,875)**	**22.52**
200	Net provisions for risks and charges	(65,386)	(41,039)	(24,347)	59.33
###	Contributions to SRF, DGS, IDPF - VS	(49,484)	(45,721)	(3,763)	8.23
250+260+ 270+280	Gains (Losses) on investments	9,331	7,014	2,317	33.03
275	Gain on a bargain purchase	-	1,188,433	(1,188,433)	-100.00
290	**Profit (Loss) from current operations before tax**	**920,907**	**1,530,298**	**(609,391)**	**-39.82**
300	Income taxes on current operations for the period	(201,396)	(135,324)	(66,072)	48.83
330	**Profit (Loss) for the period**	**719,511**	**1,394,974**	**(675,463)**	**-48.42**
340	Profit (Loss) for the period pertaining to minority interests	(14,960)	(10,166)	(4,794)	47.16
350	**Profit (Loss) for the period pertaining to the Parent Company**	**704,551**	**1,384,808**	**(680,257)**	**-49.12**

Identification of risks, underlying uncertainties and the approach to manage them

The BPER Group identifies the Risk Appetite Framework ("**RAF**") as a tool for overseeing the risk profile that the Group intends to take in the implementation of its business strategies, considering it as an essential element to ensure that the risk governance policy and process by which risks are managed comply with the principles of sound and prudent business management. The RAF provides the frame of reference that, in line with the maximum acceptable risk, defines the business model and strategic plan, risk appetite, tolerance thresholds, risk limits, risk management policies and the key processes needed to define and implement them.

The key principles of the RAF are formalised and approved by the Parent Company, which periodically reviews them, ensuring that they are in line with the strategic guidelines, business model and regulatory requirements in force at the time. The RAF is a coordinated set of methodologies, processes, policies, controls and systems that make it possible to establish, communicate and monitor the Group's risk appetite. In line with the regulatory guidelines[38], the Group adopts mechanisms aimed at allowing effective integration of the risk appetite with management activities. In particular, the Group consistently reconciles its RAF, business model, strategic plan, Capital, Funding and NPE Plan, ICAAP, ILAAP and budget.

The Group periodically monitors the overall RAF metrics, in order to control on a timely basis any overruns of the tolerance thresholds and/or risk limits assigned under the individual risk governance policies and, if appropriate, deal with the necessary communications to the Corporate Bodies and subsequent remedial actions.

The BPER Group defines the propensity to risk as the values of the risk objectives (Risk Appetite) and the tolerance thresholds (Risk Tolerance) set in order to ensure, in any case, that the Group has sufficient margins to operate, including under stress conditions, within the maximum risk than can be assumed, the exposure limits (Risk Limits) and the maximum risk than can be assumed (Risk Capacity).

RAF management includes the following activities:

- identification of the risks to be evaluated that may have significant impacts on the economic, financial and equity equilibrium of the Group (the "**Group Risk Map**");
- identification of the elements through which the Group expresses its risk appetite level to achieve its strategic objectives (areas of analysis, metrics and risks for which it is considered appropriate to define qualitative guidelines to oversee their monitoring);

[38] See Banca d'Italia Circular No 285/2013.

- definition of threshold calibration and quantification rules;
- formalisation of decisions taken in the RAF (Risk Appetite Statement) domain;
- checking the trends in the actual RAF parameters (risk profile) at Group level with respect to the established risk appetite;
- preparation and submission of periodic reports aimed at providing, on a quarterly basis, a summary overview of the evolution of the actual risk values with respect to the thresholds defined.

To ensure the implementation and in compliance with prudential supervisory regulations (Bank of Italy Circular 285 of 17 December 2013 and subsequent updates), the BPER Group periodically performs an accurate identification of the risks to which it is or could be exposed by taking account of its operations and reference markets.

This activity is the result of an integrated and ongoing recognition process carried out centrally by the Parent Company, which also envisages (if deemed necessary in relation to any developments and/or changes in the business model) the involvement of the individual legal entities included in the Group's scope of consolidation, in order to enhance their role in relation to individual and specific operational features. In this regard, the Group Risk Map is viewed as having management and risk governance purposes, making it the cornerstone of the Internal Control System.

The risk identification process involves periodic updating of the Group Risk Map, which illustrates the relative position of the Bank with respect to Pillar 1 and 2 risks[39], with a point-in-time and forward-looking perspective, in order to foresee any risks capable of impacting the operations of the Group or of its legal entities. The purpose of this update is to define the scope of significant risks/entities through the application of appropriate criteria of applicability and materiality, which make it possible to differentiate between risks that are material or immaterial for the Group.

The scope of "material risks" is made up of all Pillar 1 risks, mandatory regulatory risks and Pillar 2 risks deemeed material for the Group (credit, counterparty, market, operational, liquidity, interest rate in the banking book, strategic/business, reputation, equity investments).

They are classified into risk sub-categories, based on the specific nature of the main risk, the reference regulations and/or the specific operations of the Group, with the aim of pursuing a complete monitoring of the various types of risk, also in line with national and international regulatory developments[40].

In order to strengthen said monitoring, in the 2023 Group Risk Map, an analysis of the macroeconomic context and of the 2023-25 Supervisory Priorities identified by the Regulator was carried out, and the benchmarking analysis was updated.

The main changes introduced to the 2023 Group Risk Map refer to the extension of the materiality analysis for all risks, except for those that are mandatory by law, incorporated in the business model or introduced following specific requests or further methodological refinements relating to the materiality analysis. In addition, continuing with the approach introduced in previous years, ESG risk factors continued to be fine-tuned and, in particular, quantitative indicators were strengthened for the materiality analysis of credit risk deriving from climate and environmental factors, and ESG risk factors were introduced to the materiality analysis of market, reputational and strategic/business risks.

Identification of these risks also considered their inherent uncertainties, understood as possible events whose potential impact cannot be determined, and hence quantified, at present. More specifically, as a key factor in the determining the outlook for Group operations, the Italian and global macroeconomic situation is currently characterised by persisting uncertainties in relation, in particular, to the Russian-Ukrainian conflict and the inflationary scenario accompanying the European Central Bank's rate hike policy.

In line with the RAF defined by the Parent Company, for risks identified as significant, the Board of Directors of BPER sets, with a special policy, the risk objectives, the related risk exposure and operational limits and the process of risk assumption and management.

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[39] See Bank of Italy Circular no. 285/13, Title III - Chapter 1 - Attachment D.
[40] EBA Guidelines on SREP, ECB guidelines on ICAAP and ILAAP.

In line with the relevant regulations, the Corporate Bodies have a central role in the process of risk governance, providing for certain responsibilities with regard to the design, implementation, evaluation and external communication, as part of the development of the Group's system of internal controls.

The Parent Company's Board of Directors therefore performs the strategic supervision function at Group level, intervening in all phases envisaged by the model and, by means of strategic directives, involving the Boards of Directors of the individual Group Banks and Companies for the activities that are their responsibility, i.e.:

- it gives the CEO adequate powers and resources to implement the strategic guidelines, the RAF and risk governance policies defined by the Board of Directors of the Parent Company in the design of the internal control system and is responsible for taking all the necessary steps to ensure that the organisation and its internal control system comply with the principles and requirements laid down in regulatory provisions, monitoring compliance on an ongoing basis;

- receives, either directly or through the CEO, the information flows required to gain full awareness of the various risk factors and the ability to govern them, so as to plan and implement interventions to ensure the compliance and adequacy of the Internal Control System.

For said purpose, the Chief Executive Officer, in relation to the Group as a whole and its members, with the help of the competent structures, implements the necessary initiatives and activities to continuously guarantee the completeness, adequacy, functionality and reliability of the internal control system.

The Boards of Statutory Auditors[41] of the Parent Company and of the Group companies, each to the extent of its own responsibilities, perform their assignments as foreseen by the law and the articles of association and have the responsibility of ensuring the completeness, suitability and functionality of the internal control system and of the RAF. The results are brought to the attention of the respective Boards of Directors.

The Board of Directors of each Group Company assigns a mandate to its own corporate structures to implement, in its own corporate set-up, the decisions taken by the Parent Company.

Internal board committees and other internal committees set up by the Boards of Directors of the Parent Company and of the Group Companies are also involved in the overall Internal Control System, whose composition and functioning are defined in the relevant regulation approved by the Board of Directors itself.

The internal board committees are dedicated to the in-depth analysis of specialist topics and have inquiry, advisory and proposal-making duties in support of the Board of Directors, while the Internal Committees provide advice and support to the Management Body.

In particular, the Risks Committee, a body with consultative powers, assists the Chief Executive Officer in the determination and implementation of the Risk Appetite Framework, of risk governance policies and of the capital adequacy process for the Group and Group companies, as well as in the preparation of management reporting on risks and development and monitoring of the system of operating limits.

To this effect, the Committee is responsible for examining the following issues:

- risk capacity, risk appetite, risk tolerance, risk profile and risk limits under both normal and stressed conditions;

- consistency and reconciliation among the business model, the strategic plan, the RAF, ICAAP and ILAAP processes, the budget, business administration and the internal control system;

- the risk management process indicates the series of rules, procedures, methodologies and models, resources (human, technological and organisational) and control activities to identify, measure or assess, monitor, prevent or mitigate and to communicate, by means of a specific reporting process, all risks taken or that may be taken by the Group.

The Risks Committee is also responsible for the examination of methodologies, tools, reporting and internal regulations attributable to the Risk Management, Compliance, Anti-Money Laundering, Validation functions and to the Manager responsible for preparing the company's financial reports (hereinafter Manager responsible).

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[41] Bank of Italy Circular no. 285 of 2013; first part, Title IV, Chapter 3 "*The body with control function is responsible for monitoring the completeness, adequacy, functionality and reliability of the internal control system and the RAF*".

Decentralised at the individual Group companies there are people who act as "Contacts" for all of the second level control functions, in addition to the Manager Responsible for Preparing the Company's Financial Reports, for the following purposes:

- overseeing operations in line with the Parent Company's duties of guidance and coordination, taking into account specific local aspects and the type of business carried on by individual Group companies;
- ensuring effective operational links between the Parent Company and each Group company;
- all communication flows to corporate bodies.

With respect to reporting, the Group has prepared an organic set of periodic reports to ensure the provision of adequate information to the Corporate Bodies of the Parent Company and the Group Banks and Companies about their risk exposure. The analyses contained in these reports are discussed in the various committees and are the basis of the assessment of capital adequacy, subsequently brought to the attention of Parent Company's Board of Directors.

To ensure the achievement of strategic and operational objectives, the BPER Group defines its Internal Control System (governed by the "Group Policy - Internal Control System")[42], in line with Bank of Italy Circular 285 of 17 December 2013 – Supervisory instructions for banks.

The "Group's Internal control system" is the set of rules, functions, structures, resources, procedures and processes aimed at ensuring that the activities carried out by the company are compliant with the pre-defined internal standards and practices.

At Group level, this system is structured in order to allow the Parent Company to carry out the following, also as part of its management and coordination activities:

- strategic control of both the trend in the activities carried out by the Group companies and the acquisition and disposal policies employed by the latter;
- management control aimed at ensuring the maintenance of conditions of economic, financial, equity equilibrium for both the individual group companies, and the Group as a whole;
- technical-operational control targeted at evaluating the risk profiles caused to the Group by the individual subsidiaries and the general risks of the Group.

The BPER Group's internal control system involves corporate bodies, control functions and line structures and is designed to take account of the business specifics of each Group Company and to comply with the following principles:

- proportionality in the application of rules according to size and operations;
- gradual and progressive transfer to more advanced methodologies and processes for measuring risk and the capital that is available as a result;
- unity in the definition of the approaches used by the various functions foreseen in the Group's organisational system;
- effectiveness and efficiency of risk control.

Each Group Company has a corporate Internal Control System that is consistent with the Group's strategy and policy on risks and controls, without prejudice to compliance with any applicable regulations on an individual basis: any additions that may be necessary for the adaptation of the Company's Internal Control System to specific regulatory and/or Supervisory Authority requirements, must be approved in advance by the Parent Company.

Business Continuity

During the first six months of 2023, more than 500 Business Impact Analyses (BIA) were conducted, aimed at identifying the potential risks and failure points of corporate processes. The activities aimed at the "Ordinary Management" of Business Continuity continued with a view to updating the Business Continuity Plan of the

[42] Approved by the Board of Directors on 28 April 2022.

Parent Company and of the Group's Banks and Companies. With a view to continuous improvement, planned tests and Disaster Recovery tests were executed.

The elements that characterised the first half of the year concerned:

- the extension of Business Continuity to the new companies that joined the Group (Banca Cesare Ponti);
- the release of the "Everbridge" application into production as a mass notification tool for communications in the event of a crisis/emergency;
- activities for maintenance of certification ISO 22301, held by the Group through the company Numera, transferred at the end of 2022.

In the first half of 2023, there was a continued focus on operational resilience, through the publication of an updated version of the "Cosa fare se" (what to do if) manual, i.e. a support guide for network personnel outlining the conduct to observe and the communications to make in the event of a temporary shutdown or service outage (unexpected black-outs, line drop, etc.).

The contribution to the ESG domain continued, with new impetus injected into the analysis of climate risk and physical risk. In said area, software is being created which geolocates buildings and branches, associating the mapping of the main risks to each one (seismic, hydro-geological, landslide, vicinity to industrial sites).

The Business Continuity Office has coordinated multiple activities to restore compromised services. The most significant emergency situation concerned the Romagna flood in May 2023, which involved weeks of work, meetings with the Authorities, Civil Protection, the ECB and the Bank of Italy, in addition to activities to restore damaged branches. A special task force kept in contact with more than 180 branches and offices during the emergency, in an area hit by more than twenty instances of flooding. Data centres and central offices were always operational. Thanks to prevention activities, only three network units remained closed for a few days. On 5 June 2023, the restoration of the last damaged branch was completed; the other agencies have been open to the public since the end of May 2023.

Climate Change[43]

Transition to a circular, low-carbon economy and its integration and management in the regulatory and prudential supervisory framework entails both risks and opportunities for the entire economic system and for financial institutions, while the physical damage caused by climate change and environmental degradation can have a significant impact on the real economy and the financial sector.

The European Central Bank identified climate and environmental risks among the main risk factors to be proactively managed in the map of the Single Supervisory Mechanism for the banking sector, and starting in 2021, undertook activities aimed at verifying banks' positioning with respect to the provisions of the guidelines that the ECB issued on the subject (ECB Guide on climate-related and environmental risk).

Against this backdrop, the BPER Group has structured its own sustainability process through the adoption of an integrated strategy, capable of combining business growth and financial strength with social and environmental sustainability, thereby creating long-term shared value. The sustainability perspective has been fully integrated in the 2022-2025 Business Plan.

The BPER Group has organised cross-cutting working groups with the aim of identifying action lines in the climate-related and environmental area to strengthen strategy, business, risk governance and regulatory compliance. With this in mind, an activity/intervention plan was defined and approved by the Parent Company's Board of Directors and sent to the European Central Bank. In 2022, the BPER Group was involved in regulatory exercises by the ECB, first and foremost in the Thematic Review, targeted at assessing the compliance with the abovementioned ECB guidelines, which highlighted the Group's excellent positioning with respect to market peers, and subsequently in the Regulatory Stress Test on climate and environmental risk factors, based on which the opportunity was taken to further strengthen the procedures for the governance of the climate-environmental component.

With reference to the Risk Management framework, the integration of climate and environmental factors in the processes is currently being strengthened, through the identification of the channels for the transmission of climate and environmental factors to existing risk categories, the definition of the methodologies for the calculation of

[43] For more information on ESG risk, please refer to the Consolidated Non-Financial Statement (2022 Sustainability Report).

dedicated Key Risk Indicators, the adjustment of modelling and reporting, contributing to a pragmatic decision-making process based on sound and prudent risk management criteria.

Recent Developments

2023 EU-Wide Stress Test Results

On 28 July 2023 the BPER Group participated in the 2023 EU-wide stress test conducted by the European Banking Authority (EBA), in cooperation with the ECB, and the European Systemic Risk Board (ESRB).

The Bank noted the announcements made on 28 July 2023 by the EBA and the ECB on the EU-wide stress test and acknowledges the outcomes of the exercise.

The EU-wide stress test did not contain a pass/fail threshold and instead was designed to be used as an important source of information for the purposes of the Supervisory Review and Evaluation Process (SREP). The results will assist competent authorities in assessing BPER's ability to meet applicable prudential requirements under stressed scenarios.

The adverse stress test scenario set by the ECB/ESRB was particularly severe and covered a three-year time horizon (2021-2023). The stress test was carried out under a static balance sheet assumption as at 31 December 2022 subject to a number of methodological constraints and without taking into consideration future business strategies and management actions. Therefore, the stress test results were not a forecast of the BPER Group's financial performance or capital adequacy.

BPER's capital strength was confirmed by the following results, to be compared with a CET1 ratio fully loaded of 12.04% at the starting point (31 December 2022):

- baseline scenario: 2025 fully loaded CET1 ratio at 16.00%, corresponding to 396 bps higher than the fully loaded CET1 ratio as at 31 December 2022;
- adverse scenario: 2025 fully loaded CET1 ratio at 7.89%, corresponding to 415 bps lower than the fully loaded CET1 ratio as at 31 December 2022.

These results were not comparable with the outcome of the corresponding exercise run in 2021, which BPER was excluded from due to the impact arising from the planned acquisition of the Intesa Sanpaolo Group's carve-out.

It is noted that part of the results obtained via the derisking process occurring in the first half of 2023 could not be taken into account into the exercise as they referred to events that were not completed before 31 December 2022 (the reference date of the stress test exercise).

New Chief Financial Officer appointed at BPER

On 7 September 2023 the Board of Directors appointed Deputy General Manager, Gian Luca Santi, to serve as Chief Financial Officer.

Partnership between Intesa Sanpaolo, Homepal and BPER

On 12 September 2023 Intesa Sanpaolo S.p.A. ("**Intesa**"), Homepal S.p.A. ("**Homepal**") and BPER have struck a strategic and commercial partnership to form a real estate company with the goal of enhancing and developing business in the sector, in which the companies have concluded approximately ten thousand real estate sale transactions since launch.

Intesa Sanpaolo Casa S.p.A. ("**Intesa Casa**") offers real estate brokerage and advisory services through a network of agencies in major Italian cities. Homepal is a next-generation online real estate agency, which supports customers in the various stages of buying and selling real estate, through a digital platform and real estate agents operating remotely.

The transaction will take place through the contribution by Intesa of its 100% shareholding in Intesa Casa and its subsequent merger into Homepal. The new company will benefit from the experience gained in the collaboration between BPER and Homepal in offering retail customers real estate services managed mainly online, with the professionalism and service quality of a traditional agency.

The aim is to create a new player operating across the Italian market, drawing on the complementary service models of Intesa Casa and Homepal. By leveraging the Intesa and BPER networks, this new operator will meet

customers' property buying and selling needs through technological services, a physical presence in major cities and the experience of its agents.

The company transition will leverage all employees and agents of Intesa Casa and Homepal, who will thus become part of the new company.

Following the transaction, Intesa will have a 49% interest in Homepal. The remainder of capital will be held 34% by Homepal's current shareholders and 17% by BPER.

Merger by absorption of Optima SIM into Banca Cesare Ponti

On 11 October 2023 a notice was given that the resolutions of the Extraordinary Shareholders' Meetings of Banca Cesare Ponti S.p.A. ("**Banca Cesare Ponti**" or the "**Acquiring Company**") and of Optima S.p.A. Società di Intermediazione Mobiliare ("**Optima SIM**"), both held on 9 October 2023, approving the merger by absorption of Optima SIM into Banca Cesare Ponti, were respectively registered with the Companies Registers of Milan and Modena. The relevant merger became effective on 13 November 2023, with Banca Cesare Ponti consequently taking over all of Optima SIM's legal relationships, assets and liabilities.

The merger is aimed at further concentrating the BPER's Group Wealth Management & Asset Management business lines within Banca Cesare Ponti S.p.A. as set out in the 2022-2025 Business Plan.

Outcome of the 2023 SREP assessment process

On 1 December 2023 BPER announced that, following completion of the annual Supervisory Review and Evaluation Process ("**SREP**"), it has received notification of the European Central Bank's new decision concerning the prudential requirements to be met on a consolidated basis under art. 16 of Regulation (EU) 1024/2013.

Based on the outcome of the SREP assessment conducted in 2023 with reference date 31 December 2022 and any other relevant information received thereafter, the ECB has established that, with effect from 1 January 2024, BPER will have to maintain a minimum consolidated capital ratio in terms of Common Equity Tier 1 ratio of 8.54%, consisting of the sum of the minimum regulatory Pillar 1 requirement of 4.5%, the additional Pillar 2 requirement of 1.38%[44] and the Combined Buffer Requirement of 2.66%[45], while the minimum Total Own Funds Requirement (Total Capital) ratio shall be 13.11%.

BPER's pro-forma consolidated capital ratios[46] as at 30 September 2023 were as follows:

- Common Equity Tier 1 (CET 1) ratio 14.9%;
- Pro-forma Total Capital ratio: 18.6%.

[44] The additional Pillar 2 requirement communicated by the ECB to BPER shall be 2.45%, to be held in the form of 56.25% of CET1 capital and 75% of Tier 1 capital, as a minimum.
[45] The Combined Buffer Requirement is made up of the Capital Conservation Buffer (2.50%), the *O-SII* Buffer (0,125%) and the Countercyclical Capital Buffer (0.03% as at 30/9/2023).
[46] The pro-forma capital ratios were calculated by including profit for the period for the portion not allocated to dividends, thus simulating, in advance, the effects of the ECB's authorisation to include these profits in Own Funds pursuant to art. 26, para. 2 of the CRR.

REGULATORY SECTION

ECB guidance on NPL provisioning

The ECB has published on 20 March 2017 its final guidance on non-performing loans ("**NPLs**") as amended and supplemented in March 2018 for NPLs classified as such after 1 April 2018. It outlines measures, processes and best practices which banks should incorporate when tackling NPLs. The ECB expects banks to fully adhere to the guidance in line with the severity and scale of NPLs in their portfolios. In addition, on 15 March 2018, the ECB published an addendum to the ECB guidance to banks on NPLs. The addendum supplements the qualitative guidance on NPLs dated 20 March 2017 and specifies the ECB's supervisory expectations for prudent levels of provisions for new NPLs.

The guidance calls on banks to implement realistic and ambitious strategies to work towards a holistic approach regarding the problem of NPLs. This includes areas such as governance and risk management. For instance, banks should ensure that managers are incentivised to carry out NPL reduction strategies. This should also be closely managed by their management bodies. The ECB does not stipulate quantitative targets to reduce NPLs. Instead, it asks banks to devise a strategy that could include a range of policy options such as NPL work-out, servicing, and portfolio sales.

The guidance is applicable as of its date of publication and is currently non-binding in nature. However, banks should explain and substantiate any deviations upon supervisory request. This guidance is taken into consideration in the Single Resolution Mechanism regular supervisory review and evaluation process and non-compliance may trigger supervisory measures. To this end, the new EU Regulation no. 2019/630 of the European Parliament and of the Council of 17 April 2019 amending Regulation (EU) No. 575/2013 as regards minimum loss coverage for non-performing exposures has been recently adopted and introduces a "statutory prudential backstop" to prevent the risk of under provisioning of future NPLs. These recently introduced banking reforms as well as other laws and regulations that may be adopted in the future could adversely affect the Issuer's business, financial condition, results of operations and cash flow.

Bank Recovery and Resolution Directive

On 2 July 2014, the directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (Directive 2014/59/EU) (the "**Bank Recovery and Resolution Directive**" or "**BRRD**") entered into force. The BRRD is designed to provide competent 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 four resolution tools and powers which may be used alone or in combination where the relevant resolution authority considers that (a) an institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest:

(i) sale of business - which enables resolution authorities to direct the sale of the firm or the whole or part of its business on commercial terms;

(ii) bridge institution - which enables resolution authorities to transfer all or part of the business of the firm to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control);

(iii) asset separation - which enables resolution authorities to transfer all 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 (including, *inter alia*, the Senior Preferred Note, the Senior Non-Preferred Notes and the Subordinated Notes) of a failing institution and to convert certain unsecured debt claims (including, *inter alia*, the Senior Preferred Notes, Senior Non-Preferred Notes and the Subordinated Notes) to equity (the "**General Bail-in Tool**"), which equity could also be subject to any future application of the General Bail-in Tool.

The BRRD also provides for a Member State as a last resort, after having assessed and exhausted the above resolution tools (including the bail-in tool) to the maximum extent possible whilst maintaining financial stability, to be able to provide extraordinary public financial support through additional financial stabilisation tools. These consist of the public entity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the EU state aid framework and the BRRD.

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; (ii) its assets are, or are likely in the near future to be, less than its liabilities; (iii) it is, or is likely in the near future to be, unable to pay its debts or other liabilities as they fall due; or (iv) 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 Tier 1 and Tier 2 capital instruments (such as the Subordinated Notes) at the point of non-viability and before (or simultaneously), any other resolution action is taken ("**Non-Viability Loss Absorption**"). Any shares issued to holders of such capital instruments upon any such statutory conversion into equity may also be subject to any application of the General Bail-in Tool, which may result in cancellation or dilution of the shareholding. 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, under certain circumstances, the group meets the conditions for resolution (but no resolution action has yet been taken) or that the institution or, under certain conditions, the group will no longer be viable unless the relevant capital instruments 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, under certain conditions, the group would no longer be viable.

Any application of the general bail-in tool and non-viability loss absorption under the BRRD shall be in accordance with the hierarchy of claims in normal insolvency proceedings. Accordingly, the impact of such application on the Noteholders will depend on their ranking in accordance with such hierarchy, including any priority given to other creditors such as depositors. Therefore, also in a non-bankruptcy scenario, in case of application of the bail-in tool, the Senior Preferred Notes, Senior Non-Preferred Notes and the Subordinated Notes might be written down to zero, or converted to equity, without the prior consent of the relevant Noteholders.

The BRRD has been implemented in Italy through the adoption of two Legislative Decrees by the Italian Government. In particular, Legislative Decrees Nos. 180/2015 and 181/2015 implementing the BRRD in Italy (the "**BRRD Implementing Decrees**") were published in the Italian Official Gazette (*Gazzetta Ufficiale*) on 16 November 2015. Legislative Decree No. 180/2015 is a stand-alone law, which implements the BRRD in Italy, while Legislative Decree No. 181/2015 amends the Legislative Decree No. 385 of 1 September 1993 and deals principally with recovery plans, early intervention and changes to the creditor hierarchy. The BRRD Implementing Decrees entered into force on 16 November 2015, save for: (i) the bail-in tool, which applied from 1 January 2016; and (ii) the "depositor preference" to deposits other than those protected by the deposit guarantee scheme and those of individuals and small and medium enterprises, which applied from 1 January 2019.

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.

In addition, because (i) Article 44(2) of the BRRD excludes certain liabilities from the application of the General Bail-In Tool, and (ii) the BRRD provides, at Article 44(3), that the resolution authority may partially or fully exclude certain further liabilities from the application of the General Bail-In Tool, the BRRD specifically contemplates that *pari passu* ranking liabilities may be treated unequally. Accordingly, holders of Senior Notes and Subordinated Notes may be subject to write-down/conversion upon an application of the General Bail-In Tool while other Series of Senior Notes or, as appropriate, Subordinated Notes (or, in each case, other *pari passu* ranking liabilities) are partially or fully excluded from such application of the General Bail-In Tool. Further, although the BRRD provides a safeguard in respect of shareholders and creditors upon application of resolution tools, Article 75 of the BRRD sets out that such protection is limited to the incurrence by shareholders or, as appropriate, creditors, of greater losses as a result of the application of the relevant tool than they would have incurred in a winding up under normal insolvency proceedings. It is therefore possible not only that, in circumstances in which Senior Notes or Subordinated Notes have been partially or fully written-down/converted into equity capital instruments on an application of the General Bail-In Tool, the claims of other holders of junior or *pari passu* liabilities may have been excluded from the application of the General Bail-In Tool and therefore the holders of such claims may receive a treatment which is more favourable than that received by holders of the relevant Notes, but also that the safeguard referred to above does not apply to ensure equal (or better) treatment compared to the holders of such fully or partially excluded claims because the safeguard is not intended to address such possible unequal treatment but rather to ensure that shareholders or creditors do not incur greater losses in a bail-in (or other application of a resolution tool) than they would have received in a winding up under normal insolvency proceedings.

Also, Article 108 of the BRRD requires that Member States modify their national insolvency regimes such that deposits of natural persons and micro, small and medium sized enterprises in excess of the coverage level contemplated by deposit guarantee schemes created pursuant to Directive 2014/49/EU have a ranking in normal insolvency proceedings which is higher than the ranking which applies to claims of ordinary, unsecured, non-preferred creditors, such as holders of Senior Notes. In addition, the BRRD does not prevent Member States, including Italy, from amending national insolvency regimes to provide other types of creditors, with rankings in insolvency higher than ordinary, unsecured, non-preferred creditors. Legislative Decree No. 181/2015 has amended the bail-in creditor hierarchy in the case of admission of Italian banks and investment firms to resolution, by providing that, as from 1 January 2019, all deposits other than those protected by the deposit guarantee scheme and excess deposits of individuals and small and medium sized enterprises benefit from a preference in respect of senior unsecured liabilities, though with a ranking which is lower than that provided for individual and small and medium sized enterprises deposits exceeding the coverage limit of the deposit guarantee scheme. This means that, as from 1 January 2019, significant amounts of liabilities in the form of large corporate and interbank deposits which rank *pari passu* with Senior Preferred Notes under the national insolvency regime currently in force in Italy, will rank higher than Senior Preferred Notes in normal insolvency proceedings. Therefore, on application of the General Bail-In Tool, such creditors will be written-down/converted into equity capital instruments only after Senior Preferred Notes. The safeguard set out in Article 75 of the BRRD (referred to above) would not provide any protection since, as noted above, Article 75 of the BRRD only seeks to achieve compensation for losses incurred by creditors which are in excess of those which would have been incurred in a winding-up under normal insolvency proceedings.

On 28 December 2017, Directive (EU) 2017/2399, amending the BRRD as regards the ranking of unsecured debt instruments in insolvency hierarchy (the "**BRRD Amending Directive**") entered into force. The BRRD Amending Directive requires Member States to create a new class of the so-called "senior non-preferred" debt instruments which would rank just below the most senior debt and other senior liabilities for the purposes of liquidation, while still being part of the senior unsecured debt category (only as a lower tier of senior debt) and that will be eligible to meet MREL and TLAC requirements. The new creditor hierarchy will not have a retroactive effect and will only apply to new issuances of bank debts. 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.

Legislative Decree No. 181/2015 has also introduced strict limitations on the exercise of the statutory rights of set-off which are normally available under insolvency laws, in effect prohibiting set-off by any creditor in the absence of an express agreement to the contrary. Since each holder of Subordinated Notes, Senior Non-Preferred Notes and, in circumstances where the waiver is selected (as applicable in the relevant Final Terms), the Senior Preferred Notes will have expressly waived any rights of set-off, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of such Senior Notes or Subordinated Notes, it is clear that the statutory right of set- off available under Italian insolvency laws will likewise not apply.

The amendments introduced to the BRRD by the BRRD Amending Directive create a new category of unsecured debt in bank creditors' insolvency ranking. It establishes an EU harmonised approach on the priority ranking of bank bondholders in insolvency and in resolution. The agreement on the harmonised rules on the priority ranking of bank bondholders in insolvency and in resolution facilitates a more efficient path towards banks' compliance with the TLAC standard (for G- SIBs) that should apply from 2019 onwards, as agreed in the Financial Stability Forum. In addition, by providing greater legal certainty for both issuers and investors and reducing the risk of legal challenges, these harmonised rules will facilitate the application of the bail-in tool in resolution.

Legislative Decree No. 30 of 15 February 2016 (largely in force as of 9 March 2016) implemented in Italy the revised Deposit Guarantee Schemes Directive in Italy (the "**Decree No. 30**"). The Decree amends the Consolidated Banking Act and: (i) establishes that the maximum deposit guaranteed amount is € 100,000, which has been harmonised by the Deposit Guarantee Schemes 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 schemes; and (iv) harmonises the methods of reimbursement to depositors in case of insolvency of a credit institution.

The BRRD also requires institutions to meet, at all times, robust minimum requirements of own funds and liabilities eligible for bail-in expressed as a percentage of the total liabilities and own funds of the institution (i.e. "Minimum Requirement for Own Funds and Eligible Liabilities" - **MREL**). MREL represents one of the key tools to improve banks' resolvability, allowing resolution authorities to maintain critical functions and restore a bank's capital position after resolution. This MREL requirement should ensure that shareholders and creditors bear losses regardless of which resolution tool is applied. The resolution authority, after consulting with the relevant competent authority, will set the MREL for the relevant institution based on the assessment criteria identified by the EBA in its regulatory technical standards (RTS), pursuant to Article 45. Article 7(1) of EBA final RTS on

criteria for determining MREL requires resolution authorities to ensure that MREL is sufficient to allow the write down or conversion of an amount of own funds and qualifying eligible liabilities at least equal to the sum of the loss absorption amount and the recapitalisation amount, subject to certain considerations. The resolution authority has discretion to allow BRRD institutions to meet part of their MREL obligations through "contractual bail-in instruments". The BRRD does not foresee an absolute minimum, but attributes the competence to set a minimum amount for each bank to national resolution authorities (for banks not being part of the Banking Union) or to the Single Resolution Board (the "**SRB**") for banks being part of the Banking Union. The EBA has issued final draft regulatory technical standards which further define the way in which resolution authorities/the SRB shall calculate MREL, as further implemented by European Commission adopted Commission Delegated Regulation (EU) 2016/1450, see below.

On 23 May 2016, the European Commission adopted Commission Delegated Regulation (EU) 2016/1450 supplementing BRRD that specifies the criteria, which further define the way in which resolution authorities/the SRB shall calculate MREL, as described in Article 45(6) of the BRRD, which entered into force on 23 September 2016. Article 8 of the aforementioned regulation provides that resolution authorities may determine an appropriate transitional period for the purposes of meeting the full MREL requirement. On 19 July 2016, the EBA launched a public consultation on its interim report on the implementation and design of the MREL. On 23 November 2016, the European Commission presented the EU Banking Reform, which introduces a number of proposed amendments to the BRRD. In particular, it was proposed that the MREL – which should be expressed as a percentage of the total risk exposure amount and of the leverage ratio exposure measure of the relevant institution – should be determined by the resolution authorities at an amount to allow banks to absorb losses expected in resolution and recapitalise the bank post-resolution. In addition, it was proposed that resolution authorities may require institutions to meet higher levels of MREL in order to cover losses in resolution that are higher than those expected under a standard resolution scenario and to ensure a sufficient market confidence in the entity post-resolution. It is currently envisaged that in the event of any shortfall of complying with the MREL requirement the competent resolution authority shall have the power to prohibit the institution from distributing more than the maximum distributable amount related to the minimum requirement for own funds and eligible liabilities (so-called "**M- MDA**").

For banks which are not included in the list of G-SIBs, liabilities that satisfy the requirements set forth in the EU Banking Reform and do not qualify as CET1, Tier 1 or Tier 2 instruments, shall qualify as eligible liabilities for the purpose of MREL, unless they fall into any of the categories of excluded liabilities. The SRB, together with the national resolution authorities ("**NRAs**"), started to develop its MREL approach in 2016. The preliminary approach consisted of informative targets that sought to enable banks to prepare for their future MREL requirements. The SRB is further enhancing its gradual MREL multi-year policy, and in 2017 introduced binding requirements and started to address both quantity and quality of MREL with bank specific features. During 2017, the SRB developed its MREL policy, starting to develop binding targets for major banking groups. Considering the need to address the specificities of the most complex groups in more detail, the SRB split the 2018 resolution planning cycle in two waves. The first started in January 2018 to allow the banks that did not have binding targets – for instance those with no presence outside the Banking Union – to be addressed first based on an MREL policy largely following the 2017 approach and published on 20 November 2018. For the second wave of resolution plans, covering the most complex banks, an enhanced MREL policy was published on 16 January 2019.

In June 2019 the SRB published an update to its 2018 MREL policy in light of the publication of the Banking Package (CRR-II/CRD-V/BRRD-II/SRMR-II) in the Official Journal of the EU on 7 June 2019. This was followed by an overall updated MREL Policy under the Banking Package (BRRD-II/SRMR-II) published on 20 May 2020, which covers: (a) MREL requirements for Global Systemically Important institutions (G SIIs); (b) changes to the calibration of MREL, including introducing MREL based on the leverage ratio; (c) changes to the quality of MREL (subordination); (d) dedicated rules for certain business models, such as cooperatives, and for resolution strategies, such as multiple point of entry (MPE); (e) Provisions on internal MREL; (f) Clarifications on third-country issuances; and (g) how these changes will be phased in.

MREL decisions implementing the new framework were based on the MREL Policy under the Banking Package in the 2020 resolution planning cycle. The decisions were communicated to institutions in the beginning of 2021. These decisions replaced those issued under the previous legal framework. Each new decision will set out two binding MREL targets, including those for subordination: the binding intermediate target to be met by 1 January 2022 and the fully calibrated MREL (final target) to be met by 1 January 2024.

On 7 June 2019, as part of the contemplated amendments to the BRRD, Single Resolution Mechanism and Single Resolution Fund Regulation (EU) No. 806/2014, Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms ("**CRR**") and Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity

of credit institutions and the prudential supervision of credit institutions and investment firms ("**CRD IV**"), the following legislative texts have been published in the EU's Official Journal:

(i) Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending the Capital Requirements Directive IV as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures (the "**CRD V**" and, together with BRRD II, SRM II Regulation, CRR II, the "**BRRD II reforms**");

(ii) Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 ("**CRR II**");

(iii) Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending the Bank Recovery and Resolution Directive as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC (the "**BRRD II**"); and

(iv) Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 806/2014 with regards to the loss-absorbing and recapitalisation capacity of credit institutions and investment firms ("**SRM II Regulation**").

The BRRD II reforms introduced, among other things, the Total Loss-absorbing Capacity Term Sheet (the "**TLAC standard**") as implemented by the Financial Stability Board, by adapting the existing BRRD regime relating to the specific MREL.

The new MREL regime is aligned with TLAC standard requirements in terms of calculation of loss absorption and recapitalisation amount. The eligible liabilities under MREL are determined according to the provisions concerning the eligible liabilities under TLAC standard. This requirement may therefore have an impact on the financial performance of the BPER Group.

Article 33a of BRRD II introduces a new pre-resolution moratorium tool as a temporary measure in an early stage and new suspension powers, which the resolution authority can use within the resolution period. Any suspension of activities can, as stated above, result in the partial or complete suspension of the performance of agreements (including any payment or delivery obligation) entered into by the respective credit institution. The exercise of any such power or any suggestion of such exercise could materially adversely affect the rights of the holders of securities issued by the BPER Group, the price or value of their investment in any such security and/or the ability of the credit institution to satisfy its obligations under any such security.

On 26 January 2021, the European Commission launched a targeted public consultation on technical aspects of a new review of BRRD ("**BRRD III**"), the SRM Regulation ("**SRM III**"), and Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes ("**DGSD II**"). This public consultation was open until 20 April 2021 and split into two main sections: a section covering the general objectives of the review, and a section seeking technical feedback on stakeholders' experience with the current Covid-19 crisis and framework and the need for changes in the future framework, notably regarding (i) resolution, liquidation and other available measures to handle banking crises, (ii) level of harmonisation of creditor hierarchy in the EU and impact on the 'no creditor worse off' principle, and (iii) depositor insurance. Legislative proposals for BRRD III, SRM III and DGSD II are to be tabled during the fourth quarter of 2021. The European Commission launched a general public consultation on 25 February 2021, which was open until 20 May 2021.

In addition, on 30 November 2021, Legislative Decree No. 193 of 8 November 2021 (the "**193 Decree**") implementing the BRRD II was published in the Gazzetta Ufficiale and entered into force on 1 December 2021. The 193 Decree introduces point c-*ter*) under Article 91 paragraph 1-*bis*) of the Consolidated Banking Act transposing Article 48(7) of the BRRD II.

The amended Article 91 of the Consolidated Banking Act provides for the following ranking:

(a) subordinated instruments which do not qualify (and no part thereof is recognized) as own funds items (elementi di fondi propri) shall rank senior to own funds items (including any instruments only partly recognized as own funds items (*elementi di fondi propri*)) and junior to senior non-preferred instruments (*strumenti di debito chirografario di secondo livello*);

(b) if instruments which qualified in whole or in part as own funds items (elementi di fondi propri) cease, in their entirety, to be classified as such, they will rank senior to own fund items (elementi di fondi propri) but junior to senior non- preferred instruments. The provisions also apply to instruments issued before the 193 Decree came into effect (1 December 2021).

BPER Group's continuous implementation of these measures may have a considerable impact on its capital and on its assets and liabilities management as new regulations may restrict or limit the type or volume of transactions in which BPER Group participates. Further introduction of new regulation may require the Group to comply with new legal requirements and standards that are not predictable by the Issuer at this time, moreover, such adaptation may lead to the Issuer incurring in additional costs deriving from potential change, adaptation or renovation of the characteristics of its services and products, internal and external control structures and/or distribution mechanisms or facilities to comply with new potential regulations. The occurrence of these events may have a negative impact on the Group's business, performance and/or financial condition.

Single Resolution Mechanism

On 19 August 2014, the Regulation (EU) No. 806/2014 establishing a Single Resolution Mechanism (the "**SRM**" and "**SRM Regulation**", respectively) entered into force.

The SRM is operational as 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 SRB ("**Board**") with national resolution authorities, which entered into force on 1 January 2015.

The SRM Regulation, which complements the SSM, applies to all banks supervised by the SSM. It mainly consists of the Board and a Single Resolution Fund (the "**Fund**").

A centralised decision-making process has been built around the Board and involves the European Commission and the Council of the European Union – which has the possibility to object to Board decisions – as well as the ECB and the national resolution authorities.

The Fund, which backs the SRM Regulation decisions mainly taken by the Board, is divided into national compartments during an eight years transitional period, as set out by an intergovernmental agreement. In 2015 banks started to pay contributions to national resolution funds that are gradually transferred into the Fund starting from 2016 (and are additional to the contributions to the national deposit guarantee schemes).

The Fund will be gradually built up during the first eight years (2016-2023) and is intended to reach the target level of at least 1 per cent. of the amount of covered deposits of all credit institutions within the Banking Union by 31 December 2023. The Fund shall not be used to absorb the losses of an institution or to recapitalize an institution.

This framework should be able to ensure that, instead of national resolution authorities, there is a single authority –the Board –, which takes all relevant decisions for the resolution of banks being supervised by the SSM and part of the Banking Union.

There are other benefits that will derive from the Banking Union. Such benefits are aimed at (a) breaking the negative feedback loop between banks and their sovereigns; (b) providing a solution to home-host conflicts in resolution; and (c) giving a competitive advantage to the banks in the Banking Union *vis-à-vis* non-Banking Union ones, due to the availability of a larger resolution fund.

The manner in which the SRM will operate is still evolving, so there remains some uncertainty as to how the SRM will affect the Group.

TAXATION

The statements herein regarding taxation are based on the laws in force as at the date of this Base Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following overview does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules.

The following description does not discuss the treatment of the Notes that are held in connection with a permanent establishment or fixed base through which a non-Italian resident beneficial owner carries on business or performs professional services in Italy.

This overview assumes that the Issuer 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 organisational structure, tax residence or the manner in which it conducts its business may invalidate this overview. This overview also assumes that each transaction with respect to the Notes is at arm's length.

Where in this overview, 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.

Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes. This summary will not be updated to reflect changes in laws and if such a change occurs the information in this summary could become invalid.

Republic of Italy

Tax treatment of Notes issued by an Italian resident issuer

Legislative Decree No. 239 of 1 April 1996, as subsequently amended, ("**Decree 239**") sets out the applicable regime regarding the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) (hereinafter collectively referred to as "**Interest**") deriving from notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) issued, inter alia, by Italian banks. For these purposes, securities similar to bonds (*titoli similari alle obbligazioni*) are securities that incorporate an unconditional obligation of the issuer to pay at maturity an amount not lower than their nominal value, with or without the payment of periodic interest, and do not give any right to directly or indirectly participate in the management of the issuer or to the business in connection to which the securities were issued, nor to control the same.

The tax regime set forth by Decree 239 also applies to interest, premium and other income from regulatory capital financial instruments (*strumenti finanziari rilevanti in materia di adeguatezza patrimoniale*) complying with EU and Italian regulatory principles, issued by, inter alia, Italian banks, other than shares and assimilated instruments.

Italian resident Noteholders

Where an Italian resident beneficial owner of the Notes is:

(a) an individual not engaged in an entrepreneurial activity to which the Notes are connected;

(b) a non-commercial partnership pursuant to Article 5 of Presidential Decree No. 917 of 22 December 1986, as amended and supplemented ("**Decree 917**") (with the exception of general partnership, limited partnerships qualified as *società in nome collettivo* or *società in accomandita semplice* and similar entities);

(c) a non-commercial private or public entity other than undertakings for collective investments, or a trust not carrying out mainly or exclusively commercial activities; or

(d) an investor exempt from Italian corporate income taxation,

(unless the investor has opted for the application of the asset management regime ("*regime del risparmio gestito*") - see under "*Capital gains tax*" below for an analysis of such regime),

Interest relating to the Notes, accrued during the relevant holding period, are subject to a substitute tax, referred to as "*imposta sostitutiva*", levied at the rate of 26 per cent., either when Interest is paid by the Issuer or when payment thereof is obtained by the Noteholder on a sale of the Notes. In the event that the Noteholders described under paragraph (a) and (c) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax and the relevant Interest related to the Notes must be included in their relevant income tax return. As a consequence, such Interest will be subject to ordinary income tax and the *imposta sostitutiva* may be deducted from the taxation on income due or be claimed for refund in the relevant tax return.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not engaged in an entrepreneurial activity to which the Notes are connected or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from any income taxation, including the *imposta sostitutiva*, on Interest relating to the Notes if the Notes are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law.

Where an Italian resident Noteholder is a company or similar commercial entity (including limited partnerships qualified as *società in nome collettivo* or *società in accomandita semplice* and private and public institutions, carrying out commercial activities and holding the Notes in connection with this kind of activities) or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected, and the Notes are deposited in due time, together with the coupons relating to such Notes, with an authorised intermediary, Interest from the Notes will not be subject to *imposta sostitutiva*. They must, however, be included in the relevant Noteholder's income tax return and are therefore subject to general Italian corporate taxation (IRES) plus, in case of banks and certain financial institutions (other than asset management companies and Italian *società di intermediazione mobiliare*) an IRES surtax of 3.5 per cent and, in certain circumstances, depending on the "status" of the Noteholder, also to "IRAP" (the regional tax on productive activities). If the Noteholder is a commercial partnership, Interest from the Notes are instead attributed and subject to taxation in the hands of the partners according to the tax transparency principle.

Pursuant to Decree 239, the imposta sostitutiva is applied by banks, *società di intermediazione mobiliare* (so-called "**SIMs**"), fiduciary companies, *società di gestione del risparmio*, stockbrokers and other qualified entities, identified by a decree of the Ministry of Finance, which are resident in Italy ("**Intermediaries**" and each an "**Intermediary**") or by permanent establishments in Italy of banks or intermediaries resident outside Italy or by organizations or companies non-resident in Italy, acting through a system of centralized administration of securities and directly connected with the Department of Revenue of the Ministry of Finance (which includes *Euroclear* and *Clearstream*) having appointed an Italian representative for the purposes of Decree 239. For the purposes of applying imposta sostitutiva, Intermediaries or permanent establishments in Italy of foreign intermediaries are required to act in connection with the collection of Interest or, in the transfer or disposal of the Notes, including in their capacity as transferees. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change in ownership of the relevant Notes or in a change in the Intermediary with which the Notes are deposited.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any Italian financial intermediary paying interest to a Noteholder or, absent that, by the issuer.

If the investor is resident in Italy and is an open-ended or closed-ended investment fund (other than a real estate fund), a SICAV (an investment company with variable capital), or a SICAF (investment company with fixed capital) other than a Real Estate SICAF (as defined below) established in Italy and either (i) the fund, the SICAF or the SICAV or (ii) their manager is subject to the supervision of a regulatory authority (the "**Fund**"), and the Notes are held by an authorised intermediary, Interest accrued during the holding period on the Notes will not be subject to *imposta sostitutiva*, nor to any other income tax in the hands of the Fund. They must, however, be included in the management results of the Fund accrued at the end of each tax period. The Fund will not be subject to taxation on such result, but a withholding tax of 26 per cent may apply to income of the Fund derived by unitholders or shareholders through distribution and/or redemption or disposal of the units and shares.

Interest accrued on the Notes and received by Italian real estate funds (established pursuant to Article 37 of the Financial Services Act or pursuant to Article 14-*bis* of Law No. 86 of 25 January 1994) or a SICAF to which the provisions of Law Decree No. 351 of 25 September 2001, as subsequently amended, apply ("**Real Estate SICAF**"), is subject neither to substitute tax nor to any other income tax in the hands of the real estate fund or Real Estate SICAF, provided that the Notes, together with the relevant coupons, are timely deposited with an authorised intermediary, but subsequent distributions made in favour of unitholders or shareholders will be subject, in certain circumstances, to a withholding tax of 26 per cent.; subject to certain conditions, depending on

the status of the investor and percentage of participation, income of the Real Estate SICAF is subject to taxation in the hands of the unitholder or shareholder regardless of distribution.

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of the Legislative Decree No. 252 of 5 December 2005) and the Notes are deposited in due time, together with the coupons relating to such Notes, with an authorised intermediary, Interest relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 20 per cent. substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, Interest relating to the Notes may be excluded from the taxable base of the 20 per cent substitute tax if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law.

Non-Italian resident Noteholders

Where the Noteholder is a non-Italian resident without a permanent establishment in Italy to which the Notes are effectively connected, an exemption from the *imposta sostitutiva* applies provided that the non-Italian resident beneficial owner is:

(a) resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy and listed in Italian Ministerial Decree 4 September 1996, as amended and supplemented (the "**White List**"); or

(b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or

(c) a Central Bank or an entity which manages, inter alia, the official reserves of a foreign State; or

(d) an "institutional investor", whether or not subject to tax, which is established in a country which allows for a satisfactory exchange of information with Italy, as listed in the White List.

The *imposta sostitutiva* will be applicable at the rate of 26 per cent, or at the reduced rate provided for by the applicable double tax treaty, if any, subject to timely filing of required documentation provided by Decree of the Director of Italian Revenue Agency No. 2013/84404 of 10 July 2013) to Interest paid to non-Italian Noteholders who do not qualify for the exemption or do not timely and properly comply with set requirements.

In order to ensure gross payment, non-Italian resident Noteholders without a permanent establishment in Italy to which the Notes are effectively connected must:

(a) be the beneficial owners of the payments of Interest on the Notes or foreign institutional investors not subject to taxation;

(b) timely deposit, directly or indirectly, the Notes (together with the coupons relating to such Notes) with:

  (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 Notes held, directly or indirectly, by the Noteholder with a Second Level Bank (as defined below); or with

  (ii) a resident bank or SIM or a permanent establishment in Italy of a non-Italian resident bank or SIM acting as depositary or sub depositary of the Notes appointed to maintain direct relationships, via telematics link, with the Department of Revenue of the Ministry of Economy and Finance (the "**Second Level Bank**"). Non-Italian resident entities or companies participating in a centralised securities management system which is in contact, via computer, with the Ministry of Economy and Finance (which includes Euroclear and Clearstream), can qualify as Second Level Banks, provided that they appoint an Italian representative for the purposes of the application of Decree 239. In the event that a non-Italian resident Noteholder deposits the Notes directly with a Second Level Bank, the latter shall be treated both as a First Level Bank and a Second Level Bank; and

(c) file with the relevant depository, in due time, a statement of the relevant Noteholder, which remains valid until withdrawn or revoked, in which the Noteholder declares to be the beneficial owner of any Interest on the Notes and to be eligible to benefit from the applicable exemption from *imposta sostitutiva*. This statement, which is not requested for international bodies or entities set up in accordance with

international agreements which have entered into force in Italy nor in the case of foreign Central Banks or entities which manage, inter alia, the official reserves of a foreign State, must comply with the requirements set forth by Ministerial Decree of 12 December 2001, as subsequently amended. The statement does not need to be submitted if a certificate, declaration or other similar document for the same or equivalent purposes was previously submitted to the same depository.

Specific requirements are provided for institutional investors.

For non-Italian resident Noteholders, Interest from Notes may be subject to the reduced withholding tax rate provided for by the applicable tax treaty with Italy, provided that the Noteholders are entitled to benefit from the treaty and subject to the fulfilment of certain procedural requirements.

Atypical securities

Interest, premium and other income payments relating to Notes that, from a tax perspective, are not deemed to fall within neither the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*), nor in the category of shares and assimilated instruments, would qualify as atypical securities and, as a consequence, such Notes may fall out of the scope of Decree 239 and may be subject to a withholding tax, levied at the rate of 26 per cent pursuant to Law Decree No. 512 of 30 September 1983. For this purpose, debentures similar to bonds are securities that incorporate an unconditional obligation to pay, at maturity, an amount not lower than their nominal value with or without the payment of periodic interest, and do not give any right to directly or indirectly participate in the management of the issuer or to the business in connection to which the securities were issued, nor to control the same.

For Notes issued by an Italian resident issuer and subject to the regime provided for atypical securities, where the Noteholder is:

(a) an Italian individual engaged in an entrepreneurial activity to which the Notes are connected;

(b) an Italian company or a similar Italian commercial entity;

(c) a permanent establishment in Italy of a foreign entity;

(d) an Italian commercial partnership; or

(e) an Italian commercial private or public institution,

the withholding tax is a provisional tax. In all other cases, including when the Noteholder is a non-Italian resident, the withholding tax is a final tax.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not engaged in an entrepreneurial activity to which the Notes are connected or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from any income taxation, including the 26 per cent withholding tax, on interest, premium and other income relating to the Notes qualifying as atypical securities if such Notes are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law.

In case of a non-Italian resident Noteholder without a permanent establishment in Italy to which the Notes are effectively connected, the above mentioned withholding tax rate may be reduced (generally to 10 per cent.) or eliminated under certain applicable tax treaties entered into by Italy, subject to timely filing of the required documentation.

Capital gains tax

Italian resident Noteholders

Any gain obtained from the sale or redemption of the Notes would be treated as part of the taxable income (and, in certain circumstances, depending on the "status" of the Noteholder, also as part of the net value of the production for IRAP purposes) if realised by an Italian company, a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are connected), a commercial partnership or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Where an Italian resident Noteholder is (i) an individual not engaged in an entrepreneurial activity to which the Notes are connected, (ii) a non-commercial partnership (other than a *società in nome collettivo* or *società in accomandita semplice* or similar partnership), or (iii) a non-commercial private or public institution, any capital gain realised by such Noteholder from the sale or redemption of the Notes would be subject to a 26 per cent capital gains tax ("*imposta sostitutiva sulle plusvalenze*"). Noteholders may set off any losses with their gains, subject to certain conditions.

In respect of the application of *imposta sostitutiva sulle plusvalenze*, taxpayers may opt for one of the three regimes described below:

(a) Under the tax declaration regime ("*regime della dichiarazione*"), which is the default regime for Italian Noteholders under (i) to (iii) above, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains (net of any incurred capital loss) realised by the investor. In this instance, "**capital gains**" means any capital gain not connected with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given tax year. Italian resident individuals holding the Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay the *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.

(b) As an alternative to the tax declaration regime, Italian resident Noteholders from (i) to (iii), may elect to pay under the administrative savings regime ("*regime del risparmio amministrato*") the *imposta sostitutiva sulle plusvalenz*e separately on capital gains realised on each sale or redemption of the Notes. Such separate taxation of capital gains is allowed subject to:

    (i) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries (including permanent establishments in Italy of foreign intermediaries); and

    (ii) an express election for the administrative savings regime being timely made in writing by the relevant Noteholder.

The depository must account for the *imposta sostitutiva sulle plusvalenze* in respect of capital gains realised on each sale or redemption of the Notes, net of any incurred capital loss.

The depository must also pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the administrative savings regime, where a sale or redemption of the Notes results in a capital loss, such capital loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the administrative savings regime, the Noteholder is not required to report the capital gains in the annual tax return.

In the asset management regime ("*regime del risparmio gestito*"), any capital gain realised by Italian resident Noteholders from (i) to (iii) above, who have entrusted the management of their financial assets (including the Notes) to an authorised intermediary, will be included, together with Interest relating to such Notes, in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 26 per cent substitute tax, to be paid by the managing authorised intermediary. Any depreciation of the managed assets accrued at the year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. The Noteholder is not required to declare the capital gains realised in the annual tax return.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not engaged in an entrepreneurial activity to which the Notes are connected or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from Italian capital gain taxes, including the *imposta sostitutiva sulle plusvalenze*, on capital gains realised upon sale or redemption of the Notes, if the Notes are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law.

Any capital gains realised by a Noteholder that is a Fund will not be subject to *imposta sostitutiva*, but will be included in the result of the portfolio accrued at the end of the tax period. The Fund will not be subject to taxation on such results, but a withholding tax of 26 per cent may apply on income of the Fund derived by unitholders or shareholders through distribution and/or redemption or disposal of the units and shares.

Any capital gains realised by a Noteholder who is an Italian real estate fund (complying with the definition as amended pursuant to Law Decree No. 78 of 31 May 2010, converted into Law No. 122 of 30 July 2010) or a Real Estate SICAF is subject neither to *imposta sostitutiva sulle plusvalenze* nor to any other income tax in the hands of the real estate fund or Real Estate SICAF, but subsequent distributions made in favour of unitholders or shareholders, as well as redemptions of units/shares, will be subject, in certain circumstances, to a withholding tax of 26 per cent. subject to certain conditions, depending on the status of the investor and percentage of participation, income of the real estate fund or Real Estate SICAF is subject to taxation in the hands of the unitholder or the shareholder regardless of distribution.

Any capital gains realised by a Noteholder who is an Italian pension fund (subject to the regime provided for by Article 17 of the Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 20 per cent substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, capital gains on the Notes may be excluded from the taxable base of the 20 per cent substitute tax if the Notes are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law.

Non-Italian resident Noteholders

Capital gains realised by non-Italian resident Noteholders without a permanent establishment in Italy to which the Notes are effectively connected from the sale or redemption of Notes issued by an Italian resident issuer and traded on regulated markets are not subject to the *imposta sostitutiva sulle plusvalenze*, nor to any other Italian income tax. The exemption applies provided that the non-Italian resident Noteholders file in due course with the authorised financial intermediary an appropriate affidavit (*autocertificazione*) stating that the Noteholder is not resident in Italy for tax purposes and has no permanent establishment in Italy to which the Notes are effectively connected.

Capital gains realised by non-Italian resident Noteholders without a permanent establishment in Italy to which the Notes are effectively connected from the sale or redemption of Notes not traded on regulated markets issued by an Italian resident issuer may in certain circumstances be taxable in Italy. However, capital gains realised by non-Italian resident Noteholders without a permanent establishment in Italy to which the Notes are effectively connected from the sale or redemption of Notes not traded on regulated markets are not subject to the *imposta sostitutiva sulle plusvalenze*, provided that the effective beneficiary is: (i) resident in a country which allows for a satisfactory exchange of information with Italy, as listed in the White List; (ii) an international entity or body set up in accordance with international agreements which have entered into force in Italy; (iii) a Central Bank or an entity which manages, inter alia, the official reserves of a foreign State; or (iv) an "institutional investor", whether or not subject to tax, which is established in a country which allows for a satisfactory exchange of information with Italy, as listed in the White List, even if it does not possess the status of taxpayer therein.

In such cases, in order to benefit from the exemption from Italian taxation on capital gains, non-Italian resident Noteholders who hold the Notes with an Italian authorised financial intermediary and elect to be subject to the asset management regime or are subject to the administrative savings regime, may be required to produce in due time to the Italian authorised financial intermediary an appropriate self-declaration stating that they meet the subjective requirements indicated above. Additional statements may be required for non-Italian resident Noteholders who are institutional investors.

If none of the conditions above is met, capital gains realised by non-Italian resident Noteholders without a permanent establishment in Italy to which the Notes are effectively connected, from the sale or redemption of Notes issued by an Italian resident issuer and not traded on regulated markets, are subject to the *imposta sostitutiva* at the current rate of 26 per cent. However, Noteholders that may benefit from a double taxation treaty with Italy providing that capital gains realised upon the sale or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon the sale or redemption of Notes issued by an Italian resident issuer, provided that the Noteholders are eligible to benefit from such treaties.

Inheritance and gift taxes

The transfer of Notes by reason of gift or succession is subject to Italian gift and inheritance tax as follows:

(a) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent on the value of the inheritance or the gift exceeding, for each beneficiary, €1,000,000;

(b) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree are subject to an inheritance and gift tax at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent inheritance and gift tax on the value of the inheritance or the gift exceeding, for each beneficiary, €100,000; and

(c) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

If the heir/heiress and/or the donee is a person with a severe disability pursuant to Law No. 104 of February 5, 1992, inheritance tax or gift tax is applied at the rate mentioned above in paragraphs (a), (b) and (c) to the extent that the value of the inheritance or gift exceeds €1,500,000.

With respect to Notes listed on a regulated market, the value for inheritance and gift tax purposes is the average stock exchange price of the last quarter preceding the date of the succession or of the gift (including any accrued interest). With respect to unlisted Notes, the value for inheritance tax and gift tax purposes is generally determined by reference to the value of listed debt securities having similar features or based on certain elements as presented in the Italian tax law.

Italian inheritance tax and gift tax applies to non-Italian resident individuals for bonds issued by Italian resident companies.

Pursuant to Article 6 Law no. 112/2016 ("***Legge sul Dopo di Noi***") as amended by Article 89, paragraph 8, Legislative Decree 3 July 2017, no. 117 as amended, subject to certain conditions, assets or other rights (a) contributed to a trust, or (b) subject to a scope restriction ex article 2645-ter Italian Civil Code, or (c) contributed to a special fund ruled by c*ontratto di affidamento fiduciario*, in favor of persons with severe disabilities, are exempt from inheritance and gift tax. Upon the death of the person with severe disabilities, inheritance and gift tax will be due by the last beneficiary of the transfer, to be specifically identified within the deed.

The mortis causa transfer of financial instruments included in a long-term savings account (*piano di risparmio a lungo termine*) - that meets the requirements from time to time applicable as set forth by Italian law - is exempt from inheritance tax.

Transfer tax

Contracts relating to the transfer of securities are subject to a € 200 registration tax as follows: (i) public deeds and notarised deeds are subject to fixed registration tax at a rate of €200.00; (ii) private deeds are subject to registration tax only in the case of voluntary registration or in case of so-called "*caso d'uso*" or "*enunciazione*".

Stamp Duty

Pursuant to Article 13 of the Tariff attached to Presidential Decree No. 642 of 26 October 1972 ("**Decree 642**"), as subsequently amended, a proportional stamp duty applies on an annual basis to the periodic reporting communications sent by financial intermediaries to their clients in respect of any financial product and instrument, which may be deposited with such financial intermediary in Italy. The stamp duty applies at the rate of 0.20 per cent and it cannot exceed € 14,000 for taxpayers which are not individuals. This stamp duty is determined on the fair market value or – in the absence of a market value – on the nominal value or the redemption amount of any financial product or financial instruments (including the Notes), or in the case the nominal or redemption values cannot be determined, on the purchase value of the Notes held, as inferable from the intermediary's records.

Stamp duty applies both to Italian resident Noteholders and to non-Italian resident Noteholders, to the extent that the Notes are held with an Italian-based financial intermediary.

The statement is deemed to be sent at least once a year, even for instruments for which is not mandatory nor the deposit nor the release nor the drafting of the statement. In case of reporting periods less than 12 months, the stamp duty is payable on a pro-rata basis.

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy on 24 May 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy on 9 February 2011, as subsequently amended, supplemented and restated) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

Wealth tax on financial assets deposited abroad

According to Article 19 of Law Decree No. 201 of December 6, 2011, converted with Law No. 214 of 22 December 2011, as amended and supplemented, Italian resident individuals, non- commercial entities and certain partnerships (*società semplici* or similar partnerships in accordance with Article 5 of Decree 917*)* holding the Notes outside the Italian territory without the involvement of an Italian financial intermediary are required to pay an additional tax at a rate of 0.20 per cent (**IVAFE**), which is determined in proportion to the period of ownership and cannot exceed €14,000 for taxpayers other than individuals. In this case the above mentioned stamp duty provided for by Article 13 of the tariff attached to Decree 642 does not apply.

This tax is calculated on the market value of the Notes at the end of the relevant year or, if no market value figure is available, the nominal value or the redemption value or in the case the nominal or redemption values cannot be determined, on the purchase price of any financial assets held outside the Italian territory by Italian resident individuals. If the financial products are no longer held on December 31 of the relevant year, reference is made to the value in the period of ownership. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due).

Financial assets held abroad are excluded from the scope of the wealth tax if they are administered by Italian financial intermediaries pursuant to an administration agreement. In this case, the above mentioned stamp duty provided for by Article 13 of the tariff attached to Decree 642 does apply.

Tax Monitoring Obligations

Pursuant to Law Decree No. 167 of 28 June 1990, converted by Law No. 227 of 4 August 1990, as amended from time to time, individuals, non-commercial entities and certain partnerships (*società semplici* or similar partnerships in accordance with Article 5 of Decree 917) resident in Italy who hold investments abroad or have financial activities abroad must, in certain circumstances, disclose the for tax monitoring purposes the amount of the aforesaid investments and financial activities to the Italian tax authorities in their yearly 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), regardless of the value of such assets (save for deposits or bank accounts having an aggregate value not exceeding a € 15,000 threshold throughout the year, which *per se* do not require such disclosure). This requirement applies even if the taxpayer during the tax period has totally divested such assets. The requirement applies also where the persons above, being not the direct holder of the financial instruments, are the beneficial owner of the instrument pursuant to the anti money-laundering legislation (legislative Decree No. 231 of 21 November 2007).

Furthermore, the above reporting requirement is not to be complied with in respect of Notes deposited for management or administration with qualified Italian financial intermediaries, or with respect to contracts entered into through their intervention, on the condition that the cash flows and the items of income derived from the Notes have been subject to tax by the same intermediaries.

Italian financial transaction tax (so-called "Tobin Tax")

Article 1, paragraphs from 491 to 500, of Law No. 228 of 24 December 2012, as implemented by Ministerial Decree 21 February 2013, as amended and supplemented, (the "**IFTT Decree**"), introduced a tax on financial transactions that applies to (i) the transfer of ownership in shares issued by companies having their registered office ("*sede legale*") located in Italy (the "**Chargeable Equity**"); and (ii) transactions in derivative financial instruments over Chargeable Equity, and (iii) transactions in transferable securities giving the right to acquire or sell mainly one or more Chargeable Equity, or giving rise to a cash settlement determined mainly by reference to one or more Chargeable Equity, and (iv) high frequency trading transactions, carried out on the Italian financial market, relating to shares, equity instruments, transferable securities sub (ii) (regardless of their issuer) and derivative financial instruments sub (iii) (regardless of their issuer).

Transactions related to financial instruments (other than shares and assimilated instruments pursuant to Article 44 of Decree No. 917), issued by Italian supervised banks, that qualify as bonds or are eligible as Additional Tier 1 Capital at the level of the issuer, under EU and Italian regulatory laws and regulations in effect, since the Issue Date, such as the Notes, are excluded from IFTT pursuant to art. 15(1)(b-*bis*) of the IFTT Decree.

OECD automatic exchange of information in Italy

The EU Savings Directive adopted on 3 June 2003, by the EU Council of Economic and Finance Ministers (as subsequently amended) on taxation of savings income in the form of interest payments has been repealed from 1 January 2016 to prevent overlap between the Savings Directive and the new automatic exchange of information

regime implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU).

Drawing extensively on the intergovernmental approach to implementing the United States Foreign Account Tax Compliance Act, the OECD developed the Common Reporting Standard ("CRS") to address the issue of offshore tax evasion on a global basis. Aimed at maximizing efficiency and reducing cost for financial institutions, the CRS provides a common standard for due diligence, reporting and exchange of financial account information. Pursuant to the CRS, participating jurisdictions will obtain from reporting financial institutions, and automatically exchange with exchange partners on an annual basis, financial information with respect to all reportable accounts identified by financial institutions on the basis of common due diligence and reporting procedures.

Italy has enacted Italian Law No. 95 of 18 June 2015 ("Law 95/2015") and the Italian Ministerial Decree dated 28 December 2015, as amended and supplemented, implementing the CRS (and the amended EU Directive on Administrative Cooperation), which has entered into force on 1 January 2016, implemented Law 95/2015 and provides for the exchange of information in relation to the calendar year 2016 and later.

In the event that the Noteholder holds the Notes through an Italian financial institution (as meant in the Italian Ministerial Decree of 28 December 2015, as amended and supplemented, implementing Law 95/2015), they may be required to provide additional information to such financial institution to enable it to satisfy its obligations under the Italian implementation of the CRS.

The Proposed Financial Transactions Tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has later ceased to participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is established or deemed to be established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. It may therefore be altered prior to any implementation. Additional EU Member States may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

The Dealers have in an amended and restated dealer agreement dated on or around 5 December 2023 (as the same may be further amended, supplemented or restated, the "**Dealer Agreement**") agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes in Global Form*" and "*Terms and Conditions of the Dematerialised Notes*" above. In the Dealer Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the update to the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

The Dealers entitled in certain circumstances to be released and discharged from their obligations under the Dealer Agreement prior to the closing of the issue of the relevant Notes, including in the event that certain conditions precedent are not delivered or met to their satisfaction on the relevant issue date. In this situation, the issuance of the relevant Notes may not be completed. Investors will have no rights against the Issuer or Dealers in respect of any expense incurred or loss suffered in these circumstances.

United States of America

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any State or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations thereunder.

Each Dealer has represented warranted and agreed that, except as permitted by the Dealer Agreement, it has not offered, sold or delivered and will not offer, sell or deliver the Notes of any identifiable Tranche, (a) as part of their distribution at any time or (b) otherwise until 40 days after completion of the distribution of such Tranche within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act, if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Prohibition of Sales to EEA Retail Investors

Unless the Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area ("**EEA**"). 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**");

(ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined Regulation (EU) 2017/1129 (as amended and superseded, the "**Prospectus Regulation**"); and

(b) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

If the Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area (each a "**Relevant State**"), each Dealer has represented and agreed that it has not made and will not make an offer of Notes 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 Member State except that it may make an offer of such Notes to the public in that Relevant State:

(a) *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(b) *Fewer than 150 offerees:* at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) *Other exempt offers:* at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any "**Relevant State**" means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, and the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129.

United Kingdom

Unless the Final Terms in respect of any Notes specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the United Kingdom ("**UK**"). For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following:

(a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); or

(b) a customer within the meaning of the provisions of the Financial Services and Markets Act, 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA.

If the Final Terms in respect of any Notes specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in the United Kingdom except that it may make an offer of such Notes to the public in the United Kingdom:

(a) *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

(b) *Fewer than 150 offerees:* at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) *Other exempt offers:* at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, and the expression "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

Republic of Italy

The offering of the Notes has not been registered with the *Commissione Nazionale per la Società e la Borsa* ("**CONSOB**") pursuant to Italian securities legislation. Each Dealer has represented and agreed that any offer, sale or delivery of the Notes or distribution of copies of this Base Prospectus or any other document relating to the Notes in the Republic of Italy will be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulation.

Any such offer, sale or delivery of the Notes or distribution to copies to this Base Prospectus or any other document relating to the Notes in the Republic of Italy must be:

(a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with the Consolidated Banking Act, the Consolidated Finance Act, CONSOB Regulation No. 20307 of 15 February 2018 (in each case, as amended from time to time) and any other applicable law and regulation;

(b) in compliance with Article 129 of the Consolidated Banking Act, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy and the relevant implementing guidelines of the Bank of Italy issued on 25 August 2015 (as amended on 10 August 2016 and on 2 November 2020); and; and

(c) in compliance with any other applicable law, regulation, and requirement imposed by the CONSOB and/or another Italian authority.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**FIEA**") and, accordingly, each Dealer has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan or to others for re-offering or resale, directly or indirectly, in Japan or to any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other relevant laws and regulations of Japan. As used in this paragraph, "**resident of Japan**" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

France

Each Dealer has represented and agreed that it has only offered or sold, and will only offer or sell, directly or indirectly, Notes in France to qualified investors (*investisseurs qualifiés*), as referred to in Article L.411-2 1° of the French *Code monétaire et financier* and defined in Article 2(e) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, as amended, and it has only distributed or caused to be distributed and will only distribute or cause to be distributed, in France to such qualified investors, this Base Prospectus, any Final Terms or any other offering material relating to the Notes.

Switzerland

Each Dealer has represented and agreed, and each further Dealer under the Programme will be required to represent and agree, that the Notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("**FinSA**") and no application has been or will be made to admit the Notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Base Prospectus nor any other offering or marketing material relating to the Notes constitutes a prospectus or a similar communication as such terms are understood pursuant to Articles 35 et seqq. and Article 69 of the FinSA. Neither this Base Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Base Prospectus nor any other offering or marketing material relating to the offering, the Issuer or the Notes have been or will be filed with or approved by any Swiss regulatory authority. In particular, this prospectus will not be filed with, and the offer of Notes will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA. Neither the Notes nor the offering have been, nor will they be, authorized under the Swiss Federal Act on Collective Investment Schemes ("**CISA**"). Accordingly, the investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of the Notes.

Canada

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations.

Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws. Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Base Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

If applicable, pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Dealers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Singapore

Each Dealer has acknowledged that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed *that* it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore (the "**SFA**")) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

General

Each Dealer has represented, warranted and agreed that it has complied and will, to the best of its knowledge and belief, comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Base Prospectus or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Dealer 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 may be set out in the applicable Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Notes) or in a supplement to this Base Prospectus.

GENERAL INFORMATION

Authorisation

The establishment of the Programme was duly authorised by a resolution of the Board of Directors of the Issuer dated 25 March 2002. The update of the Programme was authorised by a resolution of the Board of Directors of the Issuer dated 20 July 2023. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

Listing on the Official List and Admission to Trading of Notes on the Regulated Market of the Luxembourg Stock Exchange

The CSSF has approved this document as a base prospectus. Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of MiFID II.

However, Notes may be issued pursuant to the Programme which will not be admitted to listing on the Official List of the Luxembourg Stock Exchange, admitted to trading on the Luxembourg Stock Exchange regulated market and/or quotation by the Luxembourg Stock Exchange or any other listing authority, market, stock exchange and/or quotation system or which will be admitted to listing, trading and/or quotation by such listing authority, stock exchange and/or quotation system as the Issuer and the relevant Dealer(s) may agree.

Documents Available

For as long as this Base Prospectus remains valid, electronic copies of the following documents will, when published, be available free of charge in English from the Issuer and from the Paying Agents in London, Luxembourg and Modena:

(i) the constitutional documents (in English) of the Issuer;

(ii) the Agency Agreement for the Notes in Global Form, the forms of the Temporary Global Notes, the Permanent Global Notes, the Definitive Notes, the Vouchers, the Coupons and the Talons;

(iii) a copy of this Base Prospectus; and

(iv) any future offering circulars, prospectuses, base prospectuses, supplements, Final Terms (save that a Final Terms relating to an unlisted Note will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Paying Agent as to the identity of such holder) to this Base Prospectus and any other documents incorporated herein or therein by reference.

For 10 years after the date of publication of this Base Prospectus, copies of the following documents will be available free of charge in English from the Issuer (i) at the following website https://istituzionale.bper.it/en/home, (ii) at the offices specified on page 204 hereof, and (iii) from the specified office of the Paying Agents in London and Luxembourg specified on page 204 hereof:

(i) Issuer's by-laws (*Statuto*);

(ii) Issuer's unaudited consolidated half-year report (including limited review report) as at 30 June 2023;

(iii) Issuer's unaudited consolidated interim report on operations (without a review report) as at 31 March 2023;

(iv) Issuer's consolidated audited annual financial statements, including the auditors' report thereon, notes thereto and the relevant accounting principles in respect of the year ended on 31 December 2022;

(v) Issuer's consolidated Non-Financial Statement pursuant to Italian Legislative Decree 254/2016 in respect of the year ended on 31 December 2022 (Sustainability Report 2022);

(vi) Issuer's unaudited consolidated half-year report (including limited review report) as at 30 June 2022;

(vii) Issuer's consolidated audited annual financial statements, including the auditors' report thereon, notes thereto and the relevant accounting principles in respect of the year ended on 31 December 2021;

(viii) BPER Group press release dated 26 April 2023 entitled "Results of the Ordinary Shareholders' Meeting of 26 April 2023"; and

(ix) BPER Group press release dated 8 November 2023 entitled "Consolidated results as at 30 September 2023".

This Base Prospectus, all documents incorporated herein by reference and the Final Terms of any Notes listed on the Official List of the Luxembourg Stock Exchange will be published on the website of the Luxembourg Stock Exchange (*www.luxse.com*).

The Issuer currently publishes unaudited semi-annual consolidated financial statements (including limited review report).

Dealers transacting with the Issuer

Certain of the Dealers and their affiliates, including parent companies, have engaged, and may in the future engage, in investment banking and/or commercial banking transactions (including the provision of loan facilities and/or securitisation transactions) and other related transactions with, and may perform advisory, financial and/or non-financial services for, the Issuer and its affiliates in the ordinary course of business. In addition, in the ordinary course of business the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans and/or ABS securities or similar securities) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For the purpose of this paragraph the term "affiliates" also includes parent companies.

Clearing Systems

The Notes in Global Form have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and ISIN for each Tranche of Notes in Global Form allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes in Global Form are to clear through an additional or alternative clearing system, the appropriate information will be specified in the applicable Final Terms. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium. The address of Clearstream, Luxembourg is 42 Avenue J.F. Kennedy, L-1855 Luxembourg.

The Dematerialised Notes have been accepted for clearance by Monte Titoli. The Dematerialised Notes will be in bearer form and held in dematerialised form on behalf of the beneficial owners, until redemption or cancellation thereof, by Monte Titoli (with registered office and principal place of business at Piazza degli Affari 6, 20123 Milan, Italy), for the account of the relevant Monte Titoli Account Holders (including Euroclear and Clearstream, Luxembourg). The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Dematerialised Notes for clearance together with any further appropriate information.

Material Adverse or Significant Change

There has been no material adverse change in the prospects of the Issuer and its Group since 31 December 2022 (the last date to which the latest audited published financial information of the Issuer was prepared).

There has been no significant change in the financial or trading position or in the financial performance of the Issuer and its subsidiaries taken as a whole since 30 June 2023 (the end of the last financial period for which a limited review report on operations has been published).

Material contracts

There are no material contracts that are not entered into the ordinary course of the Issuer's business, which could result in any member of the BPER Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation to security holders in respect of the securities being issued.

Litigation

The Issuer is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months before the date of this Base Prospectus which may have, or has had in the recent past, significant effects on the financial position or profitability of the Issuer and its subsidiaries taken as a whole.

Auditors

Deloitte & Touche S.p.A., whose registered office is at Via Tortona, 25, 20144 Milan, Italy, is the current auditor of the Issuer and is registered in the Register of Certified Auditors (*Registro dei Revisori Legali*) held by the Ministery for Economy and Finance pursuant to Legislative Decree No. 39 of 27 January 2010 and the Ministerial Decree No. 145 of 20 June 2012. Deloitte & Touche S.p.A. is also a member of ASSIREVI – Associazione Nazionale Revisori Contabili. The auditors of Deloitte & Touche S.p.A. have applied a limited review report to the Issuer's half-year report as of 30 June 2022, in accordance with the generally accepted auditing standards in Italy.

Deloitte audited and rendered unqualified audit reports on the consolidated financial statements of the Issuer for the years ended on, respectively, 31 December 2021 and 31 December 2022.

Rating Agencies

Each of Moody's, Fitch and DBRS is established in the European Union and registered under the EU CRA Regulation, and is included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority at http://www.esma.europa.eu/supervision/credit-rating- agencies/risk.

LEI

The Issuer's Legal Entity Identifier code is N747OI7JINV7RUUH6190 (expiring on 4 November 2024).

BPER Banca S.p.A.

Registered Office
8/20, Via San Carlo
41121 Modena
Italy

ARRANGER

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Germany

DEALERS

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Intesa Sanpaolo S.p.A.
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60310 Frankfurt am Main
Germany

Mediobanca - Banca di Credito Finanziario S.p.A.
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Amsterdam 1082 MD
The Netherlands

Nomura Financial Products Europe GmbH
Rathenauplatz 1
60313, Frankfurt-am-Main
Germany

Société Générale
29 Boulevard Haussmann
75009
Paris France

UBS Europe SE
Bockenheimer Landstraβe 2-4
60306 Frankfurt am Main
Germany

PRINCIPAL PAYING AGENT

Citibank N.A., London Branch
Citigroup Centre Canada Square
Canary Wharf
London E14 5LB
United Kingdom

PAYING AGENT FOR THE DEMATERIALISED NOTES

BPER Banca S.p.A.
Registered Office
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Italy

LEGAL ADVISERS

To the Arranger and the Dealers

As to English and Italian law

Clifford Chance Studio Legale Associato
Via Broletto, 16
20121 Milan
Italy

To the Issuer

As to Italian law

Chiomenti
Via Verdi, 2
20121 Milan
Italy

LUXEMBOURG LISTING AGENT

Banque Internationale à Luxembourg SA
69, route d'Esch
L-2953 Luxembourg

AUDITORS TO THE ISSUER SINCE 1 JANUARY 2017

Deloitte & Touche S.p.A.
Via Tortona 25
20144 Milan
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