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Base Prospectus dated 19 January 2022

Banca Monte dei Paschi di Siena S.p.A.
€50,000,000,000 Debt Issuance Programme

Under this €50,000,000,000 Debt Issuance Programme (the "**Programme**"), Banca Monte dei Paschi di Siena S.p.A. (the "**Issuer**" or "**BMPS**" or "**Bank**") may from time to time issue notes governed by English Law (the "**English Law Notes**") and notes governed by Italian Law (the "**Italian Law Notes**" and together with the English Law Notes, the "**Notes**") denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €50,000,000,000 (or its equivalent in other currencies calculated as described herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*General Description of the Programme*" 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. References in this Base Prospectus to the "relevant Dealer" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to purchase such Notes.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "*Risk Factors*".

This Base Prospectus has been approved as a base prospectus by the *Commission de Surveillance du Secteur Financier* (the "**CSSF**"), as competent authority under Regulation (EU) 2017/1129, as amended (the "**Prospectus Regulation**") and the Luxembourg act relating to prospectuses for securities dated 16 July 2019 (*Loi du 16 juillet 2019 relative aux prospectus pour valeurs mobilières et portant mise en oeuvre du règlement (UE) 2017/1129*) (the "**Luxembourg Prospectus Law**"). 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 this Base Prospectus, in accordance with the Prospectus Regulation, the CSSF does not engage in respect of the economic or financial opportunity of the operation or the quality and solvency of the Issuer. 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.

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 Luxembourg Stock Exchange's regulated market and have been admitted to the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU), as amended.

This Base Prospectus (as supplemented as at the relevant time, if applicable) is valid for 12 months from its date of approval in relation to Notes which are to be admitted to trading on a regulated market in the European Economic Area and/or offered to the public in the European Economic Area other than in circumstances where an exemption is available under Article 1(4) and/or 3(2) of the Prospectus Regulation. The validity of this Base Prospectus ends upon expiration on 19 January 2023. The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid.

The requirement to publish a prospectus under the Prospectus Regulation only applies to Notes which are to be admitted to trading on a regulated market in the EEA and/or offered to the public in the EEA other than in circumstances where an exemption is available under Article 1(4) and/or

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3(2) of the Prospectus Regulation. References in this Base Prospectus to "Exempt Notes" are to Notes for which no prospectus is required to be published under the Prospectus Regulation and the Financial Services and Markets Act 2000. The CSSF has neither approved nor reviewed information contained in this Base Prospectus in connection with Exempt Notes and with the Form of Pricing Supplement.

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 under "*Terms and Conditions for the English Law Notes*" or under "*Terms and Conditions for the Italian Law Notes*") of Notes will (other than in the case of Exempt Notes, as defined above) be set out in a final terms document (the "**Final Terms**") which 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.bourse.lu). In the case of Exempt Notes, 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 will be set out in a pricing supplement document (the "**Pricing Supplement**").

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

In certain circumstances, payments of interest relating to the Notes are subject to a deduction by way of "*imposta sostitutiva*" or withholding tax as more fully set out in Condition 6 (*Taxation*) of the Terms and Conditions for the English Law Notes or in Condition 6 (*Taxation*) of the Terms and Conditions for the Italian Law Notes and in "*Taxation*".

The rating of certain Series of Notes to be issued under the Programme may be specified in the applicable Final Terms or in the applicable Pricing Supplement (as the case may be). Whether or not each credit rating applied for in relation to relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No 1060/2009 (as amended) (the "**CRA Regulation**") will be disclosed in the Final Terms. Such credit rating agency will be included in the list of credit rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website (at *http://www.esma.europa.eu/page/List-registered-and-certified-CRAs*) in accordance with the CRA Regulation. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency. Please also refer to "*Credit ratings assigned to BMPS or any Notes may not reflect all the risks associated with an investment in those Notes*" in the "*Risk Factors*" section of this Base Prospectus.

Amounts payable under the Floating Rate Notes and/or the Reset Notes may be calculated by reference to the euro interbank offered rate ("**EURIBOR**"), as specified in the relevant Final Terms. As at the date of this Base Prospectus, the European Money Markets Institute (as administrator of EURIBOR) is included in the register of administrators maintained by the ESMA under Article 36 of the Regulation (EU) No. 2016/1011 (the "**EU Benchmarks Regulation**"). .

ARRANGER

NatWest Markets

DEALERS

Barclays	**BofA Securities**
Citigroup	**Crédit Agricole CIB**
Credit Suisse	**Deutsche Bank**
Goldman Sachs International	**HSBC**
J.P. Morgan	**Mediobanca - Banca di Credito Finanziario S.p.A.**
Morgan Stanley	**MPS Capital Services Banca per le Imprese S.p.A.**
NatWest Markets	**Société Générale Corporate & Investment Banking**

UBS Investment Bank

IMPORTANT INFORMATION

Responsibility Statement

The Issuer accepts responsibility for the information contained in this Base Prospectus, any supplement thereto and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Third party information

No third party information is included in this Base Prospectus, except for the rating information set out in paragraph 4 "*Ratings*" of the section "*Banca Monte dei Paschi di Siena S.p.A.*" of this Base Prospectus. The Issuer declares that such information has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The sources of such information are the following rating agencies: Moody's France S.A.S. ("**Moody's**"), Fitch Ratings Ireland Limited ("**Fitch**") and DBRS Ratings GmbH ("**DBRS**").

This Base Prospectus constitutes a base prospectus for the issuance of Notes under the Programme by BMPS. This Base Prospectus constitutes a base prospectus in respect of all Notes other than Exempt Notes issued under the Programme for the purposes of Article 8 of the Prospectus Regulation. When used in this Base Prospectus, Prospectus Regulation means Regulation (EU) 2017/1129 and UK Prospectus Regulation means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA").

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

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

Save for the Issuer, no party has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer in connection with the Programme. No Dealer accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme.

The Dealers have not undertaken, nor are responsible for, any assessment of the Sustainability Bond Framework (if adopted) or the Green Projects, Social Projects and Sustainability Projects, any verification of whether the Green Projects, Social Projects and Sustainability Projects meet the criteria set out in the Sustainability Bond Framework (if adopted) or the monitoring of the use of proceeds.

No person is or has been authorised by the Issuer 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 the 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 by the Issuer or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and/or the Group. "Group" means BMPS and its Subsidiaries (as defined in the Agency Agreement for the English Law Notes and in the Agency Agreement for the Italian Law Notes). Neither this Base Prospectus, any supplement thereto, nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Notes.

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

IMPORTANT – EEA RETAIL INVESTORS – If the Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the 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 (or Pricing Supplement, in the case of Exempt Notes) includes a legend entitled "Prohibition of Sales to UK Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the 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 (or Pricing Supplement, in the case of Exempt Notes) will include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for

distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "MiFID Product Governance Rules"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MiFIR product governance / target market – The Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt 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 FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK MiFIR Product Governance Rules") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

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

Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "SFA") – Unless otherwise stated in the Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes), all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS AND OFFERS OF NOTES GENERALLY

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Dealers which is intended to 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. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the European Economic Area (including, for these purposes, the Republic of Italy ("Italy")), Japan, and the United Kingdom, see "*Subscription and Sale*".

In this Base Prospectus, unless the contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.

SUITABILITY OF INVESTMENT

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to 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) **has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;**

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

(iv) **understands thoroughly the terms of the Notes and is familiar with the behaviour of any relevant indices and financial markets; and**

(v) **is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.**

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

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended, (the "Securities Act") and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to or for the account or benefit of U.S. persons (see "*Subscription and Sale*" below).

PRESENTATION OF INFORMATION

All references in this document to "U.S. dollars", "U.S.$" and "$" refer to the currency of the United States of America and references to "euro", "€" and "Euro" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

Unless otherwise indicated, the financial information contained in this Base Prospectus has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

Unless otherwise indicated, any reference in this Base Prospectus to "Consolidated Financial Statements" is to the consolidated financial statements of the Group as at and for the years ended 31 December 2020 and 31 December 2019 audited by PricewaterhouseCoopers S.p.A. and EY S.p.A., respectively, each as independent accountant, and incorporated by reference in this Base Prospectus.

The Consolidated Financial Statements are denominated in euro.

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STABILISATION

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 Form of Final Terms or Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes.

Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

RISK FACTORS

In purchasing Notes, investors assume the risk that BMPS may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in BMPS becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as BMPS may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the control of BMPS. BMPS has identified in this Base Prospectus a number of factors which could materially adversely affect its businesses and ability to make payments due under the Notes. In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

Any reference in the Risk Factors to "Form of Final Terms" or "Final Terms" shall be deemed to include a reference to "applicable Pricing Supplement" or "Pricing Supplement" where relevant in the case of Exempt Notes.

RISK FACTORS RELATING TO THE ISSUER AND THE GROUP

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes issued under the Programme. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

*The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. In addition, the order in which the risk factors are presented below is not intended to be indicative either of the relative likelihood that each risk will materialise or of the magnitude of their potential impact on the business, financial condition and results of operations of the Issuer or the Issuer's group (hereinafter also referred to as the "**Group**").*

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

Words and expressions defined in the "Terms and Conditions for the English Law Notes" and the "Terms and Conditions for the Italian Law Notes" or elsewhere in this Base Prospectus have the same meaning in this section. Prospective investors should read the entire Base Prospectus.

Factors that may affect the Issuer's ability to fulfil its obligations under the Notes

The risks below have been classified into the following categories:

A. Risks relating to the Issuer's financial position;

B. Risks relating to the judicial and administrative proceedings and the inspections of the supervisory authorities; and

C. Risks relating to the Issuer's business activity and industry.

Risks relating to the Issuer's financial position

Risks associated with capital adequacy

The capital adequacy evaluation under a regulatory perspective is based on the constant monitoring of own funds, RWA as well as on the comparison with the minimum regulatory requirements, including the additional excess requirements to be met over time as communicated to the Group after the supervisory review and evaluation process ("**SREP**"), and the additional capital buffers provided for by the applicable legislative provisions.

For a description of the capital adequacy requirements applicable to BMPS please refer to sub-paragraph "*Basel III and the CRD IV Package*" of paragraph 2 "*Regulations and Supervision of the ECB, Bank Of Italy, CONSOB and IVASS*" of the section "*Regulatory Aspects*" of this Base Prospectus.

As at the date of this Base Prospectus, the banks must meet the own funds requirements provided by article 92 of (EU) Regulation 575/2013 of the European Parliament and European Council of 26 June 2013 concerning prudential requirements for credit institutions and investment firms as amended by Regulation (EU) 2019/876 (the "**CRR**"): (i) the Common Equity Tier 1 Ratio must be equal to at least 4.5 per cent. of the total risk exposure amount of the Bank; (ii) the Tier 1 Ratio must be equal to at least 6 per cent. of the

total risk exposure amount of the Bank; and (iii) the Total Capital Ratio must be equal to at least 8 per cent. of the total risk exposure amount of the Bank. In addition to these minimum requirements, the Bank must comply with an additional Pillar 2 requirement ("**P2R**") of 2.75% to be satisfied with at least 56.25% CET1 and 75% Tier 1.

Further to the minimum regulatory requirements, banks must meet the combined buffer requirement provided by EU Directive 2013/36 of the European Parliament and European Council in relation to credit institutions' activities, credit institutions' prudential supervision and investment undertakings (the "**CRD IV**"), as amended by Directive (EU) 2019/878 (the "**Combined Buffer Requirement**") [1].

Banks that do not satisfy the combined capital requirement, or even just the capital conservation buffer, are subject to the capital conservation measures provided for by Directive (EU) 2013/36. The capital conservation measures impose restrictions on, *inter alia*, distributions of dividends, with greater restrictions being imposed as the breach becomes more significant. It further provides for banks to adopt a capital conservation plan which shall set out the measures (among which further capital increases cannot be excluded) the Bank intends to adopt to restore, within an appropriate timeframe, the necessary capital level to maintain capital reserves in line with the requirements. Should these conditions not be satisfied (i.e., failed compliance with the combined capital requirement, or even just the capital conservation buffer), and/or changes to the methodologies and parameters to estimate impaired loans (as defined in Circular No. 272 issued by the Bank of Italy on 30 July 2008 and amendments thereto, the "**Impaired Loans**") adjustments or amendments to the internal models to calculate RWAs occur, the need may then arise for further capital enhancements of the Issuer, such as calling in investors to participate in further capital increase transactions.

As a result of the conclusion of the SREP conducted with reference to the figures as at 30 June 2020, also having regard to any other relevant information provided after such date, the Bank has received the European Central Bank's ("**ECB**") final decision regarding own funds requirements to be met starting from 1 January 2021. In particular, the minimum SREP requirements have been reduced by 25 basis points compared to the requirements set for the 2020. For more information in this respect, reference is made to the sub-paragraph "*2020 SREP Decision*" of the paragraph "*SREP Decisions*" of the section "*Banca Monte dei Paschi di Siena S.p.A.*" of this Base Prospectus.

Furthermore, the ECB notified the Issuer of the expectation for the Group to comply with an additional threshold ("**Pillar II capital guidance**") to be fully satisfied with Common Equity Tier 1, in addition to the Overall Capital Requirement (OCR).

In relation to the above, it should be noted that failure to comply with such capital guidance would not constitute a failure to comply with capital requirements; however, in the event of capital dropping below the level including the Pillar II capital guidance, the supervisory authority, which shall be promptly informed in detail by the Issuer on the reasons for the failed compliance with the aforementioned level, will take into consideration, on a case-by-case basis, possible appropriate and proportional measures (including the possibility of implementing a plan aimed at restoring compliance with the capital requirements – inclusive of capital enhancement requests – in accordance with article 16, paragraph 2 of the Council Regulation (EU) 1024/2013, as amended from time to time (hereinafter the "**SSM Regulation**")).

It should also be noted that during 2020 and the first six months of 2021, the ECB granted a number of supervisory measures that included a greater flexibility in supervisory burdens in order to mitigate the impact of COVID-19 on the European banking system. In particular, the ECB allowed the banks to temporarily operate below the capital level defined by Pillar II capital guidance, the capital conservation buffer and the LCR. These temporary measures are in addition to the decrease in countercyclical buffer rates applied by some national authorities.

[1] For information on the Combined Buffer Requirement please refer to sub-paragraph "*Basel III and the CRD IV Package*" of paragraph 2 "*Regulations and Supervision of the ECB, Bank Of Italy, CONSOB and IVASS*" of section *Regulatory Aspects* of this Base Prospectus.

For more details on the regulatory measures adopted by the European institutions in response to the COVID-19 pandemic, please refer to paragraph "*Regulatory and supervisory interventions by institutions within the context of the COVID-19 pandemic*" of the 2020 Consolidated Financial Statements, incorporated by reference in this Base Prospectus.

With particular reference to the SREP, it should also be noted that it is conducted by the ECB at least on a yearly basis (without prejudice in any case to the ECB supervisory powers and prerogatives which can be exercised on an on-going basis during the course of the year) and, accordingly, it cannot be excluded that, following future SREPs, the supervisory authority may prescribe to the Issuer, *inter alia*, the maintenance of capital adequacy standards higher than the ones currently applicable. Furthermore, the ECB, following future SREPs, may impose on the Issuer specific corrective measures, among which, *inter alia*: (i) requesting that the Issuer holds capital resources greater than the regulatory level specified for credit, counterparty, market and operational risks; (ii) interventions aimed at enhancing systems, procedures and processes referring to risk management, control mechanisms and capital adequacy evaluation; (iii) imposing limits on the distribution of profits or other asset items, as well as, in relation to financial instruments eligible as own funds, the prohibition to pay interest; and (iv) prohibitions to carry out certain transactions, also of a corporate nature, for the purpose of limiting the level of risks.

For more information on the SREP, please see paragraph 3.3 "*SREP Decisions*" "of the section "*Banca Monte dei Paschi di Siena S.p.A.*" of this Base Prospectus.

Depending on the outcomes of the legislative process underway in Europe, the Issuer might be compelled to adapt to changes in the regulations (including, for example, the treatment of deferred tax assets) and in their construction and/or implementation procedures adopted by the supervisory authorities, with potential adverse effects on the Issuer's assets, liabilities and financial situation.

Furthermore, among the main risk factors which could lead to a change in capital requirements, there is the differential yield between Italian and German government bonds (BTP-Bund spread), the increase of which leads to a reduction in capital reserves (FVTOCI Reserve, as defined below) with a consequent decrease in regulatory capital.

In 2020, the Group, like the other major European banks subject to the Single Supervisory Mechanism ("**SSM**"), completed its work on Targeted Review of Internal Models ("**TRIM**") and requested permission to apply a material change to the definition of default ("**DoD**") used in its internal models pursuant to Article 143 of the CRR to the ECB, the final outcome of which, as a result of feedback from the ECB, will result in further methodological changes to the current internal models with significant impacts on RWA. The introduction of the new definition of default (implemented, for accounting purpose, by 1 January 2021) and the introduction of specific standards for calculating Loss Given Default ("**LGD**") on Defaulted Assets and Expected Loss Best Estimate ("**ELBE**") imply a major revision of all Probability of Default ("**PD**") and LGD, with a consequent change in capital requirements. In this case, it cannot be excluded that the Issuer may have to resort to capital strengthening measures and that it may not be able to establish and/or maintain the capital requirements determined, from time to time, by the supervisory authority.

In light of the above, investors should consider that supervisory authorities may impose further requirements and/or parameters for the purpose of calculating capital adequacy requirements or may adopt interpretation approaches of the legislation governing prudential fund requirements unfavourable to the Issuer, with consequent inability of the Bank to comply with the requirements imposed and with a potential negative impact, even material, on the business and capital, economic and financial conditions of the Issuer and the Group, which may give rise to the need to adopt further capital enhancement measures.

Furthermore, the evaluation of the capital adequacy level is affected by various variables, among which the need to deal with the impacts deriving from the new and more demanding requirements under a regulatory standpoint announced by the EU regulator, the need to support functional plans for a swifter reduction of the stock of Impaired Loans – even in addition to the assignment of the NPL Portfolio as described in "*Risks*

associated with the Group's exposure to Impaired Loans" and/or the assessment of market scenarios which promise to be particularly challenging and which will require the availability of adequate capital resources to support the level of assets and investments of the Group. It should also be noted that the current level of capital ratios has been achieved through precautionary recapitalisation, which has an exceptional nature.

As at the date of this Base Prospectus, the BMPS Group is also active in France through the subsidiary Monte Paschi Banque S.A. ("**MP Banque**") and, accordingly, the Group results are also affected by the results and operations of such company belonging to the Group. Any deterioration of the profitability conditions and variables affecting the capital adequacy level of MP Banque, also related to specific requests made by the competent authority, may require the Group to support functional plans for the restoration of capital resources and to support the level of assets and investments of the subsidiary and may also have negative impacts on the economic, capital and/or financial condition of the Group.

In this respect it should be noted that, as regards the relevance of MP Banque within the Group in terms of contribution to the Group RWA, MP Banque has no additional requirements imposed in accordance with the relevant SREP Decision.

Finally, the assignment of foreign subsidiaries (in particular, following the assignment of Banca Monte dei Paschi Belgio S.A. to funds managed by Warburg Pincus on 14 June 2019, the run-off of MP Banque) constitutes one of the Restructuring Plan's Commitments.

In particular, with respect to MP Banque, the Issuer resolved to start an orderly winding-down process by setting up a plan in compliance with the provisions set out in Commitment no.14 "Disposal of Participations and business". Should the Issuer be unable to achieve this Commitment, in whole or in part, it might suffer the adverse effects of any orders adopted by the European Commission *vis-à-vis* the Italian State as a consequence of the failure to comply with the Commitments undertaken as part of the Restructuring Plan, with potential adverse effects, including material adverse effects, on the Issuer's and/or Group's assets, liabilities and financial situation.

For more information on risks associated with the failed compliance with the Restructuring Plan's Commitments, reference is made to paragraph "*Risks associated with the failed realisation of the Restructuring Plan*" above.

Investors should also consider that it cannot be excluded that in the future the Issuer may be required, also in light of external factors and unforeseeable events outside its control and/or after further requests by the supervisory authority, to look for capital enhancement interventions; also, it cannot be excluded that the Issuer or the Group may not be able to achieve in the prescribed times and/or maintain (both at individual and consolidated level) the minimum capital requirements provided for by the legislation in force from time to time or established from time to time by the supervisory authority, with potential material negative impact on the business and capital, economic and financial condition of the Issuer and/or the Group.

In this circumstance, it cannot be excluded that the Issuer and/or the Group may be subject to extraordinary actions and/or measures by competent authorities, which may include, *inter alia*, the application of the resolution tools as per Legislative Decree No. 180 of 16 November 2015, as amended from time to time ("**Decree 180**"), implementing Directive 2014/59/EU for the recovery and resolution of credit institutions ("**BRRD**") in Italy.

With specific 'reference to capital adequacy, following (i) the significant provisions on legal risks made during 2020 (for more information on risks deriving from judicial and administrative proceedings and the relevant provisions on legal risks made please refer to paragraph "*Risks relating to the judicial and administrative proceedings and the inspections of the supervisory authorities*" of this Base Prospectus), (ii) the effects of the partial, non-proportional demerger with asymmetric option from BMPS in favour of Asset Management Company S.p.A. ("**AMCO**") (for more information on the impact of the Demerger Transaction, please refer to letter a) "*Partial, non-proportional demerger with asymmetric option from*

BMPS in favour of AMCO" of paragraph 3 "*Major* Events", subparagraph 3.1 "*Recent developments*" of the section "*Banca Monte dei Paschi di Siena S.p.A.*" of this Base Prospectus) (the "**Demerger Transaction**"), (iii) the negative impact of the COVID–-19 pandemic on the macroeconomic scenario (for more information on impact of the COVID-19 pandemic please refer to the paragraph "*Risks associated with the general economic/financial scenario*" of this Base Prospectus), and (iv) regulatory headwinds, a capital shortfall was expected with respect to SREP capital requirements .

As at 30 September 2021 no capital shortfall had occurred and no capital shortfall is expected 12 months after the reference date, i.e. as at 30 September 2022. The elimination of the expected shortfall at 12 months derives from the effects of the capital management actions already carried out, from the performance in terms of capital and RWA and from the assumption that the update of the internal models to the EBA Guidelines will take place beyond the valuation horizon. The capital position is estimated taking into account the results of the first nine months of 2021 and the expected performance in 2021, assuming confirmation of the current business/operating model and excluding the Capital Strengthening (as defined below), other extraordinary capital contributions and subordinated issues.

It should also be noted that, as at 1 January 2023, taking into account the planned capital reduction due to the IFRS 9 phase-in and assuming the full implementation in the fourth quarter of 2022 of the inflationary effects on the RWA related to the changes in the credit risk measurement models as a result of the EBA Guidelines, the shortfall in terms of the Tier 1 capital aggregate could reach Euro 500 million. This shortfall could be mitigated or eliminated by capital management initiatives available to the Group.

In addition, the Bank falls within the provisions of Article 2446 of the Italian Civil Code (in particular, considering also the loss for the financial year 2020 - equal to Euro 1.9 billion - the relevant net equity for the purposes of Article 2446, paragraph 1, is less than two-thirds of the share capital). In accordance with the provisions of Article 6 of Law Decree 8 April 2020 no. 23, converted with amendments by Law 5 June 2020 no. 40, as amended by Law 30 December 2020 no. 178, the BMPS" shareholders' meeting held on 6 April 2021 resolved to postpone the decisions - regarding the reduction of the share capital - pursuant to Article 2446, paragraph 2 of the Italian Civil Code to the following shareholders' meeting that will be convened to resolve upon the Capital Strengthening (as defined below), in order to take into account the past losses and the loss for the year and, therefore, to carry forward the yearly loss as of 31 December 2020.

In connection with the above:

(i) on 17 December 2020, the Board of Directors of BMPS approved the 2021-2025 strategic plan (the "**Strategic Plan**").

The Strategic Plan has been prepared taking into account, *inter alia*, the Commitments assumed by the Italian Government pursuant to the Restructuring Plan and the Prime Minister's Decree (DPCM) dated 16 October 2020 (the "**October DPCM**") relating to the disposal of the investment held by the MEF in the share capital of BMPS to be carried out through the market and also through operations aimed at consolidating the banking system; and

(ii) on 28 January 2021, the Board of Directors of BMPS approved the new capital plan (the "**New Capital Plan**").

The New Capital Plan has been submitted to the ECB as requested in the SREP decision for the year ending 31 December 2019 ("**2020 SREP Decision**") and is based on ongoing focus on a potential structural solution for the Bank, including the merger with a partner of "primary standing" consistently with the Commitments and the October DPCM (the "**Structural Solution**"). Should the Structural Solution not be implemented in the short/medium term, the New Capital Plan foresees a capital strengthening of Euro 2.5 billion which, if implemented (subject to shareholders' approval), will be executed at market terms and with proportional subscription by the Italian state (which has already confirmed its full support) (the "**Capital Strengthening**"). Such Capital Strengthening is

subject to uncertainties as it requires the completion of the assessment and approval process already started by the DG COMP and the ECB.

Both the Strategic Plan and the New Capital Plan were submitted to DG COMP and the ECB, respectively for their assessments.

For more information with respect to the Strategic Plan and the New Capital Plan, please see letter b) "*BMPS approved the 2021-2025 Strategic Plan and the New Capital Plan*" of the paragraph 3 "*Major Events*" subparagraph 3.1 "*Recent developments*" of the section "*Banca Monte dei Paschi di Siena S.p.A.*" of this Base Prospectus, paragraph "*2021-2025 Group Strategic Plan*" of the section "*Consolidated Report on Operations*" of the 2020 Consolidated Financial Statements, to the section "*2021-2025 Group Strategic Plan*" of the 2021 Consolidated Half-Yearly Report and to the section "*2021-2025 Group Strategic Plan*" of the Consolidated Interim Report as at 30 September 2021.

As regards the 2021 EBA stress test, the results announced to the market on 30 July (in this respect, please see letter c) "*EBA 2021 stress test*" of the paragraph 3 "*Major Events*" subparagraph 3.1 "*Recent developments*" of the section "*Banca Monte dei Paschi di Siena S.p.A.*" of this Base Prospectus) are consistent with the Capital Plan, which envisages capital strengthening for Euro 2.5 billion.

The need to strengthen the capital position of the Bank is significant, resulting in uncertainty as to the use of the going concern assumption in preparing the 2020 Consolidated Financial Statements, the Group's Consolidated Interim Report as at 31 March 2021, the 2021 Consolidated Half-Yearly Report and the Consolidated Interim Report as at 30 September 2021. This uncertainty is mitigated by the full support of the MEF, as controlling shareholder of the Bank, and the potential Structural Solution.

With respect to the first mitigating factor, the MEF (i) expressed its intention to carry out the Commitments undertaken by the Italian Republic towards the European Union and to carry out a market transaction that identifies an anchor investor and/or a banking partner of adequate standing as part of the Structural Solution, in order to restore and ensure the competitiveness of the Bank, and (ii) has guaranteed the necessary financial support to ensure compliance with the minimum capital requirements of the Bank.

In regard to the second mitigating factor, it should be noted that BMPS has set up dedicated virtual data rooms for the due diligence activities of potential investors and partners required by the Structural Solution. Access to virtual data rooms was granted to the Apollo fund, UniCredit S.p.A. ("**UniCredit**"), Mediocredito Centrale S.p.A. and AMCO (for further information in this respect, please see letter d) "*Disposal of the equity investment by the Ministry of Economy and Finance*" of the paragraph 3 "*Major Events*" subparagraph 3.1 "*Recent developments*" of the section "*Banca Monte dei Paschi di Siena S.p.A.*" of this Base Prospectus). As regards the discussions between UniCredit and the MEF, started at the end of July 2021, on 24 October 2021 UniCredit and the MEF issued press releases to announce the interruption of negotiations regarding the potential acquisition of a selected perimeter of BMPS. As at the date of this Base Prospectus, only AMCO has access to the virtual data room. The Bank, having acknowledged the current inability to find a Structural Solution, started a preliminary dialogue with the MEF in order to re-open discussions with DG Comp to extend the MEF's participation in BMPS' shareholding and determine the necessary measures that the Bank will have to take.

Given the above, on December 2021 the Bank has outlined a new Strategic Plan (the "**New Strategic Plan**") that will form part of the various information, approval and regulatory processes that the Bank has undertaken to present to the ECB, the Single Resolution Board and the DG Comp. Furthermore, the MEF is liaising with the DG Comp regarding its participation in the Bank. The positions of the aforementioned authorities constitute a prerequisite for the capital increase envisaged by the New Strategic Plan. The Bank is currently unable to provide a precise estimate of the time required for the competent authorities to complete the respective processes, but will provide the authorities with the utmost commitment to collaborate so that the aforementioned processes can be completed promptly and successfully. The New Strategic Plan, which constitutes the basis for the start of the above approval processes, may however have to incorporate any

amendments and changes, even significant ones, to reflect the outcome of discussions with the competent authorities. Finally, the New Strategic Plan is based on several key assumptions including, among others, the completion of a capital increase of Euro 2.5 billion in 2022 that will enable, *inter alia*, the full coverage of 2020 stress test indications. It cannot be excluded that unforeseeable elements may arise that could affect the Bank's capital strengthening process and the structure and feasibility of a capital increase at market conditions. For more information with respect to the New Strategic Plan, please see letter f) "*BMPS approved the 2022-2026 Strategic Plan*" of paragraph 3 "*Major Events*" subparagraph 3.2 "*Recent developments*" of the section "*Banca Monte dei Paschi di Siena S.p.A.*" of this Base Prospectus.

The Directors of BMPS, having considered the significant uncertainty with regard to the execution of the recapitalisation of the Bank, which may give rise to significant doubts on the ability of the Group to continue to operate as a going concern, have deemed that, taking into account the actions taken, the above mentioned assessments support the reasonable expectation that the Bank will continue to operate as a going concern in the foreseeable future. Therefore, the 2020 Consolidated Financial Statements, the Group's Consolidated Interim Report as at 31 March 2021, the 2021 Consolidated Half-Yearly Report and the Consolidated Interim Report as at 30 September 2021 have been prepared under the going concern assumption. In this respect, investors should note that the auditors" report included in the 2020 Consolidated Financial Statements contains reference to the existence of a significant uncertainty regarding going concern of the Bank. For more information with respect to the use of the going concern assumption, please refer to paragraph "*Use of the going concern assumption*" of the section "*Notes to the consolidated financial statements - Use of estimates and assumptions when preparing financial statements*" and to the section "*Independent Auditors' report on the financial statements*" of the 2020 Consolidated Financial Statements, to paragraph "*Going concern*" of the section "*Explanatory Notes*" of the 2021 Consolidated Half-Yearly Report and to paragraph "*Going concern*" of the section "*Explanatory Notes*" of the Consolidated Interim Report as at 30 September 2021.

In addition, with respect to MREL (as defined below) targets applicable to the Bank (for further information in respect of MREL targets, please refer to sub-paragraph "*The BRRD and the revision of the BRRD framework*" of paragraph 2 "*Regulations and Supervision of the ECB, Bank Of Italy, CONSOB and IVASS*" of the section "*Regulatory Aspects*" of this Base Prospectus), it should be noted that the Bank will need to meet the MREL targets which, as of 1 January 2022, will become "binding" for the banking system. To meet these MREL targets, besides the Capital Strengthening, BMPS' funding strategies call for unsecured public bond issues for the following amounts: Euro 2 billion in 2021, Euro 1 billion in 2022 and Euro 1.8 billion in 2023. These amounts are in any event periodically revised in light of RWA and Leverage Exposure trends, based on which the MREL targets to be achieved are determined. In particular, considering a better than expected trend in RWAs and capital ratios, the estimate of the issues to be carried out in 2021 has been gradually reduced, to almost zero, assuming the expected capital increase is carried out. Considering the potential postponement of the share capital increase to next year, in the absence of issues in 2021, a temporary breach of the Combined Buffer Requirement (CBR) considered in addition to the MREL requirements based on RWAs and the subordination requirement based on Leverage Exposures, could occur as at 1 January 2022. This breach would then be corrected due to and at the time of the share capital increase. Finally, it should also be noted that in the context of the MREL review conducted by the resolution authorities (and without prejudice in any case to the resolution powers and prerogatives which can be exercised by the competent authorities on an on-going basis during the course of the year), the resolution authorities may prescribe to the Issuer, *inter alia*, the maintenance of MREL requirements higher than the ones currently applicable as well as specific corrective measures. Furthermore, investors should also consider that it cannot be excluded that in the future the Issuer may be required, also in light of external factors and unforeseeable events outside its control and/or after further requests by the resolution authorities, to look for MREL enhancement interventions; it also cannot be excluded that the Issuer or the Group may not be able to achieve in the prescribed times and/or maintain (both at individual and consolidated level) the minimum MREL requirements provided for by the legislation in force from time to time or established from time to time by the resolution authorities, with the potential subsequent material negative impact on the business and economic and financial condition of the Issuer and/or the Group. For further information on the

consequences of a breach of MREL targets, please refer to sub-paragraph "*The BRRD and the revision of the BRRD framework*" of paragraph 2 "*Regulations and Supervision of the ECB, Bank Of Italy, CONSOB and IVASS*" of the section "*Regulatory Aspects*" of this Base Prospectus.

For further information on the risks associated with the capital adequacy, please also refer to paragraph "*2017-2021 Restructuring Plan*" of the section "*Consolidated Report on Operations*" of the 2020 Consolidated Financial Statements, sections "*2017-2021 Restructuring Plan*" and "*2021-2025 Group Strategic Plan*" of the 2021 Consolidated Half-Yearly Report and sections "*2017-2021 Restructuring Plan*" and "*2021-2025 Group Strategic Plan*" of the Consolidated Interim Report as at 30 September 2021.

Risks associated with the general economic/financial scenario

The results of the Issuer and the companies belonging to the Group are significantly affected by general economic conditions and financial markets dynamics and, in particular, by the performance of the economy of the Republic of Italy (determined, *inter alia*, by factors such as the soundness perceived by investors, expected growth perspectives of the economy and credit reliability). In particular, since the Republic of Italy is the country in which the Bank operates on an almost exclusive basis and in which respect the Group has a relevant credit exposure, the Bank's business is particularly sensitive to investor perception of the country's reliability and solidity of its financial condition as well as prospects of its economic growth.

The world economy is trying to cohabit with the COVID-19 pandemic: the main economies are showing different cyclical phases, depending on the trend of infections, progress in vaccination campaigns, the degree of fiscal and monetary stimulus implemented by the policy makers, and differences in the structure of domestic production. Generally, economic growth in the second quarter of 2021 was surprisingly on the upside in the Euro Area, maintained a good pace in US, albeit lower than expected, and was broadly in line with expectations in China. The third quarter economic data confirm the world economic expansion, but also the sign of a certain slowdown. Supply constraints and problems in international chains of value could, in part, limit the recovery. The spread of new variants of the virus ("Omicron" being the latest) has recently forced some countries to impose lockdowns, generating turbulence on the financial markets. A persistent and not temporary high inflation could also afflict the global scenario.

EU countries have submitted to the EU Commission their National Recovery and Resilience Plans obtaining access to the Next Generation EU (NGEU): a program providing a total support of Euro 750 billion to countries, including subsidies of Euro 390 billion and loans of Euro 360 billion.

During 2021, Italian GDP has resurged, driven by the growth of consumption, the high support of fiscal policy, a productive specialisation in manufacturing together with the tourist vocation of the country, and the progress of the domestic vaccination campaign. Also, the relatively higher fall of the Italian economy in 2020 favours such a rebound in 2021.

The Italian parliament has authorized a further increase in the deficit and has approved the economic and financial document 2021. As part of the European Next Generation EU programme, the government has transmitted the National Recovery and Resilience Plan to the EU Commission at the end of April 2021. Resources available for financing investments and reforms foreseen in the Plan will amount globally to almost Euro 250 billion (Euro 192 billion from the EU, and the remainder part from national resources). The EU Commission approved the National Recovery and Resilience Plan and Italy received an advance of Euro 25 billion in August 2021.

The liquidity support measures expiring at the end of the year, have favoured the expansion of credit to the private sector throughout 2021 mainly driven by loans to households, while loans to Italian companies have slowed. Support measures (moratoria, loan guarantees, TLTRO III auctions and the PEPP programme) are expected to terminate in 2022 and this could result in lower flows of financing, especially to companies, even if the expected solid economic recovery sustains the demand.

Even in 2021 the liquidity of the banking sector was confirmed strong with a further accumulation of deposits, while bond issues and international funding contribution was modest given the wide availability of ECB liquidity. In the following three years, it is expected there will be a reduction in current account deposits; companies will use liquidity to fund their business and net working capital; also households will reduce deposits as a result of a lower propensity to save and a higher preference towards forms of more profitable investments (e.g. assets under management and insurance), latter phenomenon already being underway. Following the first TLTRO III repayments, the funding needs of the banking system are expected to grow: from 2022, international funding, bond issues in the wholesale segment and term deposits are expected to increase.

The ECB is expected to remain ultra-accommodative and no significant changes in the deposit rate with the monetary authority are expected in the medium term; nevertheless, market rates have already shown sign of reaction due to the improvement in the global economic scenario and a possible change in the monetary policy stance has been anticipated by the FED. This slight rise in the medium term would correspond to a slightly lower rise in the rates on loans, a more moderate one in the average rate for long-term deposits and a livelier one in the rate on bonds, in line with the rise in Italian government bonds.

Neither the FED nor the ECB are supposed to run the risk of a sudden slowdown in recovery due to a premature rise in monetary policy rates and will maintain their accommodative policy, even if assessing accurately the risk of a higher inflation scenario. Especially in the US, FED has already started tapering in November 2021 with FED Chairman Powell judging high inflation tobe 'not transitory'. In the Euro Area, ECB has decided on a moderate reduction in monthly purchases under the PEEP, not yet considering starting tapering and postponing further decisions in the next meetings; no significant changes in the deposit rate are expected in the medium term. Nevertheless market rates have already shown signs of reaction due to the improvement in the global economic scenario and a possible change in the stance on monetary policy. This rise in the medium term would correspond to a slightly lower rise in the rates on loans, a more moderate one in the average rate for long-term deposits and a livelier one in the rate on bonds, in line with the rise in Italian government bonds. A modest recovery of the traditional income from banking activity is expected due to the still limited contribution given by the banking spread which is expected to be stable in the medium term. The support to the overall interest rate margin will remain linked to the benefit for the medium and long-term funds of the ECB, which will probably be at their maximum in 2021 and then gradually decrease with the end of the TLTROIII and the beginning of refunds. Revenues from indirect funding will sharply rise thanks to the recovery of economic activity and the accumulation of liquidity recorded during the crisis that could be directed towards managed investment products. The contribution of commissions from protection insurance products is also expected to increase, as a result of a customer base more sensitive to work conditions and health-care. Liquidity management services revenues are also expected to grow; but the competitive pressure of non-traditional operators in the context of the payment systems, will limit the prospects for expansion.

Moratoria and guarantee mechanisms, extended until the end of 2021, will likely shift the peak of riskiness to 2022, with the cost of risk starting to grow again also due to the adjustments connected with NPL market disposals.

The banking system ROE will show a gradual recovery, also due to an improvement in efficiency, with a consolidation above 5% in a mid-term horizon.

Although in a recovery scenario, the uncertainty related with the evolution of the COVID-19 pandemic could still have severe consequences on global and domestic economic environment; an high public debt may have an impact on the volatility of the government securities market, even if the action of the ECB and a renewed confidence about the capability of the Italian government in making structural reforms with the help of the Next Generation EU funds, should ensure the easing of excessive market pressures.

For further details on the effects of the volatility of government securities on the Bank and/or the Group please see paragraph "*Risks associated with the Group's exposure to sovereign debt*" below.

Risks associated with the failed realisation of the Restructuring Plan

The approval of the Bank's Restructuring Plan 2017 – 2021 (the "**Restructuring Plan**") by the European Commission on 4 July 2017 allowed for the precautionary recapitalisation of the Bank in compliance with the legislation applicable to banks in relation to "State aid"[2].

The precautionary recapitalisation has been implemented through the Italian Ministry of Economy and Finance ("**MEF**")'s publication of certain decrees aimed at giving effect to Burden Sharing (as defined below)[3].

The Restructuring Plan groups together common risks of an industrial plan, such as (i) those reporting in quantitative and qualitative terms the competitive strategies of a company and the relevant actions for achieving the strategic goals, and (ii) assumptions of formal commitments given to the European Commission that are consistent with the limits provided for the purpose of "State aid" by the European Commission concerning the compliance with certain objectives the achievement of which will be periodically monitored by an independent subject (monitoring trustee) (the "**Commitments**").

The Restructuring Plan is consistent with the Commitments given by the Italian government to the European Commission, concerning various aspects of the plan, such as, *inter alia*: (i) realisation of the Burden Sharing measures; (ii) cost reduction measures; (iii) restrictions in advertising and commercial policy; (iv) assignment of assets; (v) risk containment measures; (vi) prohibition to carry out acquisitions; (vii) restrictions on coupon payments on outstanding securities and on liability management transactions; (viii) prohibition to pay dividends; and (ix) remuneration of employees.

If the Bank is not be able to comply with one or more Commitments of the Restructuring Plan, then certain adjustment mechanisms may be activated.[4]

The failure to achieve any of the Commitments, as has already happened[5], might imply for the Issuer adverse effects of any orders adopted by the European Commission *vis-à-vis* the Italian State, including material adverse effects on the Issuer's and/or Group's assets, liabilities and financial situation.

Furthermore, in the event of any deviation from the European Commission's provisions that may involve the failure to comply with the conditions according to which the decision was adopted, the European Commission may consider ineffective the statement of compatibility with the "State aid" due to the failed realisation or violation of any condition. Consequently, the European Commission may either decide to undertake a new formal investigation procedure or directly file a petition in before the European Court of Justice, for the purposes of obtaining the declaration of non-fulfilment of the undertakings given by the Italian State. Although less likely, the European Commission may also consider that the "State aid" has been carried out unlawfully (if State aid's project is implemented without complying with the provisions as set thereon i.e. in a different area; without implementing planned hirings; or in light of a decrease of investments) and consequently undertake the relevant specific procedure. In this context, the European Commission may issue urgent measures, such as an injunction requesting the State to suspend the implementation of aid measures or, if the conditions are met, to proceed with the recovery of the already given "State aid". In this respect, the Issuer may cope with significant damages, also reputational damages, considering the re-launching activity of the Bank, with consequent negative impacts on the activities and on the Bank's and/or the Group's economical, capital and/or financial condition. In addition to the reputational damages, due to

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2 For a complete description of the Restructuring Plan please refer to letter g) "*Restructuring Plan 2017-2021*" of paragraph 3 "*Major Events*" of the section "*Banca Monte dei Paschi di Siena S.p.A.*" of this Base Prospectus.

3 For a complete description of the Burden Sharing please refer to letter f) "*Precautionary Recapitalisation, Capital Enhancement and relevant implementing measures, Public Offering for Exchange and Settlement*" of paragraph 3 "*Major Events*" of the section "*Banca Monte dei Paschi di Siena S.p.A.*" of this Base Prospectus.

4 For a description of the adjustment mechanism please refer to letter g) "*Restructuring Plan 2017-2021*" of paragraph 3 "*Major Events*" of the section "*Banca Monte dei Paschi di Siena S.p.A.*" of this Base Prospectus.

5 Commitment no. 24 in December 2018 and Commitment no. 9 in December 2019 and December 2020 (as at 30 June 2021, date of the last monitor report available).

negative publicity arising from the non-fulfilment of the Restructuring Plan's conditions, the Issuer would be further exposed to, *inter alia*, the risk of additional measures aimed at rebalancing the usual competition of the sector (including other forms of Burden Sharing), as well as the risk associated with the restitution of the given "State aid".

The Restructuring Plan is based on 2016 macroeconomic forecasts and a banking scenario that have been disregarded by the facts. Moreover, the impact of the pandemic together with other idiosyncratic factors impacting the bank, suggested the drafting of a new plan.

On 17 December 2020 the Board of Directors of BMPS approved the Strategic Plan 2021-2025 and on 28 January 2021 the Board of Directors of BMPS approved the New Capital Plan. Both the Strategic Plan and the New Capital Plan have been prepared taking into account, *inter alia*, the Commitments assumed by the Italian Government pursuant to the Restructuring Plan and were submitted to DG COMP and the ECB for their respective assessments.

On 17 December 2021 BMPS, following the interruption of negotiations regarding the potential acquisition of a selected perimeter of BMPS, having acknowledged the current inability to find a Structural Solution, outlined the New Strategic Plan that will form part of the various information, approval and regulatory processes that the Bank has undertaken to present to the ECB, the Single Resolution Board and the DG Comp. Furthermore, the MEF is liaising with the DG Comp regarding its participation in the Bank. The positions of the aforementioned authorities constitute a prerequisite for the capital increase envisaged by the New Strategic Plan. Finally, the New Strategic Plan is based on several key assumptions including, among others, the completion of a capital increase of Euro 2.5 billion in 2022. It cannot be excluded that unforeseeable elements might arise that could affect the Bank's capital strengthening process and the structure and feasibility of a capital increase at market conditions. For more information with respect to the New Strategic Plan, please see letter f) "*BMPS approved the 2022-2026 Strategic Plan*" of the paragraph 3 "*Major Events*" subparagraph 3.1 "*Recent developments*" of the section "*Banca Monte dei Paschi di Siena S.p.A.*" of this Base Prospectus.

Investors shall consider that there is no certainty that the Bank will be able to realise, in whole or in part, the objectives of the New Strategic Plan and that they will be able to adequately address the weakness profiles which may be found by the ECB (specifically in the context of the SREP Decisions) or which may be found by the competent authorities in the future. In particular, the New Strategic Plan contains a set of forecasts and estimates based on the realisation of future events and actions to be undertaken, by directors and the management, inclusive of hypothetical assumptions subject to the risks and uncertainties relating to future events and actions which will not necessarily occur, over which directors and the management have only partial or no control. Accordingly, it cannot be excluded that the assumptions on which the forecasts and estimates contained in the New Strategic Plan are based may prove to be unreliable or may not take place, even due to external facts that the Issuer cannot control.

Finally, one or more rating agencies may downgrade the Bank's ratings with the consequent increased cost of funding. For more information on the risks associated with the rating assigned to the Issuer, reference is made to paragraph 4 "*Ratings*" of the section "*Banca Monte dei Paschi di Siena S.p.A.*" of this Base Prospectus.

Risks associated with the Group's exposure to Impaired Loans

With reference to the various aggregate figures as regards the Group's exposure to the Impaired Loans, the year 2020 recorded a significant decrease of "Doubtful Loans", "Unlikely to Pay" and "Past Due Impaired Exposures" (together and respectively, the "**Doubtful Loans**", the "**Unlikely to Pay**", and the "**Past Due Impaired Exposures**" as defined in Circular No. 272 issued by the Bank of Italy on 30 July 2008, as amended from time to time).

With respect to the derisking strategy of the Bank's NPE exposure, please refer to letter a) "*Partial, non-proportional demerger with asymmetric option from BMPS in favour of AMCO*" of paragraph 3 "*Major* Events", subparagraph 3.1 "*Recent developments*" of the section "*Banca Monte dei Paschi di Siena S.p.A.*" of this Base Prospectus.

For further details on the Group's overall exposure to Impaired Loans, reference is made to the 2019 Consolidated Financial Statements and the 2020 Consolidated Financial Statements each as defined below, incorporated by reference into this Base Prospectus.

Since the Restructuring Plan does not consider the potential effects of the addendum, starting from 2021, the Target SREP of the Bank could require additional capital pursuant to the provisions of the addendum and/or it might be possible that the Bank will not reach the targets of the Restructuring Plan due to higher coverage levels in relation to non-performing loans originated after 1 April 2018.

Considering the potential outcomes of any future SREP, it cannot be excluded that the supervisory authority may require the Issuer to maintain higher capital adequacy standards compared to those currently applicable.

It should be noted that, as a consequence of the COVID-19 outbreak, the European institutions (European Commission, European Council and Parliament), the Italian and European Supervisory Authorities (European Banking Authority, ESMA, ECB/SSM, Bank of Italy, Single Resolution Board), and international institutions (IASB, Basel Committee) adopted a number of regulatory measures to address the economic effects of the COVID-19 pandemic. These measures, in particular moratoria and liquidity support to families and enterprises, mitigated the effect of the pandemic on the credit quality of the Group in the 2020 and in the first half of the 2021. Furthermore, the Issuer has taken a number of actions to verify and monitor the quality of credit risk in the post-COVID-19 pandemic period.

Nevertheless, when the extraordinary measures to support households and enterprise expire by the end of 2022, any difficulty in resuming regular repayment of loans (with specific reference to sectors worst impacted by the crisis) could lead to a significant deterioration of the credit quality of the Group.

Furthermore, the macroeconomic scenario development and/or the performance of specific sectors (with specific reference to families and small and medium enterprises, representing the Group's main customers) entail a further reduction, possibly significant, in the credit quality of the Bank and/or the Group. Such scenario may also lead to a reduction of the value of guarantees received from customers and/or the impossibility, on the side of customers, to supplement the guarantees provided as a result of a value reduction thereof, thus negatively impacting the Bank's estimated results due to the deterioration of credit quality and the additional provisions to be created in light of this deterioration, with a potential negative impact on the business and the economic, capital and/or financial condition of the Bank and/or the Group.

Credit risk and risk of credit quality deterioration

The Group's business, economic, capital and financial soundness as well as the ability to generate profits depend, *inter alia*, on the creditworthiness of its clients, i.e. the risk that its contractual counterparties (including the counterparties of financial transactions on derivative securities traded over the counter – although in this case, this is more appropriate to counterparty risk, as set out in paragraph "*Counterparty risk*" below) default their obligations or that the creditworthiness of such counterparties deteriorates or that Group companies grant, based on untrue, incomplete or inaccurate information, loans that they would otherwise not have granted or they would have granted on different terms. Furthermore, not reducing the cost of funding for the Group in respect to competitors may negatively affect the quality of lending.

In addition to the above, concentration risk is closely related to credit risk, deriving from exposures to counterparties and groups of related counterparties belonging to the same economic sector, exercising the same activity or coming from the same geographical area.

It should be noted that the assessment of possible losses the Issuer and/or the Group may incur in respect of single credit exposures and the aggregate lending portfolio depends side from the reference legislative and regulatory framework on several factors including, without limitation, the trend of general economic conditions as well as those relating to specific productive sectors, the worsening of the competitive position of counterparties in their respective business sectors the possible bad management of enterprises or borrowers, movements in interest rates the indebtedness level of families and the dynamic of the real estate market as well as other elements which, for various reasons, may affect the creditworthiness and/or the value of guarantees in protection of risks taken.

In light of the above, even following the completion of the assignment of the NPL Portfolio, a further deterioration of credit quality compared to that already recorded during past financial years with a consequent increase in Impaired Loans and related value adjustments, may result in negative impacts, possibly significant, on the economic, financial and capital condition of the Issuer and/or the Group and cannot be excluded.

Liquidity risk

Liquidity risk is the risk that the Bank is not able to fulfil expected and unexpected payment obligations in a timely and economic manner, due to the inability to raise financial resources at market costs (funding liquidity risk) or to the difficulty to disinvest its own assets without incurring capital losses (market liquidity risk). This occurs when internal (specific crisis) or external (macroeconomic conditions) events result in the Bank having to deal with a sudden reduction of available liquidity or with a sudden need to increase the funding.

BMPS implemented strategies, policies, processes and systems for the identification, measurement, management and monitoring of the liquidity risk. The main indicators used by the Issuer for the assessment of the Group liquidity risk are the LCR, the NSFR and the Loan to Deposit Ratio, representing the ratio between lending to customers and direct deposit collection, excluding transactions with central counterparties. Asset Encumbrance Ratio is also closely monitored in order to analyse the overall degree of encumbrance of the Issuer's total assets and the existence of a sufficient quantity of free assets that may be encumbered to raise liquidity through phases of potential liquidity tensions.

For further details on the abovementioned indicators and the relevant levels reference is made to the financial statements of the Issuer incorporated by reference into this Base Prospectus.

The liquidity position of the Bank may be prejudiced by a number of factors that are also outside its control. These relate to both the macroeconomic/regulatory context in which it operates and the specific situation of the Bank itself. Such factors may determine the impossibility of accessing capital markets through the issuance of debt securities, the inability to receive funds from counterparties which are external to the Group, unexpected cash outflows, devaluation of certain assets and/or the inability to liquidate them.

More specifically, given the weight of sight deposit in its overall funding structure, the Group's liquidity may be severely impacted in the event of a sharp reduction in this aggregate, which could be in turn determined by a general market disruption or specific issues or negative news regarding the Group, or also by reason of the perception among the participants in the market that the Group or other participants in the market are experiencing a higher liquidity risk. Such a liquidity crisis may increase the Bank's cost of funding and limit its access to some of its traditional liquidity sources.

Furthermore, it should be considered that the Group has a significant exposure to Italian government debt securities. A possible deterioration of the Republic of Italy creditworthiness, determined by political uncertainties or weak economic conditions, and/or a downgrading of the credit rating assigned to the Republic of Italy may adversely affect the value of such debt securities and could impact the extent to which BMPS can use, *inter alia*, Italian government debt securities as a collateral for the ECB refinancing transactions, which could have a negative effect on the Group's liquidity position. The magnitude of such

negative effect would be amplified by possible downgrade, according to rating agencies' rules, of retained covered bonds and asset-backed securities ("**ABS**") used as collateral for ECB financing, which could cause a decrease in ECB evaluation and an increase in cuts applied by the Central Bank. The Republic of Italy's rating downgrade and/or credit spread increase may also hamper the Bank from accessing institutional bond markets or may increase the cost of such access.

Retained covered bonds and ABS constitute a significant part of the Bank's overall counterbalancing capacity; a downgrade of these securities, also for reasons other than a downgrade by the Italian government, would therefore considerably affect the Group liquidity position.

Finally, it must be noted that a potential deterioration of COVID-19 pandemic evolution and the subsequent economic downturn and/or financial tensions may have a significant impact on the liquidity position of the Issuer. The Issuer, as well as all Italian banks, would have to support the liquidity needs of its customers (businesses and families) stemming from a potential crisis, notwithstanding the relief measures put in place by the Italian government. Furthermore, it cannot be excluded that the Bank could face difficult access to institutional funding markets, that could hamper the execution of its funding plan. In this context, it should be noted that the Issuer is benefiting from the monetary policy measures introduced in March 2020 by the ECB to support bank liquidity conditions, including the easing of conditions for targeted longer-term refinancing operations (TLTRO III). For further information on risks associated with the COVID-19 pandemic, please see paragraph "*Risks associated with the general economic/financial scenario*" above and for further information about liquidity support measures introduced by the ECB, reference is made to paragraph "*Risks associated with the reduction of the system liquidity support*" below.

Risks associated with the Group's exposure to sovereign debt

The Group has a material exposure to central governments or public entities, mainly held *vis-à-vis* the Republic of Italy. Therefore, possible tensions on the government securities market and the volatility thereof may cause negative impacts on the business and the economic, capital and/or financial condition of the Bank and/or the Group.

In particular, a lowering of the creditworthiness of the Republic of Italy, together with a consequent decrease in the securities value, would cause an increased negative value of the valuation reserves (specifically "*Fair Value Through Other Comprehensive Income*", the "**FVTOCI Reserve**") linked to the "*Financial assets measured at fair value through other comprehensive income*" accounting category, which entails a negative impact on the Bank's own funds considering that, as provided for by ECB Regulation EU 2016/445 of 14 March 2016, starting from 1 January 2018, profits and losses not realised and relating to the exposures to the central administration classified in the accounting category "*Other Comprehensive Income*" are fully included in CET1 capital.

As for the portfolio of "*Financial assets measured at fair value through profit and loss*" ("**FVTPL Portfolio**") the effects on the economic results of a lowering of the creditworthiness of the Republic of Italy depend on corresponding portfolio exposure (on bonds and derivatives positions) following the lines traced within the corresponding trading book strategies.

Apart from debt securities, the Group's exposure to sovereign debt includes loans granted by the Group to central governments and other public entities. The possible deterioration of the creditworthiness of such counterparties may lead to write-downs and, therefore, may give rise to negative impacts on the business and the economic, capital and/or financial condition of the Bank and/or the Group.

In addition to the above, the Group has a material exposure to credit derivatives on government securities, almost exclusively referred to the Republic of Italy. The possible deterioration of the creditworthiness of the Republic of Italy and, to a lesser extent, that of the other countries to which the Group is exposed, may cause a reduction in the value of such derivatives, with a consequently negative impact, possibly significant or

even relevant, on the business and the economic, capital and/or financial condition of the Bank and/or the Group.

For further details on the Group's overall exposure to sovereign debt, reference is made to the 2019 Consolidated Financial Statements, to the 2020 Consolidated Financial Statements, to the 2021 Consolidated Half-Yearly Report and to the Consolidated Interim Report as at 30 September 2021 each as defined below, incorporated by reference into this Base Prospectus.

Risks associated with the application of Burden Sharing in the context of precautionary recapitalisation intervention

Further to the failed completion of the transaction announced by the Issuer's board of directors on 29 July 2016 (the "**2016 Transaction**"), the Bank had access to "precautionary recapitalisation", as provided for by article 32, subsection 4 of the BRRD. In particular, pursuant to the MEF ministerial decrees published in the Official Gazette on 28 July 2017, general series no. 175, the Issuer was subject to: (i) a capital increase (the "**Capital Increase**"), and (ii) the application of burden sharing measures as per Article 22, subsections 2 and 4 of Legislative Decree No. 237 of 23 December 2016 ("**Decree 237**") (the "**Burden Sharing**" and, together with the Capital Increase, the "**Capital Enhancement**").

Article 22, paragraph 4 of Decree 237 provides that contractual or non-contractual clauses executed by the Issuer over own notes or capital instruments and relating to the capital rights to be paid on the same, hindering or limiting their full compatibility in the Common Equity Tier 1, shall be ineffective. Such provision implies the inefficacy of some agreements and/or clauses of the agreements executed in the context of the FRESH 2008 structure (floating rate equity-linked subordinated hybrid preferred securities ("**FRESH 2008**")). For more information about the agreements executed in connection with FRESH 2008, please refer to letter b) "*FRESH 2008*" of paragraph 3 "*Major Events*" of the section "*Banca Monte dei Paschi di Siena S.p.A.*".

Therefore, on 5 October 2017, the Bank's board of directors resolved, *inter alia* to: (i) apply Decree 237 also to the FRESH 2008 transaction; (ii) inform the DG Comp and the Bank of Italy of such resolution, setting the relevant process for the authorisation to classify the amount of FRESH 2008 issue from Additional T1 to Common Equity Tier 1; and (iii) send a letter to inform J.P. Morgan about the implementation of Decree 237 and the consequent termination of both the usufruct agreement and the company swap agreement, entered into in the context of the FRESH 2008 transaction (the "**Usufruct Agreement**" and the "**Company Swap Agreement**").

As a consequence of the application of Decree 237 to FRESH 2008, some FRESH 2008 holders summoned the Bank, *inter alia*, before the Courts of Luxembourg; for more information about the proceedings connected with FRESH 2008, please refer to letter A) "*FRESH 2008*", "*Alexandria*", "*Santorini*", "*Chianti Classico*" *Transactions – Criminal proceedings before the Courts of Milan (Proceedings no. 29634/14)*" of paragraph 10.2.1. "*Criminal investigations and proceedings*" of the section "*Banca Monte dei Paschi di Siena S.p.A.*" of this Base Prospectus and to point i) "*Legal dispute Banca Monte dei Paschi di Siena S.p.A. / the holders of FRESH 2008*" of letter A) "*Civil actions instituted by shareholders in the context of the 2008, 2011, 2014 and 2015 capital increases*" of paragraph 10.2.3 "*Civil Proceedings*" of the section "*Banca Monte dei Paschi di Siena S.p.A.*" of this Base Prospectus.

In the event that, following the above mentioned proceedings, the FRESH 2008 framework remains valid and/or article 22, paragraph 4 of the Decree 237 is deemed not applicable, the Bank may be forced to continue to pay the remuneration in accordance with FRESH 2008, in the event that certain requirements are met. It would follow that from a prudential standpoint, the FRESH 2008 transaction would not fail and it should continue to qualify as Additional Tier 1, as opposed to the representation set out in the Restructuring Plan.

In addition, the Bank has commenced a legal procedure in Italy to ascertain whether the Usufruct Agreement has been terminated as a consequence of the implementation of the Decree 237. In December 2019 the Italian Judge issued an order declaring the suspension of the judgment waiting for the issuance of a decision by the

Luxembourg Judge. The Bank challenged this decision in the Supreme Court. The Supreme Court has rejected the petition of BMPS in a ruling dated 31 March 2021. For more information in this respect, please refer to point i) "*Legal dispute Banca Monte dei Paschi di Siena S.p.A. / the holders of FRESH 2008*" of letter A) "*Civil actions instituted by shareholders in the context of the 2008, 2011, 2014 and 2015 capital increases*" of paragraph 10.2.3 "*Civil Proceedings*" of the section "*Banca Monte dei Paschi di Siena S.p.A.*" of this Base Prospectus.

The failed cancellation of the FRESH 2008 framework and/or the failed application of article 22, paragraph 4 of the Decree 237, following any legal actions commenced against the Bank may involve, with respect to the prospective figures of the Restructuring Plan, the impossibility to implement the aforementioned requalification and, consequently, the CET1 Ratio would be lower in 2021, with Tier1 equal to Total Capital Ratio. In addition to an impact on capital adequacy (for further information on which reference is made to paragraph "*Risks associated with capital adequacy*" above), this could also have a negative impact on the Restructuring Plan which may result in a review to be conducted.

In October 2021, the Bank completed the sale of treasury shares held by the Group, deriving from the capital strengthening measures carried out in 2017 pursuant to Law Decree no. 237/2016, converted with amendments by Law no. 15/2017, and the Decree of the Minister of Economy and Finance published in the Official Gazette no. 175 on 28 July 2017, which provided also the conversion into newly issued ordinary shares of class 1 (Additional Tier 1) and class 2 (Tier 2) equity instruments, as part of the application of the Burden Sharing. The sales had a positive impact on the 2021 CET1 of the Bank. For further information in this respect, please refer to letter e) "*Sale of BMPS own shares*" of sub-paragraph 3.1 "*Recent developments*" of the paragraph 3 "*Major Events*" of the section "*Banca Monte dei Paschi di Siena S.p.A.*" of this Base Prospectus.

Risks associated with assignments of Impaired Loans

As part of its typical business, the Issuer carries out receivables assignment transactions. For more information on the most significant transactions, reference is made in the 2019 Consolidated Financial Statements and the 2020 Consolidated Financial Statements that are incorporated by reference into this Base Prospectus.

Without prejudice to what is provided in the Restructuring Plan, in regard to the assignment of the NPL Portfolio and the relevant derecognition, it cannot be excluded that it may be necessary for the Issuer to proceed with further assignments of Impaired Loans as a consequence of a possible further deterioration of credit quality, should the Group be required to pursue more stringent targets in terms of reducing the amount of Impaired Loans compared to those planned. These stringent targets may be a consequence of requests received from the supervisory authority and may have a consequent negative impact on the economic, capital and financial condition of the Issuer and the Group.

The perfection of assignments may entail the debit through profit or loss of higher value adjustments on credits for a significant amount due to the well-known spread between the value at which Impaired Loans (and specifically Doubtful Loans) are recorded in the Bank's balance sheet and the consideration that market operators specialising in the management of distressed assets are willing to offer to purchase them. Recovery expectations of cash flows that could be obtained from the debtor and/or liquidation procedures being unchanged, the difference between the book value and the consideration for the assignment are in fact affected by the high yield rates investors intend to realise, as well as by management costs (costs of staff and organisational structures dedicated to the recovery activity) that prospective purchasers must cover, which factors are discounted in the determination of the purchase price of the same loans.

In this context, upon perfection of receivables assignment transactions, the Issuer may need to debit through profit or loss further value adjustments of the same loans with a consequent negative impact, even significant, on the economic, capital and financial condition of the Issuer and/or the Group. Furthermore, it cannot be

excluded that the Issuer may not be able to find a counterparty willing to participate in receivable assignment transactions the Bank may wish to carry out.

Risks associated with the failed distribution of dividends

Under the 2020 SREP Decision, in line with the previous SREP Decisions, the ECB specifically prohibited the Bank to distribute dividends to shareholders or holders of instruments computed in Additional Tier 1, unless failure in such payment would constitute an event of default. Such prohibition is valid until the decision is withdrawn; accordingly, until the ECB decides to remove this prohibition, the Issuer may not distribute dividends, despite profits for the period being available for distribution.

Furthermore, the prohibition to distribute dividends is also one of the Commitments of the Restructuring Plan, whereby it is provided that dividends can only be distributed if the Bank has a CET1 and a Total Capital ratio higher than a predetermined level of the SREP thresholds which are set periodically by the ECB in order to promote the capitalisation of the dividend not distributed. Accordingly, the Bank is required to adopt dividend distribution policies allowing it to maintain at an individual and consolidated level, actual and perspective capital adequacy conditions in line with aggregate risks taken, suitable to favour the alignment with the prudential requirements set by the CRD IV and the CRR and to guarantee the coverage of internal capital levels calculated in the context of the Internal Capital Adequacy Assessment Process ("**ICAAP**").

The Issuer may in any case decide not to distribute any dividends or to distribute dividends in an amount that equates to the maximum available for distribution in accordance with the applicable legal and statutory provisions, notwithstanding the fact that there are profits available for distribution for the period and there are no prohibitions and/or legislative or regulatory restrictions.

In addition, negative economic results of a financial year may impede or limit the possibility for the Bank to distribute dividends, even if the ECB prohibitions were to be withdrawn, with a consequent negative impact on the return on the investments in the Issuer shares.

Finally, the lack of profits and reserves available for distribution could negatively affect the Issuer's capitalisation considering that such circumstances do not trigger recapitalisation of the Issuer in accordance with applicable Italian laws and regulations.

Risk associated with the existence of over the counter derivatives in the Issuer portfolio

The Group negotiates derivative contracts, both for hedging and trading purposes, on various types of underlying, such as debt securities and interest rates, equity securities and indices, currencies and gold and other underlyings, both with retail clients and institutional counterparties.

The OTC derivative portfolio consists almost entirely of instruments classified at level 2 of the fair value hierarchy, which does not generate specific illiquidity risks.

OTC derivatives operations could expose the Group to potential losses on positions held as a result of adverse movements in market parameters. In particular, OTC derivatives operations is subject to the following main risk factors: interest rates, shares, exchange rates, indices, commodities and related volatilities and correlations. Such operations also expose the Group to counterparty risks which is the risk that a contractual counterparty does not fulfil the obligations undertaken thereunder or becomes insolvent prior to the expiry of the agreements when the Bank or the companies of the Group still have credit claims against such counterparty. The counterparty risk is mitigated by the presence of netting and collateral agreements (for more details please refer to paragraph "*Counterparty risk*" below).

Risks relating to the judicial and administrative proceedings and the inspections of the supervisory authorities

Risks deriving from judicial and administrative proceedings

As at the date of this Base Prospectus, a number of judicial proceedings (including civil, criminal and administrative actions) are pending against the Issuer. Some of these derive from the extraordinary and exceptional context related to criminal investigations ordered by courts involving the Issuer in 2012 and 2013. In addition to this litigation, there are also: (i) disputes deriving from the Bank's ordinary course of business; (ii) labour disputes; (iii) tax disputes; and (iv) disputes arising from Burden Sharing.

The overall *petitum* for tax proceedings of the Group as at 30 June 2021, is equal to Euro 80.2 million (rounded), almost entirely relating to the Bank (the overall *petitum* for tax proceeding of the Group as at 31 December 2020, amounted to Euro 86.0 million, of which Euro 80.0 million relates to the Bank); at the same date, the overall *petitum* relating to the passive labour proceedings is equal to Euro 82.0 million (75.0 million as at 31 December 2020), including the labour proceedings brought by certain employees of Fruendo S.r.l., almost entirely relating to the Bank.

As at 30 June 2021, the *petitum* for disputes arising from Burden Sharing, is equal to Euro 46.9 (rounded) million (Euro 49.9 million rounded as at 31 December 2020) for which provisions for risks of Euro 27.3 million (rounded) (Euro 29.6 million rounded as at 31 December 2020) have been set aside and included in the Bank's judicial proceedings relating to investment service activities. In such proceedings the relevant plaintiffs are claiming the violation of the general principles set forth by the Legislative Decree No. 58 of 24 February 1998, as amended (the "**Consolidated Finance Act**") and the general principles of correctness, transparency and duty of care with respect to the sale of such securities.

In light of the estimates made on the risk of adverse outcome in the aforementioned proceedings, as at 30 June 2021, provisions for "legal and tax disputes" included under the item "provision for risks and charges", amount to Euro 996.8 million (rounded) (Euro 971.9 million rounded as at 31 December 2020), comprising claw-backs of Euro 24.8 million (rounded) (Euro 26.1 million rounded as at 31 December 2020), legal disputes of Euro 962.1 million (rounded) (Euro 928.6 million rounded as at 31 December 2020) and tax disputes for Euro 9.9 million (rounded) (Euro 17.2 million rounded as at 31 December 2020). Furthermore, as at the same date, in addition to the above, the "provision for risks and charges" includes labour disputes (both passive and active) for Euro 38.5 million (rounded) (Euro 47.2 million rounded as at 31 December 2020).

Allocations to item provision for risks and charges have been made for amounts representing the best possible estimate relating to each dispute, quantified with sufficient reasonableness and, in any case, in accordance with the criteria set forth in the Issuer's policies. Among the components of the overall provision for risks and charges are included, in addition to the allocations provided for "legal disputes", allocations versus expected losses on estimated disbursements for client complaints. The estimate of liabilities is based on the information available from time to time and in any case it implies multiple and significant evaluation elements, due to several uncertain factors characterising the different judicial proceedings. In particular, sometimes it is not possible to produce a reliable estimate such as in case of proceedings that have not been initiated, in case of possible counterclaims or in the presence of uncertainties in law or in fact so as to make any estimate unreliable. In particular, for further information relating to the methodology used to account allocations into the "provision for risks and charges" with respect to civil and criminal legal proceedings, including threatened litigations, relating to the purchase of securities issued in connection with the capital increase transactions of 2008, 2011, 2014 and 2015, and/or in connection with trading activities based on the allegedly inaccurate disclosure contained in prospectuses and/or financial statements and/or price sensitive information disseminated by BMPS from 2008 to 2015, reference is made to paragraph 10 "*Legal proceedings*" of the section *Banca Monte dei Paschi di Siena S.p.A.* of this Base Prospectus.

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

In relation to disputes in which the Bank is involved, it has to be specified that, as at the date of the Base Prospectus, it cannot be excluded that disputes against the Bank may increase in number, also in consideration of the criminal proceedings pending and/or concluded before the Courts of Milan as well as the extraordinary transactions put in place by the Bank, in particular in relation to the civil plaintiffs in the context of such proceedings and/or the filing of civil claims for damages following the conviction sentence of the Courts of Milan on 8 November 2019 (for more information, reference is made to the paragraph 10 "*Legal proceedings*" of the section *Banca Monte dei Paschi di Siena S.p.A.* of this Base Prospectus). In this respect, it should be noted that following the judgment of the Court of Milan in the proceedings 955/16 on 16 October 2020, there is an increasing number of disputes relating to the 2014 and 2015 share capital increases of the Bank.

Unfavourable outcomes, if any, for the Bank in the disputes it is a party to, specifically those with larger media impact or the arising of new disputes, may have negative impacts, even significant ones, on the Bank and/or the Group, with a consequent potential negative impact on the business and the economic, capital and/or financial condition thereof.

In relation to proceedings 29634/14 and 955/16, investors must take into account that, as at the date of the Base Prospectus, a precise monetary figure relating to the total of the compensatory requests and accordingly the economic burden the Bank will have to bear cannot be predicted, except to the extent of the relevant *petitum.* Furthermore, there is the risk that, should the Bank and/or other Group companies or their representatives (including the Bank's former representatives) be convicted, such circumstance may have an impact on the reputation of the Bank and/or the Group, as well as entail a liability under the Legislative Decree No. 231/2001. For further information, reference is made to paragraph "*Risks associated with the organisation and management model pursuant to Legislative Decree 231/2001*" below and to paragraph "*Main types of legal, employment and tax risks*" of the 2020 Consolidated Financial Statements, to paragraph "*Main types of legal, employment and tax risks*" of the 2021 Consolidated Half-Yearly Report and to paragraph "*Main types of legal, employment and tax risks*" of the Consolidated Interim Report as at 30 September 2021.

For further information on BMPS' risks deriving from judicial and administrative proceedings, reference is also made to Part E "*Information on risks and hedging policies*" of the section "*Notes to the consolidated financial statements*" of the 2020 Consolidated Financial Statements, to paragraph "*Main types of legal, employment and tax risks*" of the 2020 Consolidated Financial Statements, to paragraph "*Main types of legal, employment and tax risks*" of the 2021 Consolidated Half-Yearly Report and to paragraph "*Main types of legal, employment and tax risks*" of the Consolidated Interim Report as at 30 September 2021, incorporated by reference into this Base Prospectus. In particular, investors should note that the assessment of such legal risks is specified as "key audit matter" in the auditors' report included in the 2020 Consolidated Financial Statements.

Furthermore, while carrying out its ordinary business, the Group is subject to inspections promoted by the supervisory authorities that may give rise to requests for organisational interventions and enhancement of safeguards aimed at remedying any deficiencies found. The results of such inspections may lead to sanctioning proceedings against the relevant company's representatives and employees and, as a consequence thereof, compensatory requests, fines imposed by supervisory authorities, other sanctions

and/or reputational damage. For further information, reference is made to paragraph 10.2.8 "*Sanctioning procedures*" of the section *Banca Monte dei Paschi di Siena S.p.A.* of this Base Prospectus.

Risks associated with the investigations of supervisory authorities

The Issuer, to the extent it exercises the banking activity and provides investment services, is subject to complex regulation and to the specific supervision of the ECB, the Bank of Italy and CONSOB.

In the exercise of their supervisory powers, the ECB, the Bank of Italy, the *Commisione Nazionale per le Società e la Borsa* ("**CONSOB**") and the other supervisory authorities may request organisational controls aimed at remedying any possible deficiencies found that may have a negative impact on the economic, capital and/or financial condition of the Group. The extent of any such potential deficiencies may also determine the start of sanctioning proceedings against representatives of the Bank and/or the companies of the Group, with possible negative impacts on the economic, capital and/or financial condition of the Group.

For a description of the inspection activities recently carried out by the supervisory authorities on the Issuer and the relevant administrative proceedings, please see paragraph 9 "*ECB/Bank of Italy inspections concluded during the period 2015-2021*" of the section "*Banca Monte dei Paschi di Siena S.p.A.*" of this Base Prospectus.

In light of the above, there is the risk that the Issuer may find itself in the future, also in light of external factors and unforeseeable events outside the Group's control, having to acknowledge failed compliance with qualitative requirements, with the consequent need to comply with further requests of the supervisory authority as well as the failure to comply with quantitative requirements set by the supervisory authority and, amongst the others, by the SREP Decisions. Such circumstances may require the adoption of a capital restoration plan and having to resort to capital enhancement interventions for the purpose of achieving the capital adequacy levels set by the supervisory authority.

Risks deriving from tax disputes

The Bank and the main companies of the Group are exposed to the risk of unfavourable outcomes in the tax proceedings they are involved in or in potential new tax proceedings.

As at 30 September 2021, the Bank and the main Group's companies are subject to 140 (rounded) tax disputes for an overall amount of Euro 80 million (rounded) (of which Euro 76.7 million relates to the Bank) for taxes, sanctions and interest set out in the deeds of contestation. The value of the disputes also includes that associated with tax verifications closed, for which no dispute is currently pending since the tax authority has not yet formalised any claim or contention.

In relation to pending tax disputes, which are associated with "likely" unfavourable outcomes, as at 30 September 2021 the Bank allocated to the overall provision for risks and charges an amount equating to Euro 10 million (rounded).

It should be noted that, on 10 April 2018, the revenue agency, regional office for Tuscany, started control proceedings on the Bank for the 2015 tax period. Following the conclusion of such controls, on 17 December 2018 a tax authority audit report was notified to the Bank objecting to: (i) the incorrect calculation with regard to corporate income tax ("**IRES**") of the benefits deriving from the provisions of EGS; and (ii) with regard to Italian regional tax on productive activities ("**IRAP**"), the non-taxation of certain revenues recorded under items not relevant for the purpose of the mentioned tax. The higher potential tax IRES associated with the EGS finding is equal to Euro 3.3 million, while the findings relating to IRAP entail higher potential taxes of Euro 3.9 million (rounded). On the basis of the abovementioned tax assessment report, on 14 November 2019 the tax authorities notified the Bank challenging the ACE benefits (*aiuto alla crescita economica* or allowance for corporate equity) with respect to the effects on the amount of the surplus available for the 2014 tax period. A judicial review has been lodged against the notice of assessment. With

regard to the other objections arising from the assessment report notified on 17 December 2018, in-depth assessments of the complaints raised are still on-going in order to identify the appropriate initiatives to be carried out. The resulting notices of assessment, notified on 26 May 2021, contain a total claim for higher taxes (IRES and IRAP) and penalties of approximately Euro 10.3 million (plus interest as required by law), in addition to the disallowance of tax assets for approximately Euro 2.5 million.

At the end of the assessment procedure with adhesion initiated by the Bank, the disputes for IRES were settled with the deed of adhesion signed on 16 November 2021: the claims in terms of higher tax, penalties and interests were fully cancelled, although a reduction in residual ACE excess (as at 31 December 2015) of approximately Euro 10.7 million remained confirmed (without economic effects, in consideration of the failure to record the corresponding DTAs due to the so-called "probability test"), as well as a higher IRES taxable base due to undue use of residual ACE excess of approximately Euro 1.4 million (however, with no economic effects due to residual ACE surplus available conferred by another company adhering to the Group tax consolidation). On the other hand, with reference to the IRAP disputes, as the similar assessment procedure with adhesion was concluded with a negative outcome, the Bank took steps to initiate tax litigation (for further information reference is made to paragraph 10.2.11 "*Tax disputes*" of the section "*Banca Monte dei Paschi di Siena S.p.A.*" of this Base Prospectus). Contingent liabilities arising from the IRAP dispute amount to approximately Euro 8 million (Euro 3.9 million for higher taxes, Euro 3.5 million for penalties and Euro 0.6 million for interest).

Notwithstanding the evaluations effected by the Bank, the Group companies and the respective consultants, an unfavourable verdict within the pending proceedings and/or the commencement of new proceedings cannot be excluded, even as a result of the aforementioned on-going tax assessment, may involve increased tax risks for the Bank and/or the Group, which could result in additional provisions or disbursements and could have a potential negative impact on the business and the capital, economic and/or financial conditions of the Bank and/or the Group.

Risks associated with the organisation and management model pursuant to Legislative Decree No. 231/2001

The Issuer adopted its own organisation and management model as provided for by Legislative Decree 231/2001, establishing a set of rules suitable to prevent the adoption of unlawful behaviours by top managers, managers and/or employees. Furthermore, also considering the current ownership structure and the participation of the MEF in the share capital of the Bank, the Issuer supplemented its organisational model to prevent the criminal offences pursuant to Legislative Decree 231/2001 with the guidelines for the prevention of corruption within the Group and the new ethical code. These guidelines supplement the organisational model for the prevention of the criminal offences provided for by Legislative Decree 231/2001 and therefore also contain the controls provided by this model. It cannot be excluded that potential illicit offences could expose the Bank to administrative liability with consequent negative effects on the capital, economic and financial position of the Bank.

The adequacy of the model to prevent the crimes contemplated by the legislation is a pre-condition exempting the Issuer from liability. Such requirement, however, is assessed by the judicial authority possibly called to verify the single crime cases and not ascertained in advance. For those reasons and in compliance with the provisions of the aforementioned decree, the Bank set up a specific supervisory body in charge of supervising the functioning of and compliance with the model.

Accordingly, there is no certainty on the exemption from liability of the Bank in the case of material offences pursuant to Legislative Decree No. 231/2001. Should the model not be deemed suitable, the application of a monetary sanction is in any case provided for in respect of all crimes committed, in addition to, for the most serious cases, the possible application of interdiction sanctions (i.e. the interdiction from the exercise of business, the suspension or withdrawal of authorisations, licences or concessions, the prohibition to contract with the public administration, as well as the prohibition to advertise goods and services). Furthermore, the current regime provides that, in case of a conviction judgment of the entity pursuant to Legislative Decree No. 231/2001, the confiscation of the price or profit of the crime may be ordered, possibly in an equivalent

amount, in addition to the application to the same entity of monetary and interdiction sanctions, with a potential negative impact on the business and the economic, capital and/or financial condition of the Bank and/or the Group. Furthermore possible convictions of the entity pursuant to Legislative Decree No. 231/2001 may have reputational impacts significant on the Bank and/or the Group, with a consequently potential negative impact on the business and the economic, capital and/or the financial condition thereof.

As at the date of this Base Prospectus, the Bank was indicted in the context of certain proceedings for administrative liability profiles pursuant to Legislative Decree No. 231/2001. For further information on such proceedings please refer to paragraphs 10.2.9 "*Judicial proceedings pursuant to Italian Legislative Decree 231/2001*" and 10.2.10 "*Administrative offences pursuant to Legislative Decree 231/2001 challenged in relation to the sale of investment diamonds based on alleged self-laundering crime (article 648-ter of the Italian Criminal Code)*" of the section "*Banca Monte dei Paschi di Siena S.p.A*" of this Base Prospectus, paragraph "*Main types of legal, employment and tax risks*" of the 2020 Consolidated Financial Statements, paragraph "*Main types of legal, employment and tax risks and complaints*" of the 2021 Consolidated Half-Yearly Report and paragraph "*Main types of legal, employment and tax risks*" of the Consolidated Interim Report as at 30 September 2021.

Risks relating to the Issuer's business activity and industry

Risks associated with possible aggregations

The occurrence of an aggregation depends, *inter alia*, upon external factors such as the receipt of expressions of interest by counterparties interested in an acquisition or integration with the Group, the matching of the interests of the Group with those of potentially interested parties, the positive outcome of any due diligence exercise by the Bank and/or the counterparty, the favourable vote by the Bank's shareholders and interested parties, where required, and the positive outcome of the procedures required by the applicable legislation.

In addition, in accordance with the Commitments set out in the Restructuring Plan, the Bank may only proceed with the acquisition of any interest or asset upon satisfaction of certain conditions. The need to comply with such Commitments and the consequent limitations to the Bank's activities may adversely affect the possibility for the Bank to carry out any aggregation. For more information on the Commitments and the Restructuring Plan, please refer to letter g) "*Restructuring Plan 2017-2021*" of paragraph 3 "*Major Events*" of the section "*Banca Monte dei Paschi di Siena S.p.A.*" of this Base Prospectus.

Should the opportunity for the Bank to proceed with a possible aggregation with another entity materialise, such transaction would also expose the Bank to the risks and complexities that are typical of the integration process of banking groups.

In this respect, it should be noted that, following the execution of the capital enhancement and precautionary recapitalisation measures, the MEF held 68.247 per cent of the Bank's share capital and, accordingly, by law control over it[6]. The precautionary recapitalisation reserved to MEF constituted, pursuant to art. 18 of Decree 180, a measure adopted on a precautionary and temporary basis. In this respect, the Commitments required by DG Comp provide, *inter alia*, for the MEF to dispose of its stake held in the Bank by the end of the Restructuring Plan.

At the end of 2019, the MEF communicated that it had agreed with the European Commission to postpone to the beginning of 2020, the presentation of the plan to dispose of its equity investment in the Bank's capital, initially expected by December 2019, in light of the ongoing dialogue on the derisking strategy on the NPE exposure of the Bank (in which respect please refer to letter a) "*Partial, non-proportional demerger with asymmetric option from BMPS in favour of AMCO*" of sub-paragraph 3.1 "*Recent developments*" of the

6 Upon completion of the partial, non-proportional demerger with asymmetric option from BMPS in favor of AMCO, effective as of 1 December 2020, the MEF holds 64.230 per cent of the Bank's share capital (holding as well by law control over the Bank). For further information in this respect, please refer to paragraph "*Main Shareholders as at 30 September 2021*" of section "*Management of the Bank*" of this Base Prospectus.

paragraph 3 "*Major Events*" of the section "*Banca Monte dei Paschi di Siena S.p.A.*" of this Base Prospectus).

In regard to the Structural Solution the October DPCM has authorised the disposal of the stake held by the MEF in BMPS: this may be carried out in one or more stages, with sale procedures and techniques used in the markets, through individual or joint recourse to a public offer to investors in Italy, including personnel of the Group, and/or Italian and international investors, through direct negotiations to be carried out with transparent and non-discriminatory competitive procedures and through one or more extraordinary transactions, including a merger.

BMPS has set up dedicated virtual data rooms for the due diligence activities of potential investors and partners required by the Structural Solution. Access to virtual data rooms was granted to the Apollo fund, UniCredit, Mediocredito Centrale S.p.A. and AMCO (for further information in this respect, please see letter d) "*Disposal of the equity investment by the Ministry of Economy and Finance*" of subparagraph 3.1 "*Recent developments*" of the paragraph 3 "*Major Events*" of the section "*Banca Monte dei Paschi di Siena S.p.A.*" of this Base Prospectus). As regards the discussions between UniCredit and the MEF, started at the end of July 2021, on 24 October 2021 UniCredit and the MEF issued press releases to announce the interruption of negotiations regarding the potential acquisition of a selected perimeter of BMPS. As at the date of this Base Prospectus, only AMCO has access to the virtual data room.

The Bank has therefore acknowledged the current inability to find a Structural Solution, which remains a possible scenario. Accordingly, as at the date of this Base Prospectus, it is not possible to predict if the Structural Solution will be implemented.

In addition, it cannot be excluded that the implementation of the Structural Solution (if any) may entail a substitution of BMPS as issuer under the Notes issued and outstanding at the time of any such substitution. Before investing in the Notes investors should therefore consider the current uncertainties linked to the implementation of the Structural Solution.

For more information with respect to the Structural Solution and possible aggregations, reference is made to the letter b) "*BMPS approved the 2021-2025 Strategic Plan and the New Capital Plan*" of sub-paragraph 3.1 "*Recent Development*" of paragraph 3 "*Major Events*" of the section "*Banca Monte dei Paschi di Siena S.p.A.*" of this Base Prospectus and paragraph "*Use of the going concern assumption*" of the section "*Notes to the consolidated financial statements - Use of estimates and assumptions when preparing financial statements*" of the 2020 Consolidated Financial Statements, to paragraph "*Going concern*" of the section "*Explanatory Notes*" of the 2021 Consolidated Half-Yearly Report and to paragraph "*Going concern*" of the section "*Explanatory Notes*" of the Consolidated Interim Report as at 30 September 2021. In case of absence of Structural Solution see also paragraph "*Risks linked to the prospective capital shortfall*" of the section "*Disclosure on risks – Main risks and uncertainties*" of the Consolidated Interim Report as at 30 September 2021.

In case of disposal, in whole or in part, of the stake held by the MEF in the Bank, a consequent variation in the ownership structure and, possibly, even in the control of the Bank would take place. For information relating to the stake held by the MEF in the Bank, please refer to "*Main shareholders as at 30 September 2021*" of section "*Management of the Bank*" of this Base Prospectus.

Market and interest rate risk

The financial results of the Issuer are linked to the operational context in which it carries out its business. In particular, the Issuer is exposed to potential changes in the value of securities, including securities issued by sovereign debtors, as a result of fluctuations in interest rates, exchange rates, the prices of listed securities and commodities, and credit spreads. Such fluctuations may be triggered by changes in the general performance of the economy, the appetite of investors, monetary and tax policy, market liquidity on a global

scale, the availability and cost of funding, action taken by rating agencies, political events (both local and international), and war and terrorism.

Although the Group has existing measures in place for the purposes of identifying and accurately measuring risks, it cannot be excluded that, at a future date, the market-related trends (such as share prices, inflation rates, interest rates and exchange rates and their volatility, as well as changes in the creditworthiness of the Issuer) involving a reduction in the value of the Group's assets or an increase in financial liabilities of the Group will have an adverse effect on the financial conditions and results of operations of the Issuer and the Group.

In addition, the results of the Group's banking operations are affected by the Group's management of interest rate sensitivity and, in particular, changes in market interest rates. 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 Group's financial condition or results of operations.

Counterparty risk

In carrying out its activities, the Group is exposed to the so-called "counterparty-risk" being the risk for the counterparty of a transaction, concerning specific financial instruments (derivatives and repos) not to fulfil its obligations or to default prior to the settlement of the relevant transaction. As part of its operations, the Group negotiates derivatives with a wide variety of underlying, such as interest rates, exchange rates, prices in share indices, derivatives on commodities and credit rights, with counterparties in the financial services sector, commercial banks, public administrations, finance and insurance companies, investment banks, funds and other institutional clients, as well as with non-institutional clients.

In the context of such operations, the Group uses Italian government securities when dealing with the central counterparty (Cassa di Compensazione e Garanzia S.p.A.), while when dealing with other institutional counterparties, as well as with illiquid securities coming from its own securitisations, there is the risk that unfavourable variations of market parameters may determine unfavourable conditions in the determination of contractual conditions (e.g. in terms of haircut).

In addition to market risks and operational risks, operations in derivative financial instruments and repos expose the Group to the risk that the contractual counterparty does not fulfil the obligations undertaken thereunder or becomes insolvent prior to the expiry of the agreements when the Bank or the companies of the Group still have credit claims against such counterparty.

Such risk may cause an additional prejudice in case collaterals given in favour of the Bank or another company of the Group are not or may not be realised or liquidated in the time, manner and size sufficient to cover the exposure to the counterparty.

Any non-fulfilment by counterparties of the obligations taken pursuant to derivative contracts and/or repos entered into with the Bank or other Group companies and/or the realisation or liquidation of the related collaterals (if any) at values lower than those expected, may have negative impacts on the business and the economic, capital and/or financial condition of the Bank and/or the Group.

The Group monitors counterparty risk associated with the operations in derivative and repo transactions through the definition of guidelines and policies. However, a persisting international crisis, any evolution of market parameters and any deterioration of the creditworthiness of counterparties may have a negative impact on the valuation of such derivative instruments, with a potential negative impact on the business and the economic, capital and/or financial condition of the Bank and/or the Group.

Risk management

Risk management strategies are defined in line with the Group's business model, medium-term objectives of the Restructuring Plan and external legal and regulatory constraints.

The Group's risk appetite framework is structured so as to be consistent with the risk and overall management, including business strategy, risk strategy, Internal Capital Adequacy Assessment Process (ICAAP), Internal Liquidity Adequacy Assessment Process (ILAAP) and capital and liquidity planning and budgeting, and the recovery plan, in terms of governance, roles, responsibilities, metrics, stress methodologies and monitoring of key risk indicators.

The Group falls within the Italian banks subject to the ECB Single Supervisory Mechanism. The Group continues its dialogue with the Joint Supervisory Team ECB-Bank of Italy.

In the period 2016-2020, the Issuer undertook the mitigation actions required by the ECB and the Bank of Italy after both a thematic in-depth analysis, "*Thematic Review on Risk Governance and Appetite*", and an ordinary investigation activity on the Bank's governance and the Risk Management system. In this respect, it should be noted that the SREP Decisions pointed out, *inter alia*, the need to generate further improvements connected to the internal risk governance and the risk management system.

However, in the event that (i) such strategies, or the policies and procedures of the Group companies aimed at identifying, monitoring and managing risks prove not to be adequate, or the evaluations and assumptions on which such policies and procedures are based prove to be incorrect; (ii) the Bank is notified with requests of the supervisory authority in the context of future SREP to comply with higher Pillar II requirements compared to current ones; or (iii) the Group's structures prove unable to handle such risks in carrying out certain activities, exposing the Bank to unexpected or unquantified risks notwithstanding the existence of the aforementioned internal procedures aimed at identifying and managing risk, the Bank and/or the Group may incur losses, even relevant, with a potential negative impact on the business and the economic, capital and/or financial condition of the Bank and/or the Group.

Finally, it cannot be excluded that the review of the internal models and procedure could become necessary in case of changes in the relevant laws and regulations.

Risks associated with debt restructuring transactions

In exercising the banking activity and, also as a result of the economic/financial crisis that impacted the countries in which the Group operates, the Group is a party to several debt restructuring transactions, both bilateral and in a pool, involving its clients. The restructuring transactions provide for amendments to the originally agreed contractual provisions in favour of borrowers. Such amendments concern, in particular, the granting of moratorium periods, the extension of loan amortisation plans, the write-off of a portion of credits claimed by the Bank, the granting of new finance and/or the conversion of the whole or a part of the indebtedness in equity interests or other financial, debt or equity instruments.

With specific reference to the taking of equity interests and/or other instruments representing equity risk through debt conversion, in the context of the aforementioned procedures, the Group acquired some equity interests, even significant, in finance companies.

Risks associated with the ratings assigned to the Issuer

The risk linked to an issuer's ability to fulfil its obligations, which arise after the issuance of debt instruments and money market instruments, is defined by credit ratings assigned by independent rating agencies. Such valuations and related surveys provide indications about the issuers' ability to fulfil their obligations. The lower the rating assigned on the respective scale the higher the risk, as evaluated by the rating agency, that an issuer will not fulfil its obligations at maturity or will not fully and/or punctually fulfil them. A suspension,

reduction or withdrawal of an assigned rating may have a negative impact on the market price of issued bonds and, furthermore, on the stock price of the same issuer.

In determining the rating assigned to the Issuer, agencies also take into account and examine various Group performance parameters, among which are profitability and ability to maintain its capital ratios within certain levels. Should the Issuer and/or one of the subsidiaries or the Group that have been assigned a rating not achieve or maintain the results measured by such parameters or not be able to maintain its capital ratios within the pre-identified level, even if due to exogenous shocks (such as the COVID-19 pandemic), this may lead to a downgrade of the rating assigned by the agencies, with a consequent higher cost of funding, restricted access to capital markets, negative repercussions for the Group's liquidity and the potential need to supplement collaterals given. For further information on risks associated with the COVID-19 pandemic, please see paragraph "*Risks associated with the general economic/financial scenario*" above.

Considering the Bank's ownership structure, the Issuer's ratings may be also affected by the rating of the Italian State which, as at the date of this Base Prospectus, is higher than that of the Issuer. Therefore, a potential downgrading of the Republic of Italy's sovereign rating may lead to a further downgrading of the Issuer's rating, with a consequent negative impact on the business and the economic, capital and/or financial condition of the Bank and/or the Group. For further information on the Italian State's rating, see paragraph "*Risks associated with the Group's exposure to sovereign debt*" above.

Furthermore, since the Issuer's ability to access the market to obtain unsecured loans depends on its creditworthiness, a possible downgrading or withdrawal of one or more ratings may have an unfavourable impact on the opportunities for the Bank and the Group to access the various liquidity instruments and on the ability thereof to compete in the market, a circumstance that may cause increased deposit collection costs or require the creation of additional guarantees for the purpose of raising liquidity, which may have a negative impact on the business and the economic, capital and/or financial condition of the Bank and/or the Group.

For further information about ratings assigned to the Issuer, reference is made to paragraph 4 "*Ratings*" of the section "*Banca Monte dei Paschi di Siena S.p.A.*" of this Base Prospectus.

Risks associated with the assignment and evaluation of equity interests

As at 30 June 2021, the value of equity interests amounted to Euro 1,027.7 million, equal to 0.70 per cent. of the Group's total assets; the most relevant are AXA MPS Assicurazioni Vita S.p.A., AXA MPS Assicurazioni Danni S.p.A., Fondo Etrusco Distribuzione, Fidi Toscana S.p.A., Fondo Minibond PMI Italia and Fondo Socrate. As at 31 December 2020, the value of equity interests amounted to Euro 1,107.5 million, equal to 0.73 per cent of the Group's total assets.

In accordance with the provisions of international accounting standard IAS 36, an impairment test is periodically conducted on equity interests. Valuation as at 30 June 2021 and 31 December 2020, did not involve the need to make value adjustments.

Should the Bank be forced to review the value of the equity interests held, also due to extraordinary and/or assignment transactions or changed market conditions, the Bank may be forced to apply significant write-downs, with a potential negative impact on the business and the economic, capital and/or financial condition of the Bank and/or the Group.

Operational Risk

In carrying out its business, the Group is exposed to the so-called operational risk, namely the risk to incur losses deriving from the inadequacy or malfunctioning of corporate procedures, errors and shortcomings of human resources, internal processes or IT systems, or external events. Such risk includes losses deriving from fraud, human errors, discontinuation of operations, unavailability of systems and increasing resorting

to atomisation and outsourcing of corporate functions, contractual non-fulfilments, natural catastrophes, low IT security and legal risks, while strategic and reputational risks are excluded.

The Issuer's exposure to operational risk is mainly linked to the legal risk exposure. The operational risk capital requirement includes also the capital requirement for risk legal exposure.

For further details on the capital requirement in respect of operational risks, please refer to the 2020 Consolidated Financial Statements, the 2021 Consolidated Half-Yearly Report and the Consolidated Interim Report as at 30 September 2021, each incorporated by reference into this Base Prospectus.

It should also be noted that due to the continuous development of legal proceedings pending against the Bank further litigations with possible negative effects on the operational risk exposure and so the economic, equity and/or financial situation of the Bank and/or the Group cannot be excluded.

For further information on legal proceedings and related risk, please see 10.2.5 "*Disputes deriving from ordinary business*" and letter A) "*Civil actions instituted by shareholders in the context of the 2008, 2011, 2014 and 2015 capital increases*" of paragraph 10.2.3 "*Civil Proceedings*" of the section "*Banca Monte dei Paschi di Siena S.p.A.*" and paragraph "*Risks deriving from judicial and administrative proceedings*" in the "*Risk Factors*" section of this Base Prospectus, paragraph "*Main types of legal, employment and tax risks*" of the 2020 Consolidated Financial Statements, paragraph "*Main types of legal, employment and tax risks*" of the 2021 Consolidated Half-Yearly Report and paragraph "*Main types of legal, employment and tax risks*" of the Consolidated Interim Report as at 30 September 2021.

In relation to the calculation of capital requirements, the Basel committee published a consultation document with the amendment proposals to the regime of capital requirements in respect of operational risks. A variation, if any, of calculation criteria may entail increased requirements and have an impact on the Group's capital adequacy.

Although the Issuer deems to have adequate organisational and control measures in place, there is the risk that certain unforeseeable events (including, without limitation, frauds, scams or losses deriving from employee disloyalties and/or the violation of control procedures, the attack of IT viruses or the malfunctioning of electrical and/or telecommunication services, possible terrorist attacks), which are fully or partially outside the Group's control, may still occur in the future.

In addition, the rise of the COVID-19 pandemic (for further information on the risks associated with the COVID-19 pandemic, please see paragraph "*Risks associated with the general economic/financial scenario*" above) has increased the Group's level of exposure to further operational risks.

On one hand, the threat of cyber criminals has intensified, exploiting the attention and emotion generated by the COVID-19 pandemic theme to bring targeted attacks through email and webpages, aimed at stealing access credentials to information systems and payment instruments (phishing) and disseminating malicious programs. On the other hand, phenomena such as the massive shift to smart working, the further acceleration in the use of banking services through remote access channels, the use of ecommerce and, more generally, the digitization of interpersonal relationships, give rise to new vulnerabilities, related to the level of preparation of users against threats from the network and the use of personal devices and home networks.

Moreover, the revision and/or extension of certain existing processes (such as those relating to digital services, web collaboration tools and smart working) and the impossibility of implementing standard business processes inevitably exposes the Group to higher operational risks as a result of possible legal disputes, potential fraud and cyber attacks.

This situation also increases the potential risks to which the Group is exposed for business continuity, due to the increased dependence on infrastructure and network equipment to ensure users" access to the IT system. The continuation of the emergency and lockdown situation could aggravate exposure to such risks.

The Bank has adopted numerous initiatives to control and lower such risks, such as the strengthening of the control and monitoring system, also to comply with the regulations implemented by the Italian government to support the country in a time of health emergency and protect its productive sector.

Risks associated with the Group's asset valuation assumptions and methodologies

According to the International Accounting Standards, the Group prepares evaluations, estimates and hypotheses which affect the application of the same standards and reflect themselves on assets, liabilities, costs and revenues amounts recorded in the financial statement.

In particular, the Group adopts estimate processes in support of the book value of the most important financial statement items. The elaboration of such estimates entails the use of available information and the adoption of subjective evaluations. By their nature, estimates and assumptions used may vary from year to year and, accordingly, it cannot be excluded that in the coming years the values currently recorded in the financial statements may vary, also to a significant extent, after changes to subjective evaluations used.

The estimated uncertainty risk is substantially embedded in the determination of the following values: (i) fair value relating to illiquid items, not listed on active markets; (ii) impairment losses on receivables and, in general, financial assets; (iii) fairness of the value of equity interests, tangible assets, goodwill and other intangible assets; (iv) fair value of the properties, (v) liabilities for the estimate of severance indemnity and other defined benefits due to employees; (vi) provisions for risks and charges; and (vii) recoverability of deferred tax assets, the quantification of which might significantly change due to the following factors: (a) the national and international environment; (b) the financial markets, with consequent impacts on the performance of rates, the fluctuation of prices, and the assumptions of actuarial estimates; (c) the real estate market with consequent effects on the real estate assets owned by the Group and held as collateral and (d) potential changes in laws and regulations. It cannot be excluded that a worsening of such factors may give rise to negative impacts on the items under evaluation and, ultimately, on the operating results and the economic, capital and/or financial condition of the Bank and/or the Group.

In particular, the Group's net loans to customers represent one of the valuation items exposed the most to the choices made in the matter of risk delivery, management and monitoring (for more information on the loans to customers book value, please refer to the 2020 Consolidated Financial Statements and the 2019 Consolidated Financial Statements incorporated by reference into this Base Prospectus). The Group manages financed counterparties' default risk, by monitoring on an on-going basis the evolution of relations with customers for the purpose of assessing repayment capacity, on the basis of their economic-financial condition, and the presumed recoverable value of real estate properties and collaterals.

In this respect, it should be noted that the credit assessment depends also on the strategies carried out by the Group for the relevant recovery on the basis of the provisions of the Restructuring Plan. Therefore, as to the estimate of the expected loss on non-performing exposure the expected transfers are also considered. In the context of a range of possible approaches relating to the estimate models permitted by reference to international accounting standards, resorting to a methodology or selecting certain estimate parameters may significantly affect the assessment of loans. Such methodologies and parameters are necessarily subject to an on-going updating process for the purpose of better representing the presumed recoverable value.

It cannot therefore be excluded that different monitoring criteria or different methodologies, parameters or assumptions in the estimate process of the recoverable value of the Group's credit exposures may determine significantly different evaluations compared to those set out in the 2020 Consolidated Financial Statements, especially after a possible further deterioration of the economic-financial crisis, with a consequent impact on the economic and financial and condition of the Group.

Furthermore, in the presence of complex or illiquid financial instruments, for which quotations or parameters observed on active markets are not available, it is necessary to resort to valuation models and parameters, the selection of which is affected by some margins of subjectivity.

Assets valued at fair value on a recurrent basis and classified in correspondence with level 3 in the fair value hierarchy are assets, for which the measurement of fair value is based to a relevant extent on inputs not coming from the market, involving estimates and assumptions by management. For further details on such assets valued at fair value on recurrent basis, please refer to the Consolidated Interim Report as at 30 September 2021, the 2021 Consolidated Half-Yearly Report, the 2020 Consolidated Financial Statements and the 2019 Consolidated Financial Statements incorporated by reference into this Base Prospectus.

It cannot, accordingly, be excluded that the selection of alternative models and parameters may entail negative effects, even significant ones, on the economic, capital and financial condition of the Group.

For uncertainties linked to the estimates of the provision for risks and charges for legal actions and tax disputes as well as to the recoverability of deferred tax assets, reference is made to paragraph "*Risks relating to DTAs* " below and paragraph "*Risks deriving from tax disputes*" above.

The risks associated with the uncertainties concerning the use of estimates for the assessment of loans and financial instruments measured at fair value on recurrent basis described above are classified in correspondence with level 3 in the fair value hierarchy.

Risks relating to DTAs

The risk relating to deferred tax assets ("**DTA**") is connected to the possibility that the Bank's future taxable income is lower than estimated and does not sufficiently guarantee the re-absorption of the DTAs and to the possibility that significant changes occur to the current tax regime. In such cases, negative effects, even material, could impact on the business and the economic, capital and/or financial condition of the Bank and/or the Group. The risk connected to future taxable income does not concern the recovery of DTAs eligible to be converted into tax credit pursuant to Law of 22 December 2011, no. 214 ("**Law 214/2011**"), whose recovery is guaranteed for the Issuer also in case the latter does not generate adequate future taxable income.

For detailed information on the aggregate amount of the DTA and, more specifically, on the amount which is qualified under Law 214/2011, please refer to the 2020 Consolidated Financial Statements and the 2019 Consolidated Financial Statements, Notes to the consolidated financial Statements – Part B – Information on the balance sheet – Section 11: Tax Assets and Liabilities, incorporated by reference into this Base Prospectus.

In particular, deferred tax assets qualified under Law 214/2011 refer to write-downs, credit losses and amortisation of goodwill and other intangible assets. Those relating to write-downs and credit losses are naturally destined to reduce over time as a result of the progressive conversion from deferred to current, until its coming to zero in financial year 2025, in accordance with the time mechanism predefined by the tax provisions in force (Law Decree No. 83/2015, as amended).

Moreover, those relating to goodwill and other intangible assets are equally naturally destined to reduce over time as a consequence of the progressive conversion from deferred to current. The tax amortisation of such assets takes place on a straight line basis over more financial years. No possible increases are currently foreseen, which may exclusively derive from the freeing up of the goodwill recorded as a consequence of the possible acquisition of new equity interest or business units.

DTAs are, furthermore, recognised as tax losses and economic growth support (so-called *aiuto alla crescita economica*, provided for by article 1 of the Law-Decree no. 201/2011) ("**EGS**") surpluses. EGS surpluses refer to the portion of tax incentive known as "Economic Growth Support" introduced by article 1 of Law Decree No. 201/2011 not used in prior financial years, due to insufficient taxable income.

Such DTAs for tax losses and EGS surpluses, together with the other DTAs not eligible for conversion into tax credits pursuant to Law no. 214/2011, have been recorded in the Consolidated Interim Report as at 30

September 2021, the 2021 Consolidated Half-Yearly Report, the 2020 Consolidated Financial Statements and in the 2019 Consolidated Financial Statements, to the extent the existence of future taxable income has been reasonably proved sufficient to guarantee their absorption in the coming financial years (probability test).

For details with respect to the amounts of the DTAs and the EGS surpluses reference is made to the 2020 Consolidated Financial Statements, as well as to the 2019 Consolidated Financial Statements incorporated by reference into this Base Prospectus.

For further information on the legislative framework relating to DTAs reference is made to paragraph 1 "*Deferred tax assets*" of the section "*Regulatory Aspects*" of this Base Prospectus.

Changes in regulatory framework

The Issuer is subject to extensive regulation and supervision by, among others, the Bank of Italy, CONSOB, the ECB and the Single Resolution Board. 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 the Republic of Italy and the European Union.

Significant uncertainty remains around the implementation of some of these initiatives and how they are ultimately applied which may have a material effect on the Issuer's business and operations. It is not known whether laws and regulations will be adopted, enforced or interpreted in a manner that will or will not restrict the operations of the Issuer or otherwise have an adverse effect on its business, financial condition, cash flows and results of operations or on the rights of Noteholders as creditors of the Issuer**.**

It should be noted that, as a consequence of the COVID-19 outbreak, the European institutions (European Commission, European Council and Parliament), Italian and European Supervisory Authorities (European Banking Authority, ESMA, ECB/SSM, Bank of Italy, Single Resolution Board), and international institutions (IASB, Basel Committee) are adopting a number of regulatory measures to address the economic effects of the emergency caused by the COVID-19 pandemic. These measures have the objective of supporting banks in mitigating the economic impact of the pandemic.

For more details on the regulatory measures adopted by the institutions, please refer to paragraph "Regulatory intervention" of the 2020 Consolidated Financial Statement as at 31 December 2020, incorporated by reference in this Base Prospectus.

Risks associated with competition in the banking and financial sector

The Bank and the Group companies operate in a competitive market context and are accordingly exposed to risks deriving from the competitive pressure of the market. Those risks are connected in particularly to: (i) the implementation of EU directives aimed at strengthening and harmonizing the EU banking sector; (ii) the evolution of customer needs; (iii) the diffusion of technological innovations also introduced by *fintech* companies; (iv) new incumbent players; (v) aggregation processes involving financial and technological operators; and (vi) other factors not necessarily under the Issuer's control.

The macroeconomic environment could negatively affect the profitability of the banking sector, and in particular of the Issuer already subject to the respect of commitments set by DG Comp. As a consequence the Issuer should suffer adverse compensative effects of any orders adopted by the European Commission vis-à-vis the Italian State.

Therefore, should the Group be unable to adequately deal with competitive pressure, a contraction in the Group's market shares may occur which, in the absence of appropriate corrective actions, could lead to a failure in the re-launch of the Issuer's profitability.

Risks associated with the reduction of the system liquidity support

In recent years, financial markets have been affected by several phases of crisis entailing reduced liquidity available to operators, increased risk premium and tensions linked to the sovereign debt of certain countries. Such factors gave rise to the need for complex initiatives in support of the credit system that directly involved both state (also through the direct intervention in some banks' capital) and central banks (initially mainly through extraordinary refinancing transactions upon delivery of suitable collaterals and, at a later stage, also through outright asset purchase programmes).

Furthermore, from March 2020, as a result of economic disturbances and greater uncertainty caused by the effects of the spread of COVID-19, specific monetary policy measures have been introduced by the ECB, with the main objective of supporting families and businesses. These measures include: the introduction of new longer-term refinancing operations ("**LTRO**") and pandemic emergency longer-term refinancing operations (PELTRO) to safeguard liquidity conditions of the euro area financial system and preserve the orderly functioning of the money markets; the extension of the terms of access to TLTRO III and the improvement of the conditions applied to them; the strengthening of the existing outright securities purchase programmes and, subsequently, the launch of the Pandemic Emergency Purchase Programme; collateral easing programmes, especially regarding conditions for the use of credit claims as collateral and the general reduction of valuation haircuts, as to facilitate participation in Eurosystem's liquidity providing operations; the grandfathering, until September 2021, of the eligibility of marketable assets used as collateral in Eurosystem credit operations falling below current minimum credit quality requirements.

For details with respect to the Group's refinancing operations with the ECB and the relevant amounts reference is made to the financial statements of the Issuer incorporated by reference into this Base Prospectus.

There is no certainty in relation to the duration and intensity with which liquidity support transactions may last or be re-proposed in the future, depending on the performance of the economic cycle and market conditions. A significant reduced or ceased system liquidity support by governments and central authorities may cause greater difficulties in raising liquidity in the market and/or higher costs associated with the raising of such liquidity, with a potential negative impact on the business and the economic, capital and/or financial condition of the Bank and/or the Group.

Risks associated with the uncertainty of future outcomes of stress tests or asset quality review exercises

The SSM is in charge of the prudential supervisory of all credit entities of the participating Member States and ensures that the EU policy in the matter of prudential supervision of credit institutions is implemented in a consistent and effective manner and credit institutions are subject to the highest quality supervision.

In this context, the ECB has been entrusted with specific prudential supervisory duties on credit institutions providing, *inter alia*, for the possibility of the latter to carry out, if the case is in coordination with the European Banking Authority ("**EBA**"), stress tests (supervisory stress test) to ascertain whether the measures, strategies, processes and mechanisms put in place by credit institutions and own funds held thereby would allow for a sound management and coverage of risks when dealing with future but plausible negative events. The stress tests are designed to serve as an input to the SREP. The outcome of the SREP could be an additional own funds requirement, as well as other measures.

In general, the outcomes of such stress tests are by their nature uncertain and only partially predictable by the financial institutions involved since the evaluation methodologies used by the ECB aim at adopting a homogeneous risk evaluation within EU Member States and, accordingly, may deviate, even to a significant extent, from the RWAs evaluation methods adopted by the single credit institutions involved.

On February 2019 the ECB launched a sensitivity analysis of liquidity risk to assess the ability of the banks to handle idiosyncratic liquidity shocks (Sensitivity Analysis of Liquidity Risk - Stress Test 2019, LiST

2019). The exercise did not envisage minimum requirements to be met, and the results are used by the supervisory authorities as an input to the SREP.

The EBA conducted a EU-wide stress testing for 2021 (following the postponement of the 2020 exercise, due to the COVID-19 pandemic) which aimed at assessing the resilience of the European banking sector, including BMPS Group. The results have been published at the end of July 2021, and are available on the EBA website. See also https://www.gruppomps.it/en/media-and-news/press-releases/cs-30-07-21.html for an overview of BMPS' stress test results.

Furthermore, the EBA, in cooperation with the competent supervisory authorities, may in the future decide to recommend a new asset quality review on the most important European banks, including the Issuer, in order to verify the classifications and evaluations operated by them on their loans for the purpose of dealing with the worries linked to the deterioration of asset quality. Such asset quality review exercise may, possibly, also be combined with an additional stress test conducted by the ECB in the context of a new comprehensive assessment exercise.

Should the ECB, in cooperation with the EBA and the other competent supervisory authorities, carry out new comprehensive assessment exercises (or stress test or asset quality review exercises), it cannot be assured that the Issuer will meet the minimum parameters. In case of failure, it could be the addressee of ECB measures that, *inter alia*, may impose the implementation of new capitalisation actions or other measures suitable to replenish the capital insufficiencies found in the Bank's own funds, with a potential negative impact on the business and the economic, capital and/or financial conditions of the same and/or the Group.

Risks associated with the entry into force of the new accounting principles and the amendment of applicable accounting principles

The Group is exposed, similarly to the other entities operating in the banking sector, to the effects of the entry into force and subsequent application of new accounting principles or rules and regulations and/or to the amendment thereof (including those deriving from International Accounting Standards as homologated and adopted in the EU jurisdiction). Specifically, in the future the Group may have to review the accounting and regulatory treatment of certain outstanding assets and liabilities and transactions (and related profits and charges), with a potential negative impact, even significant, on the estimates contained in the financial plans for future years and may have to restate previously published financial data.

In this respect, it should be noted that the application of the new International Accounting Standards IFRS 9 "Financial Instruments" ("**IFRS 9**") and IFRS 15 "Revenues from contracts with customers" ("**IFRS 15**"), both approved in 2016, which replaced, respectively, IAS 39 "Financial Instruments: recognition and measurement" and IAS 18 "Revenues" with effect from 1 January 2018. IFRS 16 "*Leases*" ("**IFRS 16**"), applicable from 1 January 2019, was approved in 2017 and replaced IAS 17 – "Leases", IFRIC 4 "*Determining whether an Arrangement contains a Lease*", *SIC-15 "Operating Leases—Incentives*" *and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease*". For more information regarding the application of IFRS 9, IFRS 15 and IFRS 16, please refer to 2018 and 2019 Consolidated Financial Statements, the latter incorporated by reference into this Base Prospectus.

On the basis of legislative and/or technological and/or business context evolutions, it is also possible that the Group may have to further review the operating methodologies for the application of International Accounting Standards, with possible negative impacts, even significant, on the economic, financial and/or capital position of the Issuer and/or the Group.

Risk associated with ordinary and extraordinary contribution obligations to the Deposit Guarantee Scheme and Single Resolution Fund

The Issuer is obliged to provide the financial resources necessary for funding the Deposit Guarantee Scheme (the "**DGS**") and the Single Resolution Fund (the "**SRF**"). These contribution obligations could have a significant impact on the Issuer's financial and capital position.

The Issuer has also joined the "voluntary scheme" (the "**Voluntary Scheme**") introduced by the interbank deposit protection fund (IBDPF), operating as a representative of the national deposit guarantee scheme under Directive 2014/49/EU of the European Parliament and of the European Council of 16 April 2014 on deposit guarantee schemes (the "**DGSD**"). The Voluntary Scheme is provided with autonomous regulations, governance and resources, and provides supportive measures to assist crisis-affected banks.

The contributions required under the SRF, DGS and the Voluntary Scheme reduce the Group's profitability and have a negative impact on its capital resources. In addition, the amount of both ordinary and extraordinary contributions may increase significantly in the future and their timing cannot be predicted. Consequently, the Issuer and the Group may be required to record further extraordinary expenses which may have an adverse impact on the Issuer's and the Group's business, financial condition and results of operations and/or could negatively affect the value of the Notes.

Risks connected with the United Kingdom having left the European Union ("Brexit")

On 31 January 2020, the UK withdrew from the EU. Pursuant to Articles 126 and 127 of the article 50 withdrawal agreement that entered into force on exit day (the "**Article 50 Withdrawal Agreement**"), the UK entered an implementation period during which it negotiated its future relationship with the EU under the political declaration that accompanied the Article 50 Withdrawal Agreement. During such implementation period – which ended at 11 p.m. UK time (midnight CET) on 31 December 2020 (the "**Exit Date**") – EU law generally continued to apply in the UK.

On 24 December 2020 the UK and the EU concluded a free trade agreement known as the 'UK-EU Trade and Cooperation Agreement' (the "**TCA**"). The TCA - which had provisional application pending completion of ratification procedures and entered into force on 1 May 2021 - does not address in any detail a number of areas, including the cross-border provision of services, the "passporting" provisions of UK and EU financial institutions, the determination of equivalence between EU and UK financial market regulations, or judicial cooperation in civil matters. In addition, on the Exit Date, in order to mitigate the effect of the EU Treaties no longer applying to the UK, the UK incorporated into its law (i.e. grandfathered) the majority of EU law in force in the UK as at the Exit Date (the "**EU Retained Law**").

Notwithstanding the conclusion of the Article 50 Withdrawal Agreement and the TCA between the EU and the UK, and the implementation by the UK of EU Retained Law, there remain significant uncertainties with regard to the political and economic outlook of the UK and the EU and the changes in the legal rights and obligations of commercial parties across all industries, particularly in the services sector (including financial services) following the UK's exit from the EU.

Accordingly, the precise impact on the business of the Issuer is difficult to determine. As such, no assurance can be given that such matters would not adversely affect the business and the economic, capital and/or financial condition of the Issuer and/or the market value and/or the liquidity of the Notes in the secondary market.

Risks related to Sanctioned Countries

The Issuer and the Group have customers and partners who are located in various countries around the world. Some of these countries are, or may become, subject to comprehensive country-wide or territory-wide sanctions issued by the United States of America, the European Union and/or the United Nations ("**Sanctioned Countries**"). Such sanctions may limit the ability of the Issuer and/or the Group to continue operating with such customers and partners in the future.

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

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

Risk factors relating to the Notes

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain features, distinguishing between factors which may occur in relation to any Notes and those which might occur in relation to certain types of Exempt Notes:

Risks applicable to all Notes

If the Issuer has the right to redeem any Notes at its option or there is a perception that this is the case, this may limit the market value of the Notes concerned and should the Notes be redeemed an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return.

An optional redemption feature is likely to limit the market value of the Notes. During any period when BMPS may elect to redeem Notes or there is a perception that this is the case, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period.

BMPS 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.

If the Notes include a feature to convert the interest basis from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned.

Fixed/Floating Rate Notes are Notes which bear interest at a rate that changes from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest basis, and any conversion of the interest basis, may affect the secondary market in, and the market value of, such Notes as the change of interest basis may result in a lower interest return for Noteholders. Where the Notes convert 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. Where the Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing market rates on those Notes and could affect the market value of an investment in the relevant Notes.

Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates.

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

Early Redemption of the Notes for tax reasons

In the event that the Issuer would 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, and subject to the provisions of, the Terms and Conditions for the English Law Notes or of the Terms and Conditions for the Italian Law Notes. See also "*If the Issuer has the right to redeem any Notes at its option or there is a perception that this is the case, this may limit the market value of the Notes concerned and should the Notes be redeemed an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return*" above.

Waiver of set-off

As specified in Condition 2, subsection (a) (*Status of the Senior Notes*) of the Terms and Conditions for the English Law Notes and Condition 2, subsection (a) (*Status of the Senior Notes*) of the Terms and Conditions for the Italian Law Notes and, each holder of a Senior Note will unconditionally and irrevocably waive any right of set-off, netting, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of such Senior Note.

As specified in Condition 2, subsection (b) (*Status of the Non-Preferred Senior Notes*) of the Terms and Conditions for the English Law Notes and Condition 2, subsection (b) (*Status of the Non-Preferred Senior Notes*) of the Terms and Conditions for the Italian Law Notes, each holder of a Non-Preferred Senior Note will unconditionally and irrevocably waive any right of set-off, netting, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of such Non-Preferred Senior Note.

As specified in Condition 2, subsection (c) (*Status of the Subordinated Notes*) of the Terms and Conditions for the English Law Notes and Condition 2, subsection (c) (*Status of the Subordinated Notes*) of the Terms and Conditions for the Italian Law Notes, 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.

In respect of any Notes issued with a specific use of proceeds, such as a "Green Bond", "Social Bond" or "Sustainability Bond", there can be no assurance that such use of proceeds will be suitable for the investment criteria of an investor

If so specified in the relevant Final Terms, the Issuer may issue Notes under the Programme described as "green bonds" ("**Green Bonds**"), "social bonds" ("**Social Bonds**") and/or "sustainability bonds" ("**Sustainability Bonds**") in accordance with the principles set out by the International Capital Market Association ("**ICMA**") (respectively, the Green Bond Principles ("**GBP**"), the Social Bond Principles ("**SBP**") and the Sustainability Bond Guidelines ("**SBG**")) for the purposes of financing and/or refinancing, in whole or in part, respectively, Green Projects, Social Projects and/or Sustainability Projects (each of such terms as defined in the "*Use of Proceeds*" section).

In such a case, prospective investors should have regard to the information in the applicable Final Terms regarding such use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in such Notes together with any other investigation such investors deem necessary, and must assess the suitability of that investment in light of their own circumstances. In particular, no assurance is given by the Issuer or the Dealers that the use of such proceeds for the funding of any Green Projects, Social Projects or Sustainability Projects, as the case may be, will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law, regulations or standards (including, amongst others, 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 "**EU Taxonomy Regulation**") or any standards resulting from the proposal for a European green bond standard (EUGBS) adopted by the European Commission on 6 July 2021) or by its own by-laws or other governing rules or investment portfolio mandates (in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of, or related to, the relevant Green Projects, the relevant Social Projects or the relevant Sustainability Projects).

Furthermore, it should be noted that there is currently no clearly established definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "green" or "social" or "sustainable" or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as "green" or "social" or "sustainable" or such other equivalent label nor can any assurance be given that such a clear definition or consensus will develop over time. The EU Taxonomy Regulation has been recently enacted and is subject to further development by way of implementation by the European Commission through delegated regulations of technical screening criteria for the environmental objectives set out in the EU Taxonomy Regulation (the "**EU Sustainable Finance Taxonomy Delegated Acts**"). A first delegated act on sustainable activities for climate change adaptation and mitigation objectives was approved in principle on 21 April 2021, and formally adopted on 4 June 2021 for scrutiny by the co-legislators. A second delegated act for the remaining objectives will be published in 2022. On 6 July 2021, a delegated act supplementing Article 8 of the EU Taxonomy Regulation was adopted by the Commission for scrutiny by the co-legislators. This delegated act specifies the content, methodology and presentation of information to be disclosed by financial and non-financial undertakings concerning the proportion of environmentally sustainable economic activities in their business, investments or lending activities.

Even if a definition or market consensus as to what constitutes, a "green" or "sustainable" or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as "green" or "sustainable" or such other equivalent label, should develop or be established, no assurance is or can be given to investors that any projects or uses the subject of, or related to, any Green Projects, Social Projects or Sustainability Projects will meet any or all investor expectations regarding such "green", "social" or "sustainable" or other equivalently-labelled performance objectives (including those set out under the EU Taxonomy Regulation and the EU Sustainable Finance Taxonomy Delegated Acts) or that any adverse green, social, sustainable and/or other impacts will not occur during the implementation of any projects or uses the

subject of, or related to, any Green Projects, Social Projects or Sustainability Projects, as the case may be, towards which proceeds of the Notes are to be applied. 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 GBP and/or the SBP and/or the SBG and/or the EU Taxonomy Regulation and the EU Sustainable Finance Taxonomy Delegated Acts. Any such changes could have an adverse effect on the liquidity and value of and return on any such Green Bond, Social Bond or Sustainability Bond.

As at the date of this Base Prospectus, the Issuer has not published a framework relating to an investment in Green Projects, Social Projects and Sustainability Projects (the "**Sustainability Bond Framework**") although the Issuer intends to publish such Sustainability Bond Framework prior to the issuance of any Notes which specify that the relevant proceeds will be used for Green Projects, Social Projects and Sustainability Projects.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer) which may or may not be made available in connection with the issue of any Green Bond, Social Bond or Sustainability Bond and in particular with any Green Projects, Social Projects or Sustainability Projects to fulfil any environmental, sustainability, social and/or other criteria. For the avoidance of doubt, any such opinion or certification is not, nor shall be deemed to be, incorporated in and/or form part of this Base Prospectus. Any such opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer, the Dealers or any other person to buy, sell or hold any such Green Bonds, Social Bonds or Sustainability Bonds. Any such opinion or certification is only current as of the date that opinion was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in such Green Bonds, Social Bonds or Sustainability Bonds. Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight.

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

While it is the intention of the Issuer to apply the proceeds of any issue of Green Bonds, Social Bonds or Sustainability Bonds for Green Projects and/or Social Projects and/or Sustainability Projects in, or substantially in, the manner described in the applicable Final Terms, there can be no assurance that the relevant project(s) or use(s) the subject of, or related to, any Green Projects, Social Projects and Sustainability Projects will be capable of being implemented in or substantially in such manner and/or in accordance with any timing schedule and that accordingly the proceeds of the relevant issue of Green Bonds, Social Bonds or Sustainability Bonds will be totally or partially disbursed for the specified Green Projects, Social Projects and Sustainability Projects. Nor can there be any assurance that such Green Projects or such

Social Projects or such Sustainability Projects, will be completed within any specified period or at all or with the results or outcome as originally expected or anticipated by the Issuer.

Any such event or failure by the Issuer (including to comply with its reporting obligations in relation to Green Bonds, Social Bonds or Sustainability Bonds) will not (i) give rise to any claim of a Noteholder against the Issuer; (ii) constitute an Event of Default under the Notes; (iii) lead to an obligation of the Issuer to redeem such Notes or be a relevant factor for the Issuer in determining whether or not to exercise any optional redemption rights in respect of any Notes; (iv) affect the qualification of such Notes as Senior Notes, Non-Preferred Senior Notes, Subordinated Notes, or as eligible liabilities instruments (as applicable); or (v) prevent the applicability of the general bail-in tool. Neither the proceeds of any Green Bonds, Social Bonds or Sustainability Bonds nor any amount equal to such proceeds or asset financed with such proceeds will be segregated by the Issuer from its capital and other assets. For the avoidance of doubt, 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 Green Project, Social Project or Sustainability Project (as the case may be) nor have any preferred or any other right against the green, social or sustainable assets towards which proceeds of the relevant Green Bonds, Social Bonds or Sustainability Bonds are to be applied.

Any such event or failure to apply the proceeds of any issue of Green Bonds, Social Bonds or Sustainability Bonds for any Green Projects, Social Projects and Sustainability Projects as aforesaid and/or withdrawal of any such opinion or certification or any such opinion or certification attesting that the Issuer is not complying, in whole or in part, with any matters for which such opinion or certification is opining or certifying on and/or any such Green Bonds, Social Bonds or Sustainability Bonds 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 Green Bonds, Social Bonds or Sustainability Bonds and also potentially the value of any other Notes which are intended to finance Green Projects, Social Projects and Sustainability Projects and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

In addition, Green Bonds, Social Bonds or Sustainability Bonds may also qualify as own funds or eligible liabilities. The fact that Notes which qualify as own funds or eligible liabilities (which may include, for the avoidance of doubt, Senior Notes, Non-Preferred 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 proceeds thereof) to absorb all losses (whether or not related to any green, social or sustainable assets towards which proceeds of the relevant Notes may have been applied or, if relevant, reallocated) in accordance with their terms (if applicable) or the Regulatory Capital Requirements, (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). Among the risks applicable to the Issuer's Notes, the Issuer's Green Bonds, Social Bonds or Sustainability Bonds may be subject to mandatory write-down or conversion to equity in the event a resolution procedure is initiated in respect of the BMPS Group (including the Issuer) and, with respect to Green Bonds, Social Bonds or Sustainability Bonds qualifying as Tier 2 Capital, even before the commencement of any such procedure if certain conditions are met, in which cases 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, nor is their level of subordination affected by such designation.

Potential conflicts of interest with the Calculation Agent

Potential conflicts of interest may exist between the Calculation Agent (if any) and Noteholders (including where a Dealer acts as a calculation agent), including with respect to certain determinations and judgments

that such Calculation Agent may make pursuant to the Conditions that may influence amounts receivable by the Noteholders during the term of the Notes and upon their redemption.

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 Issuer (i) is liquidated (including when the Issuer becomes subject to *Liquidazione Coatta Amministrativa* as defined in the Italian Consolidated Banking Act (as amended from time to time)) or (ii) is insolvent as set out in Condition 8 (*Events of Default*) of the Terms and Conditions for the English Law Notes and Condition 8 (*Events of Default*) of the Terms and Conditions for the Italian Law Notes. 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, 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.

Risks applicable to the Senior Notes and the Non-Preferred Senior Notes

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

The Issuer's obligations under Non-Preferred Senior Notes will be unsecured, unsubordinated and non-preferred obligations and will rank junior to Senior Notes and claims arising from the excluded liabilities within the meaning of Article 72a(2) of the CRR as well as any other unsecured and unsubordinated preferred obligations of the Issuer which rank, or are expressed to rank by their terms, senior to Non-Preferred Senior Notes. Although Non-Preferred Senior Notes may pay a higher rate of interest than comparable Notes which rank senior to the Non-Preferred Senior Notes, there is a real risk that an investor in Non-Preferred Senior Notes will lose all or some of his investment should the Issuer become insolvent.

Senior Notes and Non-Preferred Senior Notes could be subject to Issuer Call due to MREL Disqualification Event

If at any time an MREL Disqualification Event occurs and is continuing in relation to any Series of Senior Notes or Non-Preferred Senior Notes, and the Form of Final Terms for the Senior Notes or the Non-Preferred Senior Notes of such Series specify that Issuer Call due to MREL Disqualification Event is applicable, the Issuer may (subject to the provisions of Condition 5(i) (*Conditions to Redemption and Purchase of Senior Notes and Non-Preferred Senior Notes*) of the Terms and Conditions for the English Law Notes and Condition 5(i) (*Conditions to Redemption and Purchase of Senior Notes and Non-Preferred Senior Notes*) of the Terms and Conditions for the Italian Law Notes, elect to redeem all, but not some only, of the Senior Notes or the Non-Preferred Senior Notes of such Series. An MREL Disqualification Event means that, at any time, all or part of the aggregate outstanding nominal amount of such Series of Senior Notes or Non-Preferred Senior Notes it or will be excluded fully or partially from the eligible liabilities available to meet the MREL Requirements, subject to as set out in Condition 5(e) (*Issuer Call due to MREL Disqualification Event*) of the Terms and Conditions for the English Law Notes and Condition 5(e) (*Issuer Call due to MREL Disqualification Event*) of the Terms and Conditions for the Italian Law Notes. The applicability of the minimum requirements for eligible liabilities is subject to the application, in the EU and in Italy, of the new EU regulatory framework under the BRRD II, SRM II Regulation, CRD V and CRR II (the "**New EU Banking Framework**").

If the Senior Notes or the Non-Preferred Senior Notes are to be so redeemed, there can be no assurance that Noteholders will be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Senior Notes or Non-Preferred Senior Notes being redeemed. Potential investors should consider

reinvestment risk in light of other investments available at that time. In addition, an MREL Disqualification Event could result in a decrease in the market price of the Notes.

See also "*If the Issuer has the right to redeem any Notes at its option or there is a perception that this is the case, this may limit the market value of the Notes concerned and should the Notes be redeemed an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return*" above.

Early redemption and purchase of the Senior Notes and Non-Preferred Senior Notes may be restricted

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

In addition, under the New EU Banking Framework, the early redemption or purchase of Senior Notes and Non-Preferred Senior Notes which qualify as eligible liabilities available to meet MREL Requirements is subject to the prior approval of the Competent Authority where applicable from time to time under the applicable laws and regulations. The New EU Banking Framework states that the Competent Authority would approve an early redemption of the Senior Notes and Non-Preferred Senior Notes where any of the following conditions is met:

- on or before such early redemption or purchase of the Senior Notes or Non-Preferred Senior Notes, the Issuer replaces the Senior Notes or Non-Preferred Senior Notes with own funds instruments or eligible liabilities of an equal or higher quality on terms that are sustainable for the income capacity of the Issuer;

- the Issuer has demonstrated to the satisfaction of the Competent Authority that its Own Funds and eligible liabilities would, following such redemption or purchase, exceed the requirements for own funds and eligible liabilities set out in the CRD V or the BRRD II (or, in either case, any relevant provisions of Italian law implementing the CRD V or, as appropriate, the BRRD II) or the CRR II by a margin that the Competent Authority considers necessary; or

- the Issuer has demonstrated to the satisfaction of the Competent 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 CRR II and in the CRD V for continuing authorisation.

The Competent Authority shall consult with the Relevant Resolution Authority before granting that permission, as requested pursuant to the New EU Banking Framework.

Senior Notes and Non-Preferred Senior Notes which are English Law Notes may be subject to substitution and modification without Noteholder consent. Senior Notes and Non-Preferred Senior Notes which are Italian Law Notes may be subject to modification without Noteholder consent.

If Substitution or Variation is specified as being applicable in the circumstances described in (i) and/or (ii) below in the relevant Final Terms for any Series of Senior Notes or Non-Preferred Senior Notes that are English Law Notes and if Variation is specified as being applicable in the circumstances described in (i) and/or (ii) below in the relevant Final Terms for any Series of Senior Notes or Non-Preferred Senior Notes that are Italian Law Notes, then (i) at any time an MREL Disqualification Event occurs and/or as applicable (ii) in order to ensure the effectiveness and enforceability of Condition 17 (*Statutory Loss Absorption Powers*) of the Terms and Conditions for the English Law Notes and Condition 16 (*Statutory Loss Absorption Powers*) of the Terms and Conditions for the Italian Law Notes, then the Issuer may, subject to

giving any notice required to be given to, and receiving any consent required from, the Competent Authority and/or as appropriate the Relevant Resolution Authority (without any requirement for the consent or approval of the holders of the Senior Notes or Non-Preferred Senior Notes of that Series) and having given not less than 30 nor more than 60 days' notice to the Agent and the holders of the Notes of that Series (or such other notice periods as may be specified in the relevant Final Terms), at any time either substitute all (but not some only) of such Senior Notes or Non-Preferred Senior Notes that are English Law Notes, or vary the terms of such Senior Notes or Non-Preferred Senior Notes that are either English Law Notes or Italian Law Notes so that they remain or, as appropriate, become, Qualifying Senior Notes or Qualifying Non-Preferred Senior Notes, as applicable, provided that such variation or (for the English Law Notes only) substitution does not itself give rise to any right of the Issuer to redeem the varied or (for the English Law Notes only) substituted securities.

Qualifying Senior Notes or Qualifying Non-Preferred Senior Notes, as applicable, are securities issued by the Issuer that, other than in respect of the effectiveness and enforceability of Condition 17 (*Statutory Loss Absorption Powers*) of the Terms and Conditions for the English Law Notes and Condition 16 (*Statutory Loss Absorption Powers*) of the Terms and Conditions for the Italian Law Notes, have terms not materially less favourable to the Noteholders (as reasonably determined by the Issuer) than the terms of the relevant Senior Notes or Non-Preferred Senior Notes, as applicable. However, no assurance can be given as to whether any of these changes (including, without limitation, any changes to governing law and/or jurisdiction) will negatively affect any particular Noteholder. In addition, the tax and stamp duty consequences of holding such substituted (for the English Law Notes only) or varied notes could be different for some categories of Noteholders from the tax and stamp duty consequences for them of holding the notes prior to such substitution (for the English Law Notes only) or variation.

Senior Notes and Non-Preferred Senior Notes may be subject to loss absorption on any application of the general bail-in-tool

Investors should be aware that Senior Notes and Non-Preferred Senior Notes may be subject to write-down or conversion into equity capital instruments on any application of the general bail-in tool, which may result in such holders losing some or all of their investment. The exercise of the general bail-in tool, or any other power under the BRRD or any suggestion or perceived suggestion of such exercise could, therefore, materially adversely affect the rights of holders Senior Notes and Non-Preferred Senior Notes, the price or value of their investment in any such Notes and/or the ability of the Issuer to satisfy its obligations under such Notes. Any shares issued to holders of Senior Notes or Non-Preferred Senior Notes upon any such conversion into equity capital instruments may be of little value at the time of conversion and may also be subject to any future application of the BRRD.

Risks applicable to the Subordinated Notes

An investor in Subordinated Notes assumes an enhanced risk of loss in the event of the Issuer's insolvency

BMPS's obligations under Subordinated Notes will be unsecured and subordinated and will rank junior in priority of payment to Senior Liabilities. "**Senior Liabilities**" means any unconditional, unsubordinated and unsecured obligations of BMPS (including Non-Preferred Senior Notes). Although Subordinated Notes may pay a higher rate of interest than comparable Notes which are not subordinated (including Non-Preferred Senior Notes), there is a real risk that an investor in Subordinated Notes will lose all or some of his investment should BMPS become insolvent.

In no event will holders of Subordinated Notes be able to accelerate the maturity of their Subordinated Notes; such holders will have claims only for amounts then due and payable on their Subordinated Notes.

Subordinated Notes could be subject to redemption for regulatory reasons

The intention of BMPS is for Subordinated Notes to qualify on issue as "Tier 2 capital" for regulatory purposes. However, current regulatory practice by the Bank of Italy does not require (or customarily provide) a confirmation prior to the issuance of Subordinated Notes that the Notes will be treated as such.

If Regulatory Call is specified as applicable in the Final Terms, upon the occurrence of a Capital Event (as defined in Condition 5(d) (*Redemption for Regulatory Reasons*) of the Terms and Conditions for the English Law Notes and Condition 5(d) (*Redemption for Regulatory Reasons*) of the Terms and Conditions for the Italian Law Notes, the Issuer may (subject to the provisions of Condition 5(h) (*Conditions to Early Redemption and Purchase of Subordinated Notes*) of the Terms and Conditions for the English Law Notes and Condition 5(h) (*Conditions to Early Redemption and Purchase of Subordinated Notes*) of the Terms and Conditions for the Italian Law Notes), elect to redeem the Subordinated Notes. In the event of a redemption for regulatory reasons, there can be no assurance that an investor will be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Subordinated Notes being redeemed. Potential investors should consider reinvestment risk in light of other investments available at that time.

See also "*If the Issuer has the right to redeem any Notes at its option or there is a perception that this is the case, this may limit the market value of the Notes concerned and should the Notes be redeemed an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return*" above and "*Subordinated Notes that are English Law Notes may be subject to substitution and modification without Noteholder consent. Subordinated Notes that are Italian Law Notes may be subject to modification without Noteholder consent*" below.

Subordinated Notes may be subject to loss absorption on any application of the general bail-in tool or at the point of non-viability of the Issuer or, in certain circumstances, the Group or may be the subject to the burden sharing requirements of the EU State aid framework and the BRRD.

Investors should be aware that, in addition to the general bail-in tool, the BRRD provides for resolution authorities to have the further power to write-down permanently/convert into equity capital instruments such as the Subordinated Notes at the point of non-viability and before any other resolution action is taken, with losses absorbed in accordance with the priority of claims under normal insolvency proceedings ("**Non-Viability Loss Absorption**"). Any shares issued to holders of Subordinated Notes upon any such conversion into equity capital instruments may also be subject to any future application of the BRRD.

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 in the form of precautionary recapitalisation. In the case of precautionary recapitalization 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.

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 Italian Banking Act transposing Article 48(7) of the BRRD II. The amended Article 91 of the Italian Banking Act provides for the following ranking:

- 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*);

- 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.

In light of the above, if Subordinated Notes of the Issuer were to be disqualified entirely as own funds items in the future, their ranking could improve compared to Subordinated Notes which at the relevant time qualify as own funds items (in whole or in part) and, in the event of a liquidation or bankruptcy of the Issuer, the Issuer would, inter alia, be required to pay subordinated creditors of the Issuer, whose claims arise from liabilities that no longer fully or partially are recognized as an own funds instrument in full before it can make any payments on the Subordinated Notes. Furthermore, if the Subordinated Notes are fully disqualified as own funds items, such Notes could not be subject to a write-down or conversion into common shares at the point of non-viability even though they would continue to be subject to bail-in, and, in the event the Issuer were to receive extraordinary financial support in accordance with the EU state aid framework and the BRRD, the burden sharing requirements of such legislation.

Subordinated Notes that are English Law Notes may be subject to substitution and modification without Noteholder consent. Subordinated Notes that are Italian Law Notes may be subject to modification without Noteholder consent.

If Substitution or Variation is specified as being applicable in the relevant Final Terms for any Series of Subordinated Notes that are English Law Notes and if Variation is specified as being applicable in the relevant Final Terms for any Series of Subordinated Notes that are Italian Law Notes, in order to ensure the effectiveness and enforceability of Condition 17 (*Statutory Loss Absorption Powers*) of the Terms and Conditions for the English Law Notes and Condition 16 (*Statutory Loss Absorption Powers*) of the Terms and Conditions for the Italian Law Notes, then the Issuer may, subject to giving any notice required to be given to, and receiving any consent required from, the Competent Authority and/or as appropriate the Relevant Resolution Authority (without any requirement for the consent or approval of the holders of the Subordinated Notes of that Series), and having given not less than 30 nor more than 60 days' notice to the Agent and the holders of the Notes of that Series (or such other notice periods as may be specified in the relevant Final Terms), at any time either substitute all (but not some only) of a Series of Subordinated Notes that are English Law Notes, or vary the terms of such Subordinated Notes that are either English Law Notes or Italian Law Notes so that they remain or, as appropriate, become, Qualifying Subordinated Notes, as applicable, provided that such variation or (for the English Law Notes only) substitution does not itself give rise to any right of the Issuer to redeem the varied or (for the English Law Notes only) substituted securities.

Qualifying Subordinated Notes are securities issued by the Issuer that, other than in respect of the effectiveness and enforceability of Condition 17 (*Statutory Loss Absorption Powers*) of the Terms and Conditions for the English Law Notes and Condition 16 (*Statutory Loss Absorption Powers*) of the Terms and Conditions for the Italian Law Notes, have terms not materially less favourable to the Noteholders (as reasonably determined by the Issuer) than the terms of the relevant Subordinated Notes. However, no assurance can be given as to whether any of these changes (including, without limitation, any changes to governing law and/or jurisdiction) will negatively affect any particular Noteholder. In addition, the tax and stamp duty consequences of holding such substituted (for the English Law Notes only) or varied notes could be different for some categories of Noteholders from the tax and stamp duty consequences for them of holding the notes prior to such substitution (for the English Law Notes only) or variation.

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

Reset Notes will initially bear interest at the Initial Rate of Interest from and including the Interest Commencement Date up to but excluding the First Reset Date. On the First Reset Date, the Second Reset Date (if applicable) and each Subsequent Reset Date (if any) thereafter, the interest rate will be reset to the sum of the applicable Mid-Swap Rate and the First Margin or Subsequent Margin (as applicable) as determined by the Calculation Agent on the relevant Reset Determination Date (each such interest rate, a "**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.

Risks applicable to certain types of Exempt Notes

Where Notes are issued on a partly paid basis, an investor who fails to pay any subsequent instalment of the issue price could lose all of his investment.

The Issuer may issue Notes where the issue price is payable in more than one instalment. Any failure by an investor to pay any subsequent instalment of the issue price in respect of his Notes could result in such investor losing all of its investment.

Notes which are issued with variable interest rates or which are structured to include a multiplier or other leverage factor are likely to have more volatile market values than more standard securities.

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

The Notes are not covered by the Italian Inter-Bank Fund for the Protection of Deposits.

The obligations in respect of the Notes (Senior Notes, Non-Preferred Senior Notes and Subordinated Notes) are not covered by the *Fondo Interbancario di Tutela dei Depositi* (i.e. depositor insurance fund).

Risks related to Notes generally

Set out below is a description of material risks relating to the Notes generally:

The conditions of the Notes contain provisions which may permit their modification without the consent of all investors.

The Terms and Conditions for the English Law Notes and the Terms and Conditions for the Italian Law Notes contain provisions for calling meetings of Noteholders to consider and vote upon matters affecting their interests generally, or to pass resolutions in writing or through the use of electronic consents. These

provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting or, as the case may be, did not sign the written resolution or give their consent electronically, and including those Noteholders who voted in a manner contrary to the majority.

Call options are subject to the prior consent of the Competent Authority.

In addition to the call rights described under "*Subordinated Notes could be subject to redemption for regulatory reasons*" above, Subordinated Notes may also contain provisions allowing BMPS to call them after a minimum period of, for example, five years. To exercise such a call option, BMPS must obtain the prior written consent of the Competent Authority.

Holders of such Notes have no rights to call for the redemption of such Notes and should not invest in such Notes in the expectation that such a call will be exercised by BMPS. The Competent Authority must agree to permit such a call, based upon its evaluation of the regulatory capital position of BMPS and certain other factors at the relevant time. There can be no assurance that the Competent Authority will permit such a call. Holders of such Notes should be aware that they may be required to bear the financial risks of an investment in such Notes for a period of time in excess of the minimum period.

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

Except for Condition 2(b) (*Status of the Non-Preferred Senior Notes*), Condition 2(c) (*Status of the Subordinated Notes*) and Condition 17 (*Statutory Loss Absorption Powers*), the Terms and Conditions for the English Law Notes are based on English law in effect as at the date of this Base Prospectus.

The Terms and Conditions for the Italian Law Notes are based on Italian law in effect as at the date of this Base Prospectus.

No assurance can be given as to the impact of any possible judicial decision or change to English law or Italian law or administrative practice after the date of this Base Prospectus and any such change could materially adversely impact the value of any Notes affected by it.

Risk relating to the governing law of the Italian Law Notes

The Terms and Conditions for the Italian Law Notes are governed by Italian law and Condition 15 (*Governing Law and Submission to Jurisdiction*) of the Terms and Conditions for the Italian Law Notes 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, pursuant to EU and Italian private international law provisions as applicable from time to time. Article 59 of Law No. 218 of 31 May 1995 (the "**Italian Private International Law**") provides that "other debt securities" (titoli di credito) are governed by the law of the State in which the security was issued". The Temporary Global Notes or the Permanent Global Notes, whether issued in CGN or NGN form, as the case may be, representing the Italian Law Notes are signed by the Issuer in the United Kingdom and are, thereafter, delivered to Citibank, N.A., London Branch and Banque Internationale à Luxembourg, société anonyme as initial Fiscal Agent and 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.

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

Holders of Notes held through Euroclear and Clearstream, Luxembourg must rely on procedures of those clearing systems to effect transfers of Notes, receive payments in respect of the Notes and vote at meetings of Noteholders.

Notes issued under the Programme will be represented on issue by one or more Global Notes that may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in circumstances described in each Global Note, investors will not be entitled to receive Notes in definitive form. Each of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Note held through it. While the Notes are represented by a Global Note, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

While the Notes are represented by Global Notes, BMPS will discharge its payment obligations under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant clearing systems and their participants to receive payments under the Notes. BMPS has no responsibility or liability for the records relating to, or payment made in respect of, beneficial interests in any Global Note.

Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

Investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued.

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant ICSD would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant ICSD at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

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

The regulation and reform of "benchmarks" may adversely affect the value of Floating Rate Notes or Reset Notes linked to or referencing such "benchmarks"

Interest rates and indices which are deemed to be "benchmarks", (including EURIBOR) are the subject of national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes referencing such a benchmark, such as Floating Rate Notes and Reset Notes.

The EU Benchmarks Regulation applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It,

among other things, (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of "benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the EUWA (the "**UK Benchmarks Regulation**") 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 Financial Conduct Authority ("**FCA**") or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to or referencing a rate or index deemed to be a benchmark, including any Floating Rate Notes linked to or referencing EURIBOR or any Reset Notes referencing the relevant swap rate for swap transactions in the Specified Currency (as specified in the relevant Final Terms with respect to the relevant Reset Notes), in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

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

Several workstreams are underway in Europe to reform EURIBOR using a hybrid methodology and to provide a fallback by reference to a euro risk-free rate (based on a euro overnight risk-free rate as adjusted by a methodology to create a term rate). On 13 September 2018, the working group on euro risk-free rates recommended Euro Short-term Rate ("**€STR**") as the new risk free rate. €STR has been published by the ECB since 2 October 2019. In addition, the euro risk free-rate working group for the euro area has published a set of guidelines principles and high level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, amongst other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system. On 11 May 2021, the euro risk-free rate working group published its recommendations on EURIBOR fallback trigger events and fallback rates.

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 or referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

Investors should be aware that, if the EURIBOR were discontinued or otherwise unavailable, the rate of interest on Floating Rate Notes or Reset Notes which reference such benchmark will be determined for the relevant period by the fallback provisions applicable to such Notes. Depending on the manner in which the EURIBOR rate is to be determined under the "*Terms and Conditions for the English Law Notes*" or under the "*Terms and Conditions for the Italian Law Notes*", as the case may be, this may (i) if ISDA Determination applies, result in the application of a backward-looking, risk-free overnight rate, whereas is expressed on the basis of a forward-looking term and includes a risk-element based on inter-bank lending or (ii) if Screen Rate Determination applies, result in the effective application of a fixed rate based on the rate which applied in the previous period when the EURIBOR was available. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, any Floating Rate Notes or Reset Notes which reference the EURIBOR.

The "*Terms and Conditions for the English Law Notes*" and the "*Terms and Conditions for the Italian Law Notes*" provide for certain fallback arrangements in the event that a published benchmark (including any page on which such benchmark may be published (or any successor service)) becomes unavailable, including the possibility that the rate of interest could be set by reference to a Successor Rate or an Alternative Rate determined by an Independent Adviser in consultation with the Issuer or failing that, by the Issuer, and that such Successor Rate or Alternative Rate may be adjusted (if required) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark. In certain circumstances the ultimate fallback of interest for a particular Interest Period or Reset Period (as applicable) may result in the rate of interest for the last preceding Interest Period or Reset Period (as applicable) being used. This may result in the effective application of a fixed rate for Floating Rate Notes or Reset Notes (as applicable) based on the rate which was last observed on the Relevant Screen Page. In addition, due to the uncertainty concerning the availability of Successor Rates and Alternative Rates and the involvement of an Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time. If the Independent Adviser or, as applicable, the Issuer determines that amendments to the "*Terms and Conditions for the English Law Notes*" or the "*Terms and Conditions for the Italian Law Notes*", as the case may be, the Agency Agreement for the English Law Notes and the Agency Agreement for the Italian Law Notes are necessary to ensure the proper operation of any Successor Rate or Alternative Rate and/or Adjustment Spread or to comply with any applicable regulation or guidelines on the use of benchmarks or other related document issued by the competent regulatory authority, then such amendments shall be made without any requirement for the consent or approval of Noteholders, as provided by Condition 3(d)(iv) (*Benchmark Amendments*) of the Terms and Conditions for the English Law Notes and Condition 3(d)(iv) (*Benchmark Amendments*) of the Terms and Conditions for the Italian Law Notes.

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 with their own independent advisers when making their investment decision with respect to any Floating Rate Notes or Reset Notes linked to or referencing a benchmark.

Risks related to the market generally

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

An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes. In addition, liquidity may be limited if the Issuer makes large allocations to a limited number of investors.

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid and may be sensitive to changes in financial markets. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case should the Issuer be in financial distress, which may result in any sale of the Notes having to be at a substantial discount to their principal amount or for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities.

If an investor holds Notes which are not denominated in the investor's home currency, he will be exposed to movements in exchange rates adversely affecting the value of his holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes.

BMPS 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 significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

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

The value of Fixed Rate Notes may be adversely affected by movements in market interest rates.

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.

Credit ratings assigned to BMPS or any Notes may not reflect all the risks associated with an investment in those Notes.

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

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the EUWA (the "**UK CRA Regulation**"). As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn

or suspended, and (b) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the UK, of existing pre-2021 ratings, provided the relevant conditions are satisfied.

If the status of the rating agency rating the Notes changes for the purposes of the CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Notes may have a different regulatory treatment, which may impact the value of the Notes and their liquidity in the secondary market. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Prospectus.

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 its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

DOCUMENTS INCORPORATED BY REFERENCE

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

(a) the Terms and Conditions for the English Law Notes and the Terms and Conditions for the Italian Law Notes contained in the Base Prospectus dated 22 July 2020 (https://www.gruppomps.it/static/upload/bas/base-prospectus-approved.pdf) (see cross-reference table below);

(b) the consolidated audited annual financial statements of the Group for the financial year ended 31 December 2020, contained in the 2020 audited consolidated annual report (https://www.gruppomps.it/static/upload/_con/consolidated-financial-statement_gmps_2020.pdf) (see cross-reference table below);

(c) the separate annual financial statements of BMPS for the financial year ended 31 December 2020, contained in the 2020 audited separate annual report (https://www.gruppomps.it/static/upload/sep/separate-financial-statement-bmps_2020.pdf) (see cross-reference table below);

(d) the consolidated audited annual financial statements of the Group for the financial year ended 31 December 2019, contained in the 2019 audited consolidated annual report (https://www.gruppomps.it/static/upload/ann/annual-report-gmps-2019.pdf) (see cross-reference table below);

(e) the consolidated half yearly financial statements of the Group for the period ended 30 June 2021, contained in the consolidated half yearly report as at 30 June 2021 (https://gruppomps.it/static/upload/_con/consolidated-half-yearly-report-2021_gmps.pdf) (see cross-reference table below);

(f) the consolidated interim financial statements of the Group for the period ended 30 September 2021, contained in the consolidated interim report as at 30 September 2021 (consolidated-interim-report-as-at-30092021.pdf (gruppomps.it)) (see cross-reference table below); and

(g) the press release headed "*Banca Monte dei Paschi di Siena Board of Directors approves the 2022-2026 Strategic Plan*" (https://www.gruppomps.it/static/upload/17_/17_12_2021_piano_eng.pdf") (see cross-reference table below).

The documents listed above will also be available, without charge, on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Cross-reference table

Please find below the relevant page references in respect of each of the following documents incorporated by reference:

Document	Information incorporated by reference	Location
	Terms and Conditions for the English Law Notes	pp 77-113

Base Prospectus dated 22 July 2020 relating to the Issuer's €50,000,000,000 Debt Issuance Programme	Terms and Conditions for the Italian Law Notes	pp 114-148
Group's Audited Consolidated Annual Financial Statements for the Financial Year Ended 31 December 2020 (the "**2020 Consolidated Financial Statements**")	Control Bodies and Independent Auditors	p 4
	Consolidated Report on Operations	pp 5-154
	Consolidated balance sheet	pp 157-158
	Consolidated income statement	p 159
	Consolidated statement of comprehensive income	p 160
	Consolidated Statement of Changes in Equity – 2020	pp 161-162
	Consolidated Statement of Changes in Equity – 2019	pp 163-164
	Consolidated cash flow statement: indirect method	pp 165-166
	Notes to the Consolidated Financial Statements	pp 167-538
	Certification of the consolidated financial statements pursuant to art. 81-ter of Consob regulation no. 11971 of 14 May 1999, as subsequently amended and supplemented	p 542
	Independent Auditor's Report	pp 543-555
BMPS' 2020 Separate Financial Statements	Report of the Board of Statutory Auditors – Complaints and petitions	pp 389-399
Group's Audited Consolidated Annual Financial Statements for the Financial Year Ended 31 December 2019 (the "**2019 Consolidated Financial Statements**")	Control Bodies and Independent Auditors	pp 5
	Consolidated Report on Operations	pp 6-124
	Consolidated balance sheet	pp 127-128
	Consolidated income statement	pp 129
	Consolidated statement of comprehensive income	pp 130
	Consolidated Statement of Changes in Equity – 2019	pp 131-132
	Consolidated Statement of Changes in Equity – 2018	pp 133-134
	Consolidated cash flow statement: indirect method	pp 135-136
	Notes to the Consolidated Financial Statements	pp 137-486
	Certification of the consolidated financial statements pursuant to art. 81-ter of Consob regulation no. 11971 of 14 May 1999, as subsequently amended and supplemented	pp 490
	Independent Auditor's Report	pp 491-498
Group's Consolidated Half Yearly Report as at 30 June 2021 (the "**2021 Consolidated Half Yearly Report**")	Half-Yearly Report on Operations	pp 3-26
	Consolidated balance sheet	pp 27-29
	Consolidated Income Statement	p 30
	Consolidated Statement of Comprehensive Income	p 31
	Consolidated Statement of Changes in Equity – 30 June 2021	pp 32-33

	Consolidated Statement of Changes in Equity – 30 June 2020	pp 34-35
	Consolidated Cash Flow Statement - Indirect Method	pp 36-37
	Explanatory Notes	pp 38-148
	Certification of the condensed consolidated Half-Yearly Financial Statements pursuant to art. 81-ter of Consob regulation no. 11971 of 14 May 1999, as subsequently amended and supplemented	p 149
	Independent Auditors' Report	pp 150-152
	Reconciliation between the reclassified income statement and balance sheet and the related statutory accounts	pp 153-158
Group's Consolidated Interim Report as at 30 September 2021 (the "**Consolidated Interim Report as at 30 September 2021**")	Introduction	p 3
	Results in brief	pp 4-6
	Executive summary	pp 7-9
	Reference context	pp 10-12
	Covid-19	p 13
	Shareholders	p 14
	Information on the BMPS share	pp 14-15
	Significant events in the first nine months of 2021	p 16
	Significant events after 30 September 2021	pp 16-17
	2017-2021 Restructuring Plan	p 17
	2021-2025 Group Strategic Plan	pp 18-24
	Explanatory Notes	pp 25-37
	Income statement and balance sheet reclassification principles	pp 38-41
	Reclassified income statement	pp 42-50
	Reclassified balance sheet	pp 51-65
	Disclosure on risks	pp 66-73
	Results by Operating Segment	pp 74-84
	Prospects and outlook on operations	pp 85-86
	Declaration of the Financial Reporting Officer	p 87
Press release headed "*Banca Monte dei Paschi di Siena Board of Directors approves the 2022-2026 Strategic Plan*" (the "**New Strategic Plan – Press Release**")	Cover Page	p 1
	The Three Pillars	p 2
	Enabling Factors	p 2
	Plan Assumptions	p 2

Following the publication of this Base Prospectus, supplements may be prepared by BMPS and approved by the CSSF in accordance with Article 23 of the Prospectus Regulation. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable, be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is

incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Those parts of the documents incorporated by reference in this Base Prospectus which are not specifically mentioned in the cross-reference list above shall not be deemed to be incorporated by reference in this Base Prospectus and are either not relevant for investors or covered elsewhere in the Base Prospectus.

Any websites, save for those listed as documents incorporated by reference above, included in the Base Prospectus are for information purposes only and do not form part of the Base Prospectus.

The Issuer will, in the event of any significant new factor, material mistake or material inaccuracy relating to information included in this Base Prospectus, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of the Notes to be listed on the Luxembourg Stock Exchange.

GENERAL DESCRIPTION OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the Form of Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement). The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, in the case of Notes other than Exempt Notes and, if appropriate, a supplement to the Base Prospectus or a new Base Prospectus will be published.

This section constitutes a general description of the Programme for the purposes of Article 25(1) of the Commission Delegated Regulation (EU) No. 2019/980 (the "**Delegated Regulation**").

Words and expressions defined in the "*Form of the Notes*", the "*Terms and Conditions for the English Law Notes*" or, as the case may be, the "*Terms and Conditions for the Italian Law Notes*" below shall have the same meanings in this overview.

Issuer:	Banca Monte dei Paschi di Siena S.p.A. (the "**Issuer**" or "**BMPS**")
Issuer Legal Entity Identifier (LEI):	J4CP7MHCXR8DAQMKIL78
Description:	Debt Issuance Programme
Arranger:	NatWest Markets N.V.
Dealers:	Barclays Bank Ireland PLC BofA Securities Europe SA Citigroup Global Markets Limited Crédit Agricole Corporate and Investment Bank Credit Suisse Bank (Europe), S.A. Deutsche Bank Aktiengesellschaft Goldman Sachs International HSBC Continental Europe J.P. Morgan AG Mediobanca – Banca di Credito Finanziario S.p.A. Morgan Stanley & Co. International plc MPS Capital Services Banca per le Imprese S.p.A. NatWest Markets N.V. Société Générale UBS Europe SE and any other Dealers appointed in accordance with the Programme Agreement (as defined under "*Subscription and Sale*").
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*"), including the following restrictions applicable at the date of this Prospectus.
Issuing and Principal Paying Agent:	Citibank, N.A., London Branch

Programme Size:	Up to €50,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Subject to any applicable legal or regulatory restrictions, any currency agreed between the Issuer and the relevant Dealer.
Maturities:	The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency. Unless otherwise permitted by current laws, regulations, directives and/or requirements applicable from time to time to the issue of Non-Preferred Senior Notes, Non-Preferred Senior Notes must have a minimum maturity of not less than twelve months. Unless otherwise permitted by current laws, regulations, directives and/or requirements applicable from time to time to the issue of Subordinated Notes, Subordinated Notes must have a minimum maturity of 5 years.
Issue Price:	Notes may be issued on a fully-paid or, in the case of Exempt Notes, a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par. The Issue Price will be inserted in the applicable Final Terms.
Form of Notes:	The Notes will be issued in bearer form as described in "*Form of the Notes*".
Fixed Rate Notes:	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption, and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
Reset Notes:	Reset Notes will, in respect of an initial period, bear interest at the initial fixed rate of interest specified in the relevant Final Terms. Thereafter, the fixed rate of interest will be reset on one or more date(s) specified in the relevant Final Terms by reference to a mid-market swap rate, as adjusted for any applicable margin, in each case, as may be specified in the relevant Final Terms.
Floating Rate Notes:	Floating Rate Notes will bear interest at a rate determined: (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, as published by the International Swaps and Derivatives Association, Inc. ("**ISDA**"), and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series, or the latest version of the 2021 ISDA Interest Rate Derivatives Definitions (as published by ISDA as at the Issue Date of the

first Tranche of the Notes of the relevant Series) as specified in the applicable Final Terms (or, in the case of Exempt Notes, Pricing Supplement); or

(ii) on the basis of the reference rate set out in the Form of Final Terms (or, in the case of Exempt Notes, Pricing Supplement).

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

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.

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

Exempt Notes: The Issuer may issue Exempt Notes which are Partly Paid Notes or Notes redeemable in one or more instalments.

Partly Paid Notes: The Issuer may issue Notes in respect of which the issue price is paid in separate instalments in such amounts and on such dates as the Issuer and the relevant Dealer may agree.

Notes redeemable in instalments: The Issuer may issue Notes which may be redeemed in separate instalments in such amounts and on such dates as the Issuer and the relevant Dealer may agree.

The Issuer may agree with any Dealer that Exempt Notes may be issued in a form not contemplated by the Terms and Conditions for the English Law Notes or by the Terms and Conditions for the Italian Law Notes, in which event the relevant provisions will be included in the applicable Pricing Supplement.

Redemption: The Form of Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in the case of Exempt Notes in specified instalments, if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or (in the case of Senior Notes or Non-Preferred Senior Notes only) at the option of the Issuer due to a MREL Disqualification Event, as described in Condition 5(e) (*Issuer Call due to MREL Disqualification Event*) of the Terms and Conditions for the English Law Notes and Condition 5(e) (*Issuer Call due to MREL Disqualification Event*) of the Terms and Conditions for the Italian Law Notes and/or (in case of Subordinated Notes only) at the option of the Issuer for regulatory reasons, as described in Condition 5(d) (*Redemption for Regulatory Reasons*) of the Terms and Conditions for the English Law Notes and Condition 5(d) (*Redemption for Regulatory Reasons*) of the Terms and Conditions for the Italian Law Notes.

The terms of any such redemption, including notice periods, any relevant conditions to be satisfied and the relevant redemption dates and prices will be

indicated in the Form of Final Terms. Other than following an Event of Default, any redemption of Senior Notes and Non-Preferred Senior Notes or Subordinated Notes prior to their stated maturity in accordance with the Conditions (including early redemption for taxation reasons or early redemption for regulatory reasons) will be subject to the provisions of, respectively, Condition 5(i) (*Conditions to Redemption and Purchase of Senior Notes and Non-Preferred Senior Notes*) and 5(h) (*Conditions to Early Redemption and Purchase of Subordinated Notes*) of the Terms and Conditions for the English Law Notes and Condition 5(i) (*Conditions to Redemption and Purchase of Senior Notes and Non-Preferred Senior Notes*) and 5(h) (*Conditions to Early Redemption and Purchase of Subordinated Notes*) of the Terms and Conditions for the Italian Law Notes.

Notes having a maturity of less than one year are subject to restrictions on their denomination and distribution, see "*Certain Restrictions*".

Denomination of Notes: Notes will be issued in such denominations as may be specified in the Form of Final Terms ("**Specified Denomination**") save that (i) the minimum Specified Denomination of each Note which is specified in the Form of Final Terms as being a Senior Note shall be Euro 100,000 or, where it is a Note to be admitted to trading only on a regulated market, or a specific segment of a regulated market, to which only qualified investors (as defined in the Prospectus Regulation) have access, €1,000 (or, in each case, its equivalent in any other currency as at the date of issue of the relevant Notes), (ii) the minimum Specified Denomination of each Note which is specified in the Form of Final Terms as being a Non-Preferred Senior Note shall be Euro 150,000 or, where it is a Note to be admitted to trading only on a regulated market, or a specific segment of a regulated market, to which only qualified investors (as defined in the Prospectus Regulation) have access, €1,000 (or, in each case, its equivalent in any other currency as at the date of issue of the relevant Notes), and (iii) the minimum Specified Denomination of each Note which is specified in the Form of Final Terms as being a Subordinated Note shall be Euro 200,000 or, where it is a Note to be admitted to trading only on a regulated market, or a specific segment of a regulated market, to which only qualified investors (as defined in the Prospectus Regulation) have access, €1,000 (or, in each case, its equivalent in any other currency as at the date of issue of the relevant Notes).

Taxation: All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction, subject as provided in Condition 6 (Taxation) of the Terms and Conditions for the English Law Notes and Condition 6 (*Taxation*) of the Terms and Conditions for the Italian Law Notes. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 6 (Taxation), be required to pay additional amounts, in respect of interest only to cover the amounts so deducted.

As more fully set out in Condition 6 (Taxation) of the Terms and Conditions for the English Law Notes and Condition 6 (*Taxation*) of the Terms and Conditions for the Italian Law Notes, BMPS in its capacity as Issuer shall not be liable in certain circumstances to pay any additional amounts to holders of the Notes with respect to any Notes, Receipts or Coupons for or on account of *imposta sostitutiva* pursuant to Italian Legislative Decree No. 239 of 1 April 1996 (as amended or supplemented) and related regulations of implementation which have been or may subsequently be enacted ("**Legislative Decree 239**").

Negative Pledge: None.

Status of the Notes: The Senior Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank (subject to any obligations preferred by any applicable law) *pari passu* with all other unsecured obligations (other than obligations ranking junior to the Senior Notes from time to time (including Non-Preferred Senior Notes and any further obligations permitted by law to rank, and expressed to rank, junior to the Senior Notes, on or following the Issue Date), if any) of the Issuer, present and future and *pari passu* and rateably without any preference among themselves, as described in Condition 2(a) (*Status of the Senior Notes*) of the Terms and Conditions for the English Law Notes and Condition 2(a) (*Status of the Senior Notes*) of the Terms and Conditions for the Italian Law Notes.

The Non-Preferred Senior Notes (notes intended to qualify as *strumenti di debito chirografario di secondo livello* of the Issuer, as defined under Article 12-*bis* of the Italian Consolidated Banking Act) will constitute direct, unconditional, unsubordinated, and unsecured and non-preferred obligations of the Issuer, ranking junior to Senior Notes and any other unsecured and unsubordinated obligations of the Issuer which rank, or are expressed to rank in their terms, senior to the Non-Preferred Senior Notes, *pari passu* without any preferences among themselves, and with all other present or future obligations of the Issuer which do not rank or are not expressed by their terms to rank junior or senior to the relevant Non-Preferred Senior Notes and in priority to any subordinated instruments and to the claims of shareholders of the Issuer, pursuant to Article 91, section 1-*bis*, letter c-*bis* of the Italian Consolidated Banking Act, as described in Condition 2(b) (*Status of the Non-Preferred Senior Notes*) of the Terms and Conditions for the English Law Notes and Condition 2(b) (*Status of the Non-Preferred Senior Notes*) of the Terms and Conditions for the Italian Law Notes.

The Subordinated Notes will constitute unconditional, subordinated unsecured obligations of the Issuer and, (subject to Condition 2(c) (*Status of the Subordinated Notes*) of the Terms and Conditions for the English Law Notes and Condition 2(c) (*Status of the Subordinated Notes*) of the Terms and Conditions for the Italian Law Notes), will rank *pari passu* and without any preference among themselves and after all unsubordinated, unsecured obligations of the Issuer, as described in Condition 2(c) (*Status of the Subordinated Notes*) of the Terms and Conditions for the English Law Notes and Condition 2(c) (*Status of the Subordinated Notes*) of the Terms and Conditions for the Italian Law Notes.

Subordination: Payments in respect of the Subordinated Notes will be subordinated as described in Condition 2 (*Status of the Notes and Subordination*) of the Terms and Conditions for the English Law Notes and Condition 2 (*Status of the Notes and SubordinationStatus of the Notes and Subordination*) of the Terms and Conditions for the Italian Law Notes.

Substitution and Variation: *In relation to English Law Notes*

With respect to (i) any Series of Senior Notes or Non-Preferred Senior Notes, if at any time a MREL Disqualification Event occurs, and if Substitution or Variation is specified as being applicable in the Form of Final Terms, or (ii) all Notes, if Substitution or Variation is specified as being applicable in the Form of Final Terms, in order to ensure the effectiveness and enforceability of Condition 17 (*Statutory Loss Absorption Powers*) of the Terms and Conditions for the English Law Notes, then the Issuer may, subject to giving any notice required to be given

to, and receiving any consent required from, the Competent Authority and/or as appropriate the Relevant Resolution Authority (without any requirement for the consent or approval of the holders of the relevant Notes of that Series) and having given not less than 30 nor more than 60 days' notice to the Agent and the holders of the Notes of that Series (or such other notice periods as may be specified in the Form of Final Terms, at any time either substitute all (but not some only) of such Notes, or vary the terms of such Notes so that they remain or, as appropriate, become, Qualifying Senior Notes, Qualifying Non-Preferred Senior Notes or Qualifying Subordinated Notes, as applicable, provided that such variation or substitution does not itself give rise to any right of the Issuer to redeem the varied or substituted securities.

In relation to Italian Law Notes

With respect to (i) any Series of Senior Notes or Non-Preferred Senior Notes, if at any time an MREL Disqualification Event occurs, and if Variation is specified as being applicable in the Form of Final Terms, or (ii) all Notes, if Variation is specified as being applicable in the Form of Final Terms, in order to ensure the effectiveness and enforceability of Condition 16 (*Statutory Loss Absorption Powers*) of the Terms and Conditions for the Italian Law Notes, then the Issuer may, subject to giving any notice required to be given to, and receiving any consent required from, the Competent Authority and/or as appropriate the Relevant Resolution Authority (without any requirement for the consent or approval of the holders of the relevant Notes of that Series) and having given not less than 30 nor more than 60 days' notice to the Agent and the holders of the Notes of that Series (or such other notice periods as may be specified in the Form of Final Terms, at any time vary the terms of such Notes so that they remain or, as appropriate, become, Qualifying Senior Notes, Qualifying Non-Preferred Senior Notes or Qualifying Subordinated Notes, as applicable, provided that such variation does not itself give rise to any right of the Issuer to redeem the varied securities.

Approval, listing and admission to trading:

Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made for Notes (other than Exempt 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 Luxembourg Stock Exchange.

The Notes may also be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer in relation to each Series. Notes which are neither listed nor admitted to trading on any market may also be issued.

The Form of Final Terms (or applicable Pricing Supplement, the case of Exempt Notes) will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

Rating:

The Programme has been rated Caa1 by Moody's France S.A.S. ("**Moody's**"), B by Fitch Ratings Ireland Limited ("**Fitch**") and B(high) by DBRS Ratings GmbH ("**DBRS**"). Each of Moody's, Fitch and DBRS is established in the EU and registered under the CRA Regulation. Series of Notes issued under the Programme may be rated or unrated. The rating of certain Series of Notes to be issued under the Programme may be specified in the applicable Final Terms or in the applicable Pricing Supplement (as the case may be). Whether or not each credit rating applied for in relation to relevant Series of Notes will be issued by a credit rating agency

established in the European Union and registered under Regulation (EC) No 1060/2009 (as amended) (the "**CRA Regulation**") will be disclosed in the Final Terms. Such credit rating agency is included in the list of credit rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website (at *http://www.esma.europa.eu/page/List-registered-and-certified-CRAs*) in accordance with the CRA Regulation. Please also refer to "*Credit ratings assigned to BMPS or any Notes may not reflect all the risks associated with an investment in those Notes*" in the "*Risk Factors*" section of this Base Prospectus.

Governing Law: The English Law Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and construed in accordance with, English law, except that each of Condition 2(b) (*Status of the Non-Preferred Senior Notes*), Condition 2(c) (*Status of the Subordinated Notes*) and Condition 17 (*Statutory Loss Absorption Powers*) of the Terms and Conditions for the English Law Notes which shall be governed by, and construed in accordance with, Italian law.

The Italian Law Notes and any non-contractual obligations arising out of or in connection with them shall be governed by, and constructed in accordance with, Italian law.

See "*Terms and Conditions for the English Law Notes – Governing Law and Submission to Jurisdiction*" and "*Terms and Conditions for the Italian Law Notes – Governing Law and Submission to Jurisdiction*".

Selling Restrictions: There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area (including, for these purposes, Italy), Japan, the United Kingdom and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale*".

Non-Preferred Senior Notes shall be distributed to qualified investors only in accordance with Law No. 205 of 27 December 2017 on the budget of the Italian government for 2018.

FORM OF THE NOTES

Any reference in this section to "Form of Final Terms" shall be deemed to include a reference to "applicable Pricing Supplement" where relevant.

Each Tranche of Notes will be in bearer form and will initially be issued in the form of a temporary global note (a "**Temporary Global Note**") or, if so specified in the Form of Final Terms, a permanent global note (a "**Permanent Global Note**") which, in either case, will:

(i) if the Global Notes are intended to be issued in new global note ("**NGN**") form, as stated in the Form of Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the "**Common Safekeeper**") for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"); and

(ii) if the Global Notes are not intended to be issued in NGN Form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the "**Common Depositary**") for Euroclear and Clearstream, Luxembourg.

Where the Global Notes issued in respect of any Tranche are in NGN form, the Form of Final Terms will also indicate whether such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NGNs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg, as indicated in the Form of Final Terms.

Whilst any Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Note if the Temporary Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Agent.

On and after the date (the "**Exchange Date**") which is 40 days after the Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Global Note of the same Series or (ii) definitive Notes of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the Form of Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the Form of Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification.

The Form of Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, receipts, interest coupons and talons

attached upon the occurrence of an Exchange Event. For these purposes, "Exchange Event" means that (i) an Event of Default (as defined in Condition 8 (*Events of Default*) of the Terms and Conditions for the English Law Notes and Condition 8 (*Events of Default*) of the Terms and Conditions for the Italian Law Notes) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 12 (*Notices*) of the Terms and Conditions for the English Law Notes and Condition 12 (*Notices*) of the Terms and Conditions for the Italian Law Notes if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) may give notice to the Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Agent.

The following legend will appear on all Notes (other than Temporary Global Notes), receipts and interest coupons relating to such Notes where TEFRA D is specified in the Form of Final Terms or Pricing Supplement, as the case may be:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes, receipts or interest coupons and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, receipts or interest coupons.

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

Pursuant to the Agency Agreement for the English Law Notes (as defined under "*Terms and Conditions for the English Law Notes*"), the Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the Form of Final Terms.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 8 (*Events of Default*) of the Terms and Conditions for the English Law Notes and in Condition 8 (*Events of Default*) of the Terms and Conditions for the Italian Law Notes. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions for the English Law Notes, or, as the case may be with the Terms and Conditions for the Italian Law Notes of such Notes and payment in full of the amount due has not been

made in accordance with the provisions of the Global Note, then the Global Note will become void at 8.00 p.m. (London time) on such day.

At the same time, in respect of English Law Notes only, holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and/or Clearstream, Luxembourg on and subject to the terms of a deed of covenant (the "**Deed of Covenant**") dated 19 January 2022 executed by the Issuer.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions for the English Law Notes or by the Terms and Conditions for the Italian Law Notes, in which event, other than where such Notes are Exempt Notes, a new Base Prospectus will be made available which will describe the effect of the agreement reached in relation to such Notes.

FORM OF 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 (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the 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.][7]

[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 domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the 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.][8]

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 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 market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person

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[7] 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 in the EEA 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".

[8] 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 in the UK or the issuer wishes to prohibit offers to UK retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable".

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.][9]

[Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**"**) -** In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined the classification of the Notes as [prescribed capital markets products] / [capital markets products other than prescribed capital markets products] (as defined in the CMP Regulations 2018) and [Excluded Investment Products] / [Specified Investment Products] (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products)][10]

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme which are not Exempt Notes and which (1) have a denomination of at least €100,000 (or its equivalent in any other currency) or more, and/or (2) are to be admitted to trading only on a regulated market, or a specific segment of a regulated market, to which only qualified investors (as defined in the Prospectus Regulation) have access.

[Date]

Banca Monte dei Paschi di Siena S.p.A.

Legal entity identifier (LEI): J4CP7MHCXR8DAQMKIL78

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

under the €50,000,000,000

Debt Issuance Programme

[9] Legend to be included on front of the Final Terms if following the ICMA 1 "all bonds to all professionals" target market approach.

[10] For any Notes to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the [Terms and Conditions for the English Law Notes] [Terms and Conditions for the Italian Law Notes] (the "**Conditions**") set forth in the Base Prospectus dated 19 January 2022 [and the supplement[s] to it dated [*date*] [and [*date*]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation (the "**Base Prospectus**"). This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus in order to obtain all the relevant information. The Base Prospectus is available for viewing at the registered office of the Issuer and has been published on the website of the Luxembourg Stock Exchange (www.bourse.lu) and copies may be obtained from the Agent at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the [Terms and Conditions for the English Law Notes] [Terms and Conditions for the Italian Law Notes] (the "**Conditions**") set forth in the Base Prospectus dated 22 July 2020 which are incorporated by reference in the Base Prospectus dated 19 January 2022 [and the supplement[s] to it dated [*date*] [and [*date*]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation (the "**Base Prospectus**"). This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus, including the Conditions incorporated by reference in the Base Prospectus, in order to obtain all the relevant information. The Base Prospectus is available for viewing at the registered office of the Issuer and has been published on the website of the Luxembourg Stock Exchange (www.bourse.lu) and copies may be obtained from the Agent at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB.

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote directions for completing the Final Terms.]

(1)	(i)	Series Number:	[ ]
	(ii)	Tranche	[ ]
	(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 [*Provide issue amount/ISIN/maturity date/issue date of earlier Tranches*] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph (23) below, which is expected to occur on or about [*date*]][Not Applicable]
(2)	Specified Currency or Currencies:		[ ]
(3)	Aggregate Nominal Amount:		
	(i)	Series:	[ ]
	(ii)	Tranche:	[ ]

(4)	Issue Price of Tranche:		[ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (*in the case of fungible issues only, if applicable*)]
(5)	(i)	Specified Denominations:	[ ] (*N.B. Senior Notes must have a minimum denomination of EUR 100,000 (or equivalent) unless they are to be admitted to trading only on a regulated market, or a specific segment of a regulated market, to which only qualified investors have access). In the case of Non-Preferred Senior 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/€200,000/€150,000] or equivalent are being used the following sample wording should be followed*: *"[€100,000/€200.000/€150,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000/€499,000]. No Notes in definitive form will be issued with a denomination above [€199,000/€499,000]."*)
	(ii)	Calculation Amount:	[ ] (*If only one Specified Denomination, insert the Specified Denomination.* *If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.*)
(6)	(i)	Issue Date:	[ ]
	(ii)	Interest Commencement Date:	[ ]
(7)	Maturity Date:		[*Specify date or for Floating rate notes* - Interest Payment Date falling in or nearest to [*specify month and year*]] (*Unless otherwise permitted by current laws, regulations, directives and/or requirements applicable to the issue of Notes by BMPS, Non-Preferred Senior Notes must have a maturity of not less than twelve months and Subordinated Notes must have a minimum maturity of five years*).

(8)	Interest Basis:		[ ]] per cent. Fixed Rate] [[ ] per cent. to be reset on [ ] [and [ ]] and every [ ] anniversary thereafter] [[[ ] month EURIBOR +/- [ ] per cent. Floating Rate] [Zero Coupon] (see paragraph [(13)]/[(14)]/[(15)]/[(16)] below)
(9)	Redemption/Payment Basis:		[100 per cent.] [[●] in case of Zero Coupon Notes]
(10)	Change of Interest Basis:		[*Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs (13) and (16) and identify there*][Not Applicable]
(11)	Put/Call Options:		[Regulatory Call] (*N.B. Only relevant in the case of Subordinated Notes*) [Issuer Call] [Issuer Call due to MREL Disqualification Event] (*N.B. Only relevant in the case of Senior Notes or Non-Preferred Senior Notes*) [(see paragraph [(18)]/[(19)]/[(20))] below)]
(12)	(i)	Status of the Notes:	[Senior Notes / Non-Preferred Senior / Subordinated Notes]
	(ii)	Date of [Board] approval for issuance of Notes obtained:	[ ] (*N.B. Only required 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] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*) (*Amend appropriately in the case of different interest rates for different interest periods*)
	(i)	Rate(s) of Interest for Fixed Rate Notes:	[ ] per cent. per annum payable in arrear on [each] [the] Interest Payment Date[s] [falling on [ ]]
	(ii)	Interest Payment Date(s):	[ ] in each year up to and including [ ] / [the Maturity Date]

(*Amend appropriately in the case of a irregular coupons*)

(iii) Fixed Coupon Amount(s): [ ] per Calculation Amount[payable on the Interest Payment Date[s] falling on [ ]]

(Applicable to Notes in definitive form)

(iv) Broken Amount(s): [[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]][Not Applicable]

(Applicable to Notes in definitive form)

(v) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]

(vi) Determination Date(s): [[ ] in each year] [Not Applicable]

(*Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon.*)

(14) Reset Note Provisions: [Applicable/Not Applicable]

(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/Actual / Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360/360/360/Bond Basis] [30E/360/Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual ICMA]
	(xiv)	Determination Dates:	[ ] in each year
	(xv)	Business Centre(s):	[ ]
	(xvi)	Calculation Agent:	[the Agent] / [ ]
(15)	Floating Rate Note Provisions:		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*) (*Amend appropriately in the case of different interest rates for different interest periods*)
	(i)	Specified Period(s)/ Specified Interest Payment Dates:	[ ][, subject to adjustment in accordance with the Business Day Convention set out in ((ii) below /, not subject to adjustment, as the Business Day Convention in (ii) below is specified to be Not Applicable]
	(ii)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention][Not Applicable]
	(iii)	Additional Business Centre(s):	[*insert name and address*]
	(iv)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination]
	(v)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):	[ ]
	(vi)	Screen Rate Determination:	[Applicable/Not Applicable]
		• Reference Rate:	[ ] month EURIBOR.
		• Interest Determination Date(s):	[ ] (*The second day on which the TARGET2 System is open prior to the start of each Interest Period*)

- Relevant Screen Page: [ ]

(*If not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately*)

(vii) ISDA Determination: [Applicable/Not Applicable]

- ISDA Definitions: [2006 ISDA Definitions]/[2021 ISDA Definitions]
- Floating Rate Option: [ ]

(*Ensure this is a Floating Rate Option included in the Floating Rate Matrix (as defined in the 2021 ISDA Definitions)*)

- Designated Maturity: [ ]
- Reset Date: [ ]

(*In the case of a EURIBOR based option, the first day of the Interest Period*)

(viii) Linear Interpolation: [Not Applicable/Applicable - the Rate of interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (specify for each short or long interest period)]

(ix) Margin(s): [+/-] [ ] per cent. per annum

(x) Minimum Rate of Interest: [ ] per cent. per annum

(xi) Maximum Rate of Interest: [ ] per cent. per annum

(xii) Day Count Fraction: [Actual/Actual (ISDA)][Actual/Actual]
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
[30/360][360/360][Bond Basis]
[30E/360][Eurobond Basis]
30E/360 (ISDA)]

(16) 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 in relation to Early Redemption Amounts: [30/360]

[Actual/365]

PROVISIONS RELATING TO REDEMPTION

(17)	Notice periods for Condition 5 (*Redemption and Purchase*) of the Terms and Conditions for the English Law Notes and Condition 5 (*Redemption and Purchase*) of the Terms and Conditions for the Italian Law Notes:	Minimum period: [ ] days Maximum period: [ ] days (*N.B. When setting notice, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent*)
(18)	Issuer Call:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Optional Redemption Date(s):	[ ] *(If the Notes are Subordinated Notes, unless otherwise permitted by current laws, regulations, directives and/or the Bank of Italy's requirements, applicable to the issue of Subordinated Notes, the Optional Redemption Date shall not be earlier than five years after the Issue Date.)*
	(ii) Optional Redemption Amount: amount(s):	[[ ] per Calculation Amount]
	(iii) If redeemable in part:	
	(a) Minimum Redemption Amount:	[ ]
	(b) Maximum Redemption Amount:	[ ]
(19)	Regulatory Call:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph.*) (*N.B. Only relevant in the case of Subordinated Notes*)
	(i) Early Redemption Amount of each Note payable on redemption for regulatory reasons as contemplated by Condition 5(d) (*Redemption for Regulatory Reasons*) of the Terms and Conditions for the	[ ] per Calculation Amount

	English Law Notes and Condition 5(d) (*Redemption for Regulatory Reasons*) of the Terms and Conditions for the Italian Law Notes and/or the method of calculating the same (if required or if different from that set out in Condition 5(f) (*Early Redemption Amounts*) of the Terms and Conditions for the English Law Notes and Condition 5(f) (*Early Redemption Amounts*) of the Terms and Conditions for the Italian Law Notes:	
(20)	Issuer Call due to MREL Disqualification Event	[Applicable]/[Not Applicable] *(Only relevant in the case of Senior Notes or Non-Preferred Senior Notes)*
	(i) Early Redemption Amount	[[ ] per Calculation Amount/as set out in [Condition 5(f) (*Early Redemption Amounts*) of the Terms and Conditions for the English Law Notes]/[Condition 5(f) (*Early Redemption Amounts*) of the Terms and Conditions for the Italian Law Notes]]
(21)	Final Redemption Amount:	[ ] per Calculation Amount
(22)	Early Redemption Amount payable on redemption for taxation reasons or on event of default:	[ ] per Calculation Amount (*N.B. If the Final Redemption Amount is 100 per cent. of the nominal value (i.e. par), the Early Redemption Amount is likely to be par (but consider). If, however, the Final Redemption Amount is other than 100 per cent. of the nominal value, consideration should be given as to what the Early Redemption Amount should be.*) See also paragraph (19) (Regulatory Call)] (*Delete this cross-reference unless the Notes are Subordinated Notes and the Regulatory Call is applicable*)

GENERAL PROVISIONS APPLICABLE TO THE NOTES

(23)	Form of Notes:	
	(i) Form:	[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes upon an Exchange Event]

		[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date] [Permanent Global Note exchangeable for Definitive Notes upon an Exchange Event] *(N.B. The option for an issue of Notes to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph (5)(i) includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000].")*
	(ii) New Global Note:	[Yes]/[No]
(24)	Additional Financial Centre(s):	[Not Applicable] [●] (*Specify Additional Financial Centres, if any*)] (*Note that this paragraph relates to the date of payment and not the end dates of Interest Periods for the purposes of calculating the amount of interest to which sub-paragraph (15)(iii) relates*)
(25)	Talons for future Coupons to be attached to Definitive Notes:	[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made]/[No]
(26)	[Substitution or]Variation of Notes:	[Not Applicable] / [Applicable [only][in relation to MREL Disqualification Event][and]/[in order to ensure the effectiveness and enforceability of Condition [17 (*Statutory Loss Absorption Powers*) of the Terms and Conditions for the English Law Notes]/[16 (*Statutory Loss Absorption Powers*) of the Terms and Conditions for the Italian Law Notes]] (*if the Notes are English Law Notes "Substitution or Variation" should be specified*)
	(i) Notice period:	[●]

THIRD PARTY INFORMATION

[[*Relevant third party information*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

[Signed on behalf of Banca Monte dei Paschi di Siena S.p.A.:

By: .....
Duly authorised]

PART B – OTHER INFORMATION

(1) LISTING AND ADMISSION TO TRADING

(i)	Listing and admission to trading:	[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on Luxembourg Stock Exchange's regulated market and listed on the Official List of the Luxembourg Stock Exchange with effect from [ ].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on Luxembourg Stock Exchange's regulated market and listed on 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]/[are expected to be]] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]: [*insert details*]] by [*insert the legal name of the relevant credit rating agency entity(ies) and associated defined terms*]. Each of [*defined terms*] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**").] [*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*)

(3) INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer.] [The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business. – *Amend as appropriate if there are other interests*]

[*(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation.)*]

(4) **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

(i)	Reasons for the Offer:	[for its general corporate purposes, which include making a profit, and for general capital requirements] / [●]. [Further details on [Green Bonds] / [Social Bonds] / [Sustainability Bonds] are included in the [*Sustainability Bond Framework*], made available on the Issuer's website in the investor relations section at [●]] See "*Use of Proceeds*" wording in Base Prospectus *(If reasons for offer different from making profit or general corporate purposes (for example for a Green Bond, a Social Bond, or an issuance of a Sustainability Bond, will need to include those reasons here)*
(ii)	Estimated Net Proceeds:	[ ] (If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

(5) **YIELD (Fixed Rate Notes only)**

Indication of yield: [ ]

(6) **OPERATIONAL INFORMATION**

(i)	ISIN:	[ ]
(ii)	Common Code:	[ ]
(iii)	CFI:	[[See/[[include code], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
(iv)	FISN:	[[See/[[include code], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
(v)	Any clearing system(s) other than Euroclear and Clearstream Luxembourg	[Not Applicable/[*give name(s), address(es) and number(s)*]]

	and the relevant identification number(s):	
(vi)	Delivery:	Delivery [against/free of] payment
(vii)	Names and addresses of additional Paying Agent(s) (if any):	[ ]/[Not Applicable]
(viii)	Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and 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.]]

(7) **DISTRIBUTION**

(i)	Method of distribution:	[Syndicated/Non-syndicated]
(ii)	If syndicated, names of Managers:	[Not Applicable/give names]
(iii)	Date of [Subscription] Agreement:	[ ]
(iv)	Stabilisation Manager(s) (if any):	[Not Applicable/*give name*]
(v)	If non-syndicated, name of relevant Dealer:	[Not Applicable/*give name*]
(vi)	U.S. Selling Restrictions:	[Reg. S Compliance Category 2;[TEFRA D/TEFRA C/TEFRA not applicable]]
(vii)	Prohibition of Sales to EEA 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, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.)

(viii) 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 and no key information document will be prepared, "Applicable" should be specified.*)

APPLICABLE PRICING SUPPLEMENT

[**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the 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.][11]

[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 domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the 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.][12]

MIFID II/UK MIFIR product governance / target market – [*appropriate target market legend to be included*]

[**Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time** (the "**SFA**") - In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined the classification of the Notes as [prescribed capital markets products] / [capital markets products other than prescribed capital markets products] (as defined in the CMP Regulations 2018) and [Excluded Investment Products] / [Specified Investment Products] (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products)][13]

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[11] Legend to be included on front of the Pricing Supplement if the Notes potentially constitute "packaged" products and no key information document will be prepared in the EEA 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".

[12] 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 in the UK or the issuer wishes to prohibit offers to UK retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable".

[13] For any Notes to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

EXEMPT NOTES OF ANY DENOMINATION

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Exempt Notes, whatever the denomination of those Notes, issued under the Programme.

This document constitutes the Pricing Supplement for the Notes described herein. This document must be read in conjunction with the Base Prospectus dated 19 January 2022 [as supplemented by the supplement[s] dated [*date*[s]]] (the "**Base Prospectus**"). Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Base Prospectus. Copies of the Base Prospectus may be obtained from [*address*]. Stamp duty is paid virtually, if due, to Auth. Agenzia delle Entrate, Ufficio di Roma 1, No. 143106/07 of 21 December 2007.

Terms used herein shall be deemed to be defined as such for the purposes of the [Terms and Conditions for the English Law Notes] [Terms and Conditions for the Italian Law Notes] (the "**Conditions**") set forth in the Base Prospectus dated 22 July 2020 which are incorporated by reference in the Base Prospectus].[14]

[*Date*]

Banca Monte dei Paschi di Siena S.p.A.

Legal entity identifier (LEI): J4CP7MHCXR8DAQMKIL78

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

under the €50,000,000,000

Debt Issuance Programme

[14] Only include this language where it is a fungible issue and the original Tranche was issued under a Base Prospectus with a different date.

PART A – CONTRACTUAL TERMS

Any person making or intending to make an offer of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to either of Article 3 of the Prospectus Regulation or section 85 of the FSMA or to supplement a prospectus pursuant to either of Article 23 of the Prospectus Regulation or Article 23 of the UK Prospectus Regulation, in each case, in relation to such offer.

This document constitutes the Pricing Supplement for the Notes described herein. This document must be read in conjunction with the Base Prospectus dated 19 January 2022 [as supplemented by the supplement[s] dated [*date[s]*]] (the "**Base Prospectus**"). Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Base Prospectus. Copies of the Base Prospectus may be obtained from be obtained from the Agent at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB.

[*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 subparagraphs. Italics denote directions for completing the Pricing Supplement*.]

[*If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination [must/may need to] be £100,000 or its equivalent in any other currency*.]

1.	(a)	Issuer:	Banca Monte dei Paschi di Siena S.p.A.
2.	(a)	Series Number:	[ ]
	(b)	Tranche Number:	[ ]
	(c)	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 Tranches*] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 24 below, which is expected to occur on or about [*date*]][Not Applicable]
3.	Specified Currency or Currencies:		[ ]
4.	Aggregate Nominal Amount:		
	(a)	Series:	[ ]
	(b)	Tranche:	[ ]
5.	Issue Price:		[ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*if applicable*)]
6.	Specified Denominations:		[ ] (*N.B. Senior Notes must have a minimum denomination of EUR 100,000 (or equivalent). In the case of Non-Preferred Senior 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 €200,00 (or equivalent))
	(a)	Calculation Amount:	[ ] (*If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.*)
7.	(a)	Issue Date:	[ ]
	(b)	Interest Commencement Date:	[*specify*/Issue Date/Not Applicable] (*N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.*)
8.		Maturity Date:	[*Specify date or for* *Floating rate notes - Interest Payment Date falling in or nearest to [specify month and year]*] (*Unless otherwise permitted by current laws, regulations, directives and/or requirements applicable to the issue of Notes by BMPS, Non-Preferred Senior Notes must have a maturity of not less than twelve months and Subordinated Notes must have a minimum maturity of five years*).
9.		Interest Basis:	[[ ] per cent. Fixed Rate] [[ ] per cent. to be reset on [ ] [and [ ] and every [ ] anniversary thereafter] [[*specify Reference Rate*] +/- [ ] per cent. Floating Rate] [Zero Coupon]] [*specify other*] (further particulars specified below)
10.		Redemption/Payment Basis:	[Redemption at par] [Partly Paid] [Instalment] [*specify other*]
11.		Change of Interest Basis or Redemption/ Payment Basis:	[*Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis*][Not Applicable]
12.		Put/Call Options:	[Regulatory Call] (*N.B. Only relevant in the case of Subordinated Notes*) [Issuer Call due to MREL Disqualification Event] (*N.B. Only relevant in the case of Senior Notes or Non-Preferred Senior Notes*) [Issuer Call]

			[(further particulars specified below)]
13.	(a)	Status of the Notes:	[Senior Notes / Non-Preferred Senior / Subordinated Notes]
	(b)	[Date [Board] approval for issuance of Notes obtained:	[ ] (*N.B. Only required where Board (or similar) authorisation is required for the particular tranche of Notes*)]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	Fixed Rate Note Provisions		[Applicable/Not Applicable] (If not applicable, delete the remaining subparagraphs of this paragraph) (Amend appropriately in the case of different interest rates for different interest periods)
	(a)	Rate(s) of Interest:	[ ] per cent. per annum payable in arrear on [each] [the] Interest Payment Date[s] [falling on [ ]]
	(b)	Interest Payment Date(s):	[ ] in each year up to and including [ ] / [the Maturity Date] (*Amend appropriately in the case of irregular coupons*)
	(c)	Fixed Coupon Amount(s): (*Applicable to Notes in definitive form.*)	[ ] per Calculation Amount[payable on the Interest Payment Date[s] falling on [ ]]
	(d)	Broken Amount(s): (*Applicable to Notes in definitive form.*)	[[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]][Not Applicable]
	(e)	Day Count Fraction:	[30/360/Actual/Actual (ICMA)/*specify other*]
	(f)	[Determination Date(s):	[[ ] in each year][Not Applicable] (*Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon*]
	(g)	[Ratings Step-up/Step-down:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)]
	(h)	Other terms relating to the method of calculating interest for Fixed Rate Notes which are Exempt Notes:	[None/*Give details*]
15.	Reset Note Provisions:		[Applicable/Not Applicable]

	(a)	Initial Rate of Interest:	[ ] per cent. per annum payable in arrear [on each Interest Payment Date]
	(b)	First Margin:	[+/-][ ] per cent. per annum
	(c)	Subsequent Margin:	[[+/-][ ] per cent. per annum] [Not Applicable]
	(d)	Interest Payment Date(s):	[ ] [and [ ]] in each year up to and including the Maturity Date [until and excluding [ ]]
	(e)	Fixed Coupon Amount up to (but excluding) the First Reset Date:	[[ ] per Calculation Amount][Not Applicable]
	(f)	Broken Amount(s):	[[ ] per Calculation Amount payable on the Interest Payment Date falling [in/on] [ ]][Not Applicable]
	(g)	First Reset Date:	[ ]
	(h)	Second Reset Date:	[ ]/[Not Applicable]
	(i)	Subsequent Reset Date(s):	[ ] [and [ ]]
	(j)	Relevant Screen Page:	[●]/[Not Applicable]
	(k)	Mid-Swap Rate:	[Single Mid-Swap Rate/Mean Mid-Swap Rate]
	(l)	Mid-Swap Maturity	[ ]
	(m)	Day Count Fraction:	[Actual/Actual / Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360/360/360/Bond Basis] [30E/360/Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual ICMA]
	(n)	Determination Dates:	[ ] in each year
	(o)	Business Centre(s):	[ ]
	(p)	Calculation Agent:	[the Agent] / [ ]
16.	Floating Rate Note Provisions		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*) (*Amend appropriately in the case of different interest rates for different interest periods*)
	(a)	Specified Period(s)/Specified Interest Payment Dates:	[ ][, subject to adjustment in accordance with the Business Day Convention set out in (b) below /, not subject to any adjustment, as the

		Business Day Convention in (b) below is specified to be Not Applicable]
(b)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/[*specify other*]][Not Applicable]
(c)	Additional Business Centre(s):	[ ]
(d)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination/*specify other*]
(e)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):	[ ]
(f)	Screen Rate Determination:	
	• Reference Rate:	[ ] month [EURIBOR/*specify other Reference Rate*]. *(Either EURIBOR or other, although additional information is required if other, including fallback provisions in the Agency Agreement for the English Law Notes and in the Agency Agreement for the Italian Law Notes.)*
	• Interest Determination Date(s):	[ ] (*The second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR*)
	• Relevant Screen Page:	[ ] *(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
(g)	ISDA Determination:	
	• ISDA Definitions:	[2006 ISDA Definitions]/[2021 ISDA Definitions]
	• Floating Rate Option:	[ ] (*Ensure this is a Floating Rate Option included in the Floating Rate Matrix (as defined in the 2021 ISDA Definitions)*)
	• Designated Maturity:	[ ]
	• Reset Date:	[ ]

			(*In the case of a EURIBOR based option, the first day of the Interest Period*)
	(h)	Linear Interpolation:	[Not Applicable/Applicable - the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]]
	(i)	Margin(s):	[+/-] [ ] per cent. per annum
	(j)	Minimum Rate of Interest:	[ ] per cent. per annum
	(k)	Maximum Rate of Interest:	[ ] per cent. per annum
	(l)	Day Count Fraction:	[Actual/Actual (ISDA)][Actual/Actual] Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 [30/360][360/360][Bond Basis] [30E/360][Eurobond Basis] 30E/360 (ISDA) *Other*]
	(m)	Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes which are Exempt Notes, if different from those set out in the Terms and Conditions:	[ ]
17.	Zero Coupon Note Provisions		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Accrual Yield:	[ ] per cent. per annum
	(b)	Reference Price:	[ ]
	(c)	Any other formula/basis of determining amount payable for Zero Coupon Notes which are Exempt Notes:	[ ]
	(d)	Day Count Fraction in relation to Early Redemption Amounts:	[30/360] [Actual/360] [Actual/365]

PROVISIONS RELATING TO REDEMPTION

18.	Notice periods for Condition 5 (*Redemption and Purchase*) of the Terms and Conditions for the English Law Notes and Condition 5 (*Redemption and Purchase*) of the Terms and Conditions for the Italian Law Notes:	Minimum period: [ ] days Maximum period: [ ] days (*N.B. When setting notice, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example,*

			clearing systems (*which require a minimum of 5 clearing system business days" notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent*)
19.	Issuer Call:		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Optional Redemption Date(s):	[ ] (*If the Notes are Subordinated Notes, unless otherwise permitted by current laws, regulations, directives and/or the Bank of Italy's requirements, applicable to the issue of Subordinated Notes, the Optional Redemption Date shall not be earlier than five years after the Issue Date.*)
	(b)	Optional Redemption Amount and method, if any, of calculation of such amount(s):	[[ ] per Calculation Amount/*specify other*/see Appendix]
	(c)	If redeemable in part:	
		(i) Minimum Redemption Amount:	[ ]
		(ii) Maximum Redemption Amount:	[ ]
20.	Regulatory Call:		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*) (*Only relevant in the case of Subordinated Notes*)
	(a)	Early Redemption Amount payable on redemption for regulatory reasons as contemplated by Condition 5(d) (*Redemption for Regulatory Reasons*) of the Terms and Conditions for the English Law Notes and Condition 5(d) (*Redemption for Regulatory Reasons*) of the Terms and Conditions for the Italian Law Notes and/or the method of calculating the same (if required or if different from that set out in Condition 5(f) (*Early Redemption Amounts*) of the Terms and Conditions for the English Law Notes and Condition 5(f) (*Early Redemption Amounts*) of the Terms	[ ] per Calculation Amount

	and Conditions for the Italian Law Notes:	
21.	Issuer Call due to MREL Disqualification Event:	[Applicable]/[Not Applicable] (*Only relevant in the case of Senior Notes or Non-Preferred Senior Notes*)
	(i) Early Redemption Amount	[[ ] per Calculation Amount/as set out in [Condition 5(f) (*Early Redemption Amounts*) of the Terms and Conditions for the English Law Notes]/[Condition 5(f) (*Early Redemption Amounts*) of the Terms and Conditions for the Italian Law Notes]]
22.	Final Redemption Amount:	[[ ] per Calculation Amount/*specify other*/see Appendix]
23.	Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same:	[[ ] per Calculation Amount/*specify other*/see Appendix] (*N.B. If the Final Redemption Amount is 100 per cent. of the nominal value (i.e. par), the Early Redemption Amount is likely to be par (but consider). If, however, the Final Redemption Amount is other than 100 per cent. of the nominal value, consideration should be given as to what the Early Redemption Amount should be.*)

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24.	Form of Notes:	
	(a) [Form:]	[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes upon an Exchange Event] [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date] [Permanent Global Note exchangeable for Definitive Notes upon an Exchange Event] [Notes shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005.] (*Ensure that this is consistent with the wording in the "Form of the Notes" section in the Base Prospectus and the Notes themselves.*)
	(b) [New Global Note:	[Yes][No]]

25.	Additional Financial Centre(s):	[Not Applicable/*give details*] (*Note that this paragraph relates to the date of payment and not the end dates of Interest Periods for the purposes of calculating the amount of interest, to which sub-paragraph 16(c) relates*)
26.	Talons for future Coupons to be attached to Definitive Notes:	[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]
27.	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment.	[Not Applicable/*give details*. *N.B. A new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues*]
28.	Details relating to Instalment Notes:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a) Instalment Amount(s):	[*give details*]
	(b) Instalment Date(s):	[*give details*]
29.	Other terms or special conditions:	[Not Applicable/*give details*]
30.	[Substitution or]Variation of Notes:	[Not Applicable] / [Applicable [only][in relation to MREL Disqualification Event][and]/[in order to ensure the effectiveness and enforceability of Condition [17 (*Statutory Loss Absorption Powers*) of the Terms and Conditions for the English Law Notes]/[16 (*Statutory Loss Absorption Powers*) of the Terms and Conditions for the Italian Law Notes]] (*if the Notes are English Law Notes "Substitution or Variation" should be specified*)
	(i) Notice period:	[●]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement. [[*Relevant third party information*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.

[Signed on behalf of Banca Monte dei Paschi di Siena S.p.A.:

By: .....
Duly authorised]

PART B – OTHER INFORMATION

1.	**LISTING**	[Application [has been made/is expected to be made] by the Issuer (or on its behalf) for the Notes to be listed on [*specify market - note this must not be an EEA regulated market or the London Stock Exchange's main market*] with effect from [ ].][Not Applicable]
2.	**RATINGS**	
	Ratings:	[Not Applicable.] [The Notes to be issued [[have been]/[are expected to be]] rated [insert details] by [insert the legal name of the relevant credit rating agency entity(ies)] (*The above disclosure is only required if the ratings of the Notes are different to those stated in the Base Prospectus*)

3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business - *Amend as appropriate if there are other interests*]

4. **OPERATIONAL INFORMATION**

(i)	ISIN Code:	[ ]
(ii)	Common Code:	[ ]
(iii)	CFI:	[[See/[[include code], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
(iv)	FISN:	[[See/[[include code], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
(v)	Any clearing system(s) other than Euroclear and Clearstream Luxembourg and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
(vi)	Delivery:	Delivery [against/free of] payment

(vii)	Names and addresses of additional Paying Agent(s) (if any):	[ ]/[Not Applicable]
(viii)	[Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and 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 this Pricing Supplement, should the Eurosytem 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.]]

5. **DISTRIBUTION**

(i)	Method of distribution:	[Syndicated/Non-syndicated]
(ii)	If syndicated, names of Managers:	[Not Applicable/*give names*]
(iii)	Stabilisation Manager(s) (if any):	[Not Applicable/*give name*]
(iv)	If non-syndicated, name of relevant Dealer:	[Not Applicable/*give name*]
(v)	U.S. Selling Restrictions:	Reg. S Compliance Category [1/2/3]; [TEFRA D/TEFRA C/TEFRA not applicable]
(vi)	Additional selling restrictions:	[Not Applicable/*give details*] (*Additional selling restrictions are only likely to be relevant for certain structured Notes, such as commodity-linked Notes*)
(vii)	Prohibition of Sales to EEA 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, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.*)

(viii) 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 and no key information document will be prepared, "Applicable" should be specified.*)

TERMS AND CONDITIONS FOR THE ENGLISH LAW NOTES

The following are the Terms and Conditions applicable to each Series of Notes to be governed under English Law (respectively, the "English Law Notes" or the "Notes" and the "Terms and Conditions for the English Law Notes" or the "Terms and Conditions") which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the rules of the relevant stock exchange (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Pricing Supplement in relation to any Tranche of Exempt Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The Form of Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Form of Final Terms" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes governed by English Law (the "**English Law Notes**") issued by Banca Monte dei Paschi di Siena S.p.A. (the "**Issuer**" or "**BMPS**") pursuant to the Agency Agreement for the English Law Notes (as defined below).

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

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

(ii) any Global Note; and

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

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an amended and restated Agency Agreement dated 19 January 2022 (such Agency Agreement as further amended and/or supplemented and/or restated from time to time, the "**Agency Agreement for the English Law Notes**"), and made between the Issuer, Citibank, N.A., London Branch as issuing and principal paying agent and agent bank (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).

The Final Terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which complete these Terms and Conditions (the "**Conditions**") or, if this Note is a Note which is neither admitted to trading (i) on a regulated market in the EEA or (ii) a UK regulated market as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018, nor offered in (i) the EEA or (ii) the UK in circumstances where a prospectus is required to be published under the Prospectus Regulation or the Financial Services and Markets Act 2000, as the case may be (an "**Exempt Note**"), the final terms (or the relevant provisions thereof) are set out in Part A of the Pricing Supplement and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Note. References to the "Form of Final Terms" are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note. Any reference in the Conditions to Form of Final Terms shall be deemed to include a reference to "applicable Pricing Supplement" where relevant. The expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129.

Interest bearing definitive Notes have interest coupons ("**Coupons**") and, in the case of Notes which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons

("**Talons**") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Exempt Notes in definitive form which are repayable in instalments have receipts ("**Receipts**") for the payment of the instalments of principal (other than the final instalment) attached on issue. Global Notes do not have Receipts, Coupons or Talons attached on issue.

Any reference to "**Noteholders**" or "**holders**" in relation to any Notes shall mean the holders of the Notes and shall, in relation to any Notes represented by a global Note, be construed as provided below. Any reference herein to "**Receiptholders**" shall mean the holders of the Receipts and any reference herein to "**Couponholders**" shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, "**Tranche**" means Notes which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which (i) are expressed to be consolidated and form a single series and (ii) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

The Noteholders, the Receiptholders and the Couponholders are entitled to the benefit of the Deed of Covenant (such Deed of Covenant as modified and/or supplemented and/or restated from time to time, the "**Deed of Covenant**") dated 19 January 2022 and made by the Issuer. The original of the Deed of Covenant is held by the common depositary for Euroclear and Clearstream, Luxembourg (each as defined below).

Copies of the Agency Agreement for the English Law Notes and the Deed of Covenant (i) are available for inspection or collection during normal business hours at the specified office of each of the Paying Agents, or (ii) may be provided by email to a Noteholder following its prior written request to the Paying Agents and provision of proof of holding and identity (in a form satisfactory to the Paying Agents). If the Notes are to be admitted to trading on the regulated market of the Luxembourg Stock Exchange the Form of Final Terms will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu). If this Note is an Exempt Note, the applicable Pricing Supplement will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of such Notes and identity. The Noteholders, the Receiptholders 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 English Law Notes, the Deed of Covenant and the Form of Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement for the English Law Notes.

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

1. Form, Denomination and Title

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the currency (the "**Specified Currency**") and the denominations (the "**Specified Denomination(s)**") specified in the Form of Final Terms, provided that (i) the minimum Specified Denomination of each Note which is specified in the Form of Final Terms as being a Senior Note shall be Euro 100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes), (ii) the minimum Specified Denomination of each Note which is specified in the Form of Final Terms as being a Non-Preferred Senior Note shall be Euro 150,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes), and (iii) the minimum Specified Denomination of each Note which is specified in the Form of Final Terms as being a Subordinated Note shall be Euro 200,000 (or its

equivalent in any other currency as at the date of issue of the relevant Notes). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

Unless this Note is an Exempt Note, this Note may be a Fixed Rate Note, a Reset Note, a Floating Rate Note or a Zero Coupon Note, or a combination of any of the foregoing, depending upon the Interest Basis shown in the Form of Final Terms.

If this Note is an Exempt Note, this Note may be a Fixed Rate Note, a Reset Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Pricing Supplement.

If this Note is an Exempt Note, this Note may also be an Instalment Note, a Partly Paid Note or a combination of any of the foregoing, depending on the Redemption/Payment Basis shown in the Form of Final Terms.

This Note is a Senior Note, a Non-Preferred Senior Note or a Subordinated Note, depending on the Status of the Notes specified in the Form of Final Terms.

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

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

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

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in Part B of the Form of Final Terms.

2. **Status of the Notes and Subordination**

(a) Status of the Senior Notes

This Condition 2(a) applies only to Senior Notes (and, for the avoidance of doubt, does not apply to Non-Preferred Senior Notes).

(i) The Senior Notes and any relative Receipts and Coupons are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank (subject to any obligations preferred by any applicable law) *pari passu* with all other unsecured obligations (other than obligations ranking junior to the Senior Notes from time to time (including Non-Preferred Senior Notes and any further obligations permitted by law to rank, and expressed to rank, junior to the Senior Notes, on or following the Issue Date), if any) of the Issuer, present and future and *pari passu* and rateably without any preference among themselves.

(ii) Each holder of a Senior 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 Note.

(b) Status of the Non-Preferred Senior Notes

This Condition 2(b) applies only to Non-Preferred Senior Notes (and, for the avoidance of doubt, does not apply to Senior Notes).

(i) The Non-Preferred Senior Notes (notes intended to qualify as *strumenti di debito chirografario di secondo livello* of the Issuer, as defined under Article 12-*bis* of the Legislative Decree No. 385 of 1 September 1993 of the Republic of Italy, as amended (the "**Italian Consolidated Banking Act**"), any related Receipts and Coupons constitute direct, unconditional, unsubordinated, and unsecured and non-preferred obligations of the Issuer, ranking

(a) junior to Senior Notes and any other unsecured and unsubordinated obligations of the Issuer which rank, or are expressed to rank by their terms, senior to the Non-Preferred Senior Notes;

(b) *pari passu* without any preferences among themselves, and with all other present or future obligations of the Issuer which do not rank or are not expressed by their terms to rank junior or senior to the relevant Non-Preferred Senior Notes; and

(c) in priority to any subordinated instruments and to the claims of shareholders of the Issuer, pursuant to Article 91, section 1-*bis*, letter c-*bis* of the Italian Consolidated Banking Act, as amended from time to time.

(ii) Each holder of a Non-Preferred Senior 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 Non-Preferred Senior Note.

(c) Status of the Subordinated Notes

This Condition 2(c) applies only to Subordinated Notes.

(i) Subject as set out below, the Subordinated Notes (notes intended to qualify as Tier 2 capital for regulatory capital purposes, in accordance with Part II, Chapter 1 of 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 (the "**Bank of Italy Regulations**"), including any successor regulations, and Article 63 of the CRR) (the "**Subordinated Notes**") and the Receipts and Coupons relating to them constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and rank:

(a) after all unsubordinated, unsecured creditors (including depositors and holders of Senior Notes and Non-Preferred Senior Notes) of the Issuer and after all creditors of the Issuer holding instruments that are less subordinated than the relevant Subordinated Notes

(b) at least *pari passu* without any preference among themselves and with all other present and future subordinated obligations of the Issuer that are not expressed by their terms to rank or which do not rank junior or senior to the relevant Subordinated Notes; and

(c) in priority to the claims of shareholders of the Issuer and to all other present and future subordinated obligations of the Issuer which do not rank or and are not expressed by their terms to rank senior or pari passu to the relevant Subordinated Notes.

(ii) In relation to each Series of Subordinated Notes all Subordinated Notes of such Series will be treated equally and all amounts paid by BMPS in respect of principal and interest thereon will be paid *pro rata* on all Subordinated Notes of such Series.

(iii) Each holder of a Subordinated Note or Coupon 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 or Coupon.

In the event the Subordinated Notes of any Series cease to qualify, in their entirety, as own funds in the form of Tier 2 Capital, such Subordinated Notes shall rank subordinated and junior to unsubordinated unsecured creditors (including depositors and holders of Senior Notes and Non-Preferred Senior Notes) of the Issuer, *pari passu* among themselves and with the Issuer's obligations in respect of any other instruments which have ceased to qualify, in their entirety, as own funds items (*elementi di fondi propri*) and with all other present and future subordinated obligations of the Issuer 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 have so ceased to qualify, in their entirety, as own funds in the form of Tier 2 Capital) and senior to own fund items (*elementi di fondi propri*).

3. **Interest**

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest payable in arrear on the relevant Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the Form of Final Terms, the amount of interest payable on the relevant Interest Payment Date will amount to the Fixed Coupon Amount specified in the Form of Final Terms. Payments of interest on any Interest Payment Date will, if so specified in the Form of Final Terms, amount to the Broken Amount so specified.

Except in the case of Notes in definitive form where a Fixed Coupon Amount or Broken Amount is specified in the Form of Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

(i) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(ii) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition 3(a):

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

(a) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "Accrual Period") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year; or

(b) in the case of Notes where the Accrual Period is longer than the Determination Period commencing on the last Interest Payment Date on which interest was paid (or, if none, the Interest Commencement Date), the sum of:

(1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year; and

(2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year; and

(ii) if "**30/360**" is specified in the Form of Final Terms, the number of days in the period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In the Conditions:

"**Determination Period**" means the period from and including a Determination Date to but excluding the next Determination Date; and

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

(b) Interest on Reset Notes

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

Each 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 Form of 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 the 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, subject to Condition 3(d) (*Benchmark Discontinuation*) below, 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*). Unless otherwise stated in the applicable Final Terms the Rate of Interest (inclusive of the First or Subsequent Margin) shall not be deemed to be less than zero.

For the purposes of the Conditions:

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

"**First Reset Date**" means the date specified in the Form of 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 Form of 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), 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;

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

"**Interest Commencement Date**" means the date specified as such in the Form of 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 Form of 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;

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

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

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

(ii) commencing on the relevant Reset Date,

which appears on the Relevant Screen Page; or

(B) if Mean Mid-Swap Rate is specified in the Form of 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 Form of Final Terms;

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

"**Subsequent Reset Date**" means the date or dates specified in the Form of 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; and

"**Subsequent Reset Rate of Interest**" means, in respect of any Subsequent Reset Period and subject to Condition 3(b)(ii), 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.

(ii) *Fallbacks*

If on any Reset Determination Date the Relevant Screen Page is not available or the Mid-Swap Rate does not appear on the Relevant Screen Page, the Issuer shall, subject as provided in Condition 3(d) (*Benchmark Discontinuation*), 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)(ii) "**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.

(c) Interest on Floating Rate Notes

(i) *Interest Payment Dates*

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

(A) the Specified Interest Payment Date(s) (each an "**Interest Payment Date**") in each year specified in the Form of Final Terms; or

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

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

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

(1) in any case where Specified Periods are specified in accordance with Condition 3(c)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of paragraph (B) below shall apply mutatis mutandis or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (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 Specified Period 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, 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 the Conditions, "**Business Day**" means:

(A) a day on *which* commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Additional Business Centre specified in the Form of Final Terms; and

(B) either (1) in relation to *any* sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which Trans-European Automated Real-Time Gross Settlement Express Transfer ("**TARGET2**") System (the "**TARGET2 System**") is open.

(ii) *Rate of Interest*

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

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the Form of Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for the relevant Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the Form of 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 were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating (i) if "2006 ISDA Definitions" is specified in the applicable Final Terms, the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. ("**ISDA**") and as amended and updated as at the Issue Date of the first Tranche of the Notes; or (ii) (ii) if "2021 ISDA Definitions" is specified in the applicable Final Terms, the latest version of the 2021 ISDA Interest Rate Derivatives Definitions as published by ISDA as at the Issue Date of the first Tranche of the Notes (together, the "**ISDA Definitions**") and under which:

(1) the Floating Rate Option is as specified in the Form of Final Terms;

(2) the Designated Maturity is a period specified in the Form of Final Terms; and

(3) the relevant Reset Date is the day specified in the Form of Final Terms.

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

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

(B) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the Form of Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for the relevant Interest Period will, subject to Condition 3(d) (*Benchmark Discontinuation*) below, be either:

(1) the offered quotation; or

(2) 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 (being the Eurozone inter-bank offered rate ("**EURIBOR**"), as specified in the Form of Final Terms, which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (Brussels time) on the Interest Determination Date in question plus or minus (as indicated in the Form of Final Terms) the Margin (if any), all as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page (or such replacement page on that service which displays the information), 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.

If the Relevant Screen Page is not available or if, in the case of paragraph (1) above, no offered quotation appears or, in the case of paragraph (2) above, fewer than three offered quotations appear, in each case as at the Specified Time, the Issuer shall request each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with an offered quotation 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, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Calculation Agent with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Calculation Agent it is quoting to leading banks in the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), 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).

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than EURIBOR, the Rate of Interest in respect of the Notes will be determined as provided in the applicable Final Terms.

For the purposes of this Condition 3(c)(ii), "**Reference Banks**" means, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market selected by Issuer.

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

If the Form of Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 3(c)(ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the Form of Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 3(c)(ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(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 for the relevant Interest Period by applying the Rate of Interest to:

(i) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(ii) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest for any Interest Period:

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

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

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

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

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

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

where:

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

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

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

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

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 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 Interest Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

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

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

where:

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

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

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

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

"**D_1**" is the first calendar day, expressed as a number, of the Interest Period, unless such number 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 Interest Period, unless such number would be 31, in which case D_2 will be 30; and

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

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

where:

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

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

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

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

"**D_1**" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30.

(v) *Linear Interpolation*

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the Form of Final Terms, the Rate of Interest for such Interest Period shall be calculated by the

Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the Form of Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the Form of Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall calculate the Rate of Interest at such time and by reference to such sources as the Issuer, in consultation with an Independent Adviser appointed by the Issuer, and such Independent Adviser acting in good faith and in a commercially reasonable manner as an expert, determines appropriate.

"**Designated Maturity**" means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

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

Subject to Condition 3(d) (*Benchmark Discontinuation*), the Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange (or listing agent as the case may be) on which the relevant Floating Rate Notes are for the time being listed (by no later than the first day of each Interest Period) and notice thereof to be published in accordance with Condition 12 (*Notices*) as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will promptly be notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 12 (*Notices*). For the purposes of this paragraph, the expression "London Business Day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

(vii) *Certificates to be final*

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

(d) Benchmark Discontinuation

This Condition 3(d) is applicable to Notes only if the Floating Rate Note Provisions or the Reset Note Provisions are specified in the relevant Final Terms as being applicable.

(i) *Independent Adviser*

Notwithstanding the provisions above in Condition 3(c) (*Interest on Floating Rate Notes*) or Condition 3(b) (*Interest on Reset Notes*), if a Benchmark Event occurs 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 Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 3(d)(ii) (*Successor Rate or Alternative Rate*) and, in either case, an Adjustment Spread if any (in accordance with Condition 3(d)(iii) (*Adjustment Spread*) and whether any Benchmark Amendments (in accordance with Condition 3(d)(iv) (*Benchmark Amendments*)) are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread.

An Independent Adviser appointed pursuant to this Condition 3(d)(i) shall act in good faith and in a commercially reasonable manner as an expert and in consultation with the Issuer. In the absence of bad faith, fraud and gross negligence, the Independent Adviser shall have no liability whatsoever to the Issuer, the Agent, any Paying Agent, the Calculation Agent, the Noteholders, the Receiptholders or the Couponholders for any determination made by it pursuant to this Condition 3(d).

If (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 in accordance with this Condition 3(d)(i) prior to the relevant Interest Determination Date or Reset Determination Date, as the case may be, the Issuer (acting in good faith and in a commercially reasonable manner) may determine a Successor Rate or, failing which, an Alternative Rate, provided however that if the Issuer is unable or unwilling to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 3(d)(i) prior to the relevant Interest Determination Date or Reset Determination Date, as the case may be, (i) in the case of the Rate of Interest on Floating Rate Notes, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period or (ii) in the case of the First Reset Rate of Interest on Reset Notes, the Rate of Interest shall be equal to the Initial Rate of Interest or (iii) in the case of the Subsequent Reset Rate of Interest on Reset Notes, the Rate of Interest shall be equal to the Subsequent Reset Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Reset Period or if the immediately preceding Reset Period is the First Reset Period, the First Reset Rate of Interest. If there has not been a first Interest Payment Date or First Reset Date, the Rate of Interest for Floating Rate Notes shall be the initial Rate of Interest and the Rate of Interest for Reset Notes shall be the Initial Rate of Interest (as applicable). Where a different Margin or Maximum or Minimum Rate of Interest or First Margin or Subsequent Margin (as applicable) is to be applied to the relevant Interest Period or Reset Period (as applicable) from that which applied to the last preceding Interest Period or Reset Period (as applicable), the Margin or Maximum or Minimum Rate of Interest or First Margin or Subsequent Margin (as applicable) relating to the relevant Interest Period or Reset Period (as applicable) shall be substituted in place of the Margin or Maximum or Minimum Rate of Interest or First Margin or Subsequent Margin relating to that last preceding Interest Period or Reset Period (as applicable). For the avoidance of doubt, this Condition 3(d)(i) shall apply to the relevant next succeeding 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(d)(i).

(ii) *Successor Rate or Alternative Rate*

If the Independent Adviser or the Issuer (if it is unable to appoint an Independent Adviser or if the Independent Adviser appointed by it fails to determine a Successor Rate or, failing

which, an Alternative Rate in accordance with Condition 3(d)(i) (*Independent Adviser*) prior to the relevant Interest Determination Date or Reset Determination Date, as the case may be) acting in good faith and in a commercially reasonable manner determines that:

(a) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 3(d)(iii) (*Adjustment Spread*)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 3(d)); or

(b) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 3(d)(iii) (*Adjustment Spread*)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 3(d)).

(iii) *Adjustment Spread*

If the Independent Adviser or the Issuer (if it is unable to appoint an Independent Adviser or if the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with Condition 3(d)(i) (*Independent Adviser*) prior to the relevant Interest Determination Date or Reset Determination Date, as the case may be) acting in good faith and in a commercially reasonable manner determines (i) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (ii) 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 Rate (as the case may be).

(iv) *Benchmark Amendments*

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 3(d) and the Independent Adviser or the Issuer (if it is unable to appoint an Independent Adviser or if the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with Condition 3(d)(i) (*Independent Adviser*) prior to the relevant Interest Determination Date or Reset Determination Date, as the case may be) acting in good faith and in a commercially reasonable manner determines (i) that amendments to these Conditions and the Agency Agreement for the English Law Notes, including but not limited to Relevant Screen Page, are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread and/or necessary or appropriate to comply with any applicable regulation or guidelines on the use of benchmarks or other related document issued by the competent regulatory authority (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 3(d)(v) (*Notices*) and subject (to the extent required) to giving any notice required to be given to, and receiving any consent required from, or non-objection from, the Competent Authority, without any requirement for the consent or approval of Noteholders, Receiptholders or Couponholders vary these Conditions and the Agency Agreement for the English Law Notes to give effect to such Benchmark Amendments with effect from the date specified in such notice.

In connection with any such variation in accordance with this Condition 3(d)(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

Notwithstanding any other provision of this Condition 3(d), no Successor Rate, Alternative Rate or Adjustment Spread will be adopted, nor will any other amendment to the terms and conditions of any Series of Notes be made to effect the Benchmark Amendments, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the relevant Series of Subordinated Notes as Tier 2 Capital of the Issuer and/or the Group and/or (i) result in the exclusion of the relevant Series of Senior Notes or Non-Preferred Senior Notes from the eligible liabilities available to meet the MREL Requirements or (ii) (in the case of Senior Notes or Non-Preferred Senior Notes only) result in the Competent Authority and/or the Relevant Resolution Authority treating the Interest Payment Date or Reset Date, as the case may be, as the effective maturity date of the Notes, rather than the relevant maturity date. In such cases (i) the Rate of Interest on Floating Rate Notes applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period or (ii) in the case of the First Reset Rate of Interest on Reset Notes, the Rate of Interest shall be equal to the Initial Rate of Interest or (iii) in the case of the Subsequent Reset Rate of Interest on Reset Notes, the Rate of Interest shall be equal to the Subsequent Reset Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Reset Period or if the immediately preceding Reset Period is the First Reset Period, the First Reset Rate of Interest. If there has not been a first Interest Payment Date or First Reset Date, the Rate of Interest for Floating Rate Notes shall be the initial Rate of Interest and the Rate of Interest for Reset Notes shall be the Initial Rate of Interest (as applicable).

Where a different Margin or Maximum or Minimum Rate of Interest or First Margin or Subsequent Margin (as applicable) is to be applied to the relevant Interest Period or Reset Period (as applicable) from that which applied to the last preceding Interest Period or Reset Period (as applicable), the Margin or Maximum or Minimum Rate of Interest or First Margin or Subsequent Margin (as applicable) relating to the relevant Interest Period or Reset Period (as applicable) shall be substituted in place of the Margin or Maximum or Minimum Rate of Interest or First Margin or Subsequent Margin relating to that last preceding Interest Period or Reset Period.

The Agents shall not be obliged to effect any Benchmark Amendment if in the reasonable opinion of the relevant Agent doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the relevant Agent in these Conditions and/or the Agency Agreement in any way.

Notwithstanding any other provisions of this Condition 3(d), if in the Calculation Agent's reasonable opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this condition 3(d), the Calculation Agent shall promptly notify the Issuer thereof and the Issuer shall direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not promptly provided with such direction, or is otherwise unable to make such calculation or determinations for any reason, it shall notify the Issuer thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and shall not incur any liability for not doing so.

(v) *Notices*

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 3(d), or as applicable, any determination by the Issuer that no Successor Rate, Alternative Rate or Adjustment Spread will be adopted and that no amendments to the Terms and Conditions of any series of Notes

to effect any Benchmark Amendments shall be made and that the fallbacks provided under Condition 3(d)(iv) above shall apply, will be notified promptly by the Issuer to the Calculation Agent, the Agent and each Paying Agent and, in accordance with Condition 12 (*Notices*), the Noteholders, Receiptholders or Couponholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

(vi) *Survival of Original Reference Rate*

Without prejudice to the obligations of the Issuer under Conditions 3(d)(i) (*Independent Adviser*) to 3(d)(iv) (*Benchmark Amendments*), the Original Reference Rate and the fallback provisions provided for in Condition 3(b)(ii) (*Interest on Reset Notes – Fallbacks*) and Condition 3(c)(ii)(B) (*Screen Rate Determination for Floating Rate Notes*) will continue to apply unless and until a Benchmark Event has occurred.

(vii) *Definitions*

For the purposes of this Condition 3(d):

"**Adjustment Spread**" means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser or the Issuer (as applicable) determines (acting in good faith and in a commercially reasonable manner) is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders, Receiptholders and Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) 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 Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);

(b) the Independent Adviser or the Issuer (as applicable) determines (acting in good faith and in a commercially reasonable manner), is recognised or acknowledged as being the industry standard for international debt capital market transactions or over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); (or if the Issuer determines that no such industry standard is recognised or acknowledged); or

(c) the Independent Adviser or the Issuer (as applicable) determines (acting in good faith and in a commercially reasonable manner) to be appropriate;

"**Alternative Rate**" means an alternative benchmark or screen rate which the Independent Adviser or the Issuer (as applicable) determines (acting in good faith and in a commercially reasonable manner) in accordance with Condition 3(d)(ii) (*Successor Rate or Alternative Rate*) is customary in market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes;

"**Benchmark Amendments**" has the meaning given to it in Condition 3(d)(iv) (*Benchmark Amendments*);

"**Benchmark Event**" means:

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

(b) a public statement by the administrator of the Original Reference Rate that it 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; or

(e) it has become unlawful for the Agent, any Paying Agent, the Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder, Receiptholder or Couponholder using the Original Reference Rate;

provided that in the case of sub-paragraphs (b), (c) and (d) above, the Benchmark Event shall occur on the date of the cessation of publication of the Original Reference Rate, the discontinuation of the Original Reference Rate, or the prohibition of use of the Original Reference Rate, as the case may be, and not the date of the relevant public statement.

"**Independent Adviser**" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 3(d)(i) (*Independent Adviser*);

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

"**Relevant Nominating Body**" means, in respect of a benchmark or screen rate (as applicable):

(a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(b) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof;

"**Successor Rate**" means the rate that the Independent Adviser or the Issuer (as applicable) determines (acting in good faith and in a commercially reasonable manner) is a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

(e) Exempt Notes

In the case of Exempt Notes which are also Floating Rate Notes where the applicable Pricing Supplement identifies that Screen Rate Determination applies to the calculation of interest, if the Reference Rate from time to time is specified in the applicable Pricing Supplement as being other than EURIBOR, the Rate of Interest in respect of such Exempt Notes will be determined as provided in the applicable Pricing Supplement.

In the case of Exempt Notes which are not also Fixed Rate Notes or Floating Rate, if the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the applicable Pricing Supplement.

Interest on Partly Paid Notes

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Pricing Supplement.

(f) 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 date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

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

(ii) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 12 (*Notices*).

4. **Payments**

(a) Method of payment

Subject as provided below:

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

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

(b) Payments Subject to Fiscal and Other Laws

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in any jurisdiction, but without prejudice to the provisions of Condition 6 (*Taxation*), and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 6 (*Taxation*)) any law implementing an intergovernmental approach thereto.

(c) Presentation of definitive Notes, Receipts and Coupons

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in Condition 4(a) only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Fixed Rate Notes in definitive form (other than Long Maturity Notes (as defined below) and save as provided in Condition 4(e) below) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 6 (*Taxation*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 7 (*Prescription*)) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

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

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

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

(d) Payments in respect of Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes and otherwise in the manner specified in the relevant Global Note, where applicable, against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made distinguishing between any payment of principal and any payment of interest, will be made either on such Global Note by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg as applicable.

(e) Specific provisions in relation to payments in respect of certain types of Exempt Notes

Payments of instalments of principal (if any) in respect of definitive Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 4(a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in Condition 4(a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Note to which it appertains. Receipts presented without the definitive Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

(f) General provisions applicable to payments

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

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

(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 in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;

(ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

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

(g) Payment Day

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means any day which (subject to Condition 7 (*Prescription*)) is:

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

(A) in the relevant place of *presentation*, in the case of Notes in definitive form only; and

(B) in each Additional Financial Centre specified in the Form of Final Terms; and

(ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

(h) Interpretation of principal and interest

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

(i) any additional amounts which may be payable with respect to principal under Condition 6 (*Taxation*);

(ii) the Final Redemption Amount of the Notes;

(iii) the Early Redemption Amount of the Notes;

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

(v) in relation to Exempt Notes redeemable in instalments, the Instalment Amounts;

(vi) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 5(f) (*Early Redemption Amounts*); and

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

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 6 (*Taxation*).

5. **Redemption and Purchase**

(a) Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer (i) at least *at par* in case of Fixed Rate Notes, Reset Notes, Floating Rate Notes and Zero Coupon Notes, as specified in the Form of Final Terms in the relevant Specified Currency and on the Maturity Date specified in the Form of Final Terms (ii) in the case of Exempt Notes, at its Final Redemption Amount specified in the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date specified in the Applicable Pricing Supplement.

(b) Redemption for tax reasons

Subject to Condition 5(f) below, Notes may be redeemed at the option of the Issuer (subject to, in the case of Subordinated Notes, the provisions of Condition 5(h) below and, in the case of Senior Notes and Non-Preferred Senior Notes, to the provisions of Condition 5(i) below) in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than the minimum period and not more than the maximum period of notice specified in the Form of Final Terms to the Agent and, in accordance with Condition 12 (*Notices*), the Noteholders (which notice shall be irrevocable), if:

(i) on the occasion of the next payment due under the Notes (in the case of Subordinated Notes, in respect of payments of interest only), the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 6 (*Taxation*) and, in making payment itself, would be required to pay such additional amounts, in each case as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 6 (*Taxation*)) or any political subdivision of, or any authority in, or of, a Tax Jurisdiction having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, provided that in the case of Subordinated Notes the Issuer demonstrates to the satisfaction of the relevant Competent Authority that such change or amendment is material and was not reasonably foreseeable by BMPS as at the date of the issue of the relevant Subordinated Notes; and

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

provided that no such notice of redemption shall be given 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.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Agent to make available at its specified office to the Noteholders (i) a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

The Agent is not responsible, nor shall it incur any liability, for monitoring or ascertaining as to whether any certifications required by this Condition 5 is provided, nor shall it be required to review, check or analyse any certifications produced nor shall it be responsible for the contents of any such certifications and or incur any liability in the event the content of such certification is inaccurate or incorrect.

Each Note redeemed pursuant to this Condition 5(b) will be redeemed at its Early Redemption Amount referred to in Condition 5(f) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(c) Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified as being applicable in in the Form of Final Terms, the Issuer may (subject to, in the case Subordinated Notes, the provisions of Condition 5(h) below and, in the cases of Senior Notes and Non-Preferred Senior Notes, the provisions of Condition 5(i) below), having given not less than the minimum period nor more than the maximum period of notice specified in the Form of Final Terms to the Noteholders in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the Form of Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the Form of Final Terms.

In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will, subject to compliance with applicable law, (i) in the case of Redeemed Notes represented by definitive Notes, be selected individually by lot, not more than 30 days prior to the date fixed for redemption and (ii) in the case of Redeemed Notes represented by a Global Note, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 12 (*Notices*) not less than 15 days prior to the date fixed for redemption.

(d) Redemption for Regulatory Reasons

In respect of any Series of Subordinated Notes, if Regulatory Call is specified in the Form of Final Terms, upon occurrence of a Capital Event, the Issuer may (subject to the provisions of Condition 5(h) below), on any Interest Payment Date (if this Note is a Floating Rate Note), or at any time (if this Note is not a Floating Rate Note), on giving not less than 15 nor more than 30 days' notice to the Agent and in accordance with Condition 12 (*Notices*) irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem all (but not some only) of the Notes then outstanding at any time at their Early Redemption Amount referred to in Condition 5(f) below together (if appropriate) with interest accrued to (but excluding) the date fixed for redemption.

For the purpose of these Conditions:

a "**Capital Event**" is deemed to have occurred if, as a result of any change in the regulatory classification of the Notes under the Regulatory Capital Requirements, the Notes are (or would be) excluded (in whole or in part) from the Tier 2 Capital of the Issuer and/or the Group and, in respect of any redemption of Subordinated Notes proposed to be made prior to the fifth anniversary of the Issue Date, both of the following conditions are met: (i) the Issuer demonstrates to the satisfaction of the relevant Competent Authority that the change in the regulatory classification of the Subordinated Notes was not reasonably foreseeable by the Issuer as at the Issue Date of the Notes and (ii) the Competent Authority considers such a change to be reasonably certain;

"**Competent Authority**" means the Bank of Italy and/or, to the extent applicable in any relevant situation, the European Central Bank or any successor or replacement entity to either, or other

authority or authorities having primary responsibility for the prudential oversight and supervision of the Issuer at the relevant time; and

"**Tier 2 Capital**" has the meaning given to it by the Regulatory Capital Requirements from time to time.

(e) Issuer Call due to MREL Disqualification Event

In respect of any Series of Senior Notes or Non-Preferred Senior Notes where Issuer Call due to MREL Disqualification Event is specified as being applicable in the Form of Final Terms, then the Issuer may (subject to the provisions of Condition 5(i) below) on any Interest Payment Date (if this Note is a Floating Rate Note), or at any time (if this Note is not a Floating Rate Note), on giving not less than the minimum period nor more than the maximum period of notice specified in the Form of Final Terms to the Noteholders in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable), redeem all (but not some only) of the Notes then outstanding at any time at their Early Redemption Amount as described in Condition 5(f) below (if appropriate) with interest accrued to (but excluding) the date fixed for redemption, if the Issuer determines that a MREL Disqualification Event has occurred and is continuing.

As used in these Conditions:

"**BRRD**" means Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms, as amended 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;

"**CRD IV Package**" means, taken together (i) the CRD IV, (ii) the CRR and (iii) the Future Capital Instruments Regulations;

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

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

"**CRR II**" means Regulation (EU) 2019/876 of the 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 collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2022, as amended or replaced from time to time;

"**Future Capital Instruments Regulations**" means any regulatory capital rules or regulations introduced after the Issue Date by the Competent Authority or which are otherwise applicable to the

Issuer (on a solo or, if relevant, consolidated basis), which prescribe (alone or in conjunction with any other rules or regulations) the requirements to be fulfilled by financial instruments for their inclusion in the Own Funds of the Issuer (on a consolidated basis) to the extent required by (i) the CRR or (ii) the CRD IV;

"**Group Entity**" means the Issuer or any legal person that is part of the Group;

"**Loss Absorption Power**" means any statutory write-down and/or conversion power existing from time to time under any laws, regulations, rules or requirements, whether relating to the resolution or independent of any resolution action, of credit institutions, investment firms and/or Group Entities incorporated in the relevant Member State in effect and applicable in the relevant Member State to the Issuer or other Group Entities, including (but not limited to) any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of any European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms and/or within the context of a relevant Member State resolution regime or otherwise, pursuant to which liabilities of a credit institution, investment firm and/or any Group Entities can be reduced, cancelled and/or converted into shares or obligations of the obligor or any other person;

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

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

"**Regulatory Capital Requirements**" means any requirements contained in the regulations, rules, guidelines and policies of the Competent Authority, or of the European Parliament and Council then in effect in the Republic of Italy, relating to capital adequacy and applicable to the Issuer and/or the Group from time to time (including any applicable transitional provisions), including, but not limited to, as at the Issue Date of the relevant Series of Notes, the rules contained in, or implementing, the CRD IV Package and the BRRD, delegated or implementing acts adopted by the European Commission and guidelines issued by the European Banking Authority;

"**Relevant Resolution Authority**" means the Italian resolution authority, the Single Resolution Board ("**SRB**") established pursuant to the SRM Regulation and/or any other authority entitled to exercise or participate in the exercise of any Resolution Power or Loss Absorption Power from time to time;

"**Resolution Power**" means any statutory write-down, transfer and/or conversion power existing from time to time under any laws regulations, rules or requirements relating to the resolution of the Issuer or any other entities of the Group, including but not limited to any laws, regulations, rules or requirements implementing the BRRD and/or the SRM Regulation;

"**SRM Regulation**" means Regulation (EU) No 806/2014 of the European Parliament and Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010, as amended or replaced from time to time (including by SRM II Regulation); and

"**SRM II Regulation**" means 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 institution capacity of credit institutions and investment firms.

(f) Early Redemption Amounts

For the purpose of paragraphs 5(b), (d) and (e) above and Condition 8 (*Events of Default*):

(i) each Note (other than a Zero Coupon Note) will be redeemed at its Early Redemption Amount; and

(ii) each Zero Coupon Note will be redeemed at an amount (the "**Amortised Face Amount**") calculated in accordance with the following formula:

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

where:

"**RP**" equals the Reference Price;

"**AY**" equals the Accrual Yield; and

"**y**" is the Day Count Fraction specified in the Form of Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption of (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

Instalments

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Pricing Supplement. In the case of early redemption, the Early Redemption Amount of Instalment Notes will be determined in the manner specified in the applicable Pricing Supplement.

Partly Paid Notes

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Pricing Supplement.

(g) Purchases

Subject to Condition 5(i) below in respect of Senior Notes and Non-Preferred Senior Notes and Condition 5(h) below in respect of Subordinated Notes, the Issuer or any Subsidiary (as defined below) of the Issuer may purchase Notes (provided that, in the case of definitive Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. All Notes so purchased will be surrendered to a Paying Agent for cancellation. References in the Conditions to the purchase of Notes shall not include the purchase of Notes by the Issuer or any of their Subsidiaries in the ordinary course of business of dealing in securities, as nominee or as a bona fide investment.

"**Subsidiary**" means any entity which is a subsidiary within the meaning of Section 1159 of the Companies Act 2006.

(h) Conditions to Early Redemption and Purchase of Subordinated Notes

Any redemption or purchase of Subordinated Notes in accordance with Conditions 5(b), (c), (d) or (g) above or Condition 13 (*Meetings of Noteholders, Modification, Waiver and Substitution*) (including, for the avoidance of doubt, any modification or substitution in accordance with Condition 13) is subject to:

(i) the Issuer giving notice to the Competent Authority and the Competent Authority granting permission to redeem or purchase the relevant Subordinated Notes (in each case to the extent, and in the manner, required by the Regulatory Capital Requirements (as defined in Condition 5(e) above, including Articles 77(b) and 78 of CRR); and

(ii) compliance by the Issuer with any alternative or additional pre-conditions to redemption or purchase, as applicable, set out in the Regulatory Capital Requirements for the time being.

(i) Conditions to Redemption and Purchase of Senior Notes and Non-Preferred Senior Notes

Any redemption or purchase of Senior Notes and Non-Preferred Senior Notes in accordance with Conditions 5(b), (c), (d) or (g) above or Condition 13 (*Meetings of Noteholders, Modification, Waiver and Substitution*) (including, for the avoidance of doubt, any modification or substitution in accordance with Condition 13 (*Meetings of Noteholders, Modification, Waiver and Substitution*)) is subject to compliance by the Issuer with any conditions to such redemption or repurchase prescribed by the MREL Requirements at the relevant time (including any requirements applicable to such redemption or repurchase due to the qualification of such Senior Notes or Non-Preferred Senior Notes at such time as eligible liabilities available to meet the MREL Requirements).

(j) Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to Condition 5(g) above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

(k) Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 5(a), (b), (c), (d) or (g) above or upon its becoming due and repayable as provided in Condition 8 (*Events of Default*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 5(f)(ii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

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

(ii) five days after the date on which the full amount of the moneys payable in respect of such Zero

Coupon Notes has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 12 (*Notices*).

6. **Taxation**

All payments of principal and interest in respect of the Notes, Receipts and Coupons by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts in respect of interest only as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable:

(a) with respect to any Notes, Receipts or Coupons for or on account of *imposta sostitutiva* (at the then applicable rate of tax) pursuant to Italian Legislative Decree No. 239 of 1 April 1996 and in all circumstances in which the procedures set forth in Legislative Decree No. 239 have not been met or complied with except where such procedures have not been met or complied with due to the actions of omissions of the Issuer or its agents;

(b) with respect to any Note, Receipt or Coupon presented for payment:

(i) in the jurisdiction of incorporation of the Issuer; or

(ii) by or on behalf of a holder who is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note, Receipt or Coupon; or

(iii) by or on behalf of a holder who is entitled to avoid such withholding or deduction in respect of such Note, Receipt or Coupon by making a declaration of non-residence or other similar claim for exemption to the relevant taxing authority; or

(iv) more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 4(g) (*Payment Day*)); or

(c) in respect of any Note where such withholding or deduction is required pursuant to Law Decree No. 512 of 30 September 1983.

As used herein:

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

(ii) "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 12 (*Notices*).

7. **Prescription**

The Notes, Receipts and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 6 (*Taxation*)) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 4(b) (*Payments Subject to Fiscal and Other Laws*) or any Talon which would be void pursuant to Condition 4(b) (*Payments Subject to Fiscal and Other Laws*).

8. **Events of Default**

(a) Events of Default relating to Senior Notes and Non-Preferred Senior Notes

This Condition 8(a) applies only to Senior Notes and Non-Preferred Senior Notes.

If any one or more of the following events (each an "**Event of Default**") shall occur with respect to any Senior Note or Non-Preferred Senior Note:

(i) the Issuer shall be liquidated (including becoming subject to "*Liquidazione coatta amministrativa*" as defined in the Italian Consolidated Banking Act (as amended from time to time)); or

(ii) the Issuer shall be insolvent,

then any holder of a Senior Note or Non-Preferred Senior Notes may, by written notice to the Issuer at the specified office of the Agent, effective upon the date of receipt thereof by the Agent, declare any Senior Notes or Non-Preferred Senior Notes held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at its Early Redemption Amount (as

described in Condition 5(f) (*Early Redemption Amounts*)), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

(b) Event of Default relating to Subordinated Notes

This Condition 8(b) applies only to Subordinated Notes.

If any one or more of the following Events of Default shall occur with respect to any Subordinated Note:

(i) the Issuer shall be liquidated (including becoming subject to "*Liquidazione coatta amministrativa*" as defined in the Italian Consolidated Banking Act (as amended from time to time)); or

(ii) the Issuer shall be insolvent,

then any holder of a Subordinated Note may, by written notice to the Issuer at the specified office of the Agent, effective upon the date of receipt thereof by the Agent, declare any such Subordinated Notes held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at its Early Redemption Amount (as described in Condition 5(f) (*Early Redemption Amounts*)), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

9. **Replacement of Notes, Receipts, Coupons and Talons**

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

10. **Paying Agents**

The names of the initial Paying Agents and their initial specified offices are set out below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the Form of Final Terms.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

(a) there will at all times be an Agent; and

(b) so long as the Notes are listed on any stock exchange (or any other relevant authority), 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 (or any other relevant authority).

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 4(f) (*General provisions applicable to payments*). Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 12 (*Notices*).

In acting under the Agency Agreement for the English Law Notes, the Paying Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any

Noteholders, Receiptholders or Couponholders. The Agency Agreement for the English Law Notes contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

11. **Exchange of Talons**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 7 (*Prescription*).

12. **Notices**

All notices regarding the Notes will be deemed to be validly given if published (i) in a leading English language daily newspaper of general circulation in London, and (ii) if and for so long as the Notes are admitted to trading on, and listed on, the Official List of the Luxembourg Stock Exchange, in a daily newspaper of general circulation in Luxembourg and/or on the Luxembourg Stock Exchange's website (www.bourse.lu). It is expected that any such publication in a newspaper will be made in the *Financial Times* in London and the *Luxemburger Wort* or *Tageblatt* in Luxembourg. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange (or any other relevant authority) on which the Notes are for the time being listed or by which they have been admitted to trading including publication on the website of the relevant stock exchange or relevant authority if required by those rules. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) or such websites the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by the rules of that stock exchange or authority. Any such notice shall be deemed to have been given to the holders of the Notes on the second day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Agent through 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.

13. **Meetings of Noteholders, Modification, Waiver and Substitution**

The Agency Agreement for the English Law Notes contains provisions for convening meetings of the Noteholders (including by way of conference call or by use of a videoconference platform) to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution

of a modification of the Notes, the Receipts, the Coupons or any of the provisions of the Agency Agreement for the English Law Notes. Such a meeting may be convened by the Issuer and shall be convened by the Issuer if required in writing by Noteholders holding not less than ten per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, the Receipts or the Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes, the Receipts or the Coupons), the quorum shall be one or more persons holding or representing not less than three-quarters in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one half in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

The Agent and the Issuer may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

(a) any modification (except as mentioned above) of the Notes, the Receipts, the Coupons or the Agency Agreement for the English Law Notes which is not, in the sole opinion of the Issuer, prejudicial to the interests of the Noteholders; or

(b) any modification of the Notes, the Receipts, the Coupons or the Agency Agreement for the English Law Notes which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law.

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 12 (*Notices*) as soon as practicable thereafter.

For the avoidance of doubt, any variation of the Conditions and the Agency Agreement for the English Law Notes to give effect to the Benchmark Amendments in accordance with Condition 3(d) (*Benchmark Discontinuation*) shall not require the consent or approval of Noteholders, Receiptholders or Couponholders, subject (to the extent required) to the Issuer giving any notice required to be given to, and receiving any consent required from, or non-objection from, the Competent Authority.

In addition, with respect to (i) any Series of Senior Notes or Non-Preferred Senior Notes, if at any time a MREL Disqualification Event occurs, and if Substitution or Variation is specified as being applicable in the Form of Final Terms, or (ii) all Notes, if Substitution or Variation is specified as being applicable in the Form of Final Terms, in order to ensure the effectiveness and enforceability of Condition 17 (*Statutory Loss Absorption Powers*), then the Issuer may, subject to giving any notice required to be given to, and receiving any consent required from, the Competent Authority and/or as appropriate the Relevant Resolution Authority (without any requirement for the consent or approval of the holders of the relevant Notes of that Series) and having given not less than 30 nor more than 60 days" notice to the Agent and the holders of the Notes of that Series (or such other notice periods as may be specified in the Form of Final Terms, at any time either substitute all (but not some only) of such Notes, or vary the terms of such Notes so that they remain or, as appropriate, become, Qualifying Senior Notes, Qualifying Non-Preferred Senior Notes or Qualifying

Subordinated Notes, as applicable, provided that such variation or substitution does not itself give rise to any right of the Issuer to redeem the varied or substituted securities.

In these Conditions:

"**Qualifying Non-Preferred Senior Notes**" means securities issued by the Issuer that:

(a) other than in respect of the effectiveness and enforceability of Condition 17 (*Statutory Loss Absorption Powers*), have terms not materially less favourable to a holder of the Non-Preferred Senior Notes (as reasonably determined by the Issuer) than the terms of the Non-Preferred Senior Notes, and they shall also (A) contain terms which at such time 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) have a ranking at least equal to that of the Non-Preferred Senior Notes; (C) have at least the same interest rate and the same Interest Payment Dates as those from time to time applying to the Non-Preferred Senior Notes; (D) have the same redemption rights as the Non-Preferred Senior Notes; (E) preserve any existing rights under the Notes to any accrued but unpaid interest in respect of the period from (and including) the Interest Payment Date immediately preceding the date of variation or substitution; and (F) in the event the Notes carry a rating immediately prior to such variation or substitution, are assigned (or maintain) the same or higher credit ratings as were assigned to the Non-Preferred Senior Notes immediately prior to such variation or substitution (save that, for the avoidance of doubt, where any credit rating was, as a result of Condition 17 (*Statutory Loss Absorption Powers*) becoming ineffective and/or unenforceable, amended prior to such substitution or variation, reference in this sub-clause (F) shall be to such credit rating prior to such amendment);

(b) are listed on a recognised stock exchange if the Non-Preferred Senior Notes were listed immediately prior to such variation or substitution; and

(c) comply with the requirements provided by Article 12-*bis*, paragraph 1 of the Italian Consolidated Banking Act, as amended from time to time.

"**Qualifying Senior Notes**" means securities issued by the Issuer that:

(a) other than in respect of the effectiveness and enforceability of Condition 17 (*Statutory Loss Absorption Powers*), have terms not materially less favourable to a holder of the Senior Notes (as reasonably determined by the Issuer) than the terms of the Senior Notes, and they shall also (A) contain terms which at such time 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) have a ranking at least equal to that of the Senior Notes; (C) have at least the same interest rate and the same Interest Payment Dates as those from time to time applying to the Senior Notes; (D) have the same redemption rights as the Senior Notes; (E) preserve any existing rights under the Notes to any accrued but unpaid interest in respect of the period from (and including) the Interest Payment Date immediately preceding the date of variation or substitution; and (F) in the event the Notes carry a rating immediately prior to such variation or substitution, are assigned (or maintain) the same or higher credit ratings as were assigned to the Senior Notes immediately prior to such variation or substitution (save that, for the avoidance of doubt, where any credit rating was, as a result of Condition 17 (*Statutory Loss Absorption Powers*) becoming ineffective and/or unenforceable, amended prior to such substitution or variation, reference in this sub-clause (F) shall be to such credit rating prior to such amendment); and

(b) are listed on a recognised stock exchange if the Senior Notes were listed immediately prior to such variation or substitution.

"**Qualifying Subordinated Notes**" means securities issued by the Issuer that:

(a) other than in respect of the effectiveness and enforceability of Condition 17 (*Statutory Loss Absorption Powers*), have terms not materially less favourable to a holder of the Subordinated Notes (as reasonably determined by the Issuer) than the terms of the Subordinated Notes, and they shall also (A) comply with the then-current requirements of the Regulatory Capital Requirements in relation to Tier 2 capital, (B) have a ranking at least equal to that of the Subordinated Notes; (C) have at least 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; (E) preserve any existing rights under the Notes to any accrued but unpaid interest in respect of the period from (and including) the Interest Payment Date immediately preceding the date of variation or substitution; and (F) in the event the Notes carry a rating immediately prior to such variation or substitution, are assigned (or maintain) the same or higher credit ratings as were assigned to the Subordinated Notes immediately prior to such variation or substitution (save that, for the avoidance of doubt, where any credit rating was, as a result of Condition 17 (*Statutory Loss Absorption Powers*) becoming ineffective and/or unenforceable, amended prior to such substitution or variation, reference in this sub-clause (F) shall be to such credit rating prior to such amendment); and

(b) are listed on a recognised stock exchange if the Subordinated Notes were listed immediately prior to such variation or substitution.

For avoidance of doubt, any modification or substitution pursuant to this Condition 13 is subject to the provisions of Condition 5(h) (*Conditions to Early Redemption and Purchase of Subordinated Notes*) (in respect of Subordinated Notes) and Condition 5(i) (*Conditions to Redemption and Purchase of Senior Notes and Non-Preferred Senior Notes*) (in respect of Senior Notes and Non-Preferred Senior Notes).

14. Further Issues

The Issuer shall be at liberty from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Notes.

15. Contracts (Rights of Third Parties) Act 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

16. Governing Law and Submission to Jurisdiction

(a) Governing law

The Agency Agreement for the English Law Notes, the Deed of Covenant, the Notes, the Receipts and the Coupons and any non-contractual obligations arising out of or in connection with any of the above shall be governed by, and construed in accordance with, English law, except that each of Condition 2(b) (*Status of the Non-Preferred Senior Notes*), Condition 2(c) (*Status of the*

Subordinated Notes) and Condition 17 (*Statutory Loss Absorption Powers*) is governed by, and will be construed in accordance with, Italian law.

(b) Submission to jurisdiction

(i) Subject to Condition 16(b)(iii) below, the English courts have jurisdiction to settle any dispute arising out of or in connection with the Notes, the Receipts and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes, the Receipts and/or the Coupons (a "Dispute") and accordingly the Issuer and any Noteholders, Receiptholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.

(ii) For the purposes of this Condition 16(b), the Issuer hereby irrevocably waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

(iii) To the extent allowed by law, the Noteholders, the Receiptholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

(c) Appointment of Process Agent

The Issuer irrevocably appoints Pirola Pennuto Zei & Associati UK LTD, 5th Floor Aldermary House, 10-15 Queen Street, London, EC4N 1TX as its agent for service of process, in any proceedings before the English courts in relation to any Dispute, and agrees that, in the event of such agent being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

(d) Waiver of trial by jury

Without prejudice to Condition 16(b) (*Submission to jurisdiction*), the Issuer waives any right it may have to a jury trial of any claim or cause of action in connection with the Notes, the Receipts and the Coupons. These conditions may be filed as a written consent to a bench trial.

(e) Other documents

The Issuer have in the Agency Agreement for the English Law Notes and the Deed of Covenant submitted to the jurisdiction of the English courts and appointed an agent for service of process in terms substantially similar to those set out above.

17. **Statutory Loss Absorption Powers**

By the acquisition of the Notes, each Noteholder acknowledges and agrees to be bound by the exercise of any Loss Absorption Power by the Relevant Resolution Authority that may result in the write-down or cancellation of all or a portion of the principal amount of, or distributions on, the Notes and/or the conversion of all or a portion of the principal amount of, or distributions on, the Notes into ordinary shares or other obligations of the Issuer or another person, including by means of a variation to the terms of the Notes to give effect to the exercise by the Relevant Resolution Authority of such Loss Absorption Power. Each Noteholder further acknowledges and agrees that the exercise of such Loss Absorption Power by the Relevant Resolution Authority may result in any

interest accrued on the Notes remaining unpaid and/or being cancelled. Each Noteholder further agrees that the rights of the Noteholders are subject to, and will be varied if necessary so as to give effect to, the exercise of any Loss Absorption Power by the Relevant Resolution Authority.

Upon the Issuer being informed and notified by the Relevant Resolution Authority of the actual exercise of the date from which the Loss Absorption Power is effective with respect to the Notes, the Issuer shall notify the Noteholders without delay. Any delay or failure by the Issuer to give notice shall not affect the validity and enforceability of the Loss Absorption Power nor the effects on the Notes described in this Condition.

The exercise of the Loss Absorption Power by the Relevant Resolution 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 in relation to the residual principal amount of, or outstanding amount payable with respect to, the Notes subject to any modification of the amount of distributions payable to reflect the reduction of the principal amount, and any further modification of the terms that the Relevant Resolution Authority may decide in accordance with applicable laws and regulations relating to the resolution of credit institutions, investment firms and/or Group Entities incorporated in the relevant Member State.

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 any Loss Absorption Power to the Notes.

TERMS AND CONDITIONS FOR THE ITALIAN LAW NOTES

The following are the Terms and Conditions applicable to each Series of Notes to be governed under Italian Law (respectively, the "Italian Law Notes" or the "Notes" and the "Terms and Conditions for the Italian Law Notes" or the "Terms and Conditions") which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the rules of the relevant stock exchange (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Pricing Supplement in relation to any Tranche of Exempt Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The Form of Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Form of Final Terms" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes governed by Italian Law (the "**Italian Law Notes**") issued by Banca Monte dei Paschi di Siena S.p.A. (the "**Issuer**" or "**BMPS**") pursuant to the Agency Agreement for the Italian Law Notes (as defined below).

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

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

(ii) any Global Note; and

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

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an Agency Agreement dated 19 January 2022 (such Agency Agreement as further amended and/or supplemented and/or restated from time to time, the "**Agency Agreement for the Italian Law Notes**"), and made between the Issuer, Citibank, N.A., London Branch as issuing and principal paying agent and agent bank (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).

The Final Terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which complete these Terms and Conditions (the "**Conditions**") or, if this Note is a Note which is neither admitted to trading (i) on a regulated market in the EEA or (ii) a UK regulated market as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018, nor offered in (i) the EEA or (ii) the UK in circumstances where a prospectus is required to be published under the Prospectus Regulation or the Financial Services and Markets Act 2000, as the case may be (an "**Exempt Note**"), the final terms (or the relevant provisions thereof) are set out in Part A of the Pricing Supplement and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Note. References to the "Form of Final Terms" are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note. Any reference in the Conditions to Form of Final Terms shall be deemed to include a reference to "applicable Pricing Supplement" where relevant. The expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129.

Interest bearing definitive Notes have interest coupons ("**Coupons**") and, in the case of Notes which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons

("**Talons**") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Exempt Notes in definitive form which are repayable in instalments have receipts ("**Receipts**") for the payment of the instalments of principal (other than the final instalment) attached on issue. Global Notes do not have Receipts, Coupons or Talons attached on issue.

Any reference to "**Noteholders**" or "**holders**" in relation to any Notes shall mean the holders of the Notes and shall, in relation to any Notes represented by a global Note, be construed as provided below. Any reference herein to "**Receiptholders**" shall mean the holders of the Receipts and any reference herein to "**Couponholders**" shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, "**Tranche**" means Notes which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which (i) are expressed to be consolidated and form a single series and (ii) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

Copies of the Agency Agreement for the Italian Law Notes (i) are available for inspection or collection during normal business hours at the specified office of each of the Paying Agents or (ii) may be provided by email to a Noteholder following its prior written request to the Paying Agents and provision of proof of holding and identity (in a form satisfactory to the Paying Agents). If the Notes are to be admitted to trading on the regulated market of the Luxembourg Stock Exchange the Form of Final Terms will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu). If this Note is an Exempt Note, the applicable Pricing Supplement will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of such Notes and identity. The Noteholders, the Receiptholders 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 Italian Law Notes, the Deed of Covenant and the Form of Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement for the Italian Law Notes.

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

1. **Form, Denomination and Title**

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the currency (the "**Specified Currency**") and the denominations (the "**Specified Denomination(s)**") specified in the Form of Final Terms, provided that (i) the minimum Specified Denomination of each Note which is specified in the Form of Final Terms as being a Senior Note shall be Euro 100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes), (ii) the minimum Specified Denomination of each Note which is specified in the Form of Final Terms as being a Non-Preferred Senior Note shall be Euro 150,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes) and (iii) the minimum Specified Denomination of each Note which is specified in the Form of Final Terms as being a Subordinated Note shall be Euro 200,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

Unless this Note is an Exempt Note, this Note may be a Fixed Rate Note, a Reset Note, a Floating Rate Note or a Zero Coupon Note, or a combination of any of the foregoing, depending upon the Interest Basis shown in the Form of Final Terms.

If this Note is an Exempt Note, this Note may be a Fixed Rate Note, a Reset Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Pricing Supplement.

If this Note is an Exempt Note, this Note may also be an Instalment Note, a Partly Paid Note or a combination of any of the foregoing, depending on the Redemption/Payment Basis shown in the Form of Final Terms.

This Note is a Senior Note, a Non-Preferred Senior Note or a Subordinated Note, depending on the Status of the Notes specified in the Form of Final Terms.

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

Subject as set out below, title to the Notes, Receipts and Coupons will pass by delivery. The Issuer and the Paying Agents will (except as otherwise required by law) deem and treat the bearer of any Note, Receipt 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 S.A./N.V. ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Paying Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer and any Paying Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "Noteholder" and "holder of Notes" and related expressions shall be construed accordingly.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in Part B of the Form of Final Terms.

2. Status of the Notes and Subordination

(a) Status of the Senior Notes

This Condition 2(a) applies only to Senior Notes (and, for the avoidance of doubt, does not apply to Non-Preferred Senior Notes).

(i) The Senior Notes and any relative Receipts and Coupons are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank (subject to any obligations preferred by any applicable law) *pari passu* with all other unsecured obligations (other than obligations ranking junior to the Senior Notes from time to time (including Non-Preferred Senior Notes and any further obligations permitted by law to rank, and expressed to rank,

junior to the Senior Notes, on or following the Issue Date), if any) of the Issuer, present and future and *pari passu* and rateably without any preference among themselves.

(ii) Each holder of a Senior 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 Note.

(b) Status of the Non-Preferred Senior Notes

This Condition 2(b) applies only to Non-Preferred Senior Notes (and, for the avoidance of doubt, does not apply to Senior Notes).

(i) The Non-Preferred Senior Notes (notes intended to qualify as *strumenti di debito chirografario di secondo livello* of the Issuer, as defined under Article 12-*bis* of the Legislative Decree No. 385 of 1 September 1993 of the Republic of Italy, as amended (the "**Italian Consolidated Banking Act**"), any related Receipts and Coupons constitute direct, unconditional, unsubordinated, and unsecured and non-preferred obligations of the Issuer, ranking

(a) junior to Senior Notes and any other unsecured and unsubordinated obligations of the Issuer which rank, or are expressed to rank by their terms, senior to the Non-Preferred Senior Notes;

(b) *pari passu* without any preferences among themselves, and with all other present or future obligations of the Issuer which do not rank or are not expressed by their terms to rank junior or senior to the relevant Non-Preferred Senior Notes; and

(c) in priority to any subordinated instruments and to the claims of shareholders of the Issuer, pursuant to Article 91, section 1-*bis*, letter c-*bis* of the Italian Consolidated Banking Act, as amended from time to time.

(ii) Each holder of a Non-Preferred Senior 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 Non-Preferred Senior Note.

(c) Status of the Subordinated Notes

This Condition 2(c) applies only to Subordinated Notes.

(i) Subject as set out below, the Subordinated Notes (notes intended to qualify as Tier 2 capital for regulatory capital purposes, in accordance with Part II, Chapter 1 of 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 (the "**Bank of Italy Regulations**"), including any successor regulations, and Article 63 of the CRR) (the "**Subordinated Notes**") and the Receipts and Coupons relating to them constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and rank:

(a) after all unsubordinated, unsecured creditors (including depositors and holders of Senior Notes and Non-Preferred Senior Notes) of the Issuer and after all creditors of the Issuer holding instruments that are less subordinated than the relevant Subordinated Notes

(b) at least *pari passu* without any preference among themselves and with all other present and future subordinated obligations of the Issuer that are not expressed by their terms to rank or which do not rank junior or senior to the relevant Subordinated Notes; and

(c) in priority to the claims of shareholders of the Issuer and to all other present and future subordinated obligations of the Issuer which do not rank or and are not expressed by their terms to rank senior or pari passu to the relevant Subordinated Notes.

(ii) In relation to each Series of Subordinated Notes all Subordinated Notes of such Series will be treated equally and all amounts paid by BMPS in respect of principal and interest thereon will be paid *pro rata* on all Subordinated Notes of such Series.

(iii) Each holder of a Subordinated Note or Coupon 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 or Coupon.

In the event the Subordinated Notes of any Series cease to qualify, in their entirety, as own funds in the form of Tier 2 Capital, such Subordinated Notes shall rank subordinated and junior to unsubordinated unsecured creditors (including depositors and holders of Senior Notes and Non-Preferred Senior Notes) of the Issuer, pari passu among themselves and with the Issuer's obligations in respect of any other instruments which have ceased to qualify, in their entirety, as own funds items (*elementi di fondi propri*) and with all other present and future subordinated obligations of the Issuer 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 have so ceased to qualify, in their entirety, as own funds in the form of Tier 2 Capital) and senior to own fund items (*elementi di fondi propri*).

3. **Interest**

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest payable in arrear on the relevant Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the Form of Final Terms, the amount of interest payable on the relevant Interest Payment Date will amount to the Fixed Coupon Amount specified in the Form of Final Terms. Payments of interest on any Interest Payment Date will, if so specified in the Form of Final Terms, amount to the Broken Amount so specified.

Except in the case of Notes in definitive form where a Fixed Coupon Amount or Broken Amount is specified in the Form of Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

(i) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(ii) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition 3(a):

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

(a) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "**Accrual Period**") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year; or

(b) in the case of Notes where the Accrual Period is longer than the Determination Period commencing on the last Interest Payment Date on which interest was paid (or, if none, the Interest Commencement Date), the sum of:

(1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year; and

(2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year; and

(ii) if "**30/360**" is specified in the Form of Final Terms, the number of days in the period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In the Conditions:

"**Determination Period**" means the period from and including a Determination Date to but excluding the next Determination Date; and

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

(b) Interest on Reset Notes

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

Each 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 Form of 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 the 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, subject to Condition 3(d) (*Benchmark Discontinuation*) below, 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*). Unless otherwise stated in the applicable Final Terms the Rate of Interest (inclusive of the First or Subsequent Margin) shall not be deemed to be less than zero.

For the purposes of the Conditions:

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

"**First Reset Date**" means the date specified in the Form of 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 Form of 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), 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;

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

"**Interest Commencement Date**" means the date specified as such in the Form of 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 Form of 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;

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

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

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

(ii) commencing on the relevant Reset Date,

which appears on the Relevant Screen Page; or

(B) if Mean Mid-Swap Rate is specified in the Form of 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 Form of Final Terms;

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

"**Subsequent Reset Date**" means the date or dates specified in the Form of 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; and

"**Subsequent Reset Rate of Interest**" means, in respect of any Subsequent Reset Period and subject to Condition 3(b)(ii), 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.

(ii) *Fallbacks*

If on any Reset Determination Date the Relevant Screen Page is not available or the Mid-Swap Rate does not appear on the Relevant Screen Page, the Calculation Agent shall, subject as provided in Condition 3(d) (*Benchmark Discontinuation*), 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)(ii) "**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.

(c) Interest on Floating Rate Notes

(i) *Interest Payment Dates*

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

(A) the Specified Interest Payment Date(s) (each an "Interest Payment Date") in each year specified in the Form of Final Terms; or

(B) if no Specified Interest Payment Date(s) is/are specified in the Form of Final Terms, each date (each an "Interest Payment Date") which falls the number of months or other period specified as the Specified Period in the Form of Final Terms

after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

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

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

(1) in any case where Specified Periods are specified in accordance with Condition 3(c)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of paragraph (B) above shall apply mutatis mutandis or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (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 Specified Period 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, 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 the Conditions, "**Business Day**" means:

(A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Additional Business Centre specified in the Form of Final Terms; and

(B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which Trans-European Automated Real-Time Gross Settlement Express Transfer ("**TARGET2**") System (the "**TARGET2 System**") is open.

(ii) *Rate of Interest*

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

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the Form of Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for the relevant Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the Form of 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 were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating (i) if "2006 ISDA Definitions" is specified in the applicable Final Terms, the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. ("**ISDA**") and as amended and updated as at the Issue Date of the first Tranche of the Notes; or (ii) (ii) if "2021 ISDA Definitions" is specified in the applicable Final Terms, the latest version of the 2021 ISDA Interest Rate Derivatives Definitions as published by ISDA as at the Issue Date of the first Tranche of the Notes (together, the "**ISDA Definitions**") and under which:

(1) the Floating Rate Option is as specified in the Form of Final Terms;

(2) the Designated Maturity is a period specified in the Form of Final Terms; and

(3) the relevant Reset Date is the day specified in the Form of Final Terms.

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

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

(B) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the Form of Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for the relevant Interest Period will, subject to Condition 3(d) (*Benchmark Discontinuation*) below, be either:

(1) the offered quotation; or

(2) 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 (being the Eurozone inter-bank offered rate ("**EURIBOR**"), as specified in the Form of Final Terms, which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (Brussels time) on the Interest Determination Date in question plus or minus (as indicated in the Form of Final Terms) the Margin (if any), all as

determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page (or such replacement page on that service which displays the information), 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.

If the Relevant Screen Page is not available or if, in the case of paragraph (1) above, no offered quotation appears or, in the case of paragraph (2) above, fewer than three offered quotations appear, in each case as at the Specified Time, the Issuer shall request each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with an offered quotation 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, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Calculation Agent with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Calculation Agent it is quoting to leading banks in the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), 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).

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than EURIBOR, the Rate of Interest in respect of the Notes will be determined as provided in the applicable Final Terms.

For the purposes of this Condition 3(c)(ii), "**Reference Banks**" means, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market selected by Issuer.

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

If the Form of Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 3(c)(ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the Form of Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 3(c)(ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(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 for the relevant Interest Period by applying the Rate of Interest to:

(i) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(ii) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest for any Interest Period:

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

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

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

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

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

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

where:

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

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

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

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

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 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 Interest Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

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

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

where:

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

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

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

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

"**D_1**" is the first calendar day, expressed as a number, of the Interest Period, unless such number 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 Interest Period, unless such number would be 31, in which case D_2 will be 30; and

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

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

where:

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

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

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

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

"**D_1**" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30.

(v) *Linear Interpolation*

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the Form of Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the Form of Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the Form of Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall calculate the Rate of Interest at such time and by reference to such sources as the Issuer, in consultation with an Independent Adviser appointed by the Issuer,

and such Independent Adviser acting in good faith and in a commercially reasonable manner as an expert, determines appropriate.

"**Designated Maturity**" means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

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

Subject to Condition 3(d) (*Benchmark Discontinuation*), the Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange (or listing agent as the case may be) on which the relevant Floating Rate Notes are for the time being listed (by no later than the first day of each Interest Period) and notice thereof to be published in accordance with Condition 12 (*Notices*) as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will promptly be notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 12 (*Notices*). For the purposes of this paragraph, the expression "London Business Day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

(vii) *Certificates to be final*

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

(d) Benchmark Discontinuation

This Condition 3(d) is applicable to Notes only if the Floating Rate Note Provisions or the Reset Note Provisions are specified in the relevant Final Terms as being applicable.

(i) *Independent Adviser*

Notwithstanding the provisions above in Condition 3(c) (*Interest on Floating Rate Notes*) or Condition 3(b) (*Interest on Reset Notes*), if a Benchmark Event occurs 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 Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 3(d)(ii) (*Successor Rate or Alternative Rate*)) and, in either case, an Adjustment Spread if any (in accordance with Condition 3(d)(iii) (*Adjustment Spread*)) and whether any Benchmark Amendments (in accordance with Condition 3(d)(iv) (*Benchmark Amendments*)) are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread.

An Independent Adviser appointed pursuant to this Condition 3(d)(i) shall act in good faith and in a commercially reasonable manner as an expert and in consultation with the Issuer. In the absence of bad faith, fraud and gross negligence, the Independent Adviser shall have no liability whatsoever to the Issuer, the Agent, any Paying Agent, the Calculation Agent, the Noteholders, the Receiptholders or the Couponholders for any determination made by it pursuant to this Condition 3(d).

If (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 in accordance with this Condition 3(d)(i) prior to the relevant Interest Determination Date or Reset Determination Date, as the case may be, the Issuer (acting in good faith and in a commercially reasonable manner) may determine a Successor Rate or, failing which, an Alternative Rate, provided however that if the Issuer is unable or unwilling to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 3(d)(i) prior to the relevant Interest Determination Date or Reset Determination Date, as the case may be, (i) in the case of the Rate of Interest on Floating Rate Notes, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period or (ii) in the case of the First Reset Rate of Interest on Reset Notes, the Rate of Interest shall be equal to the Initial Rate of Interest or (iii) in the case of the Subsequent Reset Rate of Interest on Reset Notes, the Rate of Interest shall be equal to the Subsequent Reset Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Reset Period or if the immediately preceding Reset Period is the First Reset Period, the First Reset Rate of Interest. If there has not been a first Interest Payment Date or First Reset Date, the Rate of Interest for Floating Rate Notes shall be the initial Rate of Interest and the Rate of Interest for Reset Notes shall be the Initial Rate of Interest (as applicable). Where a different Margin or Maximum or Minimum Rate of Interest or First Margin or Subsequent Margin (as applicable) is to be applied to the relevant Interest Period or Reset Period (as applicable) from that which applied to the last preceding Interest Period or Reset Period (as applicable), the Margin or Maximum or Minimum Rate of Interest or First Margin or Subsequent Margin (as applicable) relating to the relevant Interest Period or Reset Period (as applicable) shall be substituted in place of the Margin or Maximum or Minimum Rate of Interest or First Margin or Subsequent Margin relating to that last preceding Interest Period or Reset Period (as applicable). For the avoidance of doubt, this Condition 3(d)(i) shall apply to the relevant next succeeding 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(d)(i).

(ii) *Successor Rate or Alternative Rate*

If the Independent Adviser or the Issuer (if it is unable to appoint an Independent Adviser or if the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with Condition 3(d)(i) (*Independent Adviser*) prior to the relevant Interest Determination Date or Reset Determination Date, as the case may be) acting in good faith and in a commercially reasonable manner determines that:

(a) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 3(d)(iii) (*Adjustment Spread*)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 3(d)); or

(b) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 3(d)(iii) (*Adjustment Spread*)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 3(d)).

(iii) *Adjustment Spread*

If the Independent Adviser or the Issuer (if it is unable to appoint an Independent Adviser or if the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with Condition 3(d)(i) (*Independent Adviser*) prior to the relevant Interest Determination Date or Reset Determination Date, as the case may be) acting in good faith and in a commercially reasonable manner determines (i) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (ii) 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 Rate (as the case may be).

(iv) *Benchmark Amendments*

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 3(d) and the Independent Adviser or the Issuer (if it is unable to appoint an Independent Adviser or if the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with Condition 3(d)(i) (*Independent Adviser*) prior to the relevant Interest Determination Date or Reset Determination Date, as the case may be) acting in good faith and in a commercially reasonable manner determines (i) that amendments to these Conditions and the Agency Agreement for the Italian Law Notes, including but not limited to Relevant Screen Page, are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread and/or necessary or appropriate to comply with any applicable regulation or guidelines on the use of benchmarks or other related document issued by the competent regulatory authority (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 3(d)(v) (*Notices*) and subject (to the extent required) to giving any notice required to be given to, and receiving any consent required from, or non-objection from, the Competent Authority, without any requirement for the consent or approval of Noteholders, Receiptholders or Couponholders vary these Conditions and the Agency Agreement for the Italian Law Notes to give effect to such Benchmark Amendments with effect from the date specified in such notice.

In connection with any such variation in accordance with this Condition 3(d)(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

Notwithstanding any other provision of this Condition 3(d), no Successor Rate, Alternative Rate or Adjustment Spread will be adopted, nor will any other amendment to the terms and conditions of any Series of Notes be made to effect the Benchmark Amendments, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the relevant Series of Subordinated Notes as Tier 2 Capital of the Issuer and/or the Group and/or (i) result in the exclusion of the relevant Series of Senior Notes or Non-Preferred Senior Notes from the eligible liabilities available to meet the MREL Requirements or (ii) (in the case of Senior Notes or Non-Preferred Senior Notes only) result in the Competent Authority and/or the Relevant Resolution Authority treating

the Interest Payment Date or Reset Date, as the case may be, as the effective maturity date of the Notes, rather than the relevant maturity date. In such cases (i) the Rate of Interest on Floating Rate Notes applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period or (ii) in the case of the First Reset Rate of Interest on Reset Notes, the Rate of Interest shall be equal to the Initial Rate of Interest or (iii) in the case of the Subsequent Reset Rate of Interest on Reset Notes, the Rate of Interest shall be equal to the Subsequent Reset Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Reset Period or if the immediately preceding Reset Period is the First Reset Period, the First Reset Rate of Interest. If there has not been a first Interest Payment Date or First Reset Date, the Rate of Interest for Floating Rate Notes shall be the initial Rate of Interest and the Rate of Interest for Reset Notes shall be the Initial Rate of Interest (as applicable).

Where a different Margin or Maximum or Minimum Rate of Interest or First Margin or Subsequent Margin (as applicable) is to be applied to the relevant Interest Period or Reset Period (as applicable) from that which applied to the last preceding Interest Period or Reset Period (as applicable), the Margin or Maximum or Minimum Rate of Interest or First Margin or Subsequent Margin (as applicable) relating to the relevant Interest Period or Reset Period (as applicable) shall be substituted in place of the Margin or Maximum or Minimum Rate of Interest or First Margin or Subsequent Margin relating to that last preceding Interest Period or Reset Period.

The Agents shall not be obliged to effect any Benchmark Amendment if in the reasonable opinion of the relevant Agent doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the relevant Agent in these Conditions and/or the Agency Agreement in any way.

Notwithstanding any other provisions of this Condition 3(d), if in the Calculation Agent's reasonable opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this condition 3(d), the Calculation Agent shall promptly notify the Issuer thereof and the Issuer shall direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not promptly provided with such direction, or is otherwise unable to make such calculation or determinations for any reason, it shall notify the Issuer thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and shall not incur any liability for not doing so.

(v) *Notices*

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 3(d), or as applicable, any determination by the Issuer that no Successor Rate, Alternative Rate or Adjustment Spread will be adopted and that no amendments to the Terms and Conditions of any series of Notes to effect any Benchmark Amendments shall be made and that the fallbacks provided under Condition 3(d)(iv) above shall apply, will be notified promptly by the Issuer to the Calculation Agent, the Agent and each Paying Agent and, in accordance with Condition 12 (*Notices*), the Noteholders, Receiptholders or Couponholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

(vi) *Survival of Original Reference Rate*

Without prejudice to the obligations of the Issuer under Conditions 3(d)(i) (*Independent Adviser*) to 3(d)(iv) (*Benchmark Amendments*), the Original Reference Rate and the fallback provisions provided for in Condition 3(b)(ii) (*Interest on Reset Notes – Fallbacks*) and Condition 3(c)(ii)(B) (*Screen Rate Determination for Floating Rate Notes*) will continue to apply unless and until a Benchmark Event has occurred.

(vii) *Definitions*

For the purposes of this Condition 3(d):

"**Adjustment Spread**" means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser or the Issuer (as applicable) determines (acting in good faith and in a commercially reasonable manner) is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders, Receiptholders and Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) 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 Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);

(b) the Independent Adviser or the Issuer (as applicable) determines (acting in good faith and in a commercially reasonable manner), is recognised or acknowledged as being the industry standard for international debt capital market transactions or over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); (or if the Issuer determines that no such industry standard is recognised or acknowledged); or

(c) the Independent Adviser or the Issuer (as applicable) determines (acting in good faith and in a commercially reasonable manner) to be appropriate;

"**Alternative Rate**" means an alternative benchmark or screen rate which the Independent Adviser or the Issuer (as applicable) determines (acting in good faith and in a commercially reasonable manner) in accordance with Condition 3(d)(ii) (*Successor Rate or Alternative Rate*) is customary in market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes;

"**Benchmark Amendments**" has the meaning given to it in Condition 3(d)(iv) (*Benchmark Amendments*);

"**Benchmark Event**" means:

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

(b) a public statement by the administrator of the Original Reference Rate that it 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; or

(e) it has become unlawful for the Agent, any Paying Agent, the Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder, Receiptholder or Couponholder using the Original Reference Rate;

provided that in the case of sub-paragraphs (b), (c) and (d) above, the Benchmark Event shall occur on the date of the cessation of publication of the Original Reference Rate, the discontinuation of the Original Reference Rate, or the prohibition of use of the Original Reference Rate, as the case may be, and not the date of the relevant public statement.

"**Independent Adviser**" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 3(d)(i) (*Independent Adviser*);

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

"**Relevant Nominating Body**" means, in respect of a benchmark or screen rate (as applicable):

(a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(b) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof;

"**Successor Rate**" means the rate that the Independent Adviser or the Issuer (as applicable) determines (acting in good faith and in a commercially reasonable manner) is a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

(e) Exempt Notes

In the case of Exempt Notes which are also Floating Rate Notes where the applicable Pricing Supplement identifies that Screen Rate Determination applies to the calculation of interest, if the Reference Rate from time to time is specified in the applicable Pricing Supplement as being other than EURIBOR, the Rate of Interest in respect of such Exempt Notes will be determined as provided in the applicable Pricing Supplement.

In the case of Exempt Notes which are not also Fixed Rate Notes or Floating Rate, if the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the applicable Pricing Supplement.

Interest on Partly Paid Notes

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Pricing Supplement.

(f) 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 date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

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

(ii) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 12 (*Notices*).

4. **Payments**

(a) Method of payment

Subject as provided below:

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

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

(b) Payments Subject to Fiscal and Other Laws

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in any jurisdiction, but without prejudice to the provisions of Condition 6 (*Taxation*), and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 6 (*Taxation*)) any law implementing an intergovernmental approach thereto.

(c) Presentation of definitive Notes, Receipts and Coupons

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in Condition 4(a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as

used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Fixed Rate Notes in definitive form (other than Long Maturity Notes (as defined below) and save as provided in Condition 4(e) below) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 6 (*Taxation*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 7 (*Prescription*)) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

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

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

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

(d) Payments in respect of Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes and otherwise in the manner specified in the relevant Global Note, where applicable, against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made distinguishing between any payment of principal and any payment of interest, will be made either on such Global Note by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg as applicable.

(e) Specific provisions in relation to payments in respect of certain types of Exempt Notes

Payments of instalments of principal (if any) in respect of definitive Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 4(a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in Condition 4(a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Note in accordance with the preceding paragraph. Each Receipt must be presented for

payment of the relevant instalment together with the definitive Note to which it appertains. Receipts presented without the definitive Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

(f) General provisions applicable to payments

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

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

(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 in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;

(ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

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

(g) Payment Day

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means any day which (subject to Condition 7 (*Prescription*)) is:

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

(A) in the relevant place of presentation, in the case of Notes in definitive form only; and

(B) in each Additional Financial Centre specified in the Form of Final Terms; and

(ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if

the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

(h) Interpretation of principal and interest

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

(i) any additional amounts which may be payable with respect to principal under Condition 6 (*Taxation*);

(ii) the Final Redemption Amount of the Notes;

(iii) the Early Redemption Amount of the Notes;

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

(v) in relation to Exempt Notes redeemable in instalments, the Instalment Amounts;

(vi) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 5(f) (*Early Redemption Amounts*); and

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

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 6 (*Taxation*).

5. **Redemption and Purchase**

(a) Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer (i) at least *at par* in case of Fixed Rate Notes, Reset Notes, Floating Rate Notes and Zero Coupon Notes, as specified in the Form of Final Terms in the relevant Specified Currency and on the Maturity Date specified in the Form of Final Terms (ii) in the case of Exempt Notes, at its Final Redemption Amount specified in the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date specified in the Applicable Pricing Supplement.

(b) Redemption for tax reasons

Subject to Condition 5(f) below, Notes may be redeemed at the option of the Issuer (subject to, in the case of Subordinated Notes, the provisions of Condition 5(h) below and, in the case of Senior Notes and Non-Preferred Senior Notes, to the provisions of Condition 5(i) below) in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than the minimum period and not more than the maximum period of notice specified in the Form of Final Terms to the Agent and, in accordance with Condition 12 (*Notices*), the Noteholders (which notice shall be irrevocable), if:

(i) on the occasion of the next payment due under the Notes (in the case of Subordinated Notes, in respect of payments of interest only), the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 6 (*Taxation*) and, in making

payment itself, would be required to pay such additional amounts, in each case as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 6 (*Taxation*)) or any political subdivision of, or any authority in, or of, a Tax Jurisdiction having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, provided that in the case of Subordinated Notes the Issuer demonstrates to the satisfaction of the relevant Competent Authority that such change or amendment is material and was not reasonably foreseeable by BMPS as at the date of the issue of the relevant Subordinated Notes; and

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

provided that no such notice of redemption shall be given 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.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Agent to make available at its specified office to the Noteholders (i) a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

The Agent is not responsible, nor shall it incur any liability, for monitoring or ascertaining as to whether any certifications required by this Condition 5 is provided, nor shall it be required to review, check or analyse any certifications produced nor shall it be responsible for the contents of any such certifications and or incur any liability in the event the content of such certification is inaccurate or incorrect.

Each Note redeemed pursuant to this Condition 5(b) will be redeemed at its Early Redemption Amount referred to in Condition 5(f) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(c) Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified as being applicable in in the Form of Final Terms, the Issuer may (subject to, in the case Subordinated Notes, the provisions of Condition 5(h) below and, in the cases of Senior Notes and Non-Preferred Senior Notes, the provisions of Condition 5(i) below), having given not less than the minimum period nor more than the maximum period of notice specified in the Form of Final Terms to the Noteholders in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the Form of Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the Form of Final Terms.

In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will, subject to compliance with applicable law, (i) in the case of Redeemed Notes represented by definitive Notes, be selected individually by lot, not more than 30 days prior to the date fixed for redemption and (ii) in the case of Redeemed Notes represented by a Global Note, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal

amount, at their discretion). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 12 (*Notices*) not less than 15 days prior to the date fixed for redemption.

(d) Redemption for Regulatory Reasons

In respect of any Series of Subordinated Notes, if Regulatory Call is specified in the Form of Final Terms, upon occurrence of a Capital Event, the Issuer may (subject to the provisions of Condition 5(h) below), on any Interest Payment Date (if this Note is a Floating Rate Note), or at any time (if this Note is not a Floating Rate Note), on giving not less than 15 nor more than 30 days' notice to the Agent and in accordance with Condition 12 (*Notices*) irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem all (but not some only) of the Notes then outstanding at any time at their Early Redemption Amount referred to in Condition 5(f) below together (if appropriate) with interest accrued to (but excluding) the date fixed for redemption.

For the purpose of these Conditions:

a "**Capital Event**" is deemed to have occurred if, as a result of any change in the regulatory classification of the Notes under the Regulatory Capital Requirements, the Notes are (or would be) excluded (in whole or in part) from the Tier 2 Capital of the Issuer and/or the Group and, in respect of any redemption of Subordinated Notes proposed to be made prior to the fifth anniversary of the Issue Date, both of the following conditions are met: (i) the Issuer demonstrates to the satisfaction of the relevant Competent Authority that the change in the regulatory classification of the Subordinated Notes was not reasonably foreseeable by the Issuer as at the Issue Date of the Notes and (ii) the Competent Authority considers such a change to be reasonably certain;

"**Competent Authority**" means the Bank of Italy and/or, to the extent applicable in any relevant situation, the European Central Bank or any successor or replacement entity to either, or other authority or authorities having primary responsibility for the prudential oversight and supervision of the Issuer at the relevant time; and

"**Tier 2 Capital**" has the meaning given to it by the Regulatory Capital Requirements from time to time.

(e) Issuer Call due to MREL Disqualification Event

In respect of any Series of Senior Notes or Non-Preferred Senior Notes where Issuer Call due to MREL Disqualification Event is specified as being applicable in the Form of Final Terms, then the Issuer may (subject to the provisions of Condition 5(i) below) on any Interest Payment Date (if this Note is a Floating Rate Note), or at any time (if this Note is not a Floating Rate Note), on giving not less than the minimum period nor more than the maximum period of notice specified in the Form of Final Terms to the Noteholders in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable), redeem all (but not some only) of the Notes then outstanding at any time at their Early Redemption Amount as described in Condition 5(f) below (if appropriate) with interest accrued to (but excluding) the date fixed for redemption, if the Issuer determines that a MREL Disqualification Event has occurred and is continuing.

As used in these Conditions:

"**BRRD**" means Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms, as amended 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;

"**CRD IV Package**" means, taken together (i) the CRD IV, (ii) the CRR and (iii) the Future Capital Instruments Regulations;

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

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

"**CRR II**" means Regulation (EU) 2019/876 of the 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 collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2022, as amended or replaced from time to time;

"**Future Capital Instruments Regulations**" means any regulatory capital rules or regulations introduced after the Issue Date by the Competent Authority or which are otherwise applicable to the Issuer (on a solo or, if relevant, consolidated basis), which prescribe (alone or in conjunction with any other rules or regulations) the requirements to be fulfilled by financial instruments for their inclusion in the Own Funds of the Issuer (on a consolidated basis) to the extent required by (i) the CRR or (ii) the CRD IV;

"**Group Entity**" means the Issuer or any legal person that is part of the Group;

"**Loss Absorption Power**" means any statutory write-down and/or conversion power existing from time to time under any laws, regulations, rules or requirements, whether relating to the resolution or independent of any resolution action, of credit institutions, investment firms and/or Group Entities incorporated in the relevant Member State in effect and applicable in the relevant Member State to the Issuer or other Group Entities, including (but not limited to) any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of any European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms and/or within the context of a relevant Member State resolution regime or otherwise, pursuant to which liabilities of a credit institution, investment firm and/or any Group Entities can be reduced, cancelled and/or converted into shares or obligations of the obligor or any other person;

"**MREL Disqualification Event**" means that, at any time, all or part of the aggregate outstanding nominal amount of such Series of Senior Notes or Non-Preferred Senior Notes is or will be excluded fully or partially from eligible liabilities available to meet the MREL Requirements, provided that: (a) the exclusion of a Series of Senior Notes or of Non-Preferred Senior Notes from the MREL Requirements due to the remaining maturity of such Senior Notes or Non-Preferred Senior Notes being less than any period prescribed thereunder, does not constitute an MREL Disqualification

Event (b) the exclusion of all or some of a Series of Senior Notes from the MREL Requirements due to there being insufficient headroom for such Senior Notes within a prescribed exception to the otherwise applicable general requirements for eligible liabilities does not constitute an MREL Disqualification Event; and (c) the exclusion of all or some of a Series of Senior Notes or Non-Preferred Senior Notes from MREL Requirements as a result of such Notes being purchased by or on behalf of the Issuer or as a result of a purchase which is funded directly or indirectly by the Issuer, does not constitute an MREL Disqualification Event;

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

"**Regulatory Capital Requirements**" means any requirements contained in the regulations, rules, guidelines and policies of the Competent Authority, or of the European Parliament and Council then in effect in the Republic of Italy, relating to capital adequacy and applicable to the Issuer and/or the Group from time to time (including any applicable transitional provisions), including, but not limited to, as at the Issue Date of the relevant Series of Notes, the rules contained in, or implementing, the CRD IV Package and the BRRD, delegated or implementing acts adopted by the European Commission and guidelines issued by the European Banking Authority;

"**Relevant Resolution Authority**" means the Italian resolution authority, the Single Resolution Board ("**SRB**") established pursuant to the SRM Regulation and/or any other authority entitled to exercise or participate in the exercise of any Resolution Power or Loss Absorption Power from time to time;

"**Resolution Power**" means any statutory write-down, transfer and/or conversion power existing from time to time under any laws regulations, rules or requirements relating to the resolution of the Issuer or any other entities of the Group, including but not limited to any laws, regulations, rules or requirements implementing the BRRD and/or the SRM Regulation;

"**SRM Regulation**" means Regulation (EU) No 806/2014 of the European Parliament and Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010, as amended or replaced from time to time (including by SRM II Regulation); and

"**SRM II Regulation**" means 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 institution capacity of credit institutions and investment firms.

(f) Early Redemption Amounts

For the purpose of Conditions 5(b), (d) and (e) above and Condition 8 (*Events of Default*):

(i) each Note (other than a Zero Coupon Note) will be redeemed at its Early Redemption Amount; and

(ii) each Zero Coupon Note will be redeemed at an amount (the "**Amortised Face Amount**") calculated in accordance with the following formula:

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

where:

"**RP**" equals the Reference Price;

"**AY**" equals the Accrual Yield; and

"**y**" is the Day Count Fraction specified in the Form of Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption of (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

Instalments

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Pricing Supplement. In the case of early redemption, the Early Redemption Amount of Instalment Notes will be determined in the manner specified in the applicable Pricing Supplement.

Partly Paid Notes

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Pricing Supplement.

(g) Purchases

Subject to Condition 5(i) below in respect of Senior Notes and Non-Preferred Senior Notes and Condition 5(h) below in respect of Subordinated Notes, the Issuer or any Subsidiary (as defined below) of the Issuer may purchase Notes (provided that, in the case of definitive Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. All Notes so purchased will be surrendered to a Paying Agent for cancellation. References in the Conditions to the purchase of Notes shall not include the purchase of Notes by the Issuer or any of their Subsidiaries in the ordinary course of business of dealing in securities, as nominee or as a bona fide investment.

"**Subsidiary**" means any entity which is a subsidiary within the meaning of Section 1159 of the Companies Act 2006.

(h) Conditions to Early Redemption and Purchase of Subordinated Notes

Any redemption or purchase of Subordinated Notes in accordance with Conditions 5(b), (c), (d) or (g) above or Condition 13 (*Meetings of Noteholders, Modification, Waiver and Substitution*) (including, for the avoidance of doubt, any modification or variation in accordance with Condition 13) is subject to:

(i) the Issuer giving notice to the Competent Authority and the Competent Authority granting permission to redeem or purchase the relevant Subordinated Notes (in each case to the extent, and in the manner, required by the Regulatory Capital Requirements (as defined in Condition 5(e) above, including Articles 77(b) and 78 of CRR); and

(ii) compliance by the Issuer with any alternative or additional pre-conditions to redemption or purchase, as applicable, set out in the Regulatory Capital Requirements for the time being.

(i) Conditions to Redemption and Purchase of Senior Notes and Non-Preferred Senior Notes

Any redemption or purchase of Senior Notes and Non-Preferred Senior Notes in accordance with Conditions 5(b), (c), (e) or (g) above or Condition 13 (*Meetings of Noteholders, Modification, Waiver and Substitution*) (including, for the avoidance of doubt, any modification or variation in accordance with Condition 13 (*Meetings of Noteholders, Modification, Waiver and Substitution*)) is subject to compliance by the Issuer with any conditions to such redemption or repurchase prescribed by the MREL Requirements at the relevant time (including any requirements applicable to such redemption or repurchase due to the qualification of such Senior Notes or Non-Preferred Senior Notes at such time as eligible liabilities available to meet the MREL Requirements).

(j) Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to paragraph 5(g) above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

(k) Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 5(a), (b), (c), (d) or (e) above or upon its becoming due and repayable as provided in Condition 8 (*Events of Default*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 5(f)(ii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

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

(ii) five days after the date on which the full amount of the moneys payable in respect of such Zero

Coupon Notes has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 12 (*Notices*).

6. **Taxation**

All payments of principal and interest in respect of the Notes, Receipts and Coupons by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts in respect of interest only as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable:

(a) with respect to any Notes, Receipts or Coupons for or on account of *imposta sostitutiva* (at the then applicable rate of tax) pursuant to Italian Legislative Decree No. 239 of 1 April 1996 and in all circumstances in which the procedures set forth in Legislative Decree No. 239 have not been met or complied with except where such procedures have not been met or complied with due to the actions of omissions of the Issuer or its agents;

(b) with respect to any Note, Receipt or Coupon presented for payment:

(i) in the jurisdiction of incorporation of the Issuer; or

(ii) by or on behalf of a holder who is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note, Receipt or Coupon; or

(iii) by or on behalf of a holder who is entitled to avoid such withholding or deduction in respect of such Note, Receipt or Coupon by making a declaration of non-residence or other similar claim for exemption to the relevant taxing authority; or

(iv) more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 4(g) (*Payment Day*)); or

(c) in respect of any Note where such withholding or deduction is required pursuant to Law Decree No. 512 of 30 September 1983.

As used herein:

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

(ii) "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 12 (*Notices*).

7. **Prescription**

The Notes, Receipts and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 6 (*Taxation*)) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 4(b) (*Payments Subject to Fiscal and Other Laws*) or any Talon which would be void pursuant to Condition 4(b) (*Payments Subject to Fiscal and Other Laws*).

8. **Events of Default**

(a) Events of Default relating to Senior Notes and Non-Preferred Senior Notes

This Condition 8(a) applies only to Senior Notes and Non-Preferred Senior Notes.

If any one or more of the following events (each an "**Event of Default**") shall occur with respect to any Senior Note or Non-Preferred Senior Note:

(i) the Issuer shall be liquidated (including becoming subject to "*Liquidazione coatta amministrativa*" as defined in the Italian Consolidated Banking Act (as amended from time to time)); or

(ii) the Issuer shall be insolvent,

then any holder of a Senior Note or Non-Preferred Senior Notes may, by written notice to the Issuer at the specified office of the Agent, effective upon the date of receipt thereof by the Agent, declare any Senior Notes or Non-Preferred Senior Notes held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at its Early Redemption Amount (as described in Condition 5(f) (*Early Redemption Amounts*)), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

(b) Event of Default relating to Subordinated Notes

This Condition 8(b) applies only to Subordinated Notes.

If any one or more of the following Events of Default shall occur with respect to any Subordinated Note:

(i) the Issuer shall be liquidated (including becoming subject to "*Liquidazione coatta amministrativa*" as defined in the Italian Consolidated Banking Act (as amended from time to time)); or

(ii) the Issuer shall be insolvent,

then any holder of a Subordinated Note may, by written notice to the Issuer at the specified office of the Agent, effective upon the date of receipt thereof by the Agent, declare any such Subordinated Notes held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at its Early Redemption Amount (as described in Condition 5(f) (*Early Redemption Amounts*)), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

9. **Replacement of Notes, Receipts, Coupons and Talons**

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

10. **Paying Agents**

The names of the initial Paying Agents and their initial specified offices are set out below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the Form of Final Terms.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

(a) there will at all times be an Agent; and

(b) so long as the Notes are listed on any stock exchange (or any other relevant authority), 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 (or any other relevant authority).

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 4(f) (*Early Redemption Amounts*). Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 12 (*Notices*).

In acting under the Agency Agreement for the Italian Law Notes, the Paying Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholders, Receiptholders or Couponholders. The Agency Agreement for the Italian Law Notes contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

11. **Exchange of Talons**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 7 (*Prescription*).

12. **Notices**

All notices regarding the Notes will be deemed to be validly given if published (i) in a leading English language daily newspaper of general circulation in London, and (ii) if and for so long as the Notes are admitted to trading on, and listed on, the Official List of the Luxembourg Stock Exchange, in a daily newspaper of general circulation in Luxembourg and/or on the Luxembourg Stock Exchange's website (www.bourse.lu). It is expected that any such publication in a newspaper will be made in the *Financial Times* in London and the *Luxemburger Wort* or *Tageblatt* in Luxembourg. The Issuer shall also ensure that notices are duly published in a manner which complies with the

rules and regulations of any stock exchange (or any other relevant authority) on which the Notes are for the time being listed or by which they have been admitted to trading including publication on the website of the relevant stock exchange or relevant authority if required by those rules. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) or such websites the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by the rules of that stock exchange or authority. Any such notice shall be deemed to have been given to the holders of the Notes on the second day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Agent through 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.

13. **Meetings of Noteholders, Modification, Waiver and Substitution**

The Agency Agreement for the Italian Law Notes contains provisions for convening meetings of the Noteholders, including by way of conference call or by use of a videoconference platform, to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or any of the provisions of the Agency Agreement for the Italian Law Notes. Such a meeting may be convened by the Issuer and shall be convened by the Issuer if required in writing by Noteholders holding not less than ten per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, the Receipts or the Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes, the Receipts or the Coupons), the quorum shall be one or more persons holding or representing not less than three-quarters in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one half in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

The Agent and the Issuer may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

(a) any modification (except as mentioned above) of the Notes, the Receipts, the Coupons or the Agency Agreement for the Italian Law Notes which is not, in the sole opinion of the Issuer, prejudicial to the interests of the Noteholders; or

(b) any modification of the Notes, the Receipts, the Coupons or the Agency Agreement for the Italian Law Notes which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law.

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 12 (*Notices*) as soon as practicable thereafter.

For the avoidance of doubt, any variation of the Conditions and the Agency Agreement for the Italian Law Notes to give effect to the Benchmark Amendments in accordance with Condition 3(d) (*Benchmark Discontinuation*) shall not require the consent or approval of Noteholders, Receiptholders or Couponholders, subject (to the extent required) to the Issuer giving any notice required to be given to, and receiving any consent required from, or non-objection from, the Competent Authority.

In addition, with respect to (i) any Series of Senior Notes or Non-Preferred Senior Notes, if at any time a MREL Disqualification Event occurs, and if Variation is specified as being applicable in the Form of Final Terms, or (ii) all Notes, if Variation is specified as being applicable in the Form of Final Terms, in order to ensure the effectiveness and enforceability of Condition 16 (*Statutory Loss Absorption Powers*), then the Issuer may, subject to giving any notice required to be given to, and receiving any consent required from, the Competent Authority and/or as appropriate the Relevant Resolution Authority (without any requirement for the consent or approval of the holders of the relevant Notes of that Series) and having given not less than 30 nor more than 60 days' notice to the Agent and the holders of the Notes of that Series (or such other notice periods as may be specified in the Form of Final Terms, at any time vary the terms of such Notes so that they remain or, as appropriate, become, Qualifying Senior Notes, Qualifying Non-Preferred Senior Notes or Qualifying Subordinated Notes, as applicable, provided that such variation does not itself give rise to any right of the Issuer to redeem the varied securities.

In these Conditions:

"**Qualifying Non-Preferred Senior Notes**" means securities issued by the Issuer that:

(a) other than in respect of the effectiveness and enforceability of Condition 16 (*Statutory Loss Absorption Powers*), have terms not materially less favourable to a holder of the Non-Preferred Senior Notes (as reasonably determined by the Issuer) than the terms of the Non-Preferred Senior Notes, and they shall also (A) contain terms which at such time 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) have a ranking at least equal to that of the Non-Preferred Senior Notes; (C) have at least the same interest rate and the same Interest Payment Dates as those from time to time applying to the Non-Preferred Senior Notes; (D) have the same redemption rights as the Non-Preferred Senior Notes; (E) preserve any existing rights under the Notes to any accrued but unpaid interest in respect of the period from (and including) the Interest Payment Date immediately preceding the date of variation; and (F) in the event the Notes carry a rating immediately prior to such variation, are assigned (or maintain) the same or higher credit ratings as were assigned to the Non-Preferred Senior Notes immediately prior to such variation (save that, for the avoidance of doubt, where any credit rating was, as a result of Condition 16 (*Statutory Loss Absorption*

Powers) becoming ineffective and/or unenforceable, amended prior to such variation, reference in this sub-clause (F) shall be to such credit rating prior to such amendment);

(b) are listed on a recognised stock exchange if the Non-Preferred Senior Notes were listed immediately prior to such variation; and

(c) comply with the requirements provided by Article 12-*bis*, paragraph 1 of the Italian Consolidated Banking Act, as amended from time to time.

"**Qualifying Senior Notes**" means securities issued by the Issuer that:

(a) other than in respect of the effectiveness and enforceability of Condition 16 *(Statutory Loss Absorption Powers*), have terms not materially less favourable to a holder of the Senior Notes (as reasonably determined by the Issuer) than the terms of the Senior Notes, and they shall also (A) contain terms which at such time 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) have a ranking at least equal to that of the Senior Notes; (C) have at least the same interest rate and the same Interest Payment Dates as those from time to time applying to the Senior Notes; (D) have the same redemption rights as the Senior Notes; (E) preserve any existing rights under the Notes to any accrued but unpaid interest in respect of the period from (and including) the Interest Payment Date immediately preceding the date of variation; and (F) in the event the Notes carry a rating immediately prior to such variation, are assigned (or maintain) the same or higher credit ratings as were assigned to the Senior Notes immediately prior to such variation (save that, for the avoidance of doubt, where any credit rating was, as a result of Condition 16 (*Statutory Loss Absorption Powers*) becoming ineffective and/or unenforceable, amended prior to such variation, reference in this sub-clause (F) shall be to such credit rating prior to such amendment); and

(b) are listed on a recognised stock exchange if the Senior Notes were listed immediately prior to such variation.

"**Qualifying Subordinated Notes**" means securities issued by the Issuer that:

(a) other than in respect of the effectiveness and enforceability of Condition 16 (*Statutory Loss Absorption Powers*), have terms not materially less favourable to a holder of the Subordinated Notes (as reasonably determined by the Issuer) than the terms of the Subordinated Notes, and they shall also (A) comply with the then-current requirements of the Regulatory Capital Requirements in relation to Tier 2 capital, (B) have a ranking at least equal to that of the Subordinated Notes; (C) have at least 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; (E) preserve any existing rights under the Notes to any accrued but unpaid interest in respect of the period from (and including) the Interest Payment Date immediately preceding the date of variation; and (F) in the event the Notes carry a rating immediately prior to such variation, are assigned (or maintain) the same or higher credit ratings as were assigned to the Subordinated Notes immediately prior to such variation (save that, for the avoidance of doubt, where any credit rating was, as a result of Condition 16 (*Statutory Loss Absorption Powers*) becoming ineffective and/or unenforceable, amended prior to such variation, reference in this sub-clause (F) shall be to such credit rating prior to such amendment); and

(b) are listed on a recognised stock exchange if the Subordinated Notes were listed immediately prior to such variation.

For avoidance of doubt, any modification or variation pursuant to this Condition 13 is subject to the provisions of Condition 5(h) (*Conditions to Early Redemption and Purchase of Subordinated Notes*) (in respect of Subordinated Notes) and Condition 5(i) (*Conditions to Redemption and Purchase of Senior Notes and Non-Preferred Senior Notes*) (in respect of Senior Notes and Non-Preferred Senior Notes).

14. **Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Notes.

15. **Governing Law and Submission to Jurisdiction**

(a) Governing law

The Agency Agreement for the Italian Law Notes, the Terms and Conditions for the Italian Law Notes, the Notes, the Receipts and the Coupons and any non-contractual obligations arising out of or in connection with any of the above shall be governed by, and construed in accordance with, Italian law.

(b) Submission to jurisdiction

(i) Subject to Condition 15(b)(iii) below, the courts of Milan are to have jurisdiction to settle any dispute arising out of or in connection with the Notes, the Receipts and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes, the Receipts and/or the Coupons (a "**Dispute**") and accordingly the Issuer and any Noteholders, Receiptholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.

(ii) For the purposes of this Condition 15(b) the Issuer hereby irrevocably waives any objection to the courts of Milan on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

(iii) To the extent allowed by law, the Noteholders, the Receiptholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

(c) Other documents

The Issuer has in the Agency Agreement for the Italian Law Notes submitted to the jurisdiction of the courts of Milan.

16. **Statutory Loss Absorption Powers**

By the acquisition of the Notes, each Noteholder acknowledges and agrees to be bound by the exercise of any Loss Absorption Power by the Relevant Resolution Authority that may result in the write-down or cancellation of all or a portion of the principal amount of, or distributions on, the Notes and/or the conversion of all or a portion of the principal amount of, or distributions on, the Notes into ordinary shares or other obligations of the Issuer or another person, including by means

of a variation to the terms of the Notes to give effect to the exercise by the Relevant Resolution Authority of such Loss Absorption Power. Each Noteholder further acknowledges and agrees that the exercise of such Loss Absorption Power by the Relevant Resolution Authority may result in any interest accrued on the Notes remaining unpaid and/or being cancelled. Each Noteholder further agrees that the rights of the Noteholders are subject to, and will be varied if necessary so as to give effect to, the exercise of any Loss Absorption Power by the Relevant Resolution Authority.

Upon the Issuer being informed and notified by the Relevant Resolution Authority of the actual exercise of the date from which the Loss Absorption Power is effective with respect to the Notes, the Issuer shall notify the Noteholders without delay. Any delay or failure by the Issuer to give notice shall not affect the validity and enforceability of the Loss Absorption Power nor the effects on the Notes described in this Condition.

The exercise of the Loss Absorption Power by the Relevant Resolution 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 in relation to the residual principal amount of, or outstanding amount payable with respect to, the Notes subject to any modification of the amount of distributions payable to reflect the reduction of the principal amount, and any further modification of the terms that the Relevant Resolution Authority may decide in accordance with applicable laws and regulations relating to the resolution of credit institutions, investment firms and/or Group Entities incorporated in the relevant Member State.

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 any Loss Absorption Power to the Notes.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer, as indicated in the applicable Final Terms relating to the relevant Tranche of Notes, either:

a. for its general corporate purposes, which include making a profit, and for general capital requirements; or.

b. to finance or refinance, in whole or in part, Green Projects, Social Projects or Sustainability Projects (each as defined below).

According to the definition criteria set out by the International Capital Market Association ("**ICMA**") Green Bond Principles ("**GBP**"), only Tranches of Notes financing or refinancing Green Projects (mentioned at (b) above) will be denominated Green Bonds.

According to the definition criteria set out by ICMA Social Bond Principles ("**SBP**"), only Tranches of Notes financing or refinancing Social Projects (mentioned at paragraph (b) above) will be denominated Social Bonds.

According to the definition criteria set out by ICMA Sustainability Bond Guidelines ("**SBG**"), only Tranches of Notes financing or refinancing Sustainability Projects (mentioned at paragraph (b) above) will be denominated Sustainability Bonds.

In relation to any Green Projects, Social Projects or Sustainability Projects the Issuer will make available under the investor relations section on its website (www.gruppomps.it/en) (i) a sustainability framework (the "**Sustainability Bond Framework**"), as amended and supplemented from time to time, which will set out the categories of Green Projects, Social Projects or Sustainable Projects identified by the Issuer and (ii) a second party opinion assessing the alignment of the Sustainability Bond Framework with the GBP, SBP and/or SBG (the "**Second Party Opinion**"). For the avoidance of doubt, any such Sustainability Bond Framework or Second Party Opinion (once adopted) is not, nor shall be deemed to be, incorporated in and/or form part of this Base Prospectus.

Definitions:

"**Green Projects**" will be defined in accordance with the the broad categorisation of eligibility for Green Projects as set out in the GBP or as from time to time otherwise specified in the applicable Final Terms.

"**Social Projects**" will be defined in accordance with the the broad categorisation of eligibility for Social Projects as set out in the SBP or as from time to time otherwise specified in the applicable Final Terms.

"**Sustainability Projects**" will be defined as a combination of both Green Projects and Social Projects as set out in the SBG or as from time to time otherwise specified in the applicable Final Terms.

BANCA MONTE DEI PASCHI DI SIENA S.p.A.

1. General

BMPS was incorporated on 14 August 1995 as a joint stock company (*Società per Azioni*) under Italian legislation. On 23 August 1995 BMPS was registered with the Bank of Italy's Register (No. 5274) and with the Companies Register (No. 00884060526). BMPS has its registered office in Piazza Salimbeni 3, 53100, Siena, Italy (telephone number: +39 0577 294 111). BMPS' duration is currently limited to 31 December 2100 though this may be extended by shareholders' resolution. The LEI code of BMPS is J4CP7MHCXR8DAQMKIL78. BMPS' website is https://www.gruppomps.it/en/.

BMPS's corporate purpose, as set out under article 3 of its by-laws, is as follows: "*The purpose of BMPS is to collect and maintain savings and issue loans and credit, in various forms in Italy and abroad, including any related activity permitted to lending institutions by current regulations. BMPS can carry out, in accordance with the laws and regulations in force, all permitted banking and financial activities and any other transaction which is instrumental, or in any case linked, to the achievement of the company's purpose.*"

BMPS is the parent company of an Italian banking group operating throughout the Republic of Italy and in major international financial centres. BMPS Group offers a wide range of financial services and products to private individuals and corporations. The products and services include ordinary and specialised deposit-taking and lending including leasing and factoring; payment services (home banking, cash management, credit or debit cards and treasury services for public entities); and asset management (through joint venture), brokerage services and corporate finance (project finance, merchant banking, financial consulting).

Pursuant to article 2497 and subsequent articles of the Italian Civil Code, the role of the parent company is carried out by BMPS which directs and coordinates the activities of its subsidiaries, including companies that, under current regulations, do not belong to the BMPS Group. BMPS has been a member of FTSE Italia Mid Cap since June 2018 with a share capital of Euro 9,195,012,196.85 as at 31 March 2021. On June 1999, BMPS was listed on the Italian stock exchange, marking a fundamental milestone in the process of strengthening the Group's size and competitiveness.

BMPS has been a member of FTSE Italia Mid Cap since June 2018 with a share capital of Euro 9,195,012,196.85 as at 30 September 2021. As at the date of this Base Prospectus, the Ministry of Economy and Finance is BMPS's majority shareholder.

2. History

BMPS, which is believed to be the oldest bank in the world, has been in continuous operation since 1472, when the General Council of the Republic of Siena approved its original charter. The Bank, then known as "Monte di Pietà", was originally established by the Republic of Siena for the purpose of providing a controlled source of lending for the local community and to fight usury. In 1624, the Bank changed its name to "Monte dei Paschi di Siena" after the paschi, the grazing fields owned by the Grand Duchy of Tuscany, which generated income that was pledged to support the Bank's capital. Following the unification of the Republic of Italy, the Bank extended its activities beyond the immediate outskirts of Siena. However, significant expansion of the Bank's activities occurred only after World War I, both geographically (with the opening of approximately 100 additional branches) and in terms of activities undertaken (with the commencement of various tax collection activities on behalf of national and regional governments). In 1936, the Bank was declared a public credit institution (*Istituto di Credito di Diritto Pubblico*) organised under a new charter, which, although modified during this period, remained in force until 1995.

In 1995, the Bank was reorganised in accordance with Law No. 218 of 30 July 1990 (the "**Amato Law**") and was incorporated as a *Società per Azioni* or joint stock company owned by Monte dei Paschi di Siena — Istituto di Diritto Pubblico (the "**Foundation**").

3. Major Events

3.1 Events

a) Acquisition of Banca Antonveneta

On 30 May 2008, the Issuer completed the acquisition of Banca Antonveneta from Banco Santander S.A.. The acquisition of Banca Antonveneta was funded by way of:

- equity instruments (two capital increases, one of which offered in subscription to J.P. Morgan Securities Ltd (subsequently renamed J.P. Morgan Securities plc) ("**J.P. Morgan**");
- debt instruments (a public offer of the subordinated notes named "*Banca Monte dei Paschi di Siena S.p.A. Tasso Variabile Subordinato Upper Tier II 2008-2018*"); and
- a bridge loan entered into with a pool of banks which was redeemed in 2009 through the assignment of non-strategic assets.

At the same time, a business unit inclusive of, *inter alia*, more than 400 branches, was assigned to a newly established company named "Banca Antonveneta S.p.A.", fully controlled by BMPS.

b) FRESH 2008

In April 2008, the Bank increased its share capital by issuing 295,236,070 ordinary shares (the "**FRESH 2008 Shares**") subscribed by J.P. Morgan and establishing a 30-year usufruct right over the securities in favour of the Bank on the basis of which J.P. Morgan retained the bare ownership of the shares, while the Bank held the usufruct thereon; the Bank and J.P. Morgan also entered into a swap agreement with a term equal to the term of BMPS.

The main features of the FRESH 2008 securities are as follows:

- the term is set until the term of the Issuer (currently 31 December 2100);
- the securities are convertible into BMPS shares on the basis of a conversion ratio set at the time of the issuance;
- the conversion may take place, at any time, upon investor request, starting from 27 May 2008;
- the conversion is automatic in certain circumstances;
- the remuneration of the securities is substantially equal to the payments that J.P. Morgan receives as consideration for the usufruct.

The payment in favour of J.P. Morgan of the fee relating to the usufruct agreement – as amended – shall be made on the relevant payment dates (16 January, 16 April, 16 July and 16 October in each year) if, and to the extent that:

- on the basis of the individual financial statements approved prior to such date, the Bank has realised distributable profits; and
- on the basis of such financial statements, cash dividends have been paid to the Shareholders.

Upon satisfaction of both the above conditions in relation to a financial year, the fee payable for all the four payment dates following the Shareholders' meeting which approved the relevant financial statements may be paid only in an amount equal to the difference between distributable profits resulting from such financial

statements and the overall amount of cash dividends paid to the Shareholders.

Furthermore, on 14 April 2008, the Foundation entered into total return swaps (the so-called "**TROR**"), with the FRESH 2008 securities as underlying. In addition, on 23 June 2012, as a result of the termination of the "TROR" agreements, the Foundation received the FRESH 2008 securities which were assigned during the course of November 2013.

For more details also with respect to the legal and administrative proceedings arising out of such transaction, please see paragraph 10 "*Legal Proceedings*" of this section "*Banca Monte dei Paschi di Siena S.p.A.*" of this Base Prospectus and paragraph "*Risk deriving from judicial and administrative proceedings*" of the section "*Risk Factors*" of this Base Prospectus.

c) "Santorini" transaction

In December 2008, BMPS and Deutsche Bank AG ("**Deutsche Bank**") entered into three separate total return swap transactions on BTP for an overall nominal value of Euro 2,000 million, bearing a coupon value of 4.5 per cent. and with a maturity of 2018/2020; these transactions have been replaced with a BTP bearing a 6 per cent. coupon and having maturity in May 2031. Such transactions were restructured and amended several times between 2009 and 2011. On 19 December 2013, a settlement agreement was entered in respect of such transaction, providing for its early closure, and, as at that time, the agreements provided for the following obligations:

- BMPS to deliver as at the effective date to Deutsche Bank the BTPs and to receive, as consideration, the relevant market value as at the same date (Euro 2,195 million);

- as at each BTP ex-dividend date, BMPS to pay to Deutsche Bank a variable yield equal to the six-month EONIA Index Swap rate plus a spread of 2.8 per cent. and to receive as consideration from Deutsche Bank an amount equal to the BTP coupons, to the extent these have been actually collected from the Italian government (as issuer of the BTP) on the relevant maturities;

- as at the maturity date, Deutsche Bank to pay to BMPS an amount equal to the redemption amount of the BTPs (as effectively collected) and BMPS to pay to Deutsche Bank an amount equal to the nominal value of such BTPs; and

- upon the occurrence of a credit event relating to the Republic of Italy (i.e. events which would have entailed the default of the Republic of Italy), the agreement to be terminated early. In such event, Deutsche Bank shall be entitled to return to BMPS any security issued by the Republic of Italy (and not specifically the BTPs of the total return swaps), or the equivalent value in cash, and BMPS shall pay the nominal value of the security.

For the purpose of reducing the investment rate risk, in July 2009 the Bank negotiated a "forward start" interest rate swap (with a deferred value date) to 2011 for a notional amount of Euro 2 billion which has a maturity date of 1 May 2031. Pursuant to such agreement, with effect from the deferred value date:

- BMPS shall pay to Deutsche Bank a 6 per cent. fixed rate interest; and

- Deutsche Bank shall pay to BMPS an amount calculated on the basis of the six-month EURIBOR rate plus a 1.485 per cent. spread.

Such transaction was subject to daily collateralisation or marginalisation obligation.

For the purpose of managing the overall rate risk of the banking book, the interest rate swap agreement was terminated early in part and, as at the date of the settlement agreement with Deutsche Bank (i.e. 19 December 2013), the outstanding nominal amount was equal to Euro 1.7 billion.

The economic impact of the settlement agreement for BMPS was negative for an amount of Euro 287 million (Euro 194 million (rounded) before taxes).

For more details and also with reference to the legal and administrative proceedings arising out of such transaction section, please see paragraph 10 "*Legal Proceedings*" of this section "*Banca Monte dei Paschi di Siena S.p.A.*" of this Base Prospectus.

d) "Alexandria" transaction

In 2009, the Bank entered into a transaction called "Alexandria" with Nomura International Plc ("**Nomura**"), as counterparty.

Such transaction had the following contractual features:

- the securities were BTPs with a nominal value of Euro 3,050 million, bearing a 5 per cent. coupon and with maturity in 2034; the term of the agreement is equal to the maturity date of the securities;

- BMPS purchased the securities from Nomura by way of forward agreements that were entered into in the period from 3 August 2009 until 18 September 2009; the settlement date was on 28 September 2009;

- the securities purchased had been fully hedged for interest rate fluctuations by entering into asset swap agreements with Nomura. On the basis of these agreements, BMPS shall pay to the counterparty a 5 per cent. fixed interest rate (equal to the BTPs coupon rate) on a nominal amount of Euro 3,050 million, and shall receive a payment calculated on the basis of the three-month EURIBOR plus an average 98 basis points spread;

- BMPS entered into a long-term repo transaction with Nomura where the underlying asset was the BTP 5 per cent. 2034, having the same nominal amount and same maturity. On the basis of the agreement, BMPS had assigned the securities to Nomura on a spot basis and received as consideration an amount equal to Euro 3,102 million, inclusive of accrued interests. As at each ex-dividend date, BMPS received from Nomura a 5 per cent. coupon (calculated on the nominal value) and paid an amount determined on the basis of the three-month EURIBOR plus a 59.15 basis points spread on a quarterly basis, and calculated on the cash amount received;

- at maturity, provided that no default of the Republic of Italy has occurred, the transaction had to be settled as a normal repo transaction and, accordingly, by way of delivery of the security versus payment of cash consideration;

- upon the occurrence of a credit event in relation to the Republic of Italy (i.e. failure to pay, a moratorium, a refusal to fulfil or restructuring of the Republic of Italy), the agreement would have been terminated early. In these circumstances, Nomura would have been entitled to return any security issued by the Republic of Italy to BMPS, (and not specifically the BTPs of the long-term repo), against payment by BMPS of the amount received;

- in addition, BMPS had granted to Nomura a repo facility with a maturity of 1 September 2040 (with an option for Nomura to extend the maturity until 1 September 2045), according to which Nomura was entitled to use a credit facility up to a maximum amount of Euro 3,050 million, by delivering to BMPS BTPs or similar securities for an equivalent amount. In the event of a drawdown under the credit facility, BMPS would have received payment of interest determined on the basis of the three month EURIBOR calculated on the amount of the facility granted. In addition, BMPS would receive a five-basis points fee calculated on the amount of the credit facility granted (Euro 3,050 million) regardless of the effective drawdowns.

Such transaction was subject to daily collateralisation or marginalisation obligation. The parties accordingly had to pay so-called guarantee margins to ensure the possibility to liquidate the transactions at any time, in case of early termination due to the other party's default.

Such transaction was settled and terminated early in September 2015 with a negative one-off economic impact for the Bank of Euro 88 million (rounded) before taxes.

For more details and further information relating to the legal and administrative proceedings arising out of the transaction, please see paragraph 10 "*Legal Proceedings*" of this section "*Banca Monte dei Paschi di Siena S.p.A.*" of this Base Prospectus.

e) The EBA 2016 EU-wide stress test and the Bank's private capital raising attempt

On 29 July 2016, the EBA disclosed the outcome of the stress test for 2016 (the "**2016 Stress Test**") which, for BMPS, revealed a 2018 transitional CET1 of -2.2 percent (-2.4 percent fully-loaded), in the "adverse" scenario (12 percent transitional and 12.2 per. cent fully-loaded in the 2018 "baseline" scenario. On the same date, the Board of Directors, with the prior authorisation of the ECB, approved the guidelines of a composite transaction (the "**2016 Transaction**") which included:

- the derecognition of part of the MPS Group's non-performing loan portfolio by means of securitisation; and

- a capital increase of up to Euro 5 billion, with a share premium to be offered to shareholders on a pre-emptive basis (the "**Capital Increase**"), covered by a pre-guarantee agreement with selected international banks.

On 24 October 2016, the Board of Directors approved the new industrial plan which, *inter alia*, amended the 2013-2017 Restructuring Plan and called an extraordinary Shareholders' meeting of the Bank for the purpose of approving the 2016 Transaction.

The Capital Increase envisaged under the 2016 Transaction was not completed within the expected timing (31 December 2016) as the ECB rejected, on 13 December 2016, the Bank's request to extend the deadline for its completion in light of modified market conditions and of the Italian government crisis.

f) Precautionary Recapitalisation, Capital Enhancement and relevant implementing measures, Public Offering for Exchange and Settlement

Having acknowledged that it was not possible to complete the 2016 Transaction, on 23 December 2016 the Bank submitted

(i) a request to the ECB for extraordinary and temporary financial support to access the so-called "precautionary recapitalisation" scheme (the "**Precautionary Recapitalisation**"). The ECB granted access to the scheme, having determined that the Bank met the necessary requirements (including solvency, as per minimum capital requirements set by article 92 of the CRR and Pillar II requirements on capital), and set the Bank's capital demand at Euro 8.8 billion (based on the -2.4 percent 2018 fully-loaded CET1 shortfall forecasted in the adverse scenario by the EBA 2016 Stress Test (please see letter e) "*The EBA 2016 EU-wide stress test and the Bank's private capital raising attempt*" of this paragraph 3 "*Major Events*" of this section "*Banca Monte dei Paschi di Siena S.p.A.*" of this Base Prospectus); and

(ii) an application to the Bank of Italy and the MEF, for admission to the State guarantee scheme provided for under article 7 of Law Decree No. 237 of 23 December 2017 (the "**Decree 237**"), in order to issue additional State-guaranteed liabilities. In January 2017 the Bank was granted admission to the State guarantee scheme and issued, during the course of 2017, three instruments,

which were fully subscribed by the Bank and then partly sold on the market and partly used as collateral for financing transactions.

On 28 July 2017, pursuant to a ministerial decree (the "**Burden Sharing Decree**"), the MEF ordered the application of the Burden -Sharing measures set out by article 22, subsections 2 and 4 of Decree 237, and the strengthening of the Bank's capital for an amount equal to Euro 4,472,909,844.60 with issuance of 517,099,404 ordinary shares assigned to the holders of certain subordinated notes and other subordinated liabilities (the "**Burden Sharing Notes**"), which were converted into shares at the unitary price of Euro 8.65. The Burden-Sharing measures were extended to FRESH 2008 securities, and notice was given to Mitsubishi and J.P. Morgan, as holders of usufruct rights on these securities.

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

Further to the completion of the Burden Sharing exercise and of the Capital Increase reserved to the MEF, BMPS' share capital was equal to Euro 15,692,799,350.97, represented by 1,140,290,072 ordinary shares, of which 36,280,748 treasury shares were held by BMPS Group companies.

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

The Offer concerned all of the 237,691,869 ordinary shares of the Bank arising out of the conversion, of the *€2,160,558,000 Floating Rate Subordinated Upper Tier II 2008-2018* subordinated bond issue (ISIN code IT0004352586) (respectively, the "**UT2 Shares**") and outstanding as at 3 October 2017, equivalent to 20.84 per cent. of the share capital of BMPS.

Upon completion of the Offer, on 23 November 2017, 198,521,533 UT2 Shares, equal to 83.520540 per cent. of the UT2 Shares to which the Offer related, had been validly tendered into the Offer. Accordingly, the final pro rata allocation ratio was equal to 92.275041 and therefore the Bank, in the name and on behalf of the MEF, acquired 92.275041 per cent. of the UT2 Shares tendered into the Offer from each tenderer and returned, in accordance with the Offer document, the remaining UT2 Shares. Upon completion of the Offer, MEF had purchased a number of UT2 Shares so as to hold a share capital in the Bank equal to 68.247 per cent.

g) Restructuring Plan 2017-2021

On 26 June 2017, the board of directors approved the Bank's 2017-2021 Restructuring Plan (the "**Restructuring Plan**"), prepared according to the European legislation on State aid applicable to banks' capital reinforcement measures in the context of the financial crisis.

The Restructuring Plan which set out the assumptions for the Precautionary Recapitalisation and Capital Enhancement, together with the relevant implementing measures, was notified to the European Commission, which in July 2017 issued a positive decision on the compatibility of the intervention with the EU legislative framework.

In summary, the Restructuring Plan provided for:

a) the Bank's return to an adequate profitability level following recent losses, with a target return on equity (ROE) exceeding 10 per cent in 2021, based on certain pillars; and

b) the disposal of almost the entire bad loan portfolio as at 31 December 2016, quantified in Euro 28.6 billion GBV, which was successfully completed in the first half of 2018.

The Restructuring Plan furthermore listed a number of Commitments made by the Italian State to DG Comp – as required by European legislation – with regard to several aspects of the Restructuring Plan, among which:

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

A monitoring trustee, appointed by the Bank with the approval of DG Comp, was entrusted to verify the compliance with these Commitments on a quarterly basis.

h) Assignment of the NPL Portfolio and further transactions for the assignment of non-performing loans

As part of the implementation of the Restructuring Plan with respect to the derisking process envisaged thereunder, the Bank realised a series of transactions for the disposal and assignment of various portfolios of non-performing loans and the relevant derecognition thereof. In particular, the following are the main disposal transactions completed by the Bank between 2017 and 2019:

(i) in June 2017, the Bank entered into an agreement with Quaestio Capital Management SGR S.p.A. ("**Quaestio SGR**") providing for the transfer of a portfolio of non-performing receivables having a GBV of Euro 24 billion (rounded) as of 31 December 2016 (the "**NPL Portfolio**"). The transaction envisaged (i) the realisation of a securitisation transaction of the non-performing receivables pursuant to Law 130/99 through the issuance of senior, mezzanine and junior asset backed notes and (ii) the transfer of the mezzanine notes and the junior notes to Quaestio SGR on behalf of the Italian Recovery Fund. Such transfer of the notes and the total outsourcing of portfolio recovery activities, entailed the concurrent derecognition of the NPL Portfolio, for a gross value of Euro 24.1 billion (rounded) (net value of Euro 4.3 billion);

(ii) in December 2018/January 2019, the Bank carried out the disposal of the following portfolios:

  (a) a portfolio of Euro 2.2 billion of unsecured small-ticket and consumer credit non-performing loans (so-called "Progetto Merlino") transferred to IFIS NPL S.p.A., Credito Fondiario S.p.A. (Artemide SPV), and Balbec Capital LP (Duomo SPV);

  (b) a portfolio of Euro 0.77 billion of leasing bad loans (so-called "Progetto Morgana") transferred to Bain Capital Credit; and

  (c) a portfolio of Euro 0.4 billion of Unlikely to Pay (so-called "Progetto Alfa 2").

(iii) in July 2019, the Bank entered into two agreements with Illimity Bank S.p.A. for the sale of almost Euro 700 million of non-performing exposures, originated both by BMPS and MPS Capital Services, with respect to (a) a portfolio including both secured and unsecured loans, originally backed by an ISMEA (*Istituto di Servizi per il Mercato Agricolo Alimentare*) guarantee, for a value of Euro 240 million (rounded) and (b) a portfolio of Unlikely to Pay exposures, with a value of Euro 450 million

(rounded), mainly including unsecured loans to corporates:

(iv) in August 2019, BMPS and MPS Capital Services finalised, inter alia, the assignment: (a) of NPEs for Euro 0.5 billion (rounded), in part to a subsidiary of Cerberus Capital Management L.P and in part to Illimity Bank S.p.A., with respect to a portfolio of Unlikely to Pay exposures of BMPS and MPS Capital Services mainly including secured loans to corporates; and (b) of NPEs for Euro 0.1 billion (rounded) to Bank Of America with respect to a portfolio of Unlikely to Pay exposures of BMPS and MS Capital Services mainly including secured loans to corporates; (c) sale of NPLs for Euro 0.1 billion (rounded), mainly bad loans, to Credito Fondiario S.p.A. (Salaria SPV), exposures of BMPS and MPS Capital Services;

(v) in December 2019, inter alia, BMPS and MPS Capital Services completed three further transactions for the sale of NPLs for Euro 1.8 billion (rounded). In particular, such transactions involved (a) the assignment without recourse of a Portfolio of NPLs consisting primarily of unsecured NPLs of BMPS and MPS Capital Services for Euro 1.6 billion (rounded) of unsecured (so-called "Progetto RACE") to Illimity Bank S.p.A. (Aporti S.p.A.); and (b) two transactions (Project Cuvée – for further details please refer to letter i) "*Cuvée Transaction*" of this paragraph 3 "*Major Events*" of this section "*Banca Monte dei Paschi di Siena S.p.A.*" and Project Uniform2) with a total of Euro 0.2 billion (rounded) relating to the assignment without recourse of mainly secured Unlikely to Pay exposures of BMPS and MPS Capital Services to Nostos SPV and closed-end investment fund managed by Prelios SGR.

i) Cuvée Transaction

On 27 December 2019, BMPS and MPS Capital Services (together with UBI Banca and Banco BPM) signed an agreement with AMCO and Prelios Group for the creation of a multi-originator platform to manage Unlikely to Pay exposures related to real estate.

AMCO and the Prelios Group will manage a portfolio of small/medium Unlikely to Pay exposures deriving from loans from Euro 3 million to 30 million to real estate companies undergoing restructuring or financial difficulties conferred by the banks and by AMCO itself.

The project will be implemented through a securitisation of the receivables granted by banks and AMCO and the intervention of a closed-end investment fund managed by Prelios SGR. The fund shares will be held by banks and AMCO.

In the first phase of the project, the Group contributed to Unlikely to Pay exposures for an amount of Euro 111 million (rounded), which have been deconsolidated in 2019 Consolidated Financial Statements.

3.2 Recent developments

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

On 29 June 2020, the Board of Directors of BMPS and the Board of Directors of AMCO approved the project related to the Demerger Transaction and relating to a compendium of NPEs, DTAs, other assets, financial debts, other liabilities and net equity, subject to certain conditions, first of all the positive scrutiny by the ECB. On 27 August 2020, the Bank's Board of Directors acknowledged receipt from the ECB of the draft decision regarding the Demerger Transaction and resolved to inform the ECB of the absence of comments on its part. The ECB's draft decision set out the conditions to which the ECB's authorisation to carry out the Demerger Transaction is subject. On 2 September 2020 BMPS received the ECB's final decision confirming the draft decision received by the Bank on 27 August 2020. On 4 October 2020, the Extraordinary Shareholders' meeting of BMPS resolved to: (i) approve the partial proportional demerger project of MPS Capital Services in favour of BMPS which consists of a partial proportional demerger of MPS Capital Services in favour of the Bank, to be implemented through the assignment by MPS Capital Services to the

Bank of a portion of its assets and liabilities (including a portfolio of non-performing exposures) and which will be subsequently transferred to AMCO as a result of the Demerger Transaction; (ii) approve the Demerger Transaction with the granting of an asymmetric option to the shareholders of BMPS, other than the MEF; and (iii) amend the Bank's by-laws (with respect to the Bank's share capital) following the approval of the Demerger Transaction. On 25 November 2020 the deed for the partial non-proportional demerger from BMPS in *favour* of AMCO with the granting of an asymmetric option to BMPS' shareholders, other than the Ministry of Economy and Finance, was executed following the assessment, by the Board of Directors of BMPS, on the fulfilment of the conditions precedent which such demerger is subject to, including – in particular – the enrolment with the Companies' Register of Arezzo-Siena of the deed for the partial demerger of MPS Capital Services in favour of the Bank which was executed on 19 November 2020, enrolled with such Companies' Register on 20 November 2020 and was effective as of 26 November 2020. The Demerger Transaction was effective (towards third parties) as of 1 December 2020. For more information in this respect, reference is made to the 2020 Consolidated Financial Statements.

b) BMPS approved the 2021-2025 Strategic Plan and the New Capital Plan

On 17 December 2020, the Board of Directors of BMPS approved the Strategic Plan. The Strategic Plan has been prepared taking into account, *inter alia*, the Commitments assumed by the Italian Government in 2017 pursuant to the Restructuring Plan and the October DPCM relating to the disposal of the investment held by the MEF in the share capital of BMPS to be carried out through the market and also through operations aimed at consolidating the banking system. In particular, the Strategic Plan has been designed assuming strategic initiatives that can be implemented while substantially retaining the Bank's current operating model and technological infrastructure. For financial resources, the Strategic Plan envisages maintaining capital and liquidity indicators well above the supervisor's indications, as at the date of drafting the Strategic Plan, in each year. The impacts of the new MREL framework are fully incorporated in the Strategic Plan. The Strategic Plan assumes the necessary dialogue with DG Comp with reference to the commitments undertaken in 2017 and with the ECB, also for the purpose of approving the planned capital strengthening hypotheses. On the basis of the initial discussions with DG Comp following the submission of the Group's new Strategic Plan, the Bank was asked to identify additional compensatory measures for non-compliance with some commitments set in the Restructuring Plan. The additional measures were submitted to the Board of Directors on February 2021 and transmitted to DG Comp.

On 28 January 2021, the Board of Directors of BMPS approved the New Capital Plan, submitted to the ECB in accordance with the 2020 SREP Decision. The New Capital Plan is based on an ongoing focus on a potential structural solution for the Bank, including the merger with a partner of "primary standing", consistently with the Commitments and the October DPCM. Should a structural solution not be found in the short/medium term, the New Capital Plan foresees a capital strengthening of Euro 2.5 billion which, if implemented (subject to shareholders' approval), will be executed on market terms and with proportional subscription by the Italian State. In this context, the DG Comp, according to current legislation, should assess the Italian State's intervention on the basis of the Bank's stand-alone viability. For more information in this respect, reference is made to paragraph "*2021-2025 Group Strategic Plan*" of the section "*Consolidated Report on Operations*" of the 2020 Consolidated Financial Statements, to the section "*2021-2025 Group Strategic Plan*" of the 2021 Consolidated Half-Yearly Report and to the section "*2021-2025 Group Strategic Plan*" of the Consolidated Interim Report as at 30 September 2021 that are incorporated by reference to this Base Prospectus.

Following the interruption of negotiations regarding the potential acquisition of a selected perimeter of BMPS between UniCredit and the MEF, the Bank acknowledged the current inability to find a Structural Solution and started a preliminary dialogue with the MEF, in order to re-open discussions with DG Comp to extend the MEF's participation in BMPS' shareholding and determine the necessary measures that the Bank will have to take.

Given the above, the Bank has outlined the New Strategic Plan. For more information with respect to the New Strategic Plan, please see letter f) "*BMPS approved the 2022-2026 Strategic Plan*" below.

c) EBA 2021 stress test

On 30 July 2021, the results of the EBA 2021 stress test were published. Such results are consistent with the New Capital Plan, which includes a capital strengthening of Euro 2.5 billion. For more information on the results of the EBA 2021 stress test, reference is made to paragraph "*Significant events after the end of the first half of the year*" of the section "*Half-Yearly Report on Operations*" of the 2021 Consolidated Half-Yearly Report and to the Consolidated Interim Report as at 30 September 2021 that are incorporated by reference to this Base Prospectus.

d) Disposal of the equity investment by the Ministry of Economy and Finance

The Commitments required by DG Comp provide, *inter alia*, for the MEF to dispose of its stake held in the Bank by the end of the Restructuring Plan. On 30 December 2019, the MEF communicated that, in agreement with the services of the European Commission, the presentation of the plan to sell the equity investment in MPS was postponed, pending the completion of the Demerger Transaction (in this respect please refer to letter a) "*Partial, non-proportional demerger with asymmetric option from BMPS in favour of AMCO*" above). The Demerger Transaction was designed and then planned also with the goal of creating the conditions for the sale of the equity investment. To that end, BMPS engaged Mediobanca and Credit Suisse as financial advisors in order to evaluate the alternative strategies available.

The October DPCM has authorised the disposal of the stake held by the MEF in BMPS: this may be carried out in one or more stages, with sale procedures and techniques used in the markets, through individual or joint recourse to a public offer to investors in Italy, including personnel of the Group, and/or Italian and international investors, through direct negotiations to be carried out with transparent and non-discriminatory competitive procedures and through one or more extraordinary transactions, including a merger.

BMPS has set up a virtual data room for the due diligence activities of potential investors and partners. In this regard, it should be noted that the Apollo fund, which had sent to BMPS a non-binding expression of interest, has had access to the virtual data room since March 2021. Moreover, on 29 July 2021, UniCredit issued a specific press release announcing that it had agreed with the MEF the conditions for a potential transaction involving the transfer of a selected scope of BMPS activities to UniCredit. To this end, UniCredit and MEF have conducted exclusive discussions to verify the feasibility of the transaction. BMPS and UniCredit have signed a confidentiality agreement, necessary to initiate the exchange of information through a data room, to which UniCredit has had access since Tuesday 3 August 2021. BMPS has allowed Mediocredito Centrale S.p.A. to access a part of the data room, with information relating to a selection of bank branches, and a data room was also prepared focused on aspects relating to non-performing loans and loans classified as Stage 2, to which AMCO S.p.A. had access.

As regards the discussions between UniCredit and the MEF, on 24 October 2021 UniCredit and the MEF issued press releases to announce the interruption of negotiations regarding the potential acquisition of a selected perimeter of BMPS. The Bank, having acknowledged the current inability to find a Structural Solution, started a preliminary dialogue with the MEF in order to re-open discussions with DG Comp to extend the MEF's participation in BMPS' shareholding and determine the necessary measures that the Bank will have to take.

As at the date of this Base Prospectus, only AMCO has access to the virtual data room.

Even if the Structural Solution has not materialised yet, it remains a possible scenario. The Bank will publish on a monthly basis information with regard to the possible Structural Solution, including any possible aggregation scenario, as required by CONSOB pursuant to article 114, paragraph 5, of the Consolidated Finance Act.

e) Sale of BMPS own shares

On 5 October 2021, BMPS announced the completion of the sale of no. 36,280,748 own shares (equal to approximately 3.62% of the share capital of BMPS) held by the Montepaschi Group, resulting from the capital strengthening interventions carried out in 2017 pursuant to Decree 237 and the Burden Sharing Decree. The sale of the own shares (held directly by BMPS for no. 21,511,753 shares and indirectly, through the subsidiary MPS Capital Services S.p.A., for 14,768,995 shares) was authorized by the Shareholders' Meeting of the Bank held on 18 May 2020.

The sale of the shares began on 22 February 2021 and was concluded on 4 October 2021 and was carried out on the *Mercato Telematico Azionario* of Borsa Italiana S.p.A. for a total value of approximately Euro 43 million, with a positive impact on BMPS's CET1 in 2021 estimated at 10 bps.

f) BMPS approved the 2022-2026 Strategic Plan

On 17 December 2021, the Board of Directors of BMPS approved the New Strategic Plan. The New Strategic Plan fully replaces the previous Strategic Plan, approved by the Bank in December 2020, which had been drawn up to outline the Structural Solution to be carried out in the short term.

The New Strategic Plan will form part of the various information, approval and regulatory processes that the Bank has undertaken to present to the ECB, the Single Resolution Board and the DG Comp. Furthermore, the MEF is liaising with the DG Comp regarding its participation in the Bank. The positions of the aforementioned authorities constitute a prerequisite for the capital increase envisaged by the New Strategic Plan. The Bank is currently unable to provide a precise estimate of the time required for the competent authorities to complete the respective processes, but will provide the authorities with the utmost commitment to collaborate so that the aforementioned processes can be completed promptly and successfully. The New Strategic Plan, which constitutes the basis for the start of the above approval processes, may however have to incorporate any amendments and changes, even significant ones, to reflect the outcome of discussions with the competent authorities.

For more information with respect to the contents of the New Strategic Plan, reference is made to the New Strategic Plan – Press Release, which is incorporated by reference into this Base Prospectus.

3.3 SREP Decisions

The Issuer, to the extent it exercises the banking activity and provides investment services, is subject to complex regulation and to the specific supervision of, among others, the ECB and the Bank of Italy, each for the relevant aspects of competence. In exercising supervisory powers, the ECB and the Bank of Italy subject the Issuer, on a periodic basis, to various investigation and/or verification activities, both ordinary and extraordinary, for the purpose of fulfilling prudential supervision duties.

In particular, the ECB carries out the SREP at least once a year to verify that credit institutions have adequate capital and organisational control measures compared against the risks they take, ensuring effective risk management. Specifically, the SREP process is based on the following four pillars: (i) assessment of feasibility and sustainability of the business model; (ii) assessment of the adequacy of governance and risk management; (iii) assessment of capital risks; and (iv) assessment of liquidity risks. At the end of the annual SREP process, the supervisory authority expresses a decision (the "**SREP Decision**") on quantitative capital and/or liquidity requirements together with any other organisational and control recommendations that credit institutions are required to comply with.

3.3.1 2020 SREP Decision

On 29 December 2020 the Bank has announced that it has received the ECB's final decision regarding own funds requirements to be met starting from 1 January 2021.

According to this decision, in 2021, MPS Group must fulfil a Total SREP Capital Requirement ("**TSCR**")

of 10.75% on a consolidated basis, which includes:

- a Pillar 1 minimum requirement ("**P1R**") of 8% (of which 4.50% in terms of CET1) and
- an additional Pillar 2 requirement ("**P2R**") of 2.75% (vs. 3% in the 2020 SREP Decision), of which at least 56.25% must be met in terms of CET1 and at least 75% must be composed of Tier 1

The reduction of the P2R by 25bps compared to 2020 reflects, among other things, the significant derisking implemented by the Bank.

The overall minimum requirement in terms of Total Capital Ratio is 13.44%, obtained by adding a 2.69% Combined Buffer Requirement ("**CBR**") to the TSCR.

The overall minimum requirement in terms of CET1 ratio is 8.74%, the sum of P1R (4.50%), P2R (1.55%2) and CBR (2.69%); the overall minimum requirement in terms of Tier 1 is 10.75%, inclusive of P1R of 6%, P2R of 2.06%3 and CBR of 2.69%.

4. Ratings

In 2021, DBRS and Fitch completed their annual review, resulting in the below decisions:

- on 7 June 2021, Fitch decided to maintain the "Rating Watch Negative" (RWN) on the Bank's stand-alone "Viability Rating" (VR), and on long-term ratings;
- on 16 June 2021, DBRS decided to confirm all BMPS ratings, including the Long-Term Issuer Rating of "B (high)", Long-Term Senior Debt Rating of "B (high)" and Long-Term Deposits Rating of "BB (low)". The trend on all ratings was confirmed stable.

Following the annual review, DBRS and Fitch announced the following decisions:

- on 9 August 2021 DBRS reviewed the BMPS' Subordinated Notes rating to "CCC" from "B (low)" maintaining the trend "stable". The decision also considered the announcement on 29 July 2021 of UniCredit SpA that it had agreed with MEF the conditions for a potential transaction involving the transfer of a selected scope of MPS activities to UniCredit;
- on 1 December 2021, Fitch removed the "Rating Watch Negative" (RWN) on BMPS' main ratings, confirming all the Bank's ratings, including the stand-alone "Viability Rating" at "b", and the Long-Term Issuer Default Rating ("IDR") at "B" with an "evolving" outlook;
- on 7 December 2021 Moody's Investors Service extended its review for the upgrade of BMPS "b3" standalone Baseline Credit Assessment and long-term ratings (including the "B1" long-term bank deposits rating and "Caa1" long-term senior unsecured rating).

Ratings Agencies	Long term rating	Outlook	Short term rating	Outlook	Last updated
Moody's	Caa1[15] (RUR UP)[16]	Rating Under Review	(P)NP[17]	-	7 December 2021

[15] Long Term Debt.

[16] RUR UP: Rating under review for upgrade

[17] Pursuant to the rating scale of Moody's Investor Service, "NP" rating refers to issuers rated "Not Prime", *i.e.* that do not fall within any of the "Prime" rating categories. The short-term rating is on the issuance programme and is therefore provisional (P).

Fitch	B	-	B[18]	Evolving	1 December 2021
DBRS	B (High)	Stable	R-4[19]	Stable	9 August 2021

5. Principal companies of the BMPS Group

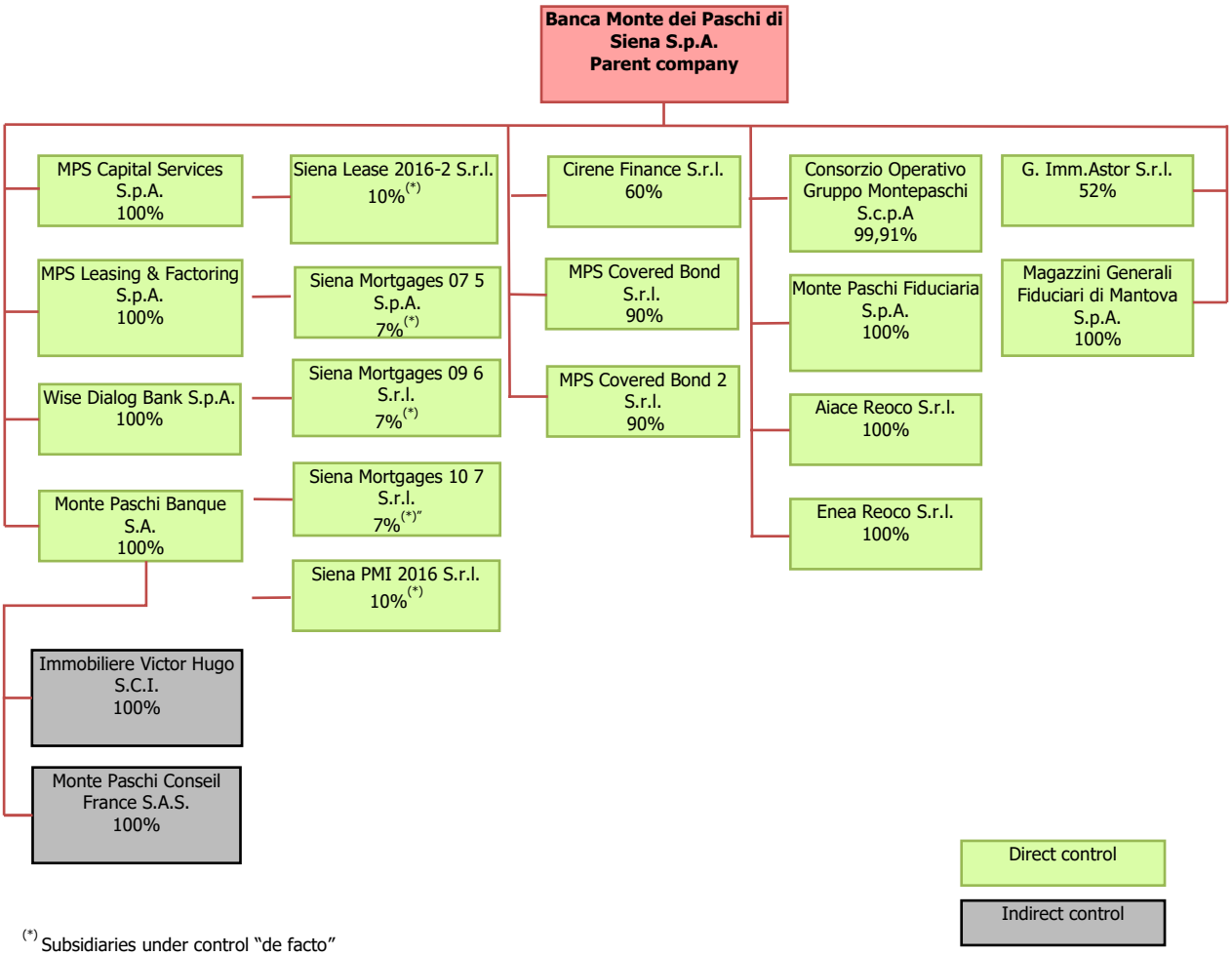
BMPS, as the parent company of the BMPS Group, performs the functions of policy, governance and control of the controlled financial companies and subsidiaries in addition to its banking activities.

BMPS, as the bank that exercises the management and coordination activities of the BMPS Group, pursuant to the fourth paragraph of article 61 of the Legislative Decree 1 September 1993, n. 385, issues, in the performance of the activities of management and coordination, instructions to the companies within the Group, including executing the instructions given by the relevant supervisory bodies and in the interest of maintaining the Group's stability.

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

[18] Pursuant to the rating scale of Fitch Ratings, "B" rating refers to minimal capacity for timely payment of financial commitments, plus heightened vulnerability to adverse changes in financial and economic conditions in the in short term.

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



(*) Subsidiaries under control "de facto"

6. BMPS Group Profile

As at 30 June 2021, the BMPS Group is an Italian banking institution with 21,388 employees, approximately more than 3.8 million customers, assets of Euro 145.8 billion (rounded) and significant market shares in all the areas of business in which it operates.

The Group's main activity is retail banking which involves the provision of banking services for individuals, such as financial and insurance products, financial promotion, wealth management and third entities' securities offers. Other areas of business are: leasing and factoring; consumer lending; corporate finance and investment banking.

The following table shows a breakdown of the Bank's BMPS branches by Region as 30 June 2021:

	Number	**Percentage on the total of the branches**
Emilia Romagna	94	6.6%
Friuli Venezia Giulia	38	2.7%
Liguria	18	1.3%
Lombardia	197	13.9%
Piemonte	34	2.4%
Trentino Alto Adige	2	0.1%
Valle d'Aosta	2	0.1%
Veneto	184	13.0%
Abruzzo	27	1.9%
Lazio	122	8.6%
Marche	36	2.5%
Molise	4	0.3%
Toscana	306	21.6%
Umbria	34	2.4%
Basilicata	10	0.7%
Calabria	39	2.8%
Campania	82	5.8%
Puglia	84	5.9%
Sardegna	10	0.7%
Sicilia	95	6.7%
Total	**1,418**	**100.0%**

Customers are divided by target segments to which an *ad hoc* service model is applied in order to best respond to the specific needs and demands expressed, and are served through an integrated combination of "physical" and "remote" distribution channels.

The Group mainly operates in the Republic of Italy through, as at 30 June 2021, 1,418 branches, 140 specialised centres, 109 financial advisory branches, and 5 branches of product companies.

The foreign network includes, as at 31 December 2020, an operational branch in Shanghai, nine representative office boards located in various "target areas" (Central-Eastern Europe, North Africa, India and China) and a bank under foreign law, Monte Paschi Banque S.A. in respect of which the Issuer has already resolved to start an orderly winding-down process by setting up a plan in compliance with the provisions set out in Commitment no.14 "Disposal of Participations and business".

Organisational structure

Group overview

The BMPS Group is a financial, credit, insurance, integrated and multi-market entity, characterised by an organisation based on four pillars:

- a central direction and management coordination structure represented by BMPS as parent company of the Group, which also carries out operational activities on behalf of the commercial network;
- a production structure, consisting of the product companies, dedicated to the development of specialist financial instruments to offer the market;
- a distribution structure, consisting of the business units of both BMPS and Banca Widiba, with a network of financial advisors;
- a service structure, consisting of the company responsible for IT services (*Consorzio Operativo del Gruppo*).

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

The Group is also active through its specialised product companies in business areas such as leasing, factoring, corporate finance and investment banking. The insurance-pension sector is covered by a strategic partnership with AXA while asset management activities are based on the offer of investment products of independent third parties.

The Group combines traditional services offered through the network of branches and specialised centres with an innovative self-service and digital services system enhanced by the skills of the Widiba financial advisor network.

Foreign banking operations are focused on supporting the internationalisation processes of corporate clients in all major foreign financial markets.

BMPS Group is also present in specific non-banking business areas with the aim of directly controlling economic areas of absolute interest, such as companies operating in the viticulture sector (MPS Poggio Bonelli) and the agricultural sector (Magazzini Generali).

Intragroup transactions primarily regard the financial support from the Bank as parent company to other companies, in the form of deposits repurchase agreement transactions; structured finance transactions through subsidiary MPS Capital Services; outsourcing services relative to the auxiliary activities provided by the Bank as parent company (administrative services and property administration) and by the Group operating consortium (*Consorzio Operativo del Gruppo*) (IT services).

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

BMPS as parent company of the Group

Through its Head Office, BMPS performs functions of direction, coordination and control over the Group's companies, as part of the more general guidelines set out by the board of directors and in the interest of the Group's stability.

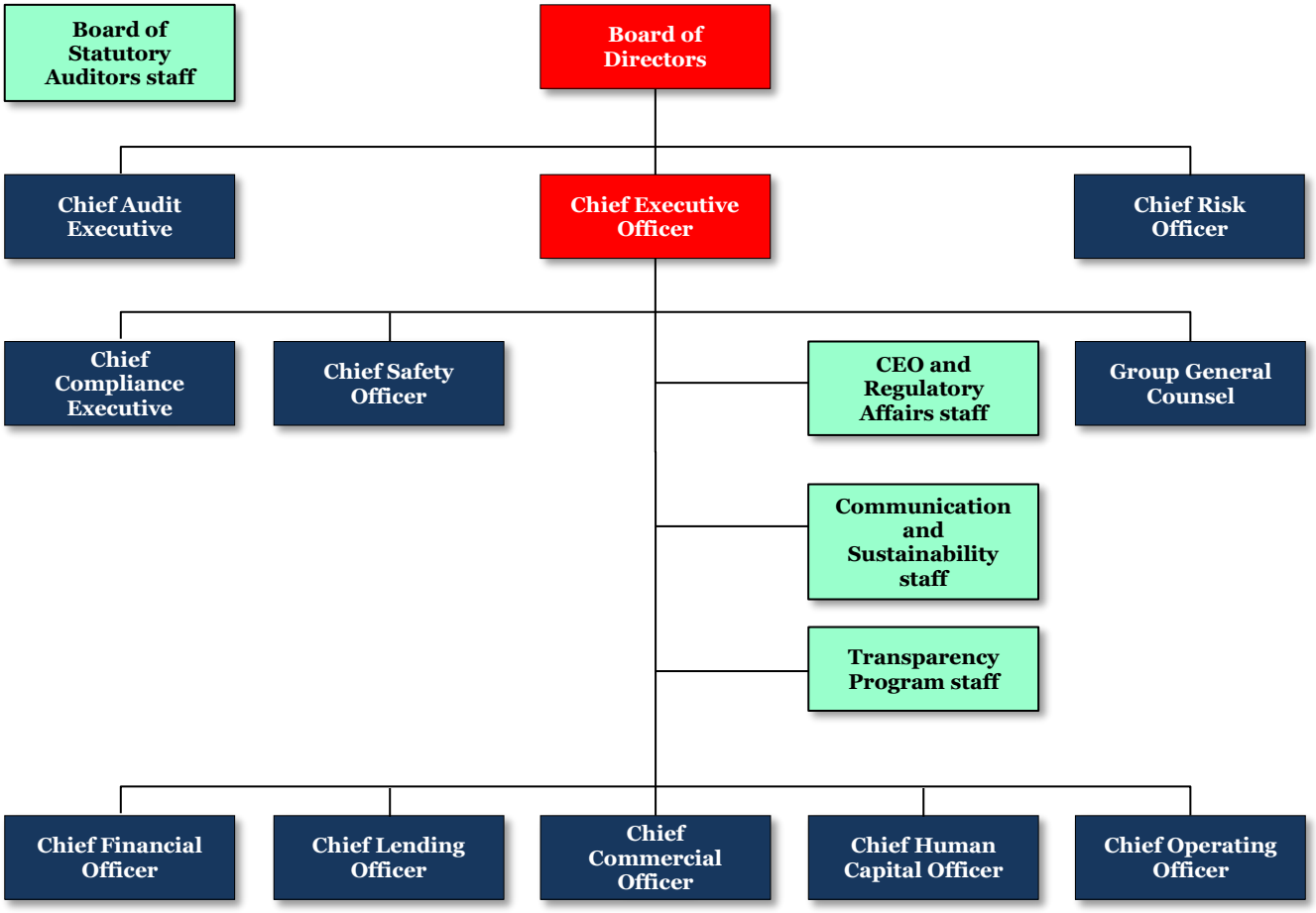
The monitoring and control functions (Chief Audit Executive department and Chief Risk Officer department) report to the Board of Directors, the business, governance and support functions, in addition to the compliance department, are directly supervised by the chief executive officer, strengthening the specialisation of the departments dedicated to the individual business segments.

As at the date of this Base Prospectus, the Bank is divided into the following structures reporting directly to the Chief Executive Officer:

- the Chief Lending Officer department;
- the Chief Commercial Officer department;
- the Chief Safety Officer department;

- the Group General Counsel department;
- the Chief Financial Officer department;
- the Chief Operating Officer department;
- the Chief Human Capital Officer department;
- the Chief Compliance Executive department;
- the Communication and Sustainability staff;
- the CEO and Regulatory Affairs staff; and
- the Transparency Program staff.

The organisational chart of the Bank's head offices as at the date of this Base Prospectus is set out below:



7. Funding

As at the date of this Base Prospectus, the Group employs various sources of funding, on the domestic market and international markets, both from retail customers and qualified/institutional investors.

Retail domestic funding is mainly composed by current accounts and time deposits, while institutional funding is mainly raised through public bond issues executed under dedicated programmes ("Euro 50 billion Debt Issuance Programme" - Euro Medium Term Notes, for senior and/or subordinated notes and "Euro 20 billion Covered Bond Programme", for covered bonds) and repurchase agreements (repo).

As at the date of this Base Prospectus, outstanding issues under the Euro Medium Term Note Programme are equal to a total aggregate notional amount of Euro 4.5 billion (rounded); outstanding issues under the Covered Bond Programme, placed on the market, are equal to a total aggregate notional amount of Euro 5.25 billion (rounded).

A significant funding source is also represented by ECB's TLTROs III guaranteed by assets pledged by the Bank, within the limits and according to the rules established in the Eurosystem. As at the date of this Base Prospectus, TLTROs III outstanding amount to Euro 29.562 million maturing on 21 December 22 for an amount equal to Euro 4,000 million, on 28 June 2023 for an amount equal to Euro 17,062 million on 27 September 2023 for an amount equal to Euro 3.000 million, on 27 March 2024 for an amount equal to Euro 2.500 million and on 26 June 2024 for an amount equal to Euro 3.000 million.

8. Competition

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

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

In attracting retail deposits and financing retail customers, the Bank primarily competes at the local level with medium-sized local banks, and to a lesser extent, with super-regional banks. The Bank's major competitors in other areas of the Italian banking market are Italian national and super-regional banks, such as UniCredit, Intesa SanPaolo, Banco BPM and BPER.

Moreover incumbent fintech operators add competitive pressure in the domestic market in specific business areas (i.e. payment systems and liquidity management services).

9. ECB/Bank of Italy inspections concluded during the period 2015-2021

9.1 Ordinary inspection activity on credit risk and the portfolio of receivables (OSI 3435)

During the period between January and May 2015, an ordinary investigation was conducted by the ECB and the Bank of Italy in relation to the credit risk and the loan portfolio with a final "follow-up" letter sent to the Bank on 30 November 2015 containing 31 recommendations provided by the investigation bodies to which the Bank formally responded on 20 January 2016 indicating the relevant remedial actions identified. Such actions related to the processes and controls, internal regulation and organisational aspects of the Bank as well as to the structural enhancement aimed at supporting IT tools.

As at the date of this Base Prospectus, all the remedial actions have been completed, with the exception of certain remedial actions relating to the review of the IT systems dedicated to credit, whose activities are still ongoing.

9.2 Thematic review on risk governance and appetite carried out by the ECB

On 3 March 2016, the ECB informed the Issuer of the results of the investigation relating to (a) the functioning of the offices responsible for strategic, control and management supervision, and (b) the Risk Appetite Framework ("**RAF**") carried out in 2015 in respect of the significant entities of the Euro zone. In particular, the ECB recommended: (i) to increase the competence and expertise of the Board of Directors in respect of risk management, control and back office activities, enhancing the appointment process of its members, and to review the functioning of internal board committees; and (ii) in respect of the risk appetite framework, that the RAF should have been fully implemented by the first quarter of 2016, effectively integrating it in the governance and risk management processes for the purpose of allowing adequate determination and monitoring of business results.

As at the date of this Base Prospectus, remedial actions are entirely completed in compliance with the deadlines requested and evidence of the implemented remedial actions has been provided to the supervisory authority.

9.3 Ordinary inspection activity on the governance of the Banks and the risk management system (OSI 3233)

During the period September 2015-January 2016 an ordinary investigation was carried out by the ECB and the Bank of Italy concerning the Bank's governance and the risk management system, OSI 3233. On 28 February 2017, the Bank received the relevant follow-up letter and then fully implemented a specific remedial plan. On 11 February 2020, the ECB notified the closure of all the findings connected to the inspection.

9.4 Inspection activity on the risks relating to credit, counterparty and control system (OSI 1238)

In May 2016 the ECB and the Bank of Italy started an inspection (OSI 1238) concerning the control system of credit and counterparty risk with respect to the retail portfolio, small and medium enterprises ("**SMEs**") portfolio and corporate portfolio of the Bank, MPS Capital Services and MPS Leasing Factoring. Such inspection ended in February 2017.

On 13 February 2018, the Bank received the follow-up letter from the supervisory authority setting out the findings relating to the inspection. On 15 March 2018, the Bank replied and informed the ECB of the remedies expected to be implemented by the end of 2018. In this respect, please note that the Restructuring Plan incorporates the result of the inspection carried out by the ECB on the portfolio of receivables as of 31 December 2015 highlighting further initiatives to be implemented compared to the coverage levels as at the relevant date. This impact has already been incorporated in the 2017 financial statements. As of the date of this Base Prospectus, the Bank does not believe that further corrections to the receivables, other than set out in the Restructuring Plan, are needed.

At the date of this Base Prospectus, all the remedial actions have been completed, except for certain remedial actions relating to the review of the IT systems concerning credit, whose activities are still on going.

9.5 Verification activity on banking transparency

During the period between September and December 2016, the Bank of Italy carried out verification activity on the Bank. The findings of such verification activity were communicated to the Bank on August 2017 and six observations were pointed out therewith.

On 7 August 2018, the Bank of Italy sent a further notice inviting the Bank to (i) re-examine the fees schemes relating to the advances on invoices transactions; (ii) strengthen the Bank's capacity to quickly face other critical issues found while carrying out the inspections; and (iii) give updates on the state of implementation of the planned activities. On 19 October 2018, the response was transmitted along with the assessments of the compliance and audit offices. The Bank undertook to implement the requests specified in points (i) and (ii) and provided an update on the state of the implementation of the planned activities in relation to point

(iii).

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

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

On 11 August 2020, the Bank transmitted to the Bank of Italy its observations with regard to the audit report and its response to the decision to initiate the sanctioning procedure. At the same time a new remedial action plan was activated and completed by 31 December 2020. As a result of the remedial actions, the Bank refunded customers for a total amount of Euro 40 million (rounded), of which Euro 4,6 million (rounded) referring to sums made available by means of a notice published in the Official Gazette of the Republic of Italy and in two national newspapers. A follow-up plan of residual activities is currently being carried out.

On 6 May 2021, the Bank was imposed a pecuniary administrative sanction of Euro 2.9 million, pursuant to article 144 of the Italian Consolidated Banking Act.

On 7 August 2021, the Bank of Italy sent a further notice inviting the Bank to provide additions and clarifications regarding (i) the mechanisms adopted to ensure the timely delivery of the European standardised information sheet (ESIS); (ii) the transfer of payment services; (iii) the remuneration of the credit lines; and (iv) the application of charges in the event of withdrawal from the current account. In September 2021, the Bank provided the expected clarifications.

9.6 Bank of Italy inspection on transparency in relation to Banca Widiba S.p.A.

During the period between 13 November 2017 and 9 January 2018, the Bank of Italy carried out an inspection on Banca Widiba S.p.A. to verify the organisation and the control systems implemented by the intermediary to ensure compliance with the transparency requirements. In this respect, the authority has analysed the regulatory framework, the processes (including the externalised ones), the structure of the controls and a sample of the relationships and transactions relating to the different categories of banking products as well as services offered by the Bank, the type of clients and the offering channels.

On 10 April 2018, the Bank of Italy informed Banca Widiba S.p.A. of the inspection report that set out ten issues and stated that the Bank was "partially compliant" due to weakness in the control structure. This was a result of the Bank not fully complying with the relevant transparency provisions, in particular with reference to the process of unilateral amendment of the terms and conditions and the determination of certain fees.

On 11 June 2018, Banca Widiba S.p.A. provided the supervisory authority with the remedial plan, setting out 41 interventions. On 28 September 2018, Banca Widiba S.p.A. sent a letter to the Bank of Italy explaining the state of interventions implemented in relation to the issue raised by the authority, highlighting that 21 interventions had been completed, five interventions were under completion, 14 interventions were under implementation and one intervention had yet to be started. In addition, Banca Widiba S.p.A. reimbursed the amount wrongfully charged to its customers.

In March 2019, Banca Widiba S.p.A. notified the supervisory authority that the actions requested were almost completed.

The new inspection activity that started on 7 October 2019 and ended on 21 January 2020 regarding the

transparency matter mentioned above was also conducted with respect to Banca Widiba S.p.A.. Two of the Bank of Italy's findings concerned Banca Widiba which, as the Bank did, launched and completed its own remedial action plan by 31 December 2020.

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

9.7 Inspection activity on anti-money laundering

During June 2017, the Bank of Italy carried out an on-site inspection in order to assess the existing procedures for the identification and adequate enhanced verification on politically exposed persons ("**PEPs**").

During the inspection which started on 5 June 2017 and ended on 6 July 2017, the Bank of Italy carried out an analysis of the organisational structures, the internal rules and the internal processes of the Bank with a particular focus on the process of evaluating PEPs as well as specifically considering a sample of clients independently identified.

The supervisory authority communicated the result of the inspection to the Bank, describing the goals of the on-site inspections that had been carried out at system level, which are used as standards in order to suggest the best practices to be observed in the industry. The supervisory authority underlined certain areas of improvement concerning, in particular: the risk profiling, the customer's due diligence and the internal controls and the identification of PEPs. As of the date of this Base Prospectus, the Bank has informed the supervisory authority on the remedy activities already implemented and to be implemented in relation to the issues highlighted. The letter of reply was sent on 3 November 2017 in order to promptly answer the request of the supervisory authority by highlighting the activities already implemented, the activities which are under implementation and the activities which have been planned.

Between 9 May and 28 August 2018, the Unità di informazione finanziaria per l'Italia ("**UIF**") carried out the inspection activity relating to the assessment of the procedures created to verify potential anomalies relating to the activity of the Issuer's clients.

The UIF notified to branch-managers eight notices of infringement for allegedly omitted suspicious activity reports, for which the Bank is jointly liable.
In December 2018, the Bank filed the relevant defences to MEF. In November 2020 the MEF notified the Bank of eight sanctioning decrees for missing suspicious transactions reports, for a total amount of Euro 219,612.00.
Following the analysis of the content of the decrees, since the existence of the conditions for the sanctions' imposition was not noted on the merits, the Bank appealed before the Court of Rome within the time prescribed by law.

A further inspection, commenced by the Bank of Italy on 6 June 2018 and ending on 28 September 2018 has been carried out on BMPS and Banca Widiba S.p.A.. Both banks have been formally subject to inspections regarding the verification of compliance with anti-money laundering legislation. Following On 28 February 2019, the Bank of Italy reported the outcome of the inspection to the Board of Directors of the Bank highlighting certain areas of improvement which mainly concerned adequate verification and internal controls.

The findings of the supervisory authority were duly noted by the Bank specifying the implemented, undertaken and planned remedial actions. The response letter of the Bank – the content of which had been approved by the Board of Directors thereof – was sent on 29 March 2019 stating the actions already implemented, as well as those in progress and planned. On 26 June 2019, the Bank informed the Bank of Italy of the results of the carried out actions as detailed in the letter sent in March 2019.

Moreover, on 26 September 2019, the Bank updated the Bank of Italy on the results which showed significant

progress in the planned activities, although did not fully reach the required target levels. The same results have been reported to the Bank of Italy with regard to the inspection of Banca Widiba S.p.A.. Both the response to the Bank of Italy of 29 March 2019 and the updating letters of 26 June 2019 and 26 September 2019 sent to supervisory authority include the activities plan implemented for Banca Widiba S.p.A..

In November 2019, the Bank of Italy notified to the Bank the final assessments produced, which took into account the remedial action already initiated and largely implemented, and started the sanctions procedure for the application of a sanction of Euro 1,320,000 notified on 16 December 2019. Following such sanction, the Board of Directors resolved on 16 January 2020 not to exercise the right of appeal and to proceed with the payment of the sanction within the prescribed time limits.

By way of a letter dated 7 February 2020, the Bank of Italy requested the Bank increase its efforts to complete the remedial action plan initiated, asking for updates before 31 March 2020. A response was approved by the Board of Directors on 31 March 2020 and sent within the required deadline. The remedial action plan continued throughout 2020, periodically monitored by the Board of Directors, limited to the recovery of missing or outdated customer information and the identification of beneficial owners. The COVID-19 emergency significantly slowed down the activities in relation to making contact with customers and made it necessary to extend the completion date to February 2021. After that date, on the basis of the objectives achieved, the remedial action plan requested by the Bank of Italy was considered complete.

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

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

9.9 ECB inspection activity in relation to the review of the internal models (TRIM-2939)

On 30 November 2017, the ECB sent to the Issuer the follow-up letter relating to the TRIM general topics review setting out one finding which the Bank considers to have solved as communicated to the ECB in its reply on 13 December 2017.

With a follow-up letter dated 15 January 2018, the ECB notified the Issuer of feedback relating to the auto-assessment phase of TRIM general topics, identifying seven deviations with respect to the specified requirements. On 22 March 2018, the Issuer sent the response letter indicating the remedial actions and the relevant timeline.

On 21 November 2017, in the context of the process of review of the internal models (TRIM – *Targeted Review of Internal Models*) ECB started an on-site inspection relating to the internal model on credit risk for the Issuer and the Group with reference to the parameters *Probability to Default* and *Loss Given Default*, within the perimeter of retail, non SMEs, providing real estate guarantees.

On 5 July 2019, the Bank received from the ECB the draft decision authorising the Bank to continue using internal models to calculate capital requirements for retail, non SMEs, with real estate guarantees. This decision requires the Bank to remedy the 21 findings (instead of 19 as specified in the assessment report) and related obligations, within established deadlines. On 16 July 2019, the Bank replied to the decision with a request to postpone some of the above deadlines. On 21 November 2019, the ECB formally notified the Issuer of its final decision relating to TRIM, setting out 21 findings and two limitations on capital requirements. On 19 December 2019, the Issuer sent to the ECB its plan setting out the relevant remedial actions and implemented the limitations set out in the prudential data.

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

During the period between 26 March 2018 and 26 June 2018, the ECB carried out an on-site inspection relating to the Information Technology risk ("**IT Risk**") of the Group. The inspection report was issued on 20 November 2018 and on 8 July 2019, the Bank received a draft version of the follow-up letter by the ECB from the supervisory authority, highlighting 15 findings and the relevant remedial action. The Bank replied to the letter with a request to postpone certain deadlines. On 22 August 2019, the Bank received the final version of the letter, confirming the contents of the draft version, in which there were reported 15 findings relating to IT security procedures, project management and the effectiveness of control systems. On 31 March 2020, the Bank finalised the implementation of all the remedial actions connected to the findings within the required time by the authority. The Bank is currently implementing activities to improve the IT security profile and the data governance processes.

9.11 Internal model investigation – IMI 40

On 14 June 2018, the ECB formally notified the Bank of its final decision relating to the internal inspection on the models for the calculation of the requirements in relation to the credit risk ended on 4 December 2015, setting out 21 findings. On 11 July 2018, the Issuer sent to the ECB its plan setting out the relevant remedial actions and implemented the limitations set out in the prudential data.

9.12 Inspection activity on the revision of internal model on credit risk (TRIM 3917)

On 27 November 2018, in the context of the revision process of the internal models (TRIM – Targeted Review of Internal Models), the Bank was notified by the ECB of an on-site inspection, starting 21 January 2019, relating to the internal model on credit risk for the Bank and the Group, with respect to the PD, LGD and credit conversion factor parameters on corporate credit exposures and others. The inspections were carried out from 21 January 2019 to 29 March 2019. On 10 May 2021, the Bank received from the ECB the final decision authorising the Bank to continue using its internal models to calculate capital requirements for the portfolios in scope of the inspection. The decision reports ten findings and the related recommendations and obligations to be fulfilled by the stated deadlines. On 31 May 2021, the Bank submitted the remedial plan explaining how intends to ensure compliance with the obligations, in accordance with the recommendations set out in the decision. Most of the remedial actions have already been put in place and submitted to ECB for approval on 9 November 2021, as part of a model change application.

9.13 Inspection activity on internal governance (Deep Dive Internal Governance)

During the years 2018 – 2019, the ECB carried out an off-site inspection (deep dive) on internal governance with a specific focus on the functioning of the management body. On 31 August 2020, the Bank received the follow up letter. Compared to the conclusions derived from the thematic review on governance carried out in 2015, the Joint Supervisory Team noted some progress. Nevertheless, the authority set out five findings, related to the board's ability to provide effective oversight to the management function, and to critically challenge and review proposals and information provided to it, as already stated in the SREP Decision for the year ending 31 December 2018 ("**2019 SREP Decision**").

The Bank's Board of Directors reviewed and discussed the contents of the above mentioned letter, adopting a series of measures and behaviours on the basis of the recommendations set out thereunder, designed to mitigate the shortcomings identified in the Board's conduct as well as certain organisational aspects.

9.14 Inspection activity on legal risk (OSI 4125)

During the period between 28 January and 26 April 2019, an on-site inspection was carried out at the Bank's and the Group's premises. Such inspection was related to the legal risks within the context of the management of operational risk and mainly focused on (i) the scope of legal risks, processes and procedures for their prevention, management and monitoring; (ii) assessment of legal risks arising from inappropriate practices with respect to relations with customers and marketing and in relation to the business activity in general; (iii) the process of allocations for risks and charges with respect to legal proceedings and claims for

compensation; and (iv) the level of reporting to, and involvement of, the Board of Directors on legal risks, with particular reference to litigation and legal proceedings.

The subject matter of the inspection did not expressly include the assessment of individual cases and the adequacy of provisions in relation to the existing legal risks.

In August 2019 the Bank received the draft inspection report setting out certain significant procedural findings relating, *inter alia*, to (a) an unsatisfactory supervision by the board of directors of the legal risk and of the relevant risk management; (b) deficiencies and weaknesses in the overall organisational profiles and in certain management activities, monitoring, data supply, line controls and internal reporting as part of certain phases of the process concerning the Bank's litigation and related internal procedures; (c) the need to supplement the Bank's risk appetite statement with a number of granular indicators suitable for monitoring the exposure to legal risk in terms of the *petitum*, provisions and losses; (d) certain critical issues and shortcomings of a procedural nature regarding the definition of provisions relating to ordinary and extraordinary proceedings concerning the 2008-2011 capital increases and the securities subject to Burden Sharing; (e) the need to define guidelines in the governance of the sanction procedures notified to the Bank during the period 2012-2015; and (f) certain shortcomings relating to internal audit activities.

After a careful analysis of the findings, the Bank formulated its counterclaims in an articulated manner by targeting each finding and highlighting its disagreement with certain positions adopted during the inspection by the supervisory authority on such matters; in particular, the Bank pointed out the considerable commitment of the Board of Directors in the management and assessment of legal risk, both from a quantitative and qualitative perspective, in order to highlight the extensive activity of guidance carried out on numerous important legal and litigation issues submitted to the attention of the Board of Directors, all in close coordination with the accounting authority.

With regard to the critical issues raised in relation to the allocation of provisions processes, the Bank has pointed out that the findings do not take into account the Bank's extensive activity relating to the evaluation of the various scenarios of extraordinary proceedings which, with the help of primary level independent experts, financial lawyers and accountants, have resulted in the development of guidelines for the definition of the procedures relating to the assessment of legal and litigation risks and for the allocation of provisions for risks and charges, which, moreover, were one of the key aspects of the auditing activities (the so-called "Key Audit Matters" or "KAM") as well as one of the most significant aspects in the context of the audit of the consolidated financial statements as described in the auditors' report on the Bank's consolidated financial statements as at 31 December 2017 and 31 December 2018.

With regard to the other findings, in respect of which the shortcomings highlighted are mainly of a procedural nature, the Bank provided in response certain preliminary information in order to provide the supervisory authority with a broader view of the current situation compared to what was found during the inspection.

Following the inspection, the Bank is having a discussion with BCE on the actual remedial actions to be planned and implemented in the future.

On 7 May 2020, the Bank received the follow-up letter, bearing indications referring to the recommendations and deadlines related to the findings; the Bank completed the remedial actions plan by 30 June 2021, within the time required by the authority.

9.15 Inspection activity on interest rate risk inspection (OSI 3834)

During the period between 26 June and 27 September 2019, the ECB conducted an on-site inspection regarding the interest rate risk of the Group.

On 12 February 2020 the Bank received the final report of the inspection setting out six findings that related mainly to the interest rate management process and to the quantification methodology of that risk. However

none of such findings is deemed as "Rank 4 – Very High Impact".

On 22 October 2021 ECB sent the follow-up letter, aimed at explaining its expectations in order to remediate the six findings detected during the on-site inspection.

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

During the period between 18 October 2019 and 23 January 2020, the ECB conducted an on-site inspection on the liquidity allocation and internal funds' transfer pricing. On 16 September 2020, the ECB sent the inspection report setting out ten findings, generally relating to the liquidity risk measurement, the data quality checks on the liquidity risk measurement and the funds transfer pricing ("**FTP**") framework. On 16 November 2021, the Bank received the follow up letter, explaining the expectations of the ECB as to the remediation of the weaknesses detected during the on-site inspection, as described in the relevant report.

9.17 Inspection activities relating to the revision of the internal models on credit risk (Internal Model Investigation IMI 4357 IMI 5258)

During the months of August and October 2019 the ECB started in conjunction two inspections, one off-site (IMI 5258) and the other on-site (IMI 4357), for approving the application submitted by the Bank on material model changes to its approach for the calculation of own funds requirements. The inspections ended in December 2019.

On 10 May 2021, the Bank received from the ECB the final decision in respect to both IMI 4357 and IMI 5258 granting permission to implement previously applied for material changes. The decision reports 26 findings and related recommendations and obligations, to be fulfilled by the stated deadlines. Until the completion of the obligations, the Bank is required to apply appropriate limitations.

On 31 May 2021, the Bank submitted the remedial plan, explaining how it intends to ensure compliance with the obligations, in accordance with the recommendations set out in the decision.

Most of the remedial actions have already been put in place and submitted to ECB for approval on 9 November 2021, as part of a model change application.

9.18 Bank of Italy on-site inspection ECAF\IRB systems

On 13 November 2019, the Bank of Italy reported the result "*In Prevalenza Soddisfacente*" of its inspection on "*Utilizzo del sistema IRB di Banca MPS in ambito ECAF*" that was carried out during the period 21-23 May 2019.

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

On 16 January 2020, in accordance with the Supervisory Examination Programme for 2020, the ECB announced an on-site inspection with the purpose of assessing the Internal Governance and Risk Management of the Bank. The inspection started on 11 February 2020 but was interrupted in April 2020. On 7 September 2021 the Bank received the related draft follow-up letter which identified four points of concerns and their respective recommendations: two of them relate to the perimeter of the Compliance Function's activity and the other two relate to the methodology of auditing.

9.20 Inspection activity on credit lending process (OSI 4888)

On 12 February 2020, in accordance with the Supervisory Examination Programme for 2020, the ECB announced an on-site inspection with the purpose of assessing the credit lending process, underwriting standards and delegations. The starting date of the inspection has not been confirmed yet.

9.21 Inspection activity relating to the new definition of default "DoD" (Internal Model Investigation IMI 4857)

During the period between November 2020 and January 2021, the ECB conducted an internal model investigation ("**IMI**") focused on a new DoD application package submitted by the Bank. On 22 July 2021, the Bank received from the ECB the decision on permission to apply material changes to the definition of default ("**DoD**") used in the Internal Ratings Based approach for calculating own funds requirements for credit risk, related to the portfolios in scope of the inspection. The decision reports 18 findings and related recommendations and obligations to be fulfilled by the stated deadlines; on 20 August 2021, the Bank submitted to the ECB the remediation plan regarding the obligations of the decision.

9.22 Targeted review of accommodation and food service sector

On 11 January 2021, in the context of the information required to measure credit risks over the pandemic period, the ECB started a targeted review to better understand the Bank's credit risk management approach for the sector "Accommodation and Food Services" and to carry out relevant peer benchmarking. Any follow up will be part of the regular supervisory engagement with the Bank.

9.23 Operational Act on Liquidity Risk Control and ILAAP

On 30 August 2021, the Joint Supervisory Team communicated two findings detected in the broader assessment of the Bank's liquidity adequacy, for the purposes of the SREP Decision: one regarding the update of the policy framework and the other requiring to be updated on the remediation of a shortcoming detected by the internal validation function.

9.24 Supervisory assessment of the self-assessment and implementation plans for climate related and environmental risks

On 30 September 2021 the Bank received the outcome of the ECB's supervisory assessment of the self-assessment and implementation plan for climate related and environmental risks. The ECB requested BMPS to address certain shortcomings related to risk's identification and measurement process and the robustness and operationalization of such implementation plan.

10. Legal Proceedings

10.1 Judicial and arbitration proceedings

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

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

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

corporate liability lawsuits brought by the Bank against the Chairman of the Board of Directors and the General Manager in office at the time of events and suits for damages against Nomura and Deutsche Bank in connection with the restructuring of the "Alexandria" notes and the "Santorini" transaction, respectively.

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

As at 31 December 2020, 1,292 complaints have been filed relating to capital increase transactions, the allegedly inaccurate disclosure contained in prospectuses and/or financial statements and/or price sensitive information disseminated by BMPS from 2008 to 2011, for total amounts claimed equal to Euro 4.2 billion (rounded), where quantified, aimed at obtaining the restitution of invested amounts and/or compensation for monetary and non-monetary damages consequent to the alleged losses incurred. These claims – brought individually or collectively – although naturally heterogeneous, are mostly justified by generic references to the Bank's alleged violation of the industry legislation governing disclosure and, therefore, were rejected by the Bank in that they were considered generic, unfounded, not backed by suitable documentary evidence, and in some cases past the statute of limitations.

Another 2,037 out-of-court claims relating to the share capital increases in 2014-2015 must be added to the ones indicated above, for a claim amount of Euro 684 million (rounded) (Euro 491.5 million considering only the plaintiffs who did not file civil suits).

The grand total amount claimed as at 31 December 2020 is therefore Euro 4.7 billion (rounded).

On 31 December 2020, the following legal disputes and out-of-court claims were pending:

- legal disputes with a *petitum*, where quantified, of Euro 5.1 billion (rounded). In particular:
  - Euro 2.5 billion (rounded) in claims regarding disputes for which there is a "probable" risk of losing the case, for which provisions of Euro 1.0 billion (rounded) have been allocated;
  - Euro 0.6 billion (rounded) in claims attributable to disputes for which there is a "possible" risk of losing the case;
  - Euro 1.9 billion (rounded) in claims attributable to the remaining disputes, for which there is a "remote" risk of losing the case;
- out-of-court claims totalling, where quantified, Euro 4.9 billion (rounded). In particular:
  - Euro 4.9 billion (rounded) in claims for which there is a "probable" risk of losing the case;
  - Euro 0.02 billion (rounded) in claims for which there is a "possible" risk of losing the case.

On 31 December 2020, the overall *petitum* in relation to disputes and out–of-court claims related to financial information distributed in the 2008-2015 period, amounted to Euro 5.7 billion (rounded). Specifically Euro 0.98 billion (rounded) of the civil proceedings related to the suits brought by the shareholders in the context of 2008, 2011, 2014 and 2015 capital increases, of which Euro 0.31 billion requested by civil claimants, where quantified, related to the criminal proceedings no. 29634/14 and no. 955/16 which the Issuer is part of (for further information, please see the section titled "*Legal Proceedings*", respectively under paragraph 10.2.5 "*Disputes deriving from ordinary business*" and letter a) "*Civil actions instituted by shareholders in the context of the 2008, 2011, 2014 and 2015 capital increases*" of paragraph 10.2.3 "*Civil Proceedings*" of the section *Banca Monte dei Paschi di Siena S.p.A.* of this Base Prospectus and paragraph "*Main types of legal, employment and tax risks*" of the 2020 Consolidated Financial Statements, paragraph "*Main types of legal, employment and tax risks*" of the 2021 Consolidated Half-Yearly Report and paragraph "*Main types of legal, employment and tax risks*" of the Consolidated Interim Report as at 30 September 2021), and Euro

4.7 billion (rounded) in relation to extra-judicial claims received by the Issuer in relation to such capital increases. The increase related to extra-judicial claims compared to 31 December 2019 can be attributed to additional out-of-court claims received from Fondazione MPS for Euro 3.8 billion (rounded) (for further information, please see paragraph "*Main types of legal, employment and tax risks*" of the 2020 Consolidated Financial Statements, paragraph "*Main types of legal, employment and tax risks*" of the 2021 Consolidated Half-Yearly Report and paragraph "*Main types of legal, employment and tax risks*" of the Consolidated Interim Report as at 30 September 2021).

The overall *petitum* for tax proceedings of the Group is equal to Euro 86.0 million (rounded) (of which Euro 80.0 million relating to the Bank) while the overall *petitum* relating to the passive labour proceedings is equal to Euro 75.0 million (including the labour proceedings brought by certain employees of Fruendo S.r.l.) almost entirely relating to the Bank.

As of 31 December 2020, the *petitum* for disputes arising from Burden Sharing, is equal to Euro 49.9 (rounded) million for which provisions for risks of Euro 29.6 million (rounded) have been set aside and included in the Bank's judicial proceedings relating to investment service activities. In such proceedings the relevant plaintiffs are claiming the violation of the general principles set forth by the Consolidated Finance Act and the general principles of correctness, transparency and duty of care with respect to the sale of such securities.

In light of the estimates made on the risk of adverse outcome in the aforementioned proceedings, as at 31 December 2020, provisions for "legal and tax disputes" included under the item "provision for risks and charges", amount to Euro 971.9 million (rounded), comprising claw-backs of Euro 26.1 million (rounded), legal disputes of Euro 928.6 million (rounded) and tax disputes for Euro 17.2 million (rounded). Furthermore, as at the same date, in addition to the above, the "provision for risks and charges" includes labour disputes (both passive and active) for Euro 47.2 million (rounded).

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

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

The estimate of liabilities is based on the information available from time to time and implies in any case, several uncertain factors characterising the different judicial proceedings, and multiple and significant evaluation elements. In particular, it is sometimes not possible to produce a reliable estimate as an example and without limitation in case of proceedings that have not been instituted, in case of possible cross-claims or in the presence of uncertainties in law or in fact such as to make any estimate unreliable. In particular, for further information relating to the methodology used to account allocations into the "provision for risks and charges" with respect to civil and criminal legal proceedings, including threatened litigations, relating to the purchase of securities issued in connection with the capital increase transactions of 2008, 2011, 2014 and 2015, and/or in connection with trading activities based on the allegedly inaccurate disclosure contained in prospectuses and/or financial statements and/or price sensitive information disseminated by BMPS from 2008 to 2015, reference is made to the press release published on the Bank's website at https://www.gruppomps.it/media-e-news/comunicati/comunicato-stampa-20181228.html on 28 December 2018, which is incorporated by reference into this Base Prospectus.

Accordingly, although the Bank believes that the overall "provision for risks and charges" posted in the Financial Statement should be considered adequate in respect of the liabilities potentially consequent to negative impacts, if any, of the aforementioned disputes, it may occur that the provision, if any, may be insufficient to fully cover the charges, expenses, sanctions and compensation and restitution requests associated with the pending proceedings or that the Group may in the future be called to satisfy compensation

and restitution costs and obligations not covered by provisions, with potential negative impact on the business and the economic, capital and/or financial condition of the Bank and/or the Group.

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

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

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

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

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

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

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

10.2.1 Criminal investigations and proceedings

(A) "FRESH 2008", "Alexandria", "Santorini", "Chianti Classico" transactions – criminal proceedings before the Courts of Milan (Proceedings no. 29634/14)

With reference to the criminal proceedings in relation to the "Alexandria" transaction, after the service of the order of closing of the preliminary investigation, the Office of the Public Prosecutor's office at the Courts of Milan sought the committal for trial of the former top management of the parent company and two members of the management of Nomura for false corporate disclosures and market manipulation. Note that the criminally liable conduct ascribed to the various parties under investigations refer to the financial statements closed on 31 December in 2009, 2010, 2011 and 2012, and to the balance sheet as at 31 March 2012, 30 June 2012, and 30 September 2012.

As regards the offences allegedly committed by the above-mentioned individuals, the Prosecuting Attorney also sought the committal for trial of the Bank and Nomura in relation to the administrative offences pursuant to Legislative Decree 231/2001.

In March 2016 this proceeding was combined with the other legal action pending before the Court of Milan in relation to the investigations concerning the Santorini, FRESH 2008 and Chianti Classico transactions.

By an order of 13 May 2016, the Preliminary Hearing Judge (in Italian, the "GUP") authorized the lodging and admissibility of the claims for damages of the offended parties against the entities already involved in the proceedings as defendants pursuant to Legislative Decree 231/2001.

On 2 July 2016, with the approval of the Public Prosecutor, the Bank filed a request for plea bargaining in the criminal proceedings, in relation to the objections made against the Bank in accordance with Legislative Decree 231/2001.

After the request for plea bargaining, the Bank's position was closed. With the plea bargain, accepted by the Preliminary Hearing Judge on 14 October 2016, the Bank exits the proceedings as defendant in the administrative offence following crimes committed by its own former executives, limiting the consequences to an administrative financial penalty of Euro 0.6 million and a confiscation, for Euro 10 million, without exposing itself to the risk of higher penalties.

Lastly, with regard to the above, on 1 October 2016 the Preliminary Hearing Judge ordered the committal for trial of the defendants other than the Bank. At the hearing on 15 December 2016, the civil parties, those already admitted in the previous "Alexandria" proceedings as well as the new civil parties, requested that the Bank, Nomura and Deutsche Bank be summoned as civilly liable parties in relation to the offences with which the former directors and executives committed for trial were charged.

Following an extensive closed session meeting, the Court summoned the banks as civilly liable parties, providing the notification deadline to the parties of 10 January 2017, allowing for the completion of notifications at the latest by 31 January 2017 and scheduling the hearing for 21 February 2017.

At the hearing on 21 February 2017, the Bank appeared before the court as a civilly liable party.

During the proceedings, by order of 6 April 2017 the Court of Milan decided on the requests for the exclusion of civil parties submitted by the defence teams of the defendants and the civilly liable parties, excluding several civil parties.

In addition, the claim of damages as a civil party by the Bank with respect to Giuseppe Mussari, Antonio Vigni, Daniele Pirondini and Gian Luca Baldassarri was also excluded on the assumption of its contributory liability with respect to the defendants.

At the hearing on 16 May 2019, once the public prosecutor's indictment was completed, requests for sentencing for nearly all of the defendants were formulated and convictions were requested pursuant to Italian Legislative Decree 231/01, as well as seizures for the two foreign banks involved, Deutsche Bank AG and Nomura International PLC.

At the hearings on 23 and 30 May 2019, the civil parties that summoned the Bank as a civilly liable party formulated their demands for compensation in writing.

The MPS Foundation, which had not cited the Bank as civilly liable, made no direct request to it, but instead formulated demands against the natural person defendants and executives/former executives, as well as the representatives of Nomura.

The Bank of Italy which, like the MPS Foundation, did not summon the Bank as a civilly liable party, asked for the defendants to be sentenced to pay a sum to be settled on an equitable basis.

As regards CONSOB, which summoned the Bank as a civilly liable party, for nearly all damage items it requested a quantification on an equitable basis, except for that relating to supervisory costs quantified as a

total of roughly Euro 749 thousand. The provisional amount is requested alternatively, to the extent of roughly Euro 298 thousand.

At the hearings on 3 June 2019 the lawyer of Banca Monte dei Paschi di Siena as a party bearing civil liability presented arguments; at the subsequent hearings on 6, 13, 17, 20 and 27 June 2019, the lawyers of the defendants presented their arguments.

At the hearings on 4, 11 and 18 July 2019, the lawyers of the other defendants and those of the civilly liable Deutsche Bank presented their arguments.

Furthermore, at the hearing on 18 July 2019, the defence attorneys of some of the civil parties declared on the record that they revoked their actions against the Deutsche and Nomura defendants, as well as the requests for compensation from such banks as civilly liable parties, revocations that were subsequently filed at the next hearings on 11 and 19 September 2019.

At the same hearing on 19 September, 2 civil actions against the defendants, former representatives of the Bank, were revoked, with consequent waivers of the requests for compensation as a civilly liable party, which resulted in a decreased total amount of the claim intended as the sum of the requested monetary and non-monetary damages, from around Euro 191 million to around Euro 137 million.

On 30 September 2019, the discussions of the foreign defendant entities pursuant to Italian Legislative Decree 231/01, Deutsche Bank and Nomura, were concluded.

The trial continued on 31 October 2019 to incorporate possible new revocations of civil party actions, as well as on 8 November, when the final hearing was held.

On 8 November 2019, the Court read the conclusion of the ruling in first instance by convicting all defendant natural persons, and pursuant to Legislative Decree 231/2001, the legal persons of Deutsche Bank AG and Nomura International PLC. The reasons were filed on 12 May 2020.

The Bank, in the capacity of civil liable person (not accused pursuant to Legislative Decree 231/2001 and to a previous agreement) was convicted – jointly with the defendant natural persons and the two foreign banks – and ordered to pay compensation for damages in favour of the civil parties that had entered an appearance, in separate civil proceedings, since the Court rejected the request for allowing an amount on a provisional basis and immediately enforceable, pursuant to art. 539 of the Italian Code of Criminal Procedure.

The Bank filed an appeal before the Court of Appeal of Milan against the first instance sentence, as the civilly liable party, found jointly and severally liable with the defendants. The appeal proceedings started on 2 December 2021.

(B) Proceedings before the Court of Milan no. 955/2016

On 12 May 2017 the committal for trial of the representatives Alessandro Profumo, Viola Fabrizio and Salvadori Paolo was requested within new criminal proceedings before the Court of Milan, in which they were charged with false corporate disclosures (article 2622 of the Italian Civil Code) in relation to the accounting of the "Santorini" and "Alexandria" transactions with reference to the Bank's financial statements, reports and other corporate communications from 31 December 2012 to 31 December 2014 and with reference to the half-yearly report as at 30 June 2015, as well as market manipulation (art. 185 of the Consolidated Law on Finance) in relation to the disclosures to the public concerning the approval of the financial statements and the balance sheets specified above.

In relation to these proceedings, in which the Bank is identified as the injured party, the first hearing was held on 5 July 2017, during which several hundred natural persons and a number of trade associations asked to appear before the court as civil parties. The Preliminary Hearing Judge postponed the proceedings to 29 September 2017 for the deliberation of the requests as well as for consolidation with the proceedings pending

against the Bank, as the defendant entity pursuant to Italian Legislative Decree 231/01 for the same actions with which Mr Profumo, Mr Viola and Mr Salvadori are currently charged. At the hearing on 29 September 2017, 304 of the 337 who requested it were admitted as civil parties. The remaining parties were excluded due to lack of legittimatio ad causam. At the same hearing, the proceedings pending against the Bank, as the party liable under administrative law, were joined with those pending against the natural persons. Therefore, the Judge admitted the summons of the Bank as a civilly liable party and adjourned the proceedings to the hearings of 10 November 2017 and 24 November 2017 to allow for the service of the related notifications.

At the hearing on 10 November 2017, the defence attorney of Mr Salvadori objected on the basis of the alleged nullity of the committal for trial request against his client as the compulsory charge against the client should have been formulated only for the offence pursuant to art. 2622 of the Italian Civil Code and not also for that pursuant to art. 185 of the Consolidated Law on Finance. In connection with this issue, this defence attorney also objected on the grounds of the Milan A.G.'s lack of jurisdiction.

At the hearing on 24 November 2017, the Preliminary Hearing Judge handed down an order:

- declaring the nullity of the request for committal for trial with respect to Mr Salvadori;

- ordering the separation of the relative position from the main proceedings (pending against Mr Viola and Mr Profumo, as well as the Bank) with reference to the section relating to the alleged offence pursuant to art. 185 of the Consolidated Law on Finance; and

- reserving any decision concerning issues of jurisdiction until such time as the public prosecutor makes his own determinations in this regard.

The Public Prosecutor then served the notice of conclusion of the investigations to Mr. Salvadori for the offence pursuant to art. 185 TUF and filed the (new) request for committal for trial against Mr. Salvadori for said offence and, finally, requested the (new) preliminary hearing (again for the crime of market manipulation).

At the hearing on 9 February 2018, the Preliminary Hearing Judge acknowledged the filing in the meantime of:

- the ultimate Bank's defence brief concerning jurisdiction;

- the documents submitted by the defence attorney of Mr Viola and Mr Profumo;

- the briefs of Mr Bivona and Mr Falaschi; as well as

- a request for an order for attachment submitted by the latter against Mr Viola and Mr Profumo.

After which time, the Preliminary Hearing Judge convened the proceedings against Mr Salvadori following his removal from the proceedings ordered during the previous hearing with regard to the charge pursuant to art. 185 of the Consolidated Law on Finance.

The civil parties readmitted again requested the summons of Banca MPS as a civilly liable party. Therefore, the Preliminary Hearing Judge adjourned the case - also for the proceedings against Mr Viola and Mr Profumo - to the hearing of 13 March 2018 which was not held by abstention and was therefore postponed to 6 April 2018 for the appearance before the court of the liable party and for the discussion of and decision on the matter of jurisdiction.

Following the formalisation of the appearance before the court by the Bank, the Prosecutor requested the issue of a pronouncement of acquittal because there is no case to answer or because the act does not constitute an offence depending on the charge in question. On the outcome of the hearing, the schedule was updated on 13, 20 and 27 April 2018 for the continuance of discussion and the possible issue of the final ruling of the preliminary hearing.

Following the outcome of the preliminary hearing, the Preliminary Hearing Judge ruled that there were no grounds for a decision not to proceed to judgment and ordered the committal for trial of the defendants, natural persons (Messrs. Viola, Profumo and Salvadori) and Banca MPS (as the defendant entity pursuant to Italian Legislative Decree 231/01). Only Mr Salvadori was found not to be subject to proceedings for the charge pursuant to Article 185 of the Consolidated Law on Finance.

At the hearing of 17 July 2018, 2,243 civil parties joined the lawsuit. Some of these have formally requested the mention of the Bank as a party with civil liability, while most of the defence attorneys only requested the extension of the lawsuit to their clients with regard to the Bank, as a party with civil liabilities already called in the lawsuit. Some civil parties brought a lawsuit to the ultimate Bank as responsible party pursuant to Italian Legislative Decree no. 231/2001. At the outcome, the Court adjourned to the hearings of 16 October and 6, 13 and 19 November 2018. Only the preliminary questions relating to the civil parties joining the lawsuit were heard at the hearing of 16 October 2018.

On 16 October 2018, the hearing for discussion of the civil parties joining the lawsuit was regularly held, as per the last hearing of 17 July 2018, with the addition of another 165 civil parties. The defendants and the Bank pleaded that the latter were late. At the hearing of 6 November 2018, the Board, upon the lifting of the reservation, ordered the exclusion of some civil parties, which consequently amounted to 2,272 (349 of which had quantified the alleged damages), and the extension of the cross-examination between the ultimate Bank/undertaking and the new civil parties admitted, without further formalities and rejecting the request for summons by CONSOB, the Bank of Italy and EY S.p.A. as civilly liable parties.

At the hearing of 19 November 2018, the Court rejected by order the objections relating to the issue of lack of territorial jurisdiction previously raised by the defence. Consequently, the proceedings were declared open and the hearing was scheduled for 18 March 2019, with reservation of the decision on the request for an order of attachment against Mr Profumo and Mr Viola, submitted by a number of parties. The reserve was lifted with a decision dated 3 December 2018, through which the Court rejected the request for an order of attachment against the aforementioned executives.

At the hearing on 16 June 2020, following the indictment, the representatives of the Public Prosecutor's office requested the acquittal of the defendants.

At the hearing on 9 July 2020, the first hearing began dedicated to the conclusions of the civil parties and at the subsequent hearing on 16 July 2020, the civil parties' discussion phase concluded. The proceedings continued with the discussions of the defendants' attorneys in September 2020.

At the hearing on 15 October 2020, the Court issued a first instance ruling against Viola Fabrizio and Profumo Alessandro for false disclosure in relation to the half-yearly report as at 30 June 2015 and for market manipulation for press releases relating to the approval of the financial statements as at 31 December 2012, 31 December 2013 and 31 December 2014 and the half-yearly report as at 30 June 2015 as well as with respect to Salvadori Paolo for the sole offence of false disclosure in relation to the half-yearly report as at 30 June 2015. Again with regard to the offence of false disclosure, it was instead ruled that the case could not proceed with respect to the financial statements as at 31 December 2012 as the statute of limitations had been reached and all defendants were acquitted because there was no case to answer in relation to the financial statements as at 31 December 2013 and 31 December 2014.

The Bank was declared liable for the administrative offences pursuant to Legislative Decree 231/01 and ordered to pay an administrative fine of Euro 800,000.00, and a provision for this amount was made in the risk provision.

The Bank, also in its capacity as civilly liable party, was also ordered jointly and severally with the defendants to provide compensation for damages to the civil parties admitted, to be settled in a separate civil case, as well as the payment of procedural expenses.

The claim, where determined, amounts, as at 31 December 2020, with reference to the proceedings in question, to approximately Euro 177 million, (higher than the figure as at 31 December 2019 due to the written conclusions submitted at the hearings of 9 and 16 July 2020, with which the civil parties have laid

out their claims for compensation or quantified the claims, where not previously quantified).

The grounds for the decision issued on 15 October 2020 were filed on 7 April 2021.

As already set out in the operative part of the judgment, the grounds for decision confirmed that 100 civilly liable parties have been excluded from the criminal proceedings.

The Bank, in its capacity as a civilly liable party, was convicted jointly with the defendants, and as a person liable for the administrative offence as per Legislative Decree 231/2001, lodged an Appeal with the Court of Appeal of Milan against the first instance judgment.

(C) Investigations on the 2012, 2013, 2014 financial statements and the 2015 half-year report with reference to "non-performing loans"

In relation to criminal proceedings no. 955/16, in 2019, the Bank was involved, as the party bearing administrative liability pursuant to Italian Legislative Decree no. 231/2001, with reference to an allegation pursuant to art. 2622 of the Italian Civil Code concerning the 2012, 2013 and 2014 financial statements and the 2015 half-yearly report formulated with reference to an alleged overvaluation of non-performing loans.

On 25 July 2019, the Preliminary Investigations Judge of the Court of Milan ruled, on one hand, to dismiss the proceedings against the Bank, as a party liable pursuant to Legislative Decree no. 231/2001, but on the other hand, ordered the continuation of the investigations of the defendant natural persons (chairman of the Board of Directors, CEO and pro-tempore Chairman of the Board of Statutory Auditors) thus rejecting the request for dismissal presented by the public prosecutor and also supported by an expert witness report assigned by the Attorney General's office.

Currently, the investigations are being carried out in the form of an evidence gathering procedure for which the Preliminary Investigations Judge has appointed two experts that have recently delivered their report.

The Bank has acknowledged the content of the report and will follow the developments of the proceedings with the greatest attention, also in order to evaluate possible effects on the civil disputes already pending whose subject matter substantially overlaps with the facts described in the report.

The proceedings – even though dismissed as regards the Bank as an administrative liable party – continue to be important for the Bank due to the very likely recognised liability for damages that the credit institution would be called on to assume, should criminal proceedings be initiated.

10.2.2 Corporate liability actions brought by the Bank for the "Alexandria" and "Santorini" transactions

On 28 February 2013, the Bank, in view of its passive involvement in the criminal proceedings described in paragraph 10.2.1 "*Criminal investigations and proceedings*" of the section *Banca Monte dei Paschi di Siena S.p.A.* of this Base Prospectus, resolved to initiate liability actions against the previous top management, aimed at protecting the Bank, its assets and its image.

The decision to initiate the aforementioned corporate liability actions, asserting in court even the non-contractual liability of the investment banks Nomura and Deutsche Bank, was taken by considering the opportunity to convene, in a single context, both the former members of the Bank who had carried out or participated in carrying out the aforementioned financial transactions, and the two counterparties banks for having participated in the failures and/or unlawful acts carried out by the aforementioned members of the Bank. This is without prejudice to other remedies.

The first action has been finally dismissed in accordance with art. 75 of the Italian Code of Criminal Procedure.

By writ of summons served on 15 November 2017, BMPS started a new action seeking a declaration of the

non-compliant and in any event unlawful conducts of the former Management, for carrying out, or participating in carrying out, the above mentioned financial transactions performed with Nomura, causing severe damage to the Bank. BMPS asked that the defendants be jointly sentenced to pay for the damage arising from the aforementioned financial transactions, quantified in an amount not lower than Euro 426.35 million.

The action is currently pending at the evidence gathering stage, and a hearing has been scheduled for 10 July 2021 to discuss the Court Technical Expert's report (CTU).

Initiative Promoted by the Monte dei Paschi di Siena Foundation ("Fondazione MPS")

On 31 July 2020, the Fondazione MPS sent three letters of formal notice to the Bank regarding three different issues that can be summarized as follows in reverse chronological order:

(i) the letter relating to the 2014 and 2015 share capital increases - and, in particular, the alleged incorrect accounting of the Santorini and Alexandria transactions in the 2012-2015 period - by which the Bank is requested to pay compensation for damages of no less than Euro 171 million approximately;

(ii) the letter concerning the 2011 share capital increase - referring to the issues identified in the context of proceeding No. 29634/14, relating to the alleged incorrect accounting of the Santorini and Alexandria transactions in the period 2008-2012 - with which damages are requested from the Bank for a total of Euro 496.4 million, Euro 93.9 million for reputational damage;

(iii) the third and final letter refers to the acquisition of Banca Antonveneta resolved in November 2007 and completed the following year upon completion of the authorization process by the Bank of Italy, as well as disclosure errors and accounting errors relating to the FRESH transaction. This letter demands compensation for a loss resulting from the participation in the 2008 capital increase (Euro 2,667 million for the option component, to which Euro 366 million must be added for the reserved share capital increase component). The letter also demands compensation for damages (not yet quantified) resulting from having subscribed the 2011 capital increase based on false information on the FRESH transaction.

With respect to these initiatives, which overall result in a claim for damages totalling Euro 3.8 billion, the Bank expresses a critical position. In addition to a series of preliminary findings (including the expiry of the statute of limitations with regard to the most remote events), there are a number of arguments on a 'substantive' level that can be opposed to the requests of the Fondazione. Among these, by way of example only, the following should be noted:

a. Fondazione MPS at the time of the events held approx. 49% of the Bank's ordinary capital and appointed half of the members of the Board of Directors. Fondazione MPS was therefore the majority shareholder of BMPS and was able to guide its decisions, especially the strategic ones;

b. with reference to the Antonveneta transaction and the financial transactions carried out to obtain the necessary funding, Fondazione MPS (which had never in the past formulated objections or reservations with respect to BMPS), according to what has emerged from documents acquired as part of the proceedings pursuant to art. 2395 of the Italian Civil Code, promoted by the same entity, has already initiated a series of actions (incompatible with the objections made to BMPS) aimed at challenging the liability of the members of its Board of Directors, as well as of the lending banks and its advisors (in the latter case without obtaining satisfaction, since, on the contrary, it was established that the Fondazione MPS had unreservedly agreed to the strategic decision to acquire Banca Antonveneta). These initiatives are also relevant in terms of the connection between the conduct currently charged to the Bank and the damage suffered by the Fondazione;

c. the key role of Fondazione MPS, in the context of the acquisition of Banca Antonveneta, also has been brought to light at the case law level, as can also be seen by reading the grounds of judgment 29634/14, which devotes an entire paragraph to the role of the Fondazione.

Therefore, the Bank reserves the right to take action against Fondazione MPS to protect its assets.

On 21 July 2021, the Bank and the Fondazione MPS reached a preliminary agreement approved by the BMPS' Board of Directors on 5 August 2021, on out-of-court claims that may be summarised as referring

to the Banca Antonveneta acquisition, the 2011 capital increase and the 2014-2015 capital increases. Such agreement was finalised on 7 October 2021 and provides for a final settlement of any pending dispute, in addition to the payment of Euro 150 million and a commitment to enhance the Bank's artistic heritage. As a result of this agreement BMPS will be able to reduce the claims for compensation, which were equal to Euro 3.8 billion. On 19 October 2021, in execution of the aforementioned agreement, BMPS paid the sum of Euro 150 million to Fondazione MPS. The final completion of the transaction will reduce the total amount of "legal risk" by Euro 3.8 billion.

Fondazione MPS, "Alexandria" transaction

Fondazione MPS has brought legal proceedings against the attorney Mr Mussari, Mr Vigni and Mr Nomura, based on their alleged liability pursuant to article 2395 of the Italian Civil Code for the direct damage suffered by MPS following the subscription of a share capital increase of the Bank, resolved on in 2011, at a price different from the one that should have been correctly subscribed if the "Alexandria" restructuring had been duly represented in the Financial Statements of the Bank. Subsequently, it has petitioned for the conviction of the liable parties with an order to pay Euro 268.8 million for a financial loss and Euro 46.4 million for non-financial damages, subsequently reduced to Euro 230.3 million.

In this judgement, Mr Vigni was authorised to take action against the Bank because of an indemnity obligation (with respect to third parties claims) allegedly undertaken by the latter towards him within the consensual termination of his executive position; Mussari was authorised to take action against the Bank as the liable party, pursuant to article 2049 of the Italian Civil Code, due to some executives allegedly liable for the transaction carried out with Nomura. The Bank later received a writ of summons in its capacity as a third party called on by the aforementioned defendants independently promoted by Fondazione MPS and has entered an appearance disputing the claims filed against it. In addition, in a subsequent authorised pleading, Nomura broadened its claims against the Bank, asking to determine the share of liability attributable to the latter and to be kept harmless from it based on its share of liability exceeding the one attributed thereto. However, the settlement agreement entered into by the Bank and Nomura on 23 September 2015 provides, inter alia, that this claim is withdrawn. Mr Vigni has waived the legal actions brought against the Bank following a plea of lack of jurisdiction of the Court of Florence, whereas the action under the right of recourse/indemnity from the attorney Mussari continued against the Bank. Subsequent to the technical expert opinion formally obtained, the case was adjourned to the hearing on 20 September 2021 for the oral arguments.

In this regard, it should be noted that the expert witnesses have recognized only the "damage from unveiling of the truth" and the reputational damage, excluding that the Fondazione MPS is also entitled to "damage from subscription" (and also excluding any compensation for loss of profit). Therefore, the expert witnesses have estimated the "damage from unveiling of the truth" incurred by Fondazione MPS at Euro 52.8 million and the reputational damage at approximately Euro 8 million, for a total of approximately Euro 60.8 million, against an initial claim of Euro 320 million, later reduced, in the concluding arguments, to approximately Euro 230 million. However, it should be noted that the agreement finalised with the Fondazione on 7 September 2021 provides for the specific waiver of any reciprocal claim for compensation made against the Bank. Therefore the judgment is declared extinct.

(A) Corporate liability action brought in relation to the "Santorini" transaction

The action was brought: (i) pursuant to article 2392, 2393 and 2396 of the Italian Civil Code against the former general manager, Antonio Vigni, and (ii) pursuant to article 2043 of the Italian Civil Code against Deutsche Bank for complicity in the non-fulfilments and/or offences attributable to Antonio Vigni. The Bank requested a joint conviction of the defendants for an amount not lower than Euro 500 million, then better specified during the trial.

In regard to Deutsche Bank, a settlement agreement was reached that limited its liability. In this action, the Bank specified that, as a result of the transaction with Deutsche Bank, it obtained an economic benefit of

Euro 221 million, and subsequently asked the judge to take such amount into account when determining the quantum of the damages due by the defendant Antonio Vigni compared to the overall damage incurred thereby, subject to prior determination of the liability share ascribable in abstract to Deutsche Bank.

Therefore, other than such agreement, the liability action brought against Antonio Vigni as well as any other claim against other parties jointly liable with reference to the "Santorini" transaction remained unaffected. The latter proceeding ended in the first instance with Antonio Vigni convicted and ordered to pay compensation for pecuniary damage in favour of the Bank based on the judgment of the appeal on 9 January 2018. This judgment ruled that Euro 50 million plus burdens provided by law had to be paid.

The ex-General Manager appealed against the implementation of the ruling of the Court of Appeal, which was also appealed before the Supreme Court and the Court, with a ruling dated 22 June 2020, rejected the appeal.

10.2.3 Civil Proceedings

(A) Civil actions instituted by shareholders in the context of the 2008, 2011, 2014 and 2015 capital increases

It should be noted that certain investors/shareholders of the Bank have started proceedings aimed at obtaining compensation for damages incurred as a result of the alleged inaccurate disclosure given by the Bank in the context of the 2008, 2011, 2014 and 2015 capital increase transactions as well as the alleged inaccuracy of the price sensitive information given between 2008 to 2015.

As at 30 September 2021,1.317 complaints have been filed relating to capital increase transactions, the allegedly inaccurate disclosure contained in prospectuses and/or financial statements and/or price sensitive information disseminated by BMPS from 2008 to 2011, for total amounts claimed equal to Euro 4.2 billion (rounded), where quantified, aimed at obtaining the restitution of invested amounts and/or compensation for monetary and non-monetary damages consequent to the alleged losses incurred.

These claims – brought individually or collectively – although naturally heterogeneous, are mostly justified by generic references to the Bank's alleged violation of the industry legislation governing disclosure and, therefore, were rejected by the Bank in that they were considered generic, unfounded, not backed by suitable documentary evidence, and in some cases past the statute of limitations.

Another 2,567 out-of-court claims relating to the share capital increases in 2014-2015 must be added to the ones indicated above, for a claim amount of Euro 585.5 million (rounded) (Euro 514.3 million considering only the plaintiffs who did not file civil suits).

The grand total amount claimed as at 30 September 2021 is therefore Euro 4.8 billion (rounded).

(i) Legal dispute Banca Monte dei Paschi di Siena S.p.A. / the holders of FRESH 2008

Some holders of FRESH 2008 securities maturing in 2099, with writ of summons served on 19 December 2017, initiated proceedings against the Bank, the company Mitsubishi UFJ Investors Services & Banking Luxembourg SA (which replaced the Bank in issuing the bond loan Banca di New York Mellon Luxembourg), the British company JP Morgan Securities PLC and the American company JP Morgan Chase Bank NA (which entered into a swap agreement with the bond loan issuer) before the Court of Luxembourg to request confirmation of the inapplicability of the Burden Sharing Decree to the holders of FRESH 2008 securities and, as a result, to have it affirmed that such bonds cannot be forcibly converted into shares, as well as that such bonds will continue to remain valid and effective in compliance with the issue terms and conditions, in that they are governed by the laws of Luxembourg. Lastly, to ascertain that MPS has no rights, in the absence of the conversion of the FRESH 2008 securities, to obtain the payment of Euro 49.9 million from JP Morgan in damages for holders of FRESH 2008 securities. The decision on the case was reserved.

In view of completeness it is noted that, following the start of the proceedings in question, the Bank, on 19 April 2018, tabled a dispute before the Court of Milan against JP Morgan Securities Ltd, JP. Morgan Chase Bank n.a. London Branch, as well as the representative of the Fresh 2008 securities holders and Mitsubishi Investors Services & Banking (Luxembourg) Sa to ascertain that the Italian Judge is the only one with jurisdiction and competence to decide on the usufruct contract and the company swap agreement signed by the Bank with the first two defendants in the context of the operation of the share capital increase in 2008. Consequently the Bank asks for: (i) the determination of the ineffectiveness of the usufruct contract and the company swap agreement which anticipate obligations of payment in favour of JP Morgan Securities PLC and JP Morgan Chase Bank Na in relation to the entry into force of Decree 237; (ii) the determination of the intervened ineffectiveness and/or resolution and/or termination of the usufruct contract or, alternatively, (iii) the determination of the intervened resolution of the usufruct contract relating to the capital deficiency event of 30 June 2017. The first hearing was held on 18 December 2018 and the Judge, considering the prejudicial nature of the issue of jurisdiction raised by the defendants, in view of the fact that a dispute is pending before the Luxembourg Court involving the same demand and the same cause, granted the parties terms to reply only to the procedural objections and adjourned the hearing to 16 April 2019 for assessment of the disputed issue. At the next hearing on 2 July 2019, the decision in the case was deferred to a later date. In an order dated 2 December 2019, the Court of Milan ordered the suspension of the proceedings pending a decision by the aforementioned Luxembourg district court. Against this order, the Bank has filed a petition with the Court of Cassation for the referral to a different competent court.

The court has rejected the petition of the Bank with a ruling dated 31 March 2021.

(ii) *Dispute Banca Monte dei Paschi di Siena S.p.A./ Alken Fund Sicav and Alken Luxembourg S.A.*

On 22 November 2017, the counterparties (the "Funds") served a complaint on the Bank, as well as Nomura International, Giuseppe Mussari, Antonio Vigni, Alessandro Profumo, Fabrizio Viola and Paolo Salvadori, before the Court of Milan, requesting that the court confirm and declare: (i) the alleged liability of the Bank pursuant to art. 94) of the Consolidated Law on Finance, as well as for the deeds of defendants Mussari, Vigni, Profumo and Viola pursuant to art. 2935 of the Italian Civil Code due to the offences perpetrated against the plaintiffs; (ii) the alleged liability of defendants Mussari and Vigni in relation to investments made by the Funds in 2012 on the basis of false information; (iii) the alleged liability of defendants Viola, Profumo and Salvadori in relation to investments made by the Funds subsequent to 2012; and (iv) the alleged liability of Nomura pursuant to art. 2043 of the Italian Civil Code and, as a result, order BMPS and Nomura jointly and severally to provide compensation for financial damages equal to Euro 423.9 million for Alken Funds Sicav and Euro 10 million for lower management fees and reputational damage to the management company Alken Luxembourg SA, as well as jointly and severally with Banca MPS and Nomura the defendants Mussari and Vigni for damages resulting from the investments made in 2012, and Viola, Profumo and Salvadori for damages subsequent to 2012. The counterparties also requested that the defendants be ordered to provide compensation for non-financial damages upon confirmation that they were guilty of the offence of providing false corporate disclosures. The Bank duly appeared and set out is defence. In the alternative, for the denied possibility of granting the opposing applications, the Bank applied for recourse against Nomura. The first hearing, initially set for 18 September 2018, was deferred to 11 December 2018, in order to allow discussion between the parties on the transversal issues formulated by a number of defendants. It should be noted that in the judgement, three individuals intervened, separately and independently, claiming damages for a total of approx. Euro 0.7 million. At the hearing of 11 December, the Judge reserved his decision on the preliminary objections raised by the parties. Upon lifting the reservation and accepting the objections raised by all the defendants, the Judge declared Alken's summons null and void, due to failure to specify the dates of the share purchases and the nullity of the powers of attorney, assigning the plaintiffs a deadline of 11 January 2019 to supplement the applications and rectify the defects of the powers of attorney. On the other hand, the Judge considered Alken's claims concerning the alleged incorrect accounting of the claims to be sufficiently specific and rejected the plea of nullity of the acts of intervention. Following the plaintiff's additions, the defendants insisted on the objections of nullity of the summons and powers of attorney. At the end of the discussion on these objections, which took place at the hearing of 30 January 2019, the Judge reserved his decision. Upon lifting the reservation, the Judge - considering that these preliminary questions must be decided together with the merit - granted the preliminary terms pursuant to

art. 183, paragraph six of the Italian Code of Civil Procedure and adjourned the hearing for discussion of the preliminary requests to 2 July 2019. At that hearing, the Bank requested and obtained a deadline of 8 July to object to the demands submitted by an intervener (whose intervention the Bank acknowledged at the hearing), after the parties discussed and illustrated their respective preliminary briefs and the relative petitions. At the end of the discussion, the Judge reserved the right to decide on the preliminary evidence. By order of 24 July 2019, the Judge rejected the request for a court-appointed expert witness submitted by Alken, deeming that the case was ready for a decision considering the subjective characteristics of the plaintiff (professional investor) and the operations of Alken on the BPMS shares (with acquisitions which extended "after October 2014, after 16 December and after 13 May 2016", as reported in the order of 24 July 2019).

At the hearing of 7 July 2020, the Judge rejected Alken's request to refer the case to the preliminary investigation and admitted the new documents produced by Alken (reserving all assessment of their relevance to the panel). With sentence issued on 7 July 2021, the Court of Milan rejected all requests made by Alken, which was ordered to refund the legal costs of the Bank. The claim of a single intervener was accepted for an amount approximately equal to Euro 47,500.00. Pending the deadline for the appeal, negotiations between the parties are underway in order to find a way to settle the dispute.

(iii) *Dispute York and York Luxembourg funds / BMPS, Alessandro Profumo, Fabrizio Viola, Paolo Salvadori and Nomura International plc*

On 11 March 2019, the York Funds and York Luxembourg served a writ of summons to the Bank's registered office, bringing an action before the Court of Milan (Section specialised in corporate matters) against Banca MPS Spa, Messrs. Alessandro Profumo, Fabrizio Viola, Paolo Salvadori as well as Nomura International PLC, ordering the defendants, jointly and severally, to pay damages amounting to a total of Euro 186.7 million and - subject to an incidental finding that the offence of false corporate communications has been committed - to compensation for non-monetary damages to be paid on an equitable basis, pursuant to art. 1226 of the Italian Civil Code, plus interest, revaluation, interest pursuant to art. 1284, para. IV of the Italian Civil Code, and compound interest pursuant to art. 1283 of the Italian Civil Code.

The plaintiffs' claim is based on alleged losses incurred as part of its investment transactions in MPS totalling Euro 520.30 million, carried out through the purchase of shares (investment of Euro 41.4 million by York Luxembourg) and derivative instruments (investment of Euro 478.9 million by York Funds). The plaintiffs quantified their comprehensive losses at Euro 186.7 million.

The investment transactions challenged began in March 2014, when Messrs. Fabrizio Viola and Alessandro Profumo held the offices of CEO and Chairman, respectively, of Banca MPS Spa. The plaintiffs charge alleged unlawful behaviour by top management of the Bank in falsifying the financial representation in financial statements, substantially modifying the assumptions used in measurements of financial instruments issued by the Bank.

The first hearing, initially scheduled for 29 January 2020, was deferred to 4 February 2020. The Bank duly appeared before the court. On 3 February 2020, a voluntary intervention pursuant to art. 105, paragraph 1 of the Italian Code of Civil Procedure was filed, whereby the intervener demanded compensation for the full loss of its investment equal to Euro 14 thousand, made in the course of 2014 in equity securities. The Judge ordered the separation of the case introduced by the intervener. The main proceedings were adjourned to 1 March 2022; negotiations between the parties continue in order to find a way to settle the dispute.

(iv) *Banca Monte dei Paschi di Siena S.p.A./Caputo + 25 other names*

On 4 December 2020, Giuseppe Caputo + 25 other names sued the Bank before the Court of Milan to challenge the investments made by them in compliance with the share capital increases ordered by the same, or through purchases on the electronic market between 2014 and 2015.

The plaintiffs complain that they have suffered serious damage as a result of the disclosure discrepancy disclosed on the market by the Bank, and also dispute the incorrect accounting of non-performing loans starting from the 2013 financial statements, referring to criminal proceedings 33741/16 underway at the Court of Milan; they also contest the unfair commercial practices put in place by the Bank, the investments in diamonds, a completely unreasonable business plan and non-compliant business organization.

On these grounds, also recalling art. 185 of the Italian Criminal Code, they ask for full compensation for the damage suffered, equal to the entire amount paid for the purchase of MPS shares, with a final quantification of the claim of approximately Euro 25.8 million.

The Bank has duly appeared in the proceedings and the case was adjourned to 7 February 2022.

10.2.4 Disputes relating to securities subject to the Burden Sharing

As of 31 December 2020, the overall *petitum* for such disputes amounted to Euro 49.9 million for which provisions for risks and charges of Euro 29.6 million have been set aside.

It should be highlighted that, for part of the litigation, the plaintiffs are no longer holders of the securities as they sold the securities prior to the entry into force of Decree 237. It should also be noted that the opposing parties' objections are focused on the alleged lack of any notice and/or on the breach of the applicable legislation as in any other "similar" case concerning financial matters commenced against the Bank. Indeed, the plaintiffs claimed misselling occurred, i.e. distributing the above financial instruments in breach of the Consolidated Finance Act (and its implementing regulations), as well as in breach of the general principles of fairness, transparency and diligence.

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Generally speaking, and in application of the provisions of international accounting standard IAS 37, with regard to legal disputes, the civil action filed in the criminal proceedings 29634/14 and out-of-court claims relating to disputes regarding the period 2008-2011, the Bank has assessed from the arising of this first disputes the risk of losing as "probable" and has therefore set aside provisions for risks and charges in the financial statements. The assessments made regarding the risk of losing the case reflect the decision of the Bank itself in March 2013 to initiate liability actions against the Chairman and General Manager at the time and the foreign banks involved, and they also take into account the positions taken on the subject - in addition to those of the Milan Public Prosecutor's Office - by the Supervisory Authorities, the relative decisions to bring civil action and the sanctions imposed by them.

For disputes regarding the period 2012-2015, initially no provisions were made, as the risk of losing was deemed "unlikely". This included criminal proceeding 955/16, in relation to which the Bank issued a press release the 12 July 2018 in which it informed the public of its decision not to join as a civil party, considering that the conditions did not exist, while reserving the right to the widest possible protection in civil proceedings should any elements of liability towards the defendants emerge. Following the ruling of 15 October 2020, the positions are assessed as at risk of "likely" losing and therefore the Bank has made provisions for risks and charges in the financial statements.

In reference to the criminal proceedings 29634/14 and 955/2016, no disbursement is anticipated in favour of the parties who entered an appearance since, due to the aforementioned rulings of 8 November 2019 and 15 October 2020 which rejected their request for granting a provisional amount immediately enforceable pursuant to article 539 of the Italian Code of Criminal Procedure, the damage compensation in their favour can take place in a separate civil proceeding to be initiated by the civil parties themselves.

Therefore, for civil and criminal disputes concerning the information disclosed solely in the period 2008-2015, the provisions for risks were determined in such a way as to take into account the amount invested by the counterparty in specific periods of time characterised by the disputed information alterations (net of any

disinvestments made during these same periods). The damage subject to compensation was then determined on the basis of the "differential damage" criterion, which identifies the damage as the lowest price that the investor would have had to pay if he had had access to complete and correct information. For the purposes of this determination, econometric analysis techniques have been adopted - with the support of qualified experts - suitable to eliminate, among other things, the component inherent in the performance of the equity securities belonging to the banking sector during the reference period. In more detail, the total damage caused by each event potentially capable of generating information alterations was first quantified and then the amount abstractly attributable to the individual Plaintiff/Civil Party was calculated, taking into account the share of capital held from time to time. From a purely likely and conservative standpoint, along with the differential damage, the different criterion of "full compensation" was also taken into account (of a minor importance in the prevailing law, including the one that is currently taking shape on this specific subject matter), and that is based on the argument that false or incomplete information may have a causal impact on the investment choices of the investors to such an extent that, in the presence of correct information, they would not have made the investment in question; in this case, the damage is therefore commensurate to the invested capital, net of the amounts recovered from the sale of shares by the Plaintiff/Civil Party.

It should also be noted that, starting from 30 June 2021, provisions for risks and charges were set aside for the dispute relating to "crediti deteriorati", limited to civil disputes, because the criminal proceeding 33714/2016 pending before the Court of Milan is still in the preliminary investigation phase. However, following an unfavourable appraisal filed in this proceeding, provisions were made in civil disputes also with regard to this issue.

Instead, with reference to out-of-court claims relating to the period 2008-2011 and, from October 2020, also for those referred to the period 2014-2015, in order to take into account the probability of their transformation into real disputes, the provisions were determined by applying an experiential factor, in line with the Bank's policies for similar cases, to requests made by counterparties. In any case, the Bank has exercised the possibility granted by IAS 37 of not providing disclosures on the provisions allocated in the balance sheet if it believes that such information could seriously jeopardise its position in disputes and in potential settlement agreements.

As at 31 December 2020, again with regard to civil disputes, settlement agreements were reached, involving the closure of 24 disputes against total relief sought of around Euro 361 million (including "Marangoni + 123 shareholders and investors", "Coop Centro Italia s.c.p.a." and "Coofin s.r.l."). The outlays made following the above transactions did not have a significant impact on the income statement.

Lastly, measures and transactions are being studied for an incisive reduction of the Group's legal risks.

10.2.5 Disputes deriving from ordinary business

While carrying out its ordinary business, the Group, similar to other banking groups, is involved in various judicial proceedings concerning, *inter alia*, allegations relating to: claw-back, compound interest, placement of bond securities that are issued by governments and defaulted by companies and the placement of schemes and financial products. The latter types show a consistent overall decrease that is not material in terms of the sum and related civil funds.

With respect to the proceedings regarding bankruptcy claw-backs, the reform that was implemented in 2005 reduced and limited the scope of insolvency claw-backs, especially those concerning direct payments in accounts. For those still eligible for proposal or already pending at the date of entry into force of the reform, the Bank uses all available arguments to defend its position.

With respect to disputes concerning compound interests, interest and conditions, since 1999 there has been a progressive increase in claims brought by account holders for the retrocession of interest expenses due to quarterly compound interest. In such cases, plaintiffs contest the legality of the interest rate and the calculation method for the fees. In this latter respect, the interpretation introduced by the Supreme Court,

with effect from 2010 in the matter of usury, on the basis of which the maximum overdraft fees, even before the entry into force of Law 2/2009, had to be taken into account in the calculation of the global effective rate, in contrast with the guidance of the Bank of Italy, is frequently the basis for lawsuits brought by customers. Most of the cases involve claims related to the balances of current accounts, but increasingly frequent are disputes concerning compound interests, referring to the legitimacy of the so-called "French compound interests" of mortgage loans, and the violations of Law 108/1996 on usury, on maturing loans.

In relation to compound interests, the reform of article 120 of the Italian Banking Act, as amended first by Law no. 147 of 27 December 2013 and, then, by Law no. 49 of 8 April 2016, introduced relevant novelties in the matter of computation of interests and prohibition of their capitalisation (such as, *inter alia*, the provisions according to which: (i) interests accrued in a current account or in a payment account (both in favour of the Bank and in favour of the account holder) are calculated with the same frequency in any case not lower than one year and that (ii) accrued interests do not give rise to further interests, except for delay interests, and are calculated exclusively on capital and, in case of opening of credit lines settled in the current account, for overdrafts even in the absence of a credit line or in excess of the credit line).

As previously highlighted, against the estimates made regarding the risk of adverse judgments referred to in this paragraph, the provisions made for legal disputes described herein fall within the overall provision for risks and charges highlighted above.

10.2.6 Civil disputes arising in connection with the ordinary business of the Issuer

Please find below the most relevant proceedings in terms of the *petitum* and the state of the case.

(A) *Civil dispute brought by Fatrotek S.r.l. before the Courts of Salerno*

This case, where the Bank was sued together with other credit institutions and companies with the summons of 27 June 2007, seeks the assessment of alleged monetary and non-monetary damage suffered by the plaintiff, as a result of an alleged unlawful report filed with the Italian Central Credit Register. The relative claim amount is Euro 157 million. The plaintiff also asks that the defendant banks be found jointly liable, each proportionately to the seriousness of its behaviour. The Bank's defence was based on the fact that the company's extremely severe financial situation fully justified the Bank's initiatives.

At the hearing on 31 May 2018, the Judge reserved his decision on the challenges raised by the convened parties. On 5 June 2018, the Company declared bankruptcy. On 25 July 2018, upon the lifting of the reservation made during the hearing of 31 May 2018, the case was adjourned to 31 October 2018, for the court-appointed expert to take the oath. In the meantime, the receivership of the Fatrotek S.r.l. bankruptcy again took up the case. The proceedings were adjourned first to the hearing on 4 December 2019 and then to the hearing on 13 February 2020, where a court-appointed expert investigation was ordered and an expert witness was appointed. At the hearing of 25 November 2020 an extension was granted to the expert witness for the filing of the expert opinion and the case was postponed to 5 May 2021.

At this hearing, the Court set a deadline for the expert witness to respond to the objections made by the plaintiff and at the same time scheduled the hearing for the closing arguments for 4 November 2021. At the hearing for the final statement of claims held on 4 November 2021, the decision on the case was reserved, and the time limits set forth by law have been set for the parties to file their defence briefs.

(B) *Civil disputes instituted by Riscossione Sicilia S.p.A. and the Assessorato of Economy of Sicily before the Courts of Palermo*

On 15 July 2016, Riscossione Sicilia S.p.A. served a writ of summons on the Bank before the Court of Palermo, asking the Court to order it to pay a total amount of Euro 106.8 million.

The claim of Riscossione Sicilia S.p.A. falls within the realm of the complex dealings between the Bank and the plaintiff, originated from the disposal to Riscossione Sicilia S.p.A. (pursuant to Law Decree 203/05,

converted into Law 248/05) of the stake held by the Bank in Monte Paschi Serit S.p.A. (later Serit Sicilia S.p.A.).

Specifically, Riscossione Sicilia, in relation to the contractual provisions involved in said disposal, now asks the Bank to be ordered to pay, under its contractual liability, for alleged contingent liabilities of Monte Paschi Serit S.p.A./Serit Sicilia S.p.A.

The Bank duly appeared before the court with a cross-action against Riscossione Sicilia S.p.A. The preliminary investigation was recently completed with the filing and examination of the report of the court-appointed expert witness, the results of which were favourable to the Bank. In fact, the expert not only concluded that the Bank owes nothing to Riscossione Sicilia S.p.A., but also identified a receivable of the Bank of roughly Euro 2.8 million, equal to the balance of the price for the sale of 60% of Serit Sicilia S.p.A. to Riscossione Sicilia S.p.A. by the Bank (dating back to September 2006), a sum that has to date been retained by Riscossione Sicilia S.p.A. by way of guarantee deposit. The expert also identified a further receivable of the Bank, linked to the obligation of Riscossione Sicilia S.p.A. to collect on notices of default, no higher than around Euro 3.3 million, the exact quantification of which was referred to the Court. The counterparty's petitions aiming to call the court-appointed expert witness back to provide clarifications and to change his conclusions were rejected, and the case was adjourned for concluding arguments to 8 March 2021.

At the hearing for the final statement of claims held on 8 March 2021, the decision on the case was reserved, and the time limits set forth by law have been set for the parties to file their defence briefs.

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On 17 July 2018, the Finance Department of the Sicily Region notified the Bank by means of an order of injunction pursuant to art. 2 of Italian Royal Decree no. 639/1910 and of repayment, pursuant to art. 823, paragraph 2 of the Italian Civil Code of the above amount of around Euro 68.6 million, assigning the Bank the term of 30 days to make the payment with the warning that, on the back of the failure to do so, it would proceed with the forced recovery through entry of the action in the list of cases. This followed the Bank's decision to suspend the credit line granted to Riscossione Sicilia, which, in the period between 18 October and 9 November 2017, would not have paid the total amount of Euro 68.6 million to the Sicily Region. The Bank notified its defence, with the first hearing set for 12 December 2018, against said injunction, drawing up the related application for suspension of the enforceability of said injunction (or execution if launched in the meantime) with the request for a provision without prior hearing of the other side. The Court, which reserved its right to the hearing of 21 August, by order of 24 August rejected the request for suspension, specifying, however, that the injunction may be enforced on the active amounts in the current account of Riscossione Sicilia. The Sicily Region filed an application for the Riscossione Sicilia case, leading to the Court of Palermo's postponement of the first hearing - already scheduled for 12 December 2018 - to 20 March 2019. This first hearing, postponed again to 17 July 2019 due to the unavailability of the Judge, was then scheduled for 26 September 2019. At the first hearing, upon acknowledging the statements provided by the parties, the Judge set out the terms for filing the pleadings pursuant to art. 183 of the Italian Code of Civil Procedure and adjourned to an evidentiary hearing scheduled for 26 November 2020. On that occasion, the Bank asked for the hearing for the statement of the conclusions to be scheduled, requesting the Court to verify the cessation of existence of the dispute, as Riscossione Sicilia during the proceedings has proved that the receivable claimed by the Sicily Region has been fully cancelled. The Judge then postponed the judgement to 29 April 2021 for the hearing for the statement of the conclusions.

At the hearing for the final statement of claims held on 29 April 2021, the decision on the case was reserved, and the time limits set forth by law have been set for the parties to file their defence briefs. With a sentence issued on 4 October 2021 the Court of Palermo rejected the opposition proposed by the Bank, confirming the original injunction of approximately Euro 68.6 million. On 3 November 2021, the Bank lodged an appeal against such sentence.

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For the sake of completeness, it should be noted that the Bank has also filed an administrative case before the Regional Administrative Court of Sicily - Palermo office for the declaration of nullity and/or annulment of the injunction order pursuant to art. 2 of Italian Royal Decree no. 639/1910, notified by the Department on 17 July 2018.

The appeal concerns the challenging of the Order of injunction in the part in which, "alternatively, pursuant to art. 823, paragraph 2 of the Italian Civil Code, it orders the Bank Monte dei Paschi di Siena (...) to return to the Sicily Region, within the same period of 30 days from receipt of the present, the amount of 68,573,105.83, plus interest at the rate established by special legislation for late payment in commercial transactions, as provided for paragraph 4 of art. 1284 of the Italian Civil Code".

Following notification of the appeal on 16 October 2018, the appeal itself was filed by the Bank on 12 November 2018. The Department appeared via the Avvocatura dello Stato (office of the State Attorney) on 15 November 2018. The decree scheduling the hearing requested by the Bank on 28 October 2019 has not yet been issued.

(C) *Civil dispute instituted by the receivership of CO.E.STRA. S.p.A. before the Courts of Florence*

On 4 December 2014, CO.E.STRA. S.p.A., within the context of the arrangement with creditor procedures, served a writ of summons on the Bank and the other banks participating in a pool, to ascertain and declare their contractual or non-contractual liability in relation to the restructuring agreement signed by CO.E.STRA. S.p.A. on 30 November 2011, with a subsequent request for the banks to be held jointly liable in relation to the alleged damages suffered which caused/worsened the distress of CO.E.STRA. S.p.A.. These damages were calculated to amount to Euro 34.6 million. The decision of the judge has been challenged by the Supreme Court on the basis of a lack of competence pursuant to article 42 of the Italian Code of Civil Procedure. The proceedings are still ongoing.

(D) *Action brought by Procedura Amministrazione Straordinaria Impresa S.p.A.*

Through a writ of summons notified on 11 November 2016, Amministrazione Straordinaria Impresa S.p.A. summoned the Bank, together with other banks participating in a pool (BMPS share 36.48%), ascertained and declared responsible: the Bank, the members of the board of directors of Impresa S.p.A. and the auditing company, and ordered them to jointly pay compensation for the damages allegedly suffered by the company for an amount of Euro 166.9 million.

Together with the defendants of the other banks within the pool, the preliminary objection to nullity of the writ of summons was raised; however, the judge postponed any evaluation in this regard at the time of the decision by the board of directors.

At the hearing held on 28 October 2019, the judge rejected the preliminary objections to nullity of the writ of summons and the limitation for proceeding, reserving the right to decide on the admission of the accounting court appointed technical consultant after verification, concurrently ordered, on the correctness of the counterparty's productions.

The judge also admitted the oral evidence articulated by some of the defendant directors regarding circumstances that do not involve the banks and the proceedings are still ongoing.

(E) *Complaint to the Board of Statutory Auditors pursuant to article 2408 of the Italian Civil Code*

As at 16 March 2021 – i.e. the date on which the Report of the Board of Statutory Auditors to the 2020 Separate Financial Statements was deposited – the Board of Statutory Auditors has received several complaints pursuant to article 2408 of the Italian Civil Code filed by minority shareholders.

Although the amount of the shares held by the complaining shareholders in the Bank's share capital did not reach the percentage required by article 2408, paragraph 2 of the Italian Civil Code, the Board of Statutory Auditors has taken action and investigated each of the complaints without delay.

With regard to the complaints received, the statutory auditors carried out the necessary investigations and verification activities in relation to which reference should be made to the paragraph 5.3 "*Complaints and petitions – Report of the Board of Statutory Auditors*" set out under the 2020 Separate Financial Statements drawn up pursuant to articles 2429, paragraph 2, of the Italian Civil Code and article 153, paragraph 1, of the Consolidated Financial Act.

Following 16 March 2021, as at the date of this Base Prospectus, two further complaints – which were not included in the report mentioned above – were received pursuant to article 2408 of the Italian Civil Code. Whilst the first complaint has been deemed groundless, the second complaint is currently under evaluation by the Board of Statutory Auditors.

(F) Anti-money laundering

As at 30 June 2021, 26 judicial proceedings are pending before the ordinary judicial authority in opposition to sanctioning decrees issued by the MEF in the past years against some employees of BMPS and the Bank (as a jointly liable party for the payment) for infringements of reporting obligations on suspicious transactions pursuant to Legislative Decree No. 231/2007. The overall amount of the opposed monetary sanctions is equal to Euro 4.1 million (rounded), of which Euro 2.0 (rounded) has already been paid.

The Bank's defence in the context of such proceedings aims, in particular, at illustrating the impossibility to detect, at the time of events, the suspicious elements of the transactions/subject matter of the allegations, usually emerging only after an in-depth analysis carried out by the tax authority and/or other competent authority. The upholding of the Bank's position may entail the avoidance by the judicial authority of the sanctioning measure imposed by the MEF and, in case the payment of the sanction has already been executed, the recovery of the related amount.

For the sake of completeness, it is worth noting that, as at 30 September 2021, 72 administrative proceedings are pending in addition to the abovementioned proceedings in respect of which the opposition proceedings are in progress and are instituted by the competent authorities for the alleged violation of the anti-money laundering regime. The overall amount of the *petitum* (the maximum amount of the applicable penalties) related to the abovementioned administrative proceedings is equal to Euro 1.35 million (rounded).

In March 2021 the Bank, after having requested a legal opinion, proceeded to close n. 19 administrative proceedings notified to the Bank between September 2011 and March 2018, to be considered extinct in accordance with article 69 paragraph 2 of Legislative Decree 231/07 and the clarifications provided by the MEF.

10.2.7 Labour disputes

As at the date of this Base Prospectus, the Bank is involved in numerous judicial proceedings, both active and passive that relate to labour and concern *inter alia*, appeals against individual dismissals, declaration requests of subordinate employment relations with indefinite duration, challenge of the sale of the business unit, request for double remuneration following the illegitimate sale of the business unit, compensation for damages due to professional setbacks, requests for higher positions and miscellaneous economic claims.

As at 30 June 2021, the overall *petitum* relating to the passive labour proceedings is equal to Euro 82 million (Euro 75 million as at 31 December 2020) almost entirely relating to the Bank.

Provisions were created to pay the costs associated with these proceedings, based on an internal assessment of the potential risk. The provisions the Bank created regarding this type of litigation are contained within the "provision for risks and charges" which amounts to Euro 39 million (rounded) as at 30 June 2021 (Euro 47 million as at 31 December 2020) which almost entirely relates to the Bank.

It has to be further specified that, after the transfer of the back-office activities business unit to Fruendo S.r.l., which occurred in January 2014 and concerned 1,064 resources, 634 employees (subsequently reduced to 453 as a results of reconciliations, deaths and retirements) sued the Bank before the Courts of Siena, Rome, Mantua and Lecce seeking, *inter alia*, the continuation of their employment relationship with the Bank, subject to prior declaration of ineffectiveness of the transfer agreement entered into with Fruendo S.r.l..

As of the date of this Base Prospectus, almost all of the employees involved in such proceedings (452) have already received first and/or second-instance decisions which result in an unfavourable outcome for the Bank. These decisions have resulted in the Bank having to rehire such employees. [20]

In particular, a first instance judgment was already issued for 31 employees (by the Courts of Lecce) which the Bank has already challenged by the ritual terms in front of the competent Court of Appeal with hearings scheduled between September 2021 and November 2021. A second instance judgment has already occurred for 218 employees (by the Courts of Appeal of Florence, Rome and Brescia). The Bank has brought the claim before the Supreme Court for no. 199 employees. On 3 February 2021, the public hearing by the Supreme Court in relation to all the claims filed was held. On 16 March 2021, 16 June 2021, 5 July 2021, 12 July 2021 and 16 August 2021 the Supreme Court issued all the rulings in respect to no. 199 employees, rejecting the appeals brought by the Bank.

For the sake of full disclosure, it is worth noting that both the Bank and Fruendo S.r.l. have filed a petition in the Courts of Appeal in Rome, Lecce and Brescia for referral to the European Court of Justice of preliminary matters that are essential for the purposes of the ruling. In particular, an assessment was requested regarding the conformity to EC Directive 2001/23 of article 2112 of the Italian Civil Code, as interpreted by the decisions of the Supreme Court, to which the appealed judgments conform.

As at the date of this Base Prospectus, 72 employees (later reduced to 30 after 25 renouncements to be ratified pursuant to applicable law, 16 reconciliations and one retirement) out of a possible 452 gave notice of an act of precept by which they have demanded to be reinserted into the labour book (*Libro Unico del Lavoro*) of the Bank and for their contribution and insurance position to be restored, both of these requests have been opposed by the Bank with appeals before the labour section of the Courts of Siena.

Finally, it should be noted that during 2017, 52 employees of Fruendo S.r.l. (reduced to 32 employees during the course of the proceedings), which are not among those involved in the proceedings relating to the transfer of the branch, sued the Bank before the Courts of Siena in order to request the continuation of their employment relationship with the Bank, after having declared the unlawful interposition of manpower (*illecita interposizione di manodopera*) (which has no criminal implications) as part of the services outsourced by the Bank to Fruendo S.r.l.. On 26 January 2019, the Courts of Siena ruled in favour of the Bank, rejecting the appeals filed by the other parties. Only 16 employees (reduced to 14 employees after individual agreements) appealed before the Court of Appeal of Florence and, as at the date of this Base Prospectus, such proceedings are pending.

It is worth noting that in the event the illegitimacy of the transfer of the employment relationship pursuant to article 2112 of the Italian Civil Code is ascertained, the Supreme Court, with reference to the remuneration

[20] With respect to the remaining employees involved in such proceedings, it should be noted that, on 4 October 2019, the Courts of Siena rejected the appeal filed by the opposing party on the basis of procedural defections and issued a decision in favour of the Bank.

obligation of the transferor, has recently ruled in a different way in relation to the approach that has been consolidated over time before the Supreme Court itself. In fact, with recent rulings, it has been held that the transferor employer bears the remuneration obligation in addition to that fulfilled by the transferee employer, since the principle of the liability discharge of the executed payment made by the latter does not apply to the present case.

Due to this amended jurisprudential opinion (so-called "double remuneration"), as at 30 June 2021, only 129 employees, involved in the transfer of the branch and recipients of the judgments in their favour, have sued the Bank in order to claim the due remuneration. The legal proceedings have been brought before the Courts of Siena, Mantova and Roma with hearings scheduled between October 2021 and February 2022.

Noting the change of law on the "double remuneration" topic and verified the increasing number of judgements that differ from the previous consolidated approach, it has been decided, on a prudential basis, to allocate to the provision for risks and charges the company's cost relating to remunerations requested in court (equal to Euro 28 million (rounded) as at 31 December 2020 and Euro 26 million (rounded) as at 30 June 2021), in addition to a lump sum for out-of-court claims received to date (equal to Euro 5 million (rounded) as at 31 December 2020 and Euro 4.5 million (rounded) as at 30 June 2021).

10.2.8 Sanctioning procedures

(I) CONSOB and Bank of Italy

During the twelve months preceding the date of this Base Prospectus, the Bank has not received any sanctions from CONSOB for aspects falling within the responsibility area of the supervisory authority.

With regard to the sanctioning procedures falling within the competence of the Bank of Italy, during 2020 the Bank of Italy started a sanctioning proceeding against the Bank with respect to the alleged breach of banking transparency provisions.

On 11 August 2020, the Bank transmitted to the Bank of Italy its observations with regard to the audit report and its response to the decision to initiate the sanctioning procedure. At the same time a new remedial action plan was activated and completed by 31 December 2020. As a result of such remedial actions, the Bank refunded customers for a total amount of approximately Euro 40 million, of which approximately Euro 4.6 million refer to sums made available by means of a notice published in the Official Gazette of the Republic of Italy and in two national newspapers.

On 6 May 2021, the Bank was imposed a pecuniary administrative sanction of Euro 2.9 million pursuant to art. 144 of the Italian Consolidated Banking Act.

For further information in relation to sanctioning proceedings deriving from the inspection activities carried out by the supervisory authorities, reference is made to paragraph "*Audits*" of the section "*Consolidated Report on Operations*" of the 2020 Consolidated Financial Statements.

In December 2019, the Bank received the penalty notification from the Bank of Italy for an amount of Euro 1.32 million highlighting deficiencies in customer due diligence requirements as well as in the identification of beneficial owners and suspicious transaction reporting. The supervisory authority took into consideration for the quantification of the penalty the remedial actions initiated and largely implemented by the Bank.

For further information in relation to inspection activity on anti-money laundering carried out by the Bank of Italy on the Bank, reference is made to this in paragraph 9.7 "*Inspection activity on anti-money laundering*" of section *Banca Monte dei Paschi di Siena S.p.A.* of this Base Prospectus.

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For the sake of completeness, it should be noted that, in the period between 2012 and 2016, the Bank was subject to various sanction proceedings initiated by the CONSOB and the Bank of Italy supervisory authorities. These proceedings related to events that concerned the accounting of the "Alexandria" and "Santorini" operations, the FRESH 2008 and the acquisition of Banca Antonventa in addition to other events that were attributable to the behaviour of the management in office at the time of the individual infringements. These infringements were challenged and then subsequently sanctioned.

In the context of the sanction proceedings, the natural persons sanctioned and, in some cases, directly the Bank, as a legal entity, were found to be in violation of regulatory and prudential provisions. As at the date of this Base Prospectus, these proceedings have concluded and the related sanctioning measures have been published by the authorities in accordance with current legislation. As a consequence thereof, the Bank paid the following amounts:

(i) Euro 9.9 million (rounded) with respect to 4 (four) sanctioning measures imposed by the Bank of Italy directly on natural persons and paid by the Bank under the solidarity obligation pursuant to article 145 of the Italian Consolidated Banking Act;

(ii) Euro 7.5 million (rounded) for 9 (nine) sanctioning measures imposed by CONSOB of which (i) Euro 6 million (rounded) imposed by the supervisory authority directly on natural persons and paid by the Bank under the solidarity obligation pursuant to article 195 of the Consolidated Finance Act and (ii) Euro 1.5 million (rounded) paid as a directly sanctioned legal entity.

With regard to the proceedings for which the Bank is both jointly and severally liable (with respect to which the Bank executed the payment of the administrative sanctions imposed by the supervisory authorities on the individuals in office as at the time the facts subject to the sanction occurred), the Bank exercised mandatory recourse actions against such individuals subject to sanctions granting the suspension of such actions against those individuals in respect of which (i) no wilful default or gross negligence conduct was detectable in relation to the alleged irregularities; (ii) no corporate liability action was brought; and (iii) there were no requests for a trial with criminal proceedings connected thereto within the time limits provided for lodging any appeal by the applicable relevant legislation. Some of the concerned individuals, after the letters of formal notice were sent, failed to fulfil the payment obligation and it was therefore necessary to take civil actions aimed at recovering amounts paid.

Within the proceedings arising in connection with the recourse actions filed by the Bank against those individuals who have not benefited from the abovementioned suspension (i.e. Mr. Giuseppe Mussari, Mr. Antonio Vigni and Mr. Gianluca Baldassari), the defendants filed objections against the payment. In this context, the relevant courts ordered the suspension of the proceedings until settlement of the appeal proceedings started by the sanctioned parties against the relevant sanction.

Such activities and the related case-law could affect the duration of the proceedings and reduce the possibility of recovering receivables.

In regard to those natural persons who have benefited from the suspension of the recourse actions and have appealed against them, various proceedings are still pending at the various levels of judgment, as disclosed to the Bank by the various individuals involved.

(II) Competition and Market Authority ("AGCM")

(A) *Proceedings I794 of the AGCM – Remuneration of the SEDA service*

On 21 January 2016, the AGCM opened proceedings I794 against the Italian Banking Association in respect of the remuneration of the SEDA service. Such proceedings were subsequently extended (on 13 April 2016)

to the 11 most important Italian banks, amongst which was BMPS. According to AGCM the interbank agreement for the remuneration of the SEDA service may represent an agreement restricting competition pursuant to article 101 of the Treaty on the Functioning of the European Union, since it would imply "the absence of any competitive pressure", with a consequent possible increase in overall prices borne by enterprises, which may in turn be charged to consumers.

The proceedings were closed by the AGCM on 28 April 2017 and notified on 15 May 2017. The authority resolved: (i) that the parties (including BMPS) put in place an agreement restricting competition, in breach of article 101 of the Treaty on the Functioning of the European Union; (ii) that the same parties should cease such activity and file a report illustrating the measures that were adopted to prevent such infringement by 1 January 2018 and should refrain from undertaking such activity in the future; and (iii) as a result of this not being a serious infringement in respect of the legislative and economic framework in which it had been implemented, no sanctions are applied.

BMPS challenged the measure before the Administrative Regional Court ("**TAR**"), which upheld the appeal and annulled the challenged measure with a judgment published on 1 July 2021. AGCM challenged the TAR's judgment before the Administrative National Court (*Consiglio di Stato*) on 2 November 2021. BMPS joined the appeal proceeding.

(B) *Proceedings PS 10678 of the AGCM – violations of the Consumer Code in the sale of investment diamonds*

Between 2013 and early 2017 BMPS referred its customers interested in purchasing investment diamonds to Diamond Private Investment S.p.A. ("**DPI**"), pursuant to an agreement entered into in 2012 (similar agreements were entered into by the major Italian banks with DPI itself and other companies in the industry). Such activity led to the execution of agreements for the purchase of investment diamonds between the Bank's customers and DPI.

The activity was suspended in early 2017 due to the fact that proceedings were opened by the AGCM against DPI in connection with the alleged breach of the Consumer Code, resulting in unfair commercial practices. In April 2017, the proceedings were also extended, *inter alia*, to BMPS and resulted in a sanction against DPI and the banks involved.

By a notice dated 26 July 2017, the AGCM held that BMPS and the other bank involved in the proceedings were not liable for one of the two charges; as far as BMPS is concerned, the proceedings continued only in respect of the remaining charge regarding breach of the rules on transparency in contractual and advertising documents.

BMPS had previously entered into a customer referral agreement with DPI and the AGCM held that the Bank was actively involved in the promotion and sale of investment diamonds. The proceedings ended with the AGCM making a decision during the hearing held on 20 September 2017, which was notified to the parties on 30 October 2017. AGCM held that the breaches with which the parties had been charged had actually been committed, and sentenced BMPS to pay a fine of Euro 2 million. The Bank paid the fine according to the relevant terms and challenged the decision before the TAR of Lazio. At the hearing held on 17 October 2018, the Court reserved its decision. Meanwhile, the Bank undertook action to reimburse its customers who purchased diamonds from the DPI and who intended to exit from their investment. In light of such reimbursement initiative, the Bank set up provisions to take into account, *inter alia*, the projection of expected requests and the current wholesale value of the diamonds to be withdrawn. As at 31 December 2020, the provisions for risks and charges in relation to the reimbursement initiative amounted to Euro 20.0 million. During 2020, the Bank entered into settlement agreements with the customers for an amount equal to Euro 104 million.

These funds are constantly monitored by the Bank and periodically updated in light of the evolution of pending claims and disputes and are in line with the accounting and financial statement criteria used by the

Bank in order to deal with the risks associated with claims for compensation arising from its customers.

In a decision made on 14 November 2018, the TAR of Lazio rejected the appeal of BMPS and confirmed the AGCM sanctions. Following an assessment of the legal grounds of the case, the Bank decided not to appeal against such decision.

On 19 September 2019, the AGCM requested to receive a new report on the status of the reimbursement initiative by 15 January 2020 containing information on the progress and effects of the initiatives undertaken, updated to 31 December 2019, as well as identifying the complaints and reimbursement requests received.

In compliance with AGCM's request, on 13 January 2020 BMPS filed a new report on the operation containing information updated to 31 December 2019 on the performance and effects of the initiatives taken by BMPS with regard to customers.

On 11 March 2020, the AGCM requested to receive a new report on the status of the reimbursement initiative by 15 July 2020 containing information on the progress and effects of the initiatives undertaken, updated to 30 June 2020, as well as identifying the complaints and reimbursement requests received.

In compliance with AGCM's request, on 2 July 2020 BMPS filed a new report on the operation containing information updated to 30 June 2020 on the performance and effects of the initiatives taken by BMPS with regard to customers.

On 2 December 2020, AGCM acknowledged the report received by the Bank, without requesting further updates.

10.2.9 Judicial proceedings pursuant to Italian Legislative Decree 231/2001

In the context of a proceeding instituted by the public prosecutor's office at the Courts of Forlì against several natural persons and three legal persons for money laundering and obstructing the exercise of public supervisory functions, the Bank was charged with three administrative offenses for obstruction of the exercise of public supervisory functions pursuant to article 2638 of the Italian Civil Code, money laundering pursuant to article 648-*bis* of the Italian Criminal Code and transnational criminal association (article 416 of the Italian Criminal Code).

In particular, the public prosecutor believed that the employees of the Forlì branch of the Bank, subject to the direction and supervision of persons in senior positions within the Bank, committed the above described crimes in the interest and to the advantage of the Bank.

According to the indictment, the commission of these offences would have been possible due to the breach of the direction and supervision obligations for the adoption and effective implementation by the Bank, prior to the commission of such offences, of an organisation, management and control model suitable to prevent crimes such as those at hand.

BMPS's activities, subject to disputes, which are within the time period 2005-2008, relate to operations carried out by the branch of Forlì, on behalf of the Cassa di Risparmio of San Marino, on a management account opened with the Bank of Italy, Forlì branch on behalf of BMPS.

In consideration of the particular location within the Republic of San Marino, the Cassa di Risparmio of San Marino had in fact required the Forlì branch of BMPS to use such account to meet its cash demands, through the cash deposit/withdrawal operations at the relevant branch of the Bank of Italy.

Such operations, characterised by a strong movement of cash, and the anomalies charged by the judicial authority on the registration in the single digital archive (*Archivio Unico Informatico* – "**AUI**") of the relating transactions, which at that time, considering unequivocal legislation on the relations between the Republic

of Italy and the Republic of San Marino, led BMPS to consider the Cassa di Risparmio of San Marino as a "licensed intermediary", representing the basis of the allegations against the Bank.

According to the judicial authority, such operations would have been put in place to prevent the identification of the criminal origin of such amounts, as well as the traceability of all hidden exchange operations related to illicit amounts.

In particular, the employees of the Forlì branch have been jointly charged with the crime of obstructing the functions of public supervisory authorities, money laundering, violation of the Italian anti-money laundering regime and criminal association in relation to the transnational crime pursuant to Law 146/2006, the commission of which is assumed to have been permitted because of the breach of the direction and supervision obligations of the Bank in the alleged absence of a suitable and effective organisational model.

The conduct put in place by employees, according to the opinion of the judicial authority, would have permitted to concealment of the commission of money laundering offenses, not to acquire accurate information on the actual beneficiaries of such transactions nor on the real characteristics, purpose and nature of the related accounting movements with effects on the recordings in the AUI. The Bank's defence in these proceedings seeks to prove the non-existence of the crimes as the basis of the allegations against it and to demonstrate the adoption and effective implementation, already in place at the time of the events, of an organisation, management and control model suitable to prevent crimes such as those at hand.

The PHJ at the Courts of Forlì ordered the indictment of the defendants, including BMPS, on grounds of administrative liability of entities. At the hearing of 14 December 2021, the Court of Forlì highlighted the radical vagueness of the charges − also with respect to the specific charges against BMPS − and therefore annulled the indictment decree and ordered the transmission of the acts of the proceedings to the Public Prosecutor.

Following the compulsory charges ordered by the judge of the preliminary investigations of Milan for the crimes of false corporate communications and market manipulation, the Bank has been included in the register of the suspects for the administrative offences pursuant to article 25-*ter*, lett. *b)* and article 25-*sexies* of Legislative Decree 231/2001.

In such matter, relating to the process of accounting of the "Santorini" and "Alexandria" transactions following the restatement that occurred in 2013, the Public Prosecutor's office at the Courts of Milan requested to withdraw the charges made in respect of Mr. Profumo, Mr. Viola and Mr. Salvadori. Such request was not granted. The abovementioned officers have been charged along with the Bank, as an administrative accountable entity pursuant to Legislative Decree 231/2001.

Following the preliminary hearing, the PHJ recognised that there were no grounds for the issuance of a judgment not to proceed and it declared indictment of Mr. Viola, Mr. Profumo and Mr. Salvadori and BMPS (as an entity indicted pursuant to Legislative Decree 231 of 2001).

On 15 October 2020 the Court of Milan condemned Banca Monte dei Paschi di Siena SpA to the pecuniary administrative sanction of Euro 800,000 and to the payment of the legal costs for administrative liability, pursuant to art. 21 and 69 of Legislative Decree No. 231/2001, for the offenses committed by Mr Profumo and Mr Viola.

Some of the civil claimants that joined in the proceedings formally asked that the Bank be summoned as the entity liable to pay for damages, while most of the defending counsel merely requested that their clients, by appearing before the Court, benefit from their participation in the proceedings. Some civil claimants joined in the proceedings against the Bank, seeking a declaration of liability under Legislative Decree No. 231/2001. The *petitum* relating to this proceeding, where quantified in connection with the filing of damaged civil parties, was equal to Euro 177 million (rounded).

10.2.10 Administrative offences pursuant to Legislative Decree 231/2001 challenged in relation to the sale of investment diamonds based on alleged self-laundering crime (article 648-ter of the Italian Criminal Code)

On 19 February 2019, the Bank was served by the judge for preliminary investigations of the Courts of Milan with a decree of preventive seizure relating to the diamonds case reported above. Notification of the decree was given to numerous natural persons: two diamond companies (Intermarket Diamond Business S.p.A. and Diamond Private Investment S.p.A.) as well as five banking institutions, including the Bank, which led to the preventive seizure against the Bank of the profit arising from the crime of continued aggravated fraud, for the amount equal to Euro 35.5 million. The Bank was also notified of a decree of preventive seizure pursuant to article 53 Legislative Decree 231/2001 in relation to the crime of self-money laundering, for an amount equal to Euro 195,237.33.

Pursuant to the decree of preventive seizure, the Bank was held responsible for the administrative offence arising from articles 5, paragraph 1, letter b) and 25-*octies* of Legislative Decree 231/2001 in relation to the criminal offence of self-money laundering provided for under article 648 ter, paragraph 1, of the Italian Criminal Code.

The sanction provided for by article 25-*octies*, paragraph 1, of Legislative Decree 231/2001 is a pecuniary sanction with a range from 200 to 800 quotas. Pursuant to article 10, paragraph 3, of Legislative Decree 231/2001, the amount of each quota shall fall between a minimum of Euro 258 to a maximum of Euro 1,549.

On 28 September 2019, the notice of completion of the investigations was filed against the suspects held jointly liable for the alleged fraud against diamond investment investors. The notice concerns 87 natural persons and 7 legal persons, including the Bank.

The measure, which contains the guarantee information on the right of defence, concerns 87 natural persons and 7 legal entities, including the Bank.

The Bank has 8 members involved, including 5 executives (who are also responsible for the criminal conduct referred to in article 648 *ter* 1, 2 and 5 of the Italian Criminal Code) and 3 branch controllers. The Bank remains involved in the proceedings by virtue of the alleged administrative offence referred to in article 25 *octies* of Legislative Decree 231/01 in relation to article 648 *ter* 1 of the Italian Criminal Code.

On 10 September 2020 the Bank was informed of a new notice of completion of investigation under art. 415 of the Italian Code of Criminal Procedure, served by the Public Prosecutor of Milan, as part of new criminal proceedings arising from the original proceedings, docket no. 25081/2019 RGNR. This seems to be an additional notice as compared to the previous one, as it regards new charges.

Along with the 5 former executives belonging to the Bank's management no. 5 new employees turn out to be under investigation for the offence governed by art. 640, par. 1 and last par. Of the Italian Criminal Code (aggravated and repeated fraud).

In the new notice the Bank is not involved for any administrative offence as per Legislative Decree 231/01.

On 6 April 2021, the Bank became aware of the indictment for criminal proceedings no. 44628/17 of the Court of Milan (joined to the criminal proceeding 25081/19 of the Court of Milan) with respect to the following crimes:

- aggravated fraud pursuant to Art. 640 of the Italian Criminal Code, allegedly charged to several representatives and employees of the bank;

- self-laundering pursuant to Art. 648-ter-1 of the Italian Criminal Code, allegedly charged to several representatives and employees of the bank;

- self-laundering pursuant to Art. 648-ter-1 of the Italian Criminal Code, as referred to in art. 25-octies of Legislative Decree 231/2001, allegedly charged to Banca Monte dei Paschi di Siena SpA for administrative liability deriving from the aforementioned crimes attributable to its representatives for failing to effectively adopt organization, management and control models aimed at preventing such crimes.

At the preliminary hearing on 19 July 2021, after the defenses of the defendants had preliminarily raised the nullity of the request for indictment, the filing of the deeds of appearance of a civil party was filed. The next hearings have been scheduled and the proceeding is ongoing.

On 11 March 2021, the Public Prosecutor's Office at the Court of Milan issued a new notice of indictment and of the conclusion of preliminary investigations regarding 3 former executives of the Bank as well as one current executive, in the scope of the new proceeding n. 25193/2020 of the Court of Milan. The crimes subject to the proceedings are those of aggravated fraud (art. 640, par. 1, par. 2 bis in relation to art. 61 no. 5 of the Criminal Code), self-laundering (art. 648 ter, par. 1, 2 and 5 of the Criminal Code) and obstruction of regulators (art. 2638, par. 2 and 3 of the Italian Civil Code). In these proceedings, the Bank is not being investigated as a party with administrative liability pursuant to Italian Legislative Decree 231/01 and the Public Prosecutor may request committal for trial or submit a request for dismissal.

On 22 June 2021, a new preliminary investigation was issued by the Public Prosecutor's Office at the Court of Milan as part of this further criminal proceeding against managers and representatives of the Bank. The new notice of conclusion of the investigations concerned one former manager and one former exponent not included in the previous notice.

Also in relation to the criminal case 25193/2020, another new guarantee information and notice of conclusion of the preliminary investigations was issued on 12 July 2021, which sees 5 other former executives already investigated in the context of the main line under investigation.

The crimes for which it is prosecuted are the same as those referred to in the notice of 11 March 2021. Even in these new notices, the Bank does not appear to be investigated as an administrative manager pursuant to Legislative Decree 231/01.

Finally, on 4 December 2019 and 2 April 2021 the Bank filed with the Public Prosecutor of Milan two motions for partial reimbursement of the amounts repaid to part of the clients. No ruling has yet been notified by the Judicial Authority in this respect.

The Public Prosecutor on 28 September 2021 made a request for indictment, among others, of seven former executives and the CEO and *pro tempore* general manager of the Bank. The crimes subject to the proceedings are those of aggravated fraud (art. 640, par. 1, par. 2 bis in relation to art. 61 no. 5 of the Criminal Code), self-laundering (art. 648 ter, par. 1, 2 and 5 of the Criminal Code) and obstruction of regulators (art. 2638, par. 2 and 3 of the Italian Civil Code). In these new proceedings, the Bank is not being investigated as a party with administrative liability pursuant to Italian Legislative Decree 231/2001.

10.2.11 Tax disputes

The Bank and the main group companies are involved in a number of tax disputes. As at 30 September 2021 approximately 140 cases are pending, for a total amount at a consolidated level of Euro 80 million (rounded) for taxes, sanctions and interests set out in the relevant claim (of which Euro 76.7 million relate to the Bank). The value of disputes also include that associated with tax verifications closed for which no dispute is currently pending since the tax authority has not yet formalised any claim or contention.

In relation to pending tax disputes, which are associated with "likely" unfavourable outcomes, as at 30 September 2021 the Bank allocated to the overall provision for risks and charges an amount equal to Euro 10 million (rounded).

Please find below an overview of the most significant pending proceedings in terms of the *petitum* (Euro 10 million (rounded) as taxes and penalties), and the main investigations in progress.

(A) *Revaluation of substitute tax*

On 21 December 2011, two tax assessment notices were served on MPS Immobiliare in regard to IRES and IRAP, respectively, issued based on the findings of a 2006 tax authority audit report.

The dispute relates to the correct determination of the calculation base for substitute tax on the payment of the revaluation surplus pursuant to Law 266/2005. The relevant liability (higher taxes and sanctions) is equal to Euro 31 million (rounded) **(**plus legal interests). On 15 October 2013, the District Tax Court of Florence upheld the arguments that were presented by the company in their entirety, completely overruling the above tax claims in light of similar case law decisions on the matter, some of which have become final after the tax authority's failure to appeal them to the Supreme Court. The tax authority lodged an appeal against the District Tax Committee's decision. Such appeal was rejected on 28 September 2015 by the competent Regional Tax Committee which confirmed the favourable first instance decision. Against the second instance decision, the tax authority filed an appeal before the Supreme Court to which the Bank filed a counterclaim.

The risk of an unfavourable outcome in the case has been assessed by the company and its advisers as remote.

(B) *Deductibility and pertinence of some costs of the former consolidated company Prima SGR S.p.A.*

BMPS is involved in the proceedings instituted by, at the time of events, the investee company Anima SGR S.p.A. against the allegations brought by the Regional Tax Office of Lombardy against Prima SGR S.p.A. (a company already included in the tax consolidation, now merged by incorporation into Anima SGR S.p.A.) for lack of competence or pertinence of some costs deducted in tax years 2006, 2007 and 2008.

The Regional Tax Office of Lombardy claimed in aggregate, Euro 20.6 million for taxes and sanctions: (i) for financial year 2006 taxes of Euro 4.3 million (rounded) and sanctions of Euro 5.1 million (rounded); (ii) for financial year 2007 taxes of Euro 2.8 million and sanctions of Euro 3.6 million (rounded); and (iii) for financial year 2008 taxes of Euro 2.1 million (rounded) and sanctions of Euro 2.7 million (rounded).

The tax assessment notices were challenged by the Provincial Tax Committee of Milan. In respect of financial year 2006, the proceeding is currently pending before the Supreme Court following the challenge of the judgment pursuant to which the Regional Tax Committee of Lombardy upheld the first instance judgment save for the exception relating to the challenge for wrongfully withholding costs equal to Euro 2.7 million (rounded). In relation to financial years 2007 and 2008, the proceedings following the appeal lodged by the Bank against the negative ruling of the Provincial Tax Committee of Lombardy of 21 December 2017 (which upheld the appeal of the Regional Tax Office against the first instance judgment favourable to the bank) is still pending before the Supreme Court.

Furthermore, in respect of financial year 2006, on 2 May 2017, the Regional Director of Lombardy notified a partial self-protection measure with which, upholding the request brought by the Bank, the sanctions relating to one of the allegations in the dispute have been disregarded and overall sanctions have been re-determined, for an amount of Euro 3.9 million (rounded) (instead of 5.1 million). Accordingly, net of the taxes already paid on a definitive basis, of Euro 0.6 million (rounded), with reference to one allegation which was not challenged during the trial, the overall amount due to taxes and sanctions is Euro 18.8 million (rounded).

According to BMPS and its consultants, the risk of a negative outcome in this dispute shall be qualified as likely in respect of Euro 1.8 million and possible in respect of Euro 17 million.

(C) *Tax disputes involving the former consolidated company AXA MPS Assicurazioni Vita in respect of the securities held thereby in Monte Sicav*

The investee company AXA MPS Assicurazioni Vita filed certain tax claims relating to the fiscal years 2003 (in respect of IRPEG (former corporate income tax) and IRAP) and 2004 (in respect of IRES and IRAP), against the complaints lodged by the Regional Tax Office of Lazio regarding the tax treatment of the write-downs related to the units held in the Luxembourg-based open-ended investment company, Monte Sicav.

In particular, the Tax Office claimed that the qualification of the securities issued by Monte Sicav Equity was not correct (i.e. series or mass issued securities), and that such securities should have instead been qualified as equity interests and consequently been governed by the relevant regime. More specifically, the auditors maintained that the adjustments in value of Monte Sicav Equity's securities could not be entirely deducted in the financial year during which they had been posted, i.e. 2004, as was done by the company.

As a consequence, the Regional Tax Office of Lazio included the entire amount of value adjustments posted and deducted by AXA MPS Assicurazioni Vita within the tax base, claiming that the company shall pay higher taxes and sanctions for Euro 26.2 million, of which Euro 23.2 million relate to IRES and Euro 3 million relate to IRAP.

The dispute relating to IRES 2004 was settled on a facilitated basis by AXA MPS Assicurazioni Vita pursuant to and in accordance with the procedures provided for by the provisions of Decree Law 119/2018 (the so-called "*Pace Fiscale*"). The dispute relating to IRAP 2004, on the other hand, was settled by the Supreme Court, which rejected the company appeal in a ruling issued on 9 July 2019 (filed on 12 December 2019).

The dispute concerning 2003 was defined by the Supreme Court, which rejected BMPS's appeal with a decision issued on 9 July 2019 (filed on 26 July 2019). With reference to the above-mentioned tax disputes involving AXA MPS Assicurazioni Vita, the impact on BMPS of the liabilities (if any) arising from the above proceedings depends on the involvement (if any) of BMPS relying on the guarantee clauses set out in the assignment agreements of AXA MPS Assicurazioni Vita. With reference to such liabilities, it should be noted that, with notice given on 10 January 2020, AXA Mediterranean Holding S.A. filed a claim for compensation of Euro 8.2 million (rounded). On 6 February 2020, the Bank challenged most of the amounts that constitute the overall amount claimed.

(D) *IRAP assessment for tax year 2015*

As a result of a tax audit completed during 2018, with a notice of assessment served on 26 May 2021 the Tax Office claimed the Bank's failure to tax certain revenues recorded in its income statement items not relevant for the purposes of the IRAP for the 2015 tax period. For further information in this respect reference is made to paragraph "*Risks deriving from tax disputes*" of this Base Prospectus. The Bank appealed against the claim contained in the aforementioned tax notice, amounting to a total of approximately Euro 8 million (of which Euro 3.9 million for higher taxes, Euro 3.5 million for penalties and Euro 0.6 million for interest). The legal dispute is currently pending at first instance. The risk of a negative outcome in this dispute has been assessed as possible by the Bank and its consultants.

10.3 New legal proceedings

10.3.1 Court of Siena, criminal proceeding Nr. 2112/17

On 4 January 2021 a writ of summons was served on the Bank as civilly liable party, by the bankruptcy receiver of Siena Calcio, as part of the criminal proceedings involving, in addition to Massimo Mezzaroma, Giuseppe Mussari as well as further 2 former representatives and 1 current employee of the Group.

The charge laid as part of said proceedings is governed by art. 223, par. 2 of the Bankruptcy Act, and regards the corporate transaction carried out between the end of 2011 and the beginning of 2012, concerning the assignment of A.C. Siena S.p.A.'s trademarks to Newco B&W Communication s.r.l.. The transaction was subject to the granting of a loan by the Bank for Euro 22 million, to enable B&W to pay the relevant price.

Based on the claims lodged, the Court has been asked to sentence the Company to pay for economic and non-economic damages, jointly with the above-mentioned representatives and employees, under art. 2049 of the Italian Civil Code. The claimed amount has not been quantified exactly, but the receiver highlighted that the damage to the corporate assets amounts at least to Euro 65,102,164, resulting from the difference between bankruptcy liabilities and recoverable assets.

At the hearing held on 18 February 2021 the Bank appeared in the proceedings as civilly liable party, defended by Prof. Vittorio Manes of the Bar of Bologna. At said hearing the public and private prosecutors asked that the defendants be committed for trial, while the defending counsels mainly highlighted that duplicate charges have been laid in respect of the same factual circumstances, qualified as "credit fraud" in the related and previous proceedings and as "corporate bankruptcy" in these proceedings.

At a later hearing on 25 March 2021, all defendants were indicted and proceedings are pending. At the following hearing on 5 October 2021, the preliminary questions were raised and the Court, after having rejected each question, declared the trial open.

MANAGEMENT OF THE BANK

The Bank is managed by a board of directors tasked with strategic supervision. The Board of Directors in office consists of 15 members. The Chief Executive Officer is appointed by the Board of Directors.

Under the Italian Civil Code, the Bank is required to have a board of statutory auditors.

Each Director and Statutory Auditor shall meet the requirements provided for by the applicable laws and BMPS' by-laws.

Board of Directors

The Ordinary Shareholders' Meeting of the Bank held on 18 May 2020 appointed the following members to the Board of Directors for financial years 2020, 2021 and 2022:

	Name	Position	Place and date of birth	Main activities outside the Bank, deemed significant
1.	Patrizia Grieco (*)	Chairperson	Milano, 1 February 1952	Director of Ferrari N.V. Director of Amplifon S.p.A. Director of Endesa S.A. Member of Italian Corporate Governance Committee Chairperson of Assonime (Associazione per le società italiane per azioni) Member of Comitato degli Operatori di Mercato e degli Investitori of Consob
2.	Guido Bastianini	Chief Executive Officer and General Manager and interim Head of Institutional Relations, Communication and Sustainability Division	Gavorrano (GR), 10 April 1958	
3.	Francesca Bettìo (**)	Deputy Chairperson	Piove di Sacco (PD), 1 October 1950	

	Name	Position	Place and date of birth	Main activities outside the Bank, deemed significant
4.	Rita Laura D'Ecclesia (**)	Deputy Chairperson	Foggia, 30 September 1960	Chairperson of Lumen Ventures SIS S.p.A.
5.	Luca Bader (**)	Director	Milano, 18 May 1974	
6.	Alessandra Giuseppina Barzaghi (**)	Director	Giussano (MP), 29 April 1955	
7.	Marco Bassilichi (*)	Director	Firenze, 3 October 1965	Deputy Chairperson of NEXI Payments S.p.A. Director of Base Digitale Group S.r.l. Director of Ith S.p.A. Member of Santa Chiara Lab Committee (University Innovation Lab)
8.	Francesco Bochicchio (**)	Director	Roma, 19 August 1956	Chairperson, Member of Monitoring Committee of Cassa di Risparmio della Provincia di Chieti in liquidazione coatta amministrativa Member of Monitoring Committee of Banca Padovana di credito cooperativo società cooperativa in liquidazione coatta amministrativa
9.	Rosella Castellano (**)	Director	Catania, 27 June 1965	
10.	Olga Cuccurullo	Director	Roma, 17 November 1972	Director of Office III of Treasury Department - Finance and Privatization Division within the

	Name	Position	Place and date of birth	Main activities outside the Bank, deemed significant
				Italian Ministry of the Economy and Finance
11.	Paola De Martini (**)	Director	Genova, 14 June 1962	
12.	Raffaele Di Raimo (**)	Director	Roma, 3 June 1965	
13.	Marco Giorgino (**)	Director	Bari, 11 December 1969	Director, Member of Control and Risk, Corporate Governance and Sustainability Committee and Chairperson of Related Party Committee of Terna S.p.A. Director of RealStep SICAF Chairperson of V-Finance S.r.l. Auditor of RGI S.p.A. Auditor of Luce Capital S.p.A.
14.	Nicola Maione (**)	Director	Lamezia Terme (CZ), 9 December 1971	
15.	Roberto Rao (**)	Director	Roma, 3 March 1968	

(*) Independent director pursuant to the Consolidated Finance Act.
(**) Independent director pursuant to the by-laws (Consolidated Finance Act and the Corporate Governance Code for Listed Companies).

Managers with strategic responsibilities

	Name	Position	Place and date of birth	Main activities outside the Bank, deemed significant
1.	Guido Bastianini	Chief Executive Officer and General Manager and interim Head of Institutional Relations, Communication and Sustainability Division	Gavorrano (GR), 10 April 1958	
2.	Leonardo Bellucci	Chief Risk Officer	21 February 1974	
3.	Vittorio Calvanico	Chief Operating Officer	Napoli, 8 February 1964	Director of Ausilia S.r.l. Chairperson of Consorzio Operativo Gruppo Montepaschi S.c.p.a.
4.	Ettore Carneade	Compliance Officer	Mola di Bari (BA), 16 June 1961	
5.	Massimiliano Bosio	Chief Audit Executive	Torino, 26 July 1971	
6.	Nicola Massimo Clarelli	Chief Financial Reporting Officer	Caserta, 22 October 1971	
7.	Roberto Coita	Chief Human Capital Officer	Milano, 28 January 1972	Director of Widiba S.p.A.
8.	Fiorella Ferri	Chief Safety Officer	Sovicille (SI), 5 June 1962	
9.	Fabrizio Leandri	Chief Lending Officer	Roma, 21 April 1966	Deputy Chairperson of Monte Paschi Banque S.A. Director of MPS Capital Services Banca per le Imprese S.p.A.
10.	Pasquale Marchese	Chief Commercial Officer	Pescara, 2 June 1961	Deputy Chairperson of Widiba S.p.A. Director of AXA MPS Assicurazioni Danni S.p.A.

	Name	Position	Place and date of birth	Main activities outside the Bank, deemed significant
				Director of AXA MPS Assicurazioni Vita S.p.A. Director of Bancomat S.p.A.
11.	Riccardo Quagliana	Group General Counsel	Milano, 4 February 1971	Deputy Chairperson of MPS Capital Services Banca per le Imprese S.p.A.
12.	Giuseppe Sica	Chief Financial Officer Deputy General Manager	Salerno, 19 April 1977	Chairperson of AXA MPS Assicurazioni Danni S.p.A. Chairperson of AXA MPS Assicurazioni Vita S.p.A. Director of MPS Capital Services Banca per le Imprese S.p.A. Director of Fondo Interbancario per la tutela dei depositi Director of Schema volontario Fondo Interbancario tutela dei depositi

Board of Statutory Auditors

The Ordinary Shareholders' Meeting of the Bank held on 18 May 2020 appointed the following members to the Board of Statutory Auditors for financial years 2020, 2021 and 2022:

1.	Enrico Ciai	Chairperson	Roma, 16 January 1957	Chairperson of the Board of Statutory Auditors of AXA MPS Assicurazioni Vita S.p.A. Chairperson of the Board of Statutory Auditors of AXA MPS Assicurazioni Danni S.p.A.
2.	Luigi Soprano	Auditor	Napoli, 22 February 1959	Sole Director of Unico di H & B Immobiliare S.r.l. Director of Interservice S.p.A. Auditor of Del Bo Società Consortile S.c.a.r.l.

				Chairperson of the Board of Statutory Auditors of Del Bo Impianti S.r.l. Chairperson of the Board of Statutory Auditors of Del Bo Roma S.r.l. Chairperson of the Board of Statutory Auditors of Del Bo S.p.A. Chairperson of the Board of Statutory Auditors of Del Bo Servizi S.p.A. Auditor of SIA S.p.A. Liquidator of Italgrani S.r.l. in liquidazione Liquidator of Italsilos S.r.l. Sole auditor of Aedifica S.r.l. Chairperson of the Board of Statutory Auditors of Tufano Holding S.p.A. Auditor of A.R.I.N. Azienda Speciale Auditor of Consorzio Meditech Administrator of Fallimento IAP S.r.l. Auditor of Fondazione Donnaregina per le arti contemporanee Liquidator of Consorzio RIMIC S.c.a r.l. Statutory Auditor of AXA MPS Assicurazioni Vita S.p.A.
3.	Luisa Cevasco*	Auditor	Genova, 20 May 1961	Director of Arrigoni S.p.A. Statutory Auditor of AXA MPS Assicurazioni Danni S.p.A.

4.	Francesco Fallacara*	Alternate Auditor	Bari, 14 June 1964	Chairperson of the Board of Statutory Auditors of Maire Tecnimont S.p.A. Chairperson of the Board of Statutory Auditors of TIM S.p.A. Statutory Auditor of Ro.Co. Edil Romana Costruzioni Edilizie S.r.l. Statutory auditor of Hirafilm S.r.l. Statutory Auditor of Fondazione Link Campus University Chairperson of the monitoring committee of Apaform – Associazione Professional ASFOR di formatori di Management Chairperson of the monitoring committee of Asfor – Associazione Italiana per la formazione manageriale Statutory Auditor of Collegio Provinciale dei Geometri di Roma Statutory Auditor of Eni Progetto S.p.A. Director of ArgoGlobal Assicurazioni S.p.A. Sole Auditor of GB Trucks Socio Unico S.r.l. Statutory Auditor of Nextchem S.r.l. Sole Auditor of SIBI Segheria Industriale Boschiva Immobiliare S.r.l. Sole Auditor of I Casali del Pino S.r.l.

				Sole Auditor of Fondazione Maire Tecnimont Statutory Auditor of Cartiere di Guarcino S.p.A. Chairperson of the Statutory Auditors of ATAC S.p.A. (Azienda per la mobilità di Roma Capitale) Statutory Auditor of Casa di Cura La Madonnina S.p.A. Statutory Auditor of GSD Sistemi e servizi S.c.a.r.l.
5.	Piera Vitali	Alternate Auditor	Mede (PV), 8 June 1949	Chairperson of the Board of Statutory Auditors of Piaggio & C. S.p.A. Chairperson of the Board of Statutory Auditors of Value Retail Milan S.r.l. Chairperson of the Board of Statutory Auditors of VR Milan S.r.l.

(*) Member of the Board of Statutory Auditors appointed by the Shareholders' Meeting of the Bank held on 6 April 2021.

The Board of Statutory Auditors is required to verify that the Bank complies with applicable law and its by-laws, respects the principles of correct administration, and maintains an adequate organisational structure, internal controls and administrative and accounting systems. The Board of Statutory Auditors has a duty to shareholders to whom they report at the annual Ordinary Shareholders' meeting approving the financial statements.

Banca Monte dei Paschi di Siena S.p.A. - Piazza Salimbeni 3, Siena, Italy is the business address of each member of the Board of Directors, the Board of Statutory Auditors and those managers with strategic responsibilities.

For further information please refer to the Bank's website at www.gruppomps.it – Corporate Governance.

Statutory Auditing

Pursuant to article 28 of the Bank's by-laws, on 11 April 2019 the Ordinary Shareholders' meeting appointed the audit firm PricewaterhouseCoopers S.p.A. as independent auditors for the statutory audit of the accounts 2020-2028. The statutory audit shall be performed by an independent auditor meeting the requirements established by law.

Conflict of Interest

BMPS is an Italian bank with shares listed on regulated markets and as such deals with any conflicts of interest of the members of its administrative, management and supervisory bodies in accordance with the

requirements of article 2391 ("*Directors' interests*") and article 2391-*bis* of the Italian Civil Code ("*Related party transactions*"), article 53, paragraph 4 ("*Regulatory supervision*") and article 136 ("*Obligations of bank corporate officers*") of the Italian Consolidated Banking Act and the regulatory provisions on related party transactions adopted by CONSOB with Resolution no. 17221 of 12 March 2010 as subsequently amended and supplemented ("*Regulation on Related Party transactions*") and by the Bank of Italy with Circular 285/2013 (Chapter 11, Part three *on* "*Risk activities and conflicts of interest with respect to affiliated parties*") as subsequently amended and supplemented, article 36 of Legislative Decree 201/2011, converted by Law no. 214/2011 (*so-called prohibition of interlocking*), in addition to the provisions of BMPS' by-laws on the matters (articles 15, 17, 19 and 26).

In this regulatory framework and in line with the principles defined in section 12 of the EBA guidelines on internal governance (EBA/GL/2021/05) and the EBA-ESMA guidelines on the assessment of the suitability of the members of the management body and staff that play key roles (EBA/GL/2021/06), the Bank's Board of Directors has over time approved specific internal directives and policies, including the Group Directive on personnel conflicts of interest, in order to evaluate, manage and mitigate or prevent actual or potential conflicts of interest between the interests of the Issuer and the private interests of staff (including members of the administrative, management and supervisory bodies).

The company legislation defines principles, responsibilities, procedures and decision-making and information skills, and safeguards for the related risks, in particular with regard to subjects close to the Bank's decision-making centres. The Issuer's website (*www.gruppomps.it*) makes available provisions and procedures which define the principles and responsibilities for the management of the prescriptive obligations regarding related parties and affiliated parties and obligations of bank representatives.

To the best of BMPS's knowledge and belief, as of the date this Base Prospectus there are no conflicts involving the members of its administrative, management and supervisory bodies, current or potential, between their obligations towards the Bank and their private interests and/or their obligations towards third parties, other than those occurring within the context of specific resolutions adopted by BMPS in accordance with the aforementioned legislation and BMPS' by-laws. Article 19 of BMPS' by-laws, in addition to compliance with the provisions of article 136 of the Italian Consolidated Banking Act, obliges the members of the Board of Directors to inform the Board itself and the Board of Statutory Auditors of any deal in which they are personally interested or which regards entities or companies of which they are directors, auditors or employees (unless in the case of Group companies) and to abstain from resolutions in which they have an interest in conflict, on their own behalf or on behalf of third parties. The main transactions concluded with related parties are described in the 2020 Consolidated Financial Statements and the 2021 Consolidated Half-Yearly Report published and available on the Bank's website *www.gruppomps.it*.

Main Shareholders as at 30 September 2021

The entities that, as at 30 September 2021, directly and/or indirectly hold ordinary shares for more than 3 per cent. of the Issuer's share capital and do not fall under any of the exemptions provided for by article 119-*bis* of the CONSOB Regulation No. 11971 of 14 May 1999, are as follows:

Shareholders	**% share capital on overall share capital**
Italian Ministry of Economy and Finance (MEF)	**64.230%**
Assicurazioni Generali S.p.A. *(*)*	**4.319%**

(*) Shares held through its subsidiaries, based on the communications received, pursuant to applicable legislation, as at 28 November 2017.

As at 30 September 2021, pursuant to article 93 of the Consolidated Finance Act, the Issuer is controlled by the MEF, following the subscription of the share capital increase reserved to the MEF pursuant to the Decree of 23 December 2016, no. 237 and its related ministerial Decree adopted on 27 July 2017 and upon completion of the partial non-proportional demerger plan pursuant to article 2501-ter and 2506-bis of the Italian Civil Code of Banca Monte dei Paschi di Siena S.p.A. in favour of AMCO - Asset Management Company S.p.A. (in which respect please refer to letter a) "*Partial, non-proportional demerger with asymmetric option from BMPS in favour of AMCO*" of sub-paragraph 3.1 "*Recent developments*" of paragraph 3 "*Major Events*" of the section "*Banca Monte dei Paschi di Siena S.p.A.*" of this Base Prospectus).

The ownership structure of the Issuer is subject to potential aggregations and the disposal of the stake held by the MEF in the Bank. For information relating to the risks relating to possible aggregations, please refer to paragraph "*Risks associated with possible aggregations*" of the section "*Risk Factors*" of this Base Prospectus.

REGULATORY ASPECTS

1) Deferred tax assets

Within the context of the legislative framework relating to DTAs, Law of 22 December 2011, no. 214 ("**Law 214/2011**") provided for the conversion into tax credits of DTAs referred to write-downs and credit losses, as well as those relating to the value of goodwill and other intangible assets (so-called DTAs eligible for conversion) in case the company records a loss for the period in its individual financial statement. The conversion into tax credit operates in regard to DTAs recorded in the financial statement in which the loss is recognised and for a fraction thereof equal to the ratio between the loss amount and the company's equity.

Law 214/2011 further provided for the conversion of DTAs also in the presence of a tax loss, on an individual basis; in such case, the conversion operates for the DTAs recognised in the financial statement versus the tax loss for the portion of the same loss generated by the deduction of the above illustrated negative income components (write-downs and credit losses, goodwill and other intangible assets).

In such legislative framework, accordingly, the recovery of DTAs eligible for conversion seems guaranteed for the Bank also in case the latter does not generate adequate future taxable income capable of ordinarily absorbing the deductions that correspond with the DTAs recorded. The tax regime introduced by Law 214/2011, as stated by the Bank of Italy/CONSOB/ISVAP (now IVASS) within the document "Accounting treatment of deferred taxes deriving from Law 214/2011" no. 5 of 15 May 2012, in granting "certainty" to the recovery of DTAs eligible for conversion, impacts in particular on the recoverability test laid down by the accounting standard IAS 12, basically makes it automatically satisfied. Even the regulatory legislation provides for a more favourable treatment for DTAs eligible for conversion compared to the other types of DTAs since the former, for the purpose of the capital adequacy requirements the Group shall comply with, do not constitute negative elements at equity level and are included among RWA with a 100 per cent. weighting.

In relation to DTAs eligible for conversion pursuant to Law 214/2011, article 11 of Law Decree No. 59/2016 subjected the possibility to continue to apply the above described regime in the matter of conversion into tax credits of advanced tax assets to the exercise of a specific irrevocable option and the payment of an annual fee ("**DTA fee**") to be paid with reference to each of the financial years starting from 2015 and subsequently, if annual requirements are met, until 2029. As clarified in the press release of the Council of Ministers on 29 April 2016, such provision were necessary to overcome the doubts raised by the European Commission on the existence of "State aid" components in the legislative framework relating to deferred tax assets then in force.

In more detail, the fee for a specific financial year is determined by applying the 1.5 per cent. rate to a "base" obtained by adding the difference between DTAs eligible for conversion that are recorded in the financial statement of such financial year and the corresponding DTAs recorded in the 2007 financial statement, the overall amount of conversions into tax credits operated until the relevant financial year, net of taxes, identified in the Decree, paid with respect to the specific tax periods established in the same Decree. Such fee is deductible for the purpose of income taxes.

The Bank exercised the aforementioned option by paying the fee, within the given deadline of 31 July 2016, for the amount of Euro 70.4 million, due by 2015. Further, article 26-*bis* of Decree 237 amended article 11 of Law Decree 59/2016, substantially moving the DTA fee's reference period from 2015-2029 to 2016-2030. Consequently, the fee already paid by 31 July 2016 in relation to 2015 is deemed deferred to 2016 and the amount remained unchanged; as a consequence of the exercise of the option, the Bank also proceeded with the payment of the fee due for 2017, 2018, 2019, 2020 and 2021 for the amount of Euro 346.5 million.

In relation to the expected evolution of the amount of DTAs eligible for conversion, please note that as a consequence of the rules introduced by Law Decree No. 83/2015 (converted by Law 6 August 2015 no. 132), such amount may no longer be increased in the future. Specifically, from 2016 the pre-requirement for the

recognition of DTAs from write-downs and credit losses ceased, with those negative income items becoming fully deductible.

In relation to DTAs relating to goodwill and other intangible assets, if recognised in the Financial Statement from 2015 onwards, they will no longer be eligible for conversion into tax credits due to the effect of aforementioned Law Decree 83/2015.

It should be noted that the Italian legislation provides for the EGS (economic growth support (*aiuto alla crescita economica)*) introduced by article 1 of the Law-Decree no. 201/2011. Such incentive provides, for companies that have increased their capital resources compared to the respective size as of 31 December 2010, with the right to operate downward to their taxable income by an amount equal to the notional return (1.3 per cent. from 2019) on the capital increase realised. This downward amendment is recognized for the financial year in which the capital increase took place, as well as for each of the subsequent years (until the rule is repealed) and, in case of insufficient taxable income of one of those, may be deducted from the following years" income. Such deduction, for entities that participate in the group taxation system (also known as tax consolidation (*consolidato fiscale*)), must be added to taxable income before the use of past tax losses. It follows that, with equal prospective income generating capacity, the presence of this incentive reduces, to an extent directly proportional to its amount, the possibility of recording DTAs relating to past tax losses. The incentive at stake, temporarily repealed by Law no. 145 of 30/12/2018 with effect from 2019, was then reinstated by Law no. 160 of 27/12/2019, rendering the previous repeal ineffective.

Although the carry-forward of tax losses and EGS surpluses is not subject to any time limit according to current tax regulation, the regulatory provision provide for a more penalizing treatment of the relevant DTAs than for other DTAs that may not be converted into tax credits pursuant to Law no. 214/2011, since they are deducted from assets according to phasing-in percentages without the benefit of the deductible mechanism. Moreover, it should be noted that according to Law Decree No. 83/2015, by recognising the immediate deductibility of write-downs and credit losses entailed for financial years subsequent to 2015, a relevant reduction of corporate income tax extends the time horizon for the absorption of tax losses and prior EGS surplus and, accordingly, for the DTAs associated with such losses and surpluses.

It should be noted that Article 44-bis of Law Decree 34/2019 (as amended by Law Decrees 18/2020 and 73/2021) introduced the possibility of conversion of DTAs related to tax losses and EGS surpluses into tax credits as well. The conversion is allowed in case of sale of NPLs carried out in 2020 and 2021 towards third parties not belonging to the Group. Tax losses or EGS surplus convertible are determined as 20% of the nominal value of NPLs sold (up to a limit of Euro 2 billion) and the tax credit amount corresponds to related DTAs (even if not booked in the balance sheet). An annual 1.5% fee is due on the DTAs converted amount, under the same conditions as that due for conversions made in accordance with Law 214/2011.

2) Regulations and Supervision of the ECB, Bank Of Italy, CONSOB and IVASS

The Group is subject to complex regulations and, in particular, to the supervision of the Bank of Italy, CONSOB and, in relation to a number of aspects of the bancassurance business, the *Istituto per la Vigilanza sulle Assicurazioni* ("**IVASS**"). As from 4 November 2014, the Group is also subject to the supervision of the ECB, which is entrusted under the SSM (as defined below), *inter alia*, to ensure the homogeneous application of Eurozone legislative provisions.

In particular, the Group is subject to both a primary and secondary legislation framework applicable to companies with financial instruments listed on regulated markets. The legislation is applicable in regard to banking and financial services (governing, *inter alia*, sale and placement activities of financial instruments and the marketing thereof), as well as for the regulatory regime of countries, including those other than the Republic of Italy, in which the Group is active. The supervision activities carried out by the aforementioned authorities cover various business sectors and may concern, *inter alia*, liquidity, capital adequacy and financial leverage levels, the prevention and combating of money laundering, privacy protection, transparency and fairness in the relations with clients, and reporting and recording obligations.

For the purpose of operating in accordance with such legislations, the Group put in place specific internal procedures and policies and has adopted, pursuant to Legislative Decree No. 231/2001, a complex and constantly monitored organisational model. Such procedures and policies mitigate the possibility of the Bank to incur any breach of the various applicable legislations, which may cause negative impacts on the business, reputation as well as on the capital, economic and/or financial condition of the Bank and/or of the Group.

In general, the international and national legislative structure to which the Group is subject has the main purpose of safeguarding the stability and soundness of the banking system, through the adoption of a very complex regime, aimed at containing risk factors. To achieve these goals, the regime provides for, *inter alia*:

(i) a minimum capital holding, adequate to deal with the company's size and the associated risks;

(ii) quantitative and qualitative limits on the ability to develop certain financial aggregate data, depending on the risks associated therewith (e.g. credit, liquidity);

(iii) strict rules on the structure of controls and a compliance system; and

(iv) rules on corporate governance.

Basel III and the CRD IV Package

In the wake of the global financial crisis that began in 2008, the Basel Committee on banking supervision ("**BCBS**") approved, in the fourth quarter of 2010, revised global regulatory standards ("**Basel III**") on bank capital adequacy and liquidity, which impose requirements for, *inter alia*, higher and better-quality capital, better risk coverage, measures to promote the build-up of capital that can be drawn down in periods of stress and the introduction of a leverage ratio as a backstop to the risk-based requirement as well as two global liquidity standards.

In January 2013 the BCBS revised its original proposal in respect of the liquidity requirements in light of concerns raised by the banking industry, providing for a gradual phasing-in of the LCR with a full implementation in 2019 as well as expanding the definition of high quality liquid assets to include lower quality corporate securities, equities and residential mortgage backed securities. Regarding the other liquidity requirement, the net stable funding ratio, the BCBS published the final rules in October 2014 which were to be effective from 1 January 2018. A binding detailed net stable funding ratio was proposed as part of the Capital Requirements Directive reforms released in November 2016.

The Basel III framework has been implemented in the European Union ("**EU**") through new banking requirements: Directive 2013/36/EU (the "**CRD IV**") of the European Parliament and the European Council on 26 June 2013 which relates to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, and Regulation (EU) No 575/2013 (the "**CRR**" and together with the CRD IV, the "**CRD IV Package**") of the European Parliament and the European Council on 26 June 2013 which relates to prudential requirements for credit institution and investment firms, subsequently updated with the Directive (EU) 2019/878 (the "**CRD V**") and Regulation (EU) 2019/876 (the "**CRR II**" and, together with the CRD V, the "**EU Banking Reform Package**").

National options and discretions under the CRD IV Package that were previously only exercised by national competent authorities, will now be exercised by the Single Supervisory Mechanism ("**SSM**") (as defined below) in a largely harmonised manner throughout the European banking union. In this respect, on 14 March 2016, the ECB adopted Regulation (EU) No. 2016/445 on the exercise of options and discretions. Depending on the manner in which these options/discretions were exercised by the national competent authorities and on the manner in which the SSM will exercise them in the future, additional/lower capital requirements may result.

In the Republic of Italy, the Government approved Legislative Decree No. 72 on 12 May 2015 ("**Decree 72/2015**") implementing the CRD IV. Decree 72/2015 entered into force on 27 June 2015. The new regulation impacts, *inter alia*, on:

(i) proposed acquirers of holdings in credit institutions, requirements for shareholders and members of the management body (articles 22, 23 and 91 of the CRD IV);

(ii) competent authorities' powers to intervene in cases of crisis management (articles 102 and 104 of the CRD IV);

(iii) reporting of potential or actual breaches of national provisions (known as whistleblowing, article 71 of the CRD IV); and

(iv) administrative penalties and measures (article 65 of the CRD IV).

Moreover, the Bank of Italy published new supervisory regulations on banks in Circular No. 285 on 17 December 2013 ("**Circular No. 285**") which came into force on 1 January 2014, implementing the CRD IV Package, and setting out additional local prudential rules. Circular No. 285 has been constantly updated after its first issue, the last updates being the 37th update published on 24 November 2021. The CRD IV Package has also been supplemented in the Republic of Italy by technical standards and guidelines finalized by the European supervisory authorities, mainly EBA and the European Securities and Markets Authority, and delegated regulations of the European Commission and guidelines of the EBA.

According to Article 92 of the CRR, institutions shall at all times satisfy the following own fund requirements: (i) a CET1 Capital ratio of 4.5 per cent. of the total risk exposure amount; (ii) a Tier 1 Capital ratio of 6 per cent. of the total risk exposure amount; and (iii) a Total Capital ratio of 8 per cent. of the total risk exposure amount. These minimum ratios are complemented by the following capital buffers to be met with CET1 Capital, reported below as applicable with reference to 30 June 2021:

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

- *Counter-cyclical capital buffer*: calculated on a quarterly basis depending on the geographic distribution of the relevant credit exposures of the institution and on the decisions of each competent national authorities setting the specific rates applicable in the home Member State, other Member States or third countries (pursuant to article 130 of the CRD IV and Part I, Title II, Chapter I, Section III of Circular No. 285). The Bank of Italy has set, and decided to maintain, the countercyclical capital buffer rate (relating to exposures towards Italian counterparties) at 0 per cent. for the first quarter of 2022;

- *Capital buffers for global systemically important banks* ("**G-SIBs**"): represents an additional loss absorbency buffer ranging from 1.0 per cent. to 3.5 per cent. determined according to specific indicators (e.g. size, interconnectedness, complexity); to be phased in from 1 January 2016 (pursuant to article 131 of the CRD IV and Part I, Title II, Chapter I, Section IV of Circular No. 285) becoming fully effective on 1 January 2019. Based on the most recently updated list of global systemically important institutions ("**G-SIIs**") published by the FSB (as defined below) on 11 November 2020 (to be updated annually), the Group is not a global systemically important bank ("**G-SIB**") and does not need to comply with a G-SII capital buffer requirement; and

- *Capital buffers for other systemically important banks* ("**O-SIIs**"): up to 2.0 per cent. as set by the relevant competent authority (reviewed at least annually), to compensate for the higher risk that such banks represent to the domestic financial system (article 131 of the CRD IV and Part I, Title II, *Chapter* I, Section IV of Circular No. 285). On 19 November 2021, the Bank of Italy identified the Group as an O-SII authorised to operate in the Republic of Italy in 2021 which will have to

maintain a capital buffer of 0.25 per cent. of its total risk exposure amount, to be achieved according to a transitional period, as follows: 0.13 per cent. from 1 January 2020, 0.19 per cent. from 1 January 2021 and at 0.25 per cent. from 1 January 2022.

In addition to the above listed capital buffers, under Article 133 of the CRD IV, each Member State may introduce a systemic risk buffer ("**SyRB**") in order to prevent and mitigate long-term non-cyclical systemic or macro prudential risks not otherwise covered by the CRD IV Package, in the sense of a risk of disruption in the financial system with the potential of having serious negative consequences on the financial system and the real economy in a specific Member State. Italian authorities have not introduced such a measure to date. However, on 28 April 2021, the Bank of Italy published a consultation document on "*Riserve di capitale e strumenti macroprudenziali basati sulle caratteristiche dei clienti e dei finanziamenti*" which focused on the introduction of an SyRB, as amended by CRD V, for banks and banking groups authorised in Italy, and of *borrower-based* measures for new loans (not regulated by European regulation), tailored to the conditions of specific clients, industries or regions.

Failure by an institution to comply with the buffer requirements described above may trigger restrictions on distributions and the need for the bank to adopt a capital conservation plan and/or take remedial actions (articles 141 and 142 of the CRD IV).

In addition, the Bank is subject to the Pillar II requirements for banks imposed under the CRD IV Package, which are potentially impacted, on an on-going basis, by further requirements provided by the supervisory authorities under the SREP. In particular, the SREP process is aimed at ensuring that institutions have in place adequate arrangements, strategies, processes and mechanisms to maintain the amounts, types and distribution of internal capital commensurate to their risk profile, as well as robust governance and internal control arrangements. The key purpose of the SREP process is to ensure that institutions have adequate arrangements as well as capital and liquidity to ensure sound management and coverage of the risks to which they are or might be exposed, including those revealed by stress testing, as well as risks the institution may pose to the financial system. For more information in this respect reference is made to paragraph "*The Single Supervisory Mechanism*" below.

The quantum of any Pillar II requirement imposed on a bank and the type of capital which a bank is required to apply in order to meet such capital requirements may all impact a bank's ability to comply with the combined buffer requirement.

With reference to the "stacking order" of own funds requirements, as clarified in the "Opinion of the European Banking Authority on the interaction of Pillar I, Pillar II and combined buffer requirements and restrictions on distributions" published on 16 December 2015, competent authorities should ensure that the Common Equity Tier 1 Capital to be taken into account in determining the Common Equity Tier 1 Capital available to meet the combined buffer requirement is limited to the amount not used to meet the Pillar I and Pillar II own funds requirements of the institution. In effect, this would mean that Pillar II capital requirements would be "stacked" below the capital buffers, and thus a firm's CET1 resources would only be applied to meet capital buffer requirements after Pillar I and Pillar II capital requirements have been met in full.

Furthermore, in its publication of the 2016 EU-wide stress test results on 29 July 2016, the EBA has recognised a distinction between "Pillar II requirements" (stacked below the capital buffers) and "Pillar II capital guidance" (stacked above the capital buffers). With regard to Pillar II capital guidance, the publication stated that, in response to the stress test results, competent authorities may (among other things) consider "setting capital guidance, above the combined buffer requirement". Competent authorities have remedial tools if an institution refuses to follow such guidance. The ECB published a set of "Frequently asked questions on the 2016 EU-wide stress test", confirming this distinction between Pillar II requirements and Pillar II capital guidance and noting that "Under the stacking order, banks facing losses will first fail to fulfil their Pillar II capital guidance. In case of further losses, they would next breach the combined buffers, then Pillar II requirements, and finally Pillar I requirements".

This distinction between "Pillar II requirements" and "Pillar II capital guidance" has been introduced in the EU by the CRD V. Whereas the former are mandatory requirements imposed by supervisors to address risks not covered or not sufficiently covered by Pillar I and buffer capital requirements, the latter refers to the possibility for competent authorities to communicate to an institution their expectations for such institution to hold capital in excess of its capital requirements (Pillar I and Pillar II) and combined buffer requirements in order to cope with forward-looking and remote situations. Under the EU Banking Reform Package, and as described above, only Pillar II requirements, and not Pillar II capital guidance, will be relevant in determining whether an institution is meeting its combined buffer requirement.

Non-compliance with Pillar II capital guidance does not amount to failure to comply with capital requirements, but should be considered as a "pre-alarm warning" to be used in a bank's risk management process. If capital levels go below Pillar II capital guidance, the relevant supervisory authorities, which should be promptly informed in detail by the bank of the reasons of the failure to comply with the Pillar II capital guidance, will take into consideration appropriate and proportional measures on a case by case basis (including, by way of example, the possibility of implementing a plan aimed at restoring compliance with the capital requirements - including capital strengthening requirements).

The CRD IV Package also introduced a LCR. This is a stress liquidity measure based on modelled 30-day outflows. The LCR was implemented in 1 October 2015, although it was phased-in and became fully applicable from 1 January 2018 and set at 100 per cent.. The Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 supplementing the CRR in regard to the liquidity coverage requirement for credit institutions (the "**LCR Delegated Act**") was adopted in October 2014 and published in the Official Journal of the European Union in January 2015. On 10 October 2018, amendments to the LCR Delegated Act were published in the Official Journal (Commission Delegated Regulation (EU) 2018/1620 of 13 July 2018) and has applied as of April 2020. Most of these amendments are related to the entry into force of the new securitisation framework on 1 January 2019. The Net Stable Funding Ratio ("**NSFR**") is part of the Basel III framework and aims to promote resilience over a longer time horizon (1 year) by creating incentives for banks to fund their activities with more stable sources of funding on an on-going basis. The NSFR has been introduced as a requirement in the CRR II published in June 2019 and applies from June 2021.

Furthermore, the Bank is bound to comply with the general limit on the investment in equity interests and real estate properties, to be contained within the amount of own funds at consolidated level, and the regulatory limits in the matter of holding of qualifying equity interests in non-financial enterprises and large exposures. The Bank is also subject to the regulatory limits provided for by the national legislation in the matter of transactions with related parties as per the "New Prudential Supervision Provisions" for banks as well as the specific obligations set forth by the regulation issued by CONSOB.

With regard to the calculation modalities of regulatory requirements, in order to determine weightings in the context of the credit risk standardised approach, the first pillar prudential regime allows for the possibility to use the creditworthiness assessments issued by external credit assessment institutions ("**ECAI**"). BMPS uses the assessments provided by certain ECAIs and, in particular, those issued by Standard & Poor's, Moody's and Fitch. In addition, in relation to credit risk, the prudential regime further allows for the possibility to use internal rating-based assessments for the determination of weightings on exposures falling within the validated perimeters.

The EU Banking Reform Package

The EU Banking Reform Package amends many existing provisions set out in the CRD IV Package, the BRRD (as defined below) and the SRM Regulation (as defined below).

These proposals were agreed by the European Parliament, the European Council and the European Commission and were published in the Official Journal of the European Union on 7 June 2019 entering into force 20 days after, even though most of the provisions apply as of 28 June 2021, allowing for smooth implementation of the new provisions during these last two years.

Specifically, the new EU regulatory framework introduced by the CRR II includes:

- revisions to the standardised approach for counterparty credit risk;
- revisions to the prudential treatment of exposures in the form of units or shares in collective investment undertakings, envisaging the application of a risk weight of 1250% (fall-back approach) in the event that the bank is unable to apply the look-through approach or the mandate-based approach;
- introduction from September 2021 of new reporting requirement on market risk according to the Alternative Standardised Approach pending implementation in the EU of the latest changes to the Fundamental Review of the Trading Book ("**FRTB**") published in January 2019 by the BCBS and then the application of own funds requirements;
- a binding leverage ratio (and related improved disclosure requirements) introduced as a backstop to risk-weighted capital requirements and set at 3 per cent. of an institution's Tier 1 capital;
- a binding NSFR which requires credit institutions and systematic investment firms to finance their long-term activities (asset and off-balance sheet items) with stable sources of funding (liabilities) in order to increase banks resilience to funding constraints. This means that the amount of available stable funding will be calculated by multiplying an institution's liabilities and regulatory capital by appropriate factors that reflect their degree of reliability over a year. The NSFR will be expressed as a percentage and set at a minimum level of 100 per cent., indicating that an institution holds sufficient stable funding to meet its funding needs during a one-year period under both normal and stressed conditions. The NSFR applies at a level of 100 per cent. at individual and a consolidated level starting from 28 June 2021, unless competent authorities waive the application of the NSFR on an individual basis;
- changes to the large exposure limits;
- the exemption from deductions of prudently valued software assets from CET 1;
- improvement of own funds calculation adjustments for exposures to SME and infrastructure projects; and
- the CRD V reviews, among other things, the Pillar 2 regulatory framework for capital buffers, which officially introduces the distinction between Pillar 2 requirements and Pillar 2 capital guidance, also specifying the nature the equity instruments with which banks must satisfy the Pillar 2 requirement.

Most of the provisions of the CRR II apply from 28 June 2021, although certain provisions, such as those relating to definition or own funds, were implemented from 27 June 2019. The elements of the package introduced by the CRD V are subject to transposition into national law. The CRD V is subject to transposition in Italy by means of the European Delegation Law (Law No. 53/2021) of 22 April 2021. Although it is expected to be gradually implemented, such regulatory evolution, whose aim was to set a higher system stability, may in any case have a significant impact on financial institutions.

It should be noted that during 2020 the ECB granted a number of supervisory measures that included a greater flexibility in supervisory burdens in order to mitigate the impact of COVID-19 on the European banking system. In particular, the ECB allowed banks the possibility of temporarily operating below the capital level defined by the Pillar 2 capital guidance, the capital conservation buffer and the LCR, and the possibility of partially using Additional Tier 1 Capital or Tier 2 Capital to meet the Pillar 2 requirement (P2R), bringing forward the measure contained in the CRD V. Moreover, Regulation (EU) 2020/873 of the European Parliament and of the Council (the "**CRR Quick-fix**"), brought forward the application date of certain CRR II measures to 27 June 2020, including the SME supporting factor, the infrastructure supporting

factor and the more favourable treatment of certain loans granted by credit institutions to pensioners or employees, and the application date of the new prudential treatment of software assets to the date on which the EBA's regulatory technical standards enter into force (Delegated Regulation (EU) 2020/2176 was published on 22 December 2020 and became effective from 23 December 2020). The CRR Quick-fix also amended the IFRS 9 transitional arrangements to mitigate the impact on regulatory capital and on banks' lending capacity of the likely increases in expected credit loss provisioning under IFRS 9 due to the economic consequences of the COVID-19 crisis, and introduced several temporary measures, such as the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income for exposures to central governments, the temporary treatment of public debt issued in the currency of another Member State and the temporary measures relating to the calculation of the leverage ratio (the exclusion, subject to the discretion of the competent authority, of certain exposures to central banks from the total exposure measure and the revised calculation of the exposure value of regular-way purchases and sales awaiting settlement). With regard to exclusion of certain exposures to central banks from total exposure measures, on 18 June 2021, ECB announced its temporary exclusion in view of the COVID-19 pandemic, for a period starting on 28 June 2021 and ending on 31 March 2022 (Decision ECB 2021/2176).

For more details on the regulatory measures adopted by the European institutions in response to the COVID-19 pandemic, please refer to paragraph "*Regulatory and supervisory interventions by institutions within the context of the COVID-19 pandemic*" of the 2020 Consolidated Financial Statement, incorporated by reference in this Base Prospectus.

Furthermore, in July 2020, the European Commission adopted a legislative package on capital markets recovery (the "**Capital Markets Recovery Package**") as part of its overall strategy to tackle the economic impacts of the COVID-19 pandemic. Under the Capital Markets Recovery Package targeted amendments to (i) the Prospectus Regulation and Directive 2004/109/EC (such amendments having been introduced by Regulation (EU) 2021/337), (ii) the MiFID II (such amendments having been introduced by Directive (EU) 2021/338) and (iii) the Securitisation Regulation (such amendments having been introduced by Regulation (EU) 2021/557), have been introduced in the EU legislative framework.

For more details on the amendments to the Securitisation Regulation, please see paragraph "*The Securitisation Framework*" below.

The Single Supervisory Mechanism

In October 2013, the Council of the European Union adopted regulations establishing the SSM for all banks in the Eurozone, which have, beginning in November 2014, given the ECB, in conjunction with the national competent authorities of the Eurozone states, direct supervisory responsibility over "banks of systemic importance" in the European banking union as well as their subsidiaries in a participating non-Eurozone Member State. The SSM Regulation that sets out the practical arrangements for the SSM was published in April 2014 and entered into force in May 2014. Banks directly supervised by the ECB include, *inter alia*, any Eurozone bank that has: (i) assets greater than Euro 30 billion; (ii) assets constituting at least 20 per cent. of its home country's gross domestic product; or (iii) requested or received direct public financial assistance from the European Financial Stability Facility or the European Stability Mechanism.

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

National competent authorities will continue to be responsible for carrying out supervisory tasks not conferred on the ECB, such as consumer protection, money laundering, payment services, and branches of third country banks, besides supporting the ECB in day-to-day supervision. In order to foster consistency and efficiency of supervisory practices across the EU, the EBA is developing a single rule book. The single rule book aims at providing a single set of harmonised prudential rules in which institutions throughout the EU must respect.

The Bank and the Group have been classified, as a significant supervised entity and a significant supervised group, respectively, pursuant to the SSM Regulation and Regulation (EU) No. 468/2014 of the European Central Bank of 16 April 2014 and, as such, are subject to direct prudential supervision by the ECB.

The ECB is required under the SSM Regulation to carry out a SREP process at least on an annual basis. In addition to the above, the EBA published on 19 December 2014 its final guidelines for common procedures and methodologies in respect of the SREP. Included in these guidelines were the EBA's proposed guidelines for a common approach to determining the amount and composition of additional Pillar II own funds requirements to be implemented from 1 January 2016. Under these guidelines, national supervisors should set a composition requirement for the Pillar II requirements to cover certain specified risks of at least 56 per cent. of CET1 Capital and at least 75 per cent. Tier 1 capital. The guidelines also contemplate that national supervisors should not set additional own fund requirements in respect of risks which are already covered by the combined buffer requirements (as described above) and/or additional macro-prudential requirements.

On 28 June 2021 EBA launched a public consultation on common procedures and methodologies for the supervisory review and evaluation process (SREP) and supervisory stress. The comprehensive revisions aim at implementing the recent amendments to the Capital Requirements Directive (CRD V) and Capital Requirements Regulation (CRR II). These guidelines aim at achieving convergence of practices followed by competent authorities in supervisory stress testing across the EU. It affects all main SREP elements, including (i) business model analysis, (ii) assessment of internal governance and institution-wide control arrangements, (iii) assessment of risks to capital and adequacy of capital to cover these risks, and (iv) assessment of risks to liquidity and funding and adequacy of liquidity resources to cover these risks.

According to the SSM Regulation, the national supervisory authorities remain in charge of carrying out those supervisory tasks which are not given to the ECB (such as, among the others, conducting the function of competent authorities over credit institutions in relation to markets in financial instruments). Therefore, the Bank is also subject to, *inter alia*, CONSOB supervision, given its activities carried out in relation to the sale, placement and marketing of financial instruments.

Single Resolution Mechanism

In August 2014, Regulation (EU) No 806/2014 (as amended, the "**SRM Regulation**") establishing the single resolution mechanism ("**SRM**") entered into force. The SRM became fully operational on 1 January 2016. Certain provisions, including those concerning the preparation of resolution plans and provisions relating to the cooperation of the Single Resolution Board ("**SRB**") with national resolution authorities, entered into force on 1 January 2015.

The SRM, which complements the SSM, applies to all banks supervised by the ECB SSM. It mainly consists of the SRB and a Securitisation Regulation Framework ("**SRF**").

Decision-making is centralised with the SRB, and involves the European Commission and the European Council (which will have the possibility to object to the SRB's decisions) as well as the ECB and national resolution authorities.

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

The SRM Regulation was subsequently updated by Regulation (EU) 2019/877 ("**SRM II Regulation**"), as part of the EU Banking Reform Package, published on 7 June 2019 and entered into force on 27 June 2019. In line with the changes to BRRD II (as defined below), the SRM II Regulation which applies from 28 December 2020 introduced several amendments such as changing the MREL for banks and G-SIBs, in order to measure it as a percentage of the total risk-exposure amount and of the leverage ratio exposure measure of the relevant institution. BRRD and SRM Regulation require institutions to meet MREL at all times, which has to be determined by the resolution authority in order to ensure the effectiveness of the bail-in tool and other resolution tools.

The BRRD and the revision of the BRRD framework

The BRRD completes the legislative framework applicable to banks, identifying the powers and tools which national authorities in charge of resolving banking crisis may adopt for the resolution of a bank's crisis or a collapse situation. This was for the purpose of guaranteeing continuity of the essential functions of the institution, reducing to a minimum the collapse impact on the economy and the financial system as well as on costs for taxpayers. On 9 July 2015, the enabling act for the implementation of the BRRD was approved, identifying, *inter alia*, the Bank of Italy, as national resolution authority pursuant to article 3 of the BRRD. On 16 November 2015, contemporaneously with the publication in the Official Journal, Legislative Decrees no. 180 and 181 of 16 November entered into force and respectively implemented the BRRD and adapted the provisions of the Italian Banking Act to the changed legislative framework.

With specific reference to the bail-in instrument, the BRRD has provided a minimum requirement for own funds and eligible liabilities ("**MREL**") in order to ensure that a bank, in case of an application of the bail-in tool, has sufficient liabilities to absorb losses and to assure compliance with the Common Equity Tier 1 requirement provided for the authorisation to exercise the banking business, as well as to generate confidence in the market. Regulatory technical standards specifying the criteria to determine the MREL requirements are set out in Delegated Regulation EU 2015/1450 which was published in the Official Journal of the European Union on 3 September 2016.

In April 2021, Implementing Regulation (EU) 2021/763 on disclosure reporting on MREL and TLAC has been published, providing for: (i) draft uniform disclosure formats for MREL and TLAC disclosure according – respectively – to Articles 45i(6) of the BRRD and 434a of the CRR; and (ii) draft uniform reporting templates, instructions and methodology for MREL and TLAC reporting according – respectively – to Articles 45i(5) of the BRRD and 430(7) of the CRR. Title I of Implementing Regulation (EU) 2021/763 shall apply from 28 June 2021, while Title II shall apply as of 1 June 2021 as regards the disclosures in accordance with Article 437a and point (h) of Article 447 of CRR, and as of the date of application of the disclosure requirements in accordance with the third subparagraph of Article 3(1) of Directive (EU) 2019/879, as regards the disclosures in accordance with Article 45i(3) of BRRD.

The BRRD also requires Member States to ensure that national insolvency laws contain a prescribed creditor hierarchy. The insolvency hierarchy directive (Directive (EU) 2017/2399), due to be transposed in Member States by 29 December 2018, amends this hierarchy by introducing a new asset class of non-preferred senior debt that can only be bailed-in in resolution after capital instruments but before senior liabilities. In the Republic of Italy, such directive has been implemented by the Italian Law No. 205/2017 which introduced article 12 *bis* into the Italian Consolidated Banking Act.

Revisions to the BRRD framework

The EU Banking Reform Package includes Directive (EU) 2019/879, which provides for a number of significant revisions to the BRRD (known as "**BRRD II**") published in the Official Journal of the European Union on 7 June 2019 and entered into force on 27 June 2019. With regard to the date of application, Member States were required to ensure implementation into local law by 28 December 2020 with certain requirements relating to the implementation of the total loss absorbency capacity standard ("**TLAC**") applying from January 2022 while the transitional period for full compliance with MREL requirements is foreseen until 1

January 2024, with interim targets for a linear build-up of MREL set at 1 January 2022. The BRRD II has been transposed under Italian law, in accordance with the European Delegation Law (Law No. 53/2021) of 22 April 2021, by the 193 Decree, which has mainly amended the provisions set out under Legislative Decree No. 180 of 16 November 2015, the Italian Consolidated Banking Act and the Consolidated Finance Act to take into account the provisions of the BRRD II.

The EU Banking Reform Package includes, amongst other things:

- full implementation of the Financial Stability Board's TLAC standard ("**FSB**") in the EU and revisions to the existing MREL regime. Additional changes to the MREL framework that include changes to the calculation methodology for MREL, criteria for the eligible liabilities which can be considered as MREL, the introduction of internal MREL and additional reporting and disclosure requirements on institutions;

- the introduction of a new category of "top-tier" banks, being banks which are resolution entities that are not G-SIIs but are part of a resolution group whose total assets exceed Euro 100 billion;

- the introduction of a new moratorium power for resolution authorities and requirements on the contractual stays in resolution; and

- amendments to the article 55 regime in respect of the contractual recognition of bail-in.

In particular, with a view to ensuring full implementation of the TLAC standard in the EU, the EU Banking Reform Package and the BRRD II introduce MREL applicable to G-SIIs with the TLAC standard and to allow resolution authorities, on the basis of bank-specific assessments, to require that G-SIIs comply with a supplementary MREL requirement strictly linked to the resolvability analysis of a given G-SII. Neither the Bank nor any member of BMPS has been identified as a G-SIB in the 2020 list of global systemically important banks published by the FSB on 11 November 2020.

BRRD II introduces a minimum harmonised MREL requirement (also referred to as a Pillar 1 MREL requirement) applicable to G-SIIs only. The BRRD II includes important changes as it introduces a new category of banks, so-called top-tier banks, being banks which are resolution entities that are not G-SIIs but are part of a resolution group whose total assets exceed Euro 100 billion. At the same time, the BRRD II introduces a minimum harmonised MREL requirement (also referred to as a "Pillar 1 MREL requirement") which applies to G-SIIs and also top-tier banks. In addition, resolution authorities will be able, on the basis of bank-specific assessments, to require that G-SIIs and top tier banks comply with a supplementary MREL requirement (a "Pillar 2 MREL requirement"). A subordination requirement is also generally required for MREL eligible liabilities under BRRD II, but exceptions apply.

In order to ensure compliance with MREL requirements, and in line with the FSB standard on TLAC, the BRRD II provides that in case a bank does not have sufficient eligible liabilities to comply with its MREL requirements, the resultant shortfall is automatically filled up with CET1 Capital that would otherwise be counted towards meeting the combined capital buffer requirement. However, under certain circumstances, BRRD II envisages a nine-month grace period before restrictions to discretionary payments to the holders of regulatory capital instruments senior management of the bank and employees take effect due to a breach of the combined capital buffer requirement.

On 20 May 2020, the SRB published a non-binding policy named "*Minimum Requirements for Own Funds and Eligible Liabilities (MREL) Policy under the Banking Package*", aiming at helping to ensure that MREL is set in the context of fully feasible and credible resolution plans for all types of banks, as well as promoting a level playing field across banks including subsidiaries of non-banking Union (EU) banks. The policy addresses the following topics:

(a) calibration: the policy provides for modifications and extensions of the SRB's approach to MREL calibration in accordance with the framework set out by the EU Banking Reform Package;

(b) subordination for resolution entities: the policy sets the following subordination requirements: (i) Pillar 1 Banks are subject to subordination requirements composed of a non-adjustable Pillar 1 MREL requirement that must be met with own funds instruments and eligible liabilities that are subordinated to all claims arising from excluded liabilities; (ii) Pillar 1 Banks' resolution authorities shall ensure that the subordinated MREL resources of Pillar 1 Banks are equal to at least 8% of total liabilities and own funds (TLOF); and (iii) non Pillar 1 Banks will be subject to a subordination requirement only upon the decision of the resolution authority to avoid a breach of the No Creditor Worse Off principle, following a bank-specific assessment carried out as part of resolution planning;

(c) internal MREL for non-resolution entities: the policy states that the SRB will progressively expand the scope of non-resolution entities for which it will adopt internal MREL decisions, and it may waive subsidiary institutions qualifying as non-resolution entities from internal MREL at certain conditions. In addition, the policy defines criteria for the SRB's possibly permitting the use of guarantees to meet the internal MREL within the Member State of the resolution entity;

(d) MREL for cooperative groups: the policy sets out minimum conditions to authorise certain types of cooperative networks to use eligible liabilities of associated entities other than the resolution entity to comply with the external MREL, as well as minimum conditions to waive the internal MREL of the legal entities that are part of the cooperative network;

(e) eligibility of liabilities issued under the law of a third country: the policy expands on how liabilities issued under the law of third countries can be considered eligible through contractual recognition; and

(f) transition arrangements: the policy explains the operation of transitional periods up to the 2024 deadline, including binding intermediate targets in 2022 and informative targets in 2023, also stating that transitional arrangements must be bank-specific (since they depend on the MREL tailored to that bank and its resolution plan, and the bank's progress to date in raising MREL-eligible liabilities).

Such "*Minimum Requirements for Own Funds and Eligible Liabilities (MREL) Policy under the Banking Package*" was updated by the SRB in May 2021. The updated policy introduces a number of new elements and refinements, based on the changes required by the Banking Package. In particular, the updated policy introduces:

- the MREL maximum distributable amount (MDA). This allows the SRB to restrict banks' earnings distribution if there are MREL breaches;
- policy criteria to identify systemic subsidiaries for which granting of an internal MREL waiver would raise financial stability concerns (based on the absolute asset size and relative contribution to resolution group); and
- the approach to MREL-eligibility of UK instruments without bail-in clauses.

It also refines:

- the methodology to estimate the Pillar 2 requirements (P2R) post-resolution, i.e. one of the components used for MREL calibration;
- the MREL calibration on preferred vs variant resolution strategy, confirming that the SRB computes MREL in line with the preferred strategy; and
- the MREL calibration methodology for liquidation entities, where the SRB clarifies that the loss absorption amount (LAA) may increase beyond the default adjustment in proportion to financial stability concerns.

In April 2020, the SRB published a letter which was sent to banks under its remit, outlining potential operational relief measures related to the COVID-19 outbreak. Of particular note, the SRB stated that:

(a) it is committed to working on 2020 resolution plans and issuing 2020 decisions on MREL according to the planned deadlines but it will apply a pragmatic and flexible approach to consider, where necessary, postponing less urgent information or data requests related to the 2020 resolution planning cycle; and

(b) it regards the liability data report, the additional liability report and the MREL quarterly template as essential and it expects banks to make every effort to deliver these documents on time but will assess possible leeway in submission dates for other reports, such as those related to critical functions and access to financial market infrastructures.

In July 2020, the EBA published a statement on resolution planning in the light of COVID-19. The EBA stated that it aims to reaffirm that resolution planning is crucial in times of uncertainty to ensure that resolution is a credible option in case of failure. The focus of the statement is ensuring that the current situation is effectively taken into account by resolution authorities while maintaining a "through the cycle" approach and ensuring that resolvability objectives are achieved.

Changes to the BRRD under BRRD II will impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors.

The Regulatory Treatment of NPLs

On 20 March 2017, the ECB published the "*Guidance to banks on non-performing loans*", and on 15 March 2018 the "*Addendum to ECB Guidance to banks on non-performing loans*", both addressed to credit institutions, as defined pursuant to article 4, paragraph 1, of the CRR. These guidance papers are addressed, in general, to all significant institutions subject to direct supervision in the context of the SSM, including their international subsidiaries. The ECB banking supervision identified in the aforementioned guidance a set of practices which are deemed useful to indicate the expectations of ECB in relation to banking supervision. The documents set out measures, processes and best practices which should be integrated in the treatment of NPLs by banks, for which this issue should represent a priority. The ECB expects full adherence by banks to these guidance papers regarding the treatment of NPLs, which is expected to take into account the length of time a loan has been non-performing and the extent and valuation of collateral (if any). In particular, the addendum issued by the ECB on March 2018 provides that, with respect to all the loans that will be qualified as Impaired Loans as from 2018, full coverage is expected for the unsecured portion of the NPL within two years and within seven years for secured portion at the latest.

On 17 April 2019 the European Parliament and the Council has adopted Regulation (EU) 2019/630 which is applicable from 26 April 2019 and introduces common minimum loss coverage levels for newly originated loans that become non-performing. Pursuant to this regulation, where the minimum coverage requirement is not met, the difference between the current coverage level and the requirement should be deducted from a Bank's CET1 capital. Thus, the minimum coverage levels act as a "statutory prudential backstop". The required coverage increases gradually depending on how long an exposure has been classified as non-performing, being lower during the first years. In order to facilitate a smooth transition towards the new prudential backstop, the new rules should be applied in relation to exposures originated prior to 26 April 2019 and exposures which were originated prior to 26 April 2019 and are modified by the institution in a way that increases the institution's exposure to the obligor. In addition, on 26 June 2020, the CRR Quick-fix amending CRR and Regulation (EU) 2019/876 as regards adjustments in response to the COVID-19 pandemic was published, and provided - *inter alia* - a temporary extension of the preferential treatment under the NPL backstop received by NPLs guaranteed by official export credit agencies ("**ECAs**") to NPLs guaranteed by the public sector in the context of measures aimed at mitigating the economic impact of the COVID-19 pandemic, recognising the similar characteristics shared by export credit agencies guarantees and COVID-19 related public guarantees

Following the adoption of the new regulation on the Pillar 1 treatment of NPE**s**, on 22 August 2019 the ECB revised its supervisory expectations for prudential provisioning of new NPEs specified in the addendum in order to limit the scope to NPEs arising from loans originated before 26 April 2019, which are not subject

to Pillar 1 NPE treatment, and to align the treatment with the Pillar 1 framework with reference to: (i) the relevant prudential provisioning time frames; (ii) the progressive path to full implementation; (iii) the split secured exposures; and (iv) the treatment of NPEs guaranteed/insured by an official export credit agency.

On 24 July 2020, as part of the Capital Markets Recovery Package, the European Commission presented amendments to review, *inter alia*, some regulatory constraints in order to facilitate the securitisation of non-performing loans (i.e. increasing the risk sensitivity for NPE securitisations by assigning different risk weights to senior tranche). After the approval by the European Parliament at the end of March, on 6 April 2021, Regulation (EU) 2021/557 which introduces amendments to the Securitisation Regulation and Regulation (EU) 2021/558 amending Regulation (EU) 2013/575 as regards adjustments to the securitisation framework to support the economic recovery in response to the COVID-19 crisis were published on the Official Gazette of the European Union. Both Regulations entered into force on 9 April 2021.

In addition, the European Commission published in December 2020 a new Action plan on tackling NPLs. More in detail, in order to prevent a renewed build-up of NPLs on banks' balance sheets, the Commission proposed a series of actions with four main goals: (i) further develop secondary markets for distressed assets (in particular call for finalization of the Directive on credit servicers, credit purchasers and the recovery of collateral; establishing a data hub at European level; reviewing EBA templates to be used during the disposal of NPLs); (ii) Reform the EU's corporate insolvency and debt recovery legislation; (iii) Support the establishment and cooperation of national asset management companies at EU level; (iv) Introduce precautionary public support measures, where needed, to ensure the continued funding of the real economy under the EU's Bank Recovery and Resolution Directive and State aid frameworks. It should also be noted that in response to the COVID-19 pandemic, the ECB extended the preferential treatment foreseen for NPLs guaranteed or insured by Official Export Credit Agencies to non-performing exposures that benefit from guarantees granted by national governments or other public entities, in line with the treatment provided in Regulation (EU) 2020/873. This means that banks would face a 0% minimum coverage expectation for the first seven years of the NPE vintage count.

The Securitisation Framework

Following the enactment of Regulation (EU) 2017/2402 (the "**Securitisation Regulation**") and Regulation (EU) 2017/2401 (the "**CRR Amendment Regulation**") (together, the "**Securitisation Framework**"), effective from 1 January 2019, new provisions regarding securitisation transactions have been introduced in the European legislation. The Securitisation Regulation introduces important changes in regards to the in-scope transactions and to the securitisation obligations regarding risk retention, transparency and due diligence. In addition, the Securitisation Regulation introduces the concept of "simple, transparent and standardised" ("**STS**") securitisations that are afforded a more flexible regulatory treatment than other securitisations. The CRR Amendment Regulation introduces changes to the regulatory capital treatment of securitisation positions held by, among others, credit institutions under the CRR, to reflect Basel III requirements.

Moreover, on 6 April 2021, Regulation (EU) 2021/557 of the European Parliament and of the Council of 31 March 2021 amending Securitisation Regulation laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation to help the recovery from the COVID-19 crisis and Regulation (EU) 2021/558 of the European Parliament and of the Council of 31 March 2021 amending the CRR as regards adjustments to the securitisation framework to support the economic recovery in response to the COVID-19 crisis were published in the Official Journal of the European Union.

Specifically, Regulation (EU) 2021/557 and Regulation (EU) 2021/558 reviewed the regulatory constraints on the securitisation of non-performing exposures ("**NPEs**"), increasing the risk sensitivity for NPE securitisations by assigning, *inter alia*, different risk weights to senior tranche, implemented a more prudential treatment of synthetic excess spread ("**SES**") in synthetic securitisations and extended the preferential treatment to all synthetic on-balance sheet securitisations that fulfil the simple, standardised and

transparent ("**STS**") criteria in order to help banks to free up capital and promote the financing of the real economy, in particular to SMEs.

It should finally be noted that supervisory authorities have the power to bring administrative and judicial proceedings against the Group, which may translate, *inter alia*, into the suspension or revocation of authorisations, warning measures, fines, civil or criminal sanctions or other disciplinary measures.

3) New accounting principles and the amendment of applicable accounting principles – *IFRS 9, IFRS 15, IFRS 16*

In 2020 the following standards came into force:

- Amendments to References to the Change to the Conceptual Framework (EU reg. 2019/2075)
- Amendments to IAS 1 and IAS 8 – Definition of material (EU reg. 2019/2104)
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform (EU reg. 2020/34)
- Amendments to IFRS 3 – Business Combinations (EU reg. 2020/551)
- Amendments to IFRS 16 – COVID-19 Related Rent Concessions (EU reg. 2020/1434)
- The amendments to the accounting standard indicated above are not material for the Group.

As of 30 September 2021, the accounting standard "Amendments to IFRS 9, IAS39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2" (EU Reg. 2021/25) applicable to reporting starting from 1 January 2021 has been endorsed by the European Commission.

On July 2021, Reg. EU 2021/1080 was published. The regulation endorses the documents published by IASB: "Amendments to IFRS3, IAS 16, IAS 37 and Annual Improvements 2018-2020". The proposed amendments are effective starting from 01 January 2022. The Early adoption is permitted, but not applied by the Group. On August 2021, Reg EU 2021/1421 was published; this regulation endorses the documents "COVID-19 Related Rent Concessions beyond 30 June" and extends by one year the period of application of the original amendment to IFRS 16 "COVID-19-Related Rent Concessions", issued and approved in 2020.

As at 30 September 2021, the IASB issued the following standards whose applications are subject to completion of the endorsement process by European Union, which is still ongoing:

- Amendment to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting Policies (February 2021)
- Amendment to IAS 8 – Definition of accounting Estimates (February 2021)
- Amendment to IAS 12 – Deferred Tax related to Asset and Liabilities arising from a Single Transaction (May 2021)

For more information regarding the application of these amendments, please refer to 2020 Consolidated Financial Statements, Consolidated Half-yearly Report as at 30 June 2021 and Consolidated Interim Report as at 30 September 2021 incorporated by reference into this Base Prospectus.

4) Deposit Guarantee Scheme Directive and Single Resolution Fund

With reference to the application of: (i) Directive 2014/49/EU of the European Parliament and of the European Council of 16 April 2014 on deposit guarantee schemes; (ii) BRRD; and (iii) Regulation (EU) no. 806/2014 of the European Parliament and the European Council establishing, *inter alia*, the SRF, which as of 1 January 2016 includes at national level, sub-funds to which contributions collected at national level by

Member States through their National Resolution Fund ("**NRF**") are allocated, the Bank is bound to provide the financial resources necessary to finance the DGS and the SRF.

As a consequence of such introduction, the FITD, updated its by-laws through a shareholders resolution on 26 November 2015 anticipating the introduction of the prepayment mechanism (aimed at reaching the aforementioned multi-annual target with the target at 2024).

In this context, the Bank of Italy, in its capacity as national resolution authority, set up the NRF, which collects from banks with registered offices in the Republic of Italy, ordinary and extraordinary contributions, in accordance with the provisions of articles 82 and 83 of Decree 180 (as defined above). The SRF and the NRF may in the future require contributions for an amount that cannot be currently determined.

As of 30 September 2021, no value adjustments have been recognized in profit and loss statements. As of 31 December 2020, value adjustments for Euro 3.6 million (referring only to the investment in Carige) were recognised. The residual amount of the assets in the voluntary scheme, as of 30 September 2021 and 31 December 2020, is equal to Euro 3.3 million (rounded).

Voluntary scheme

For the purpose of overcoming the negative position taken by the European Commission in respect of the use of mandatory contributions to support interventions in favour of banks in crisis, at the end of 2015, in the context of the FITD, the voluntary scheme was established as an additional tool not subject to the restrictions of the EU regime and of the European Commission. The voluntary scheme provides for a maximum amount of Euro 795 million to be used to support interventions in favour of small banks in difficulty and subject to extraordinary administration procedure, in case of concrete recovery perspectives and for the purpose of avoiding higher burdens for the banking system consequent to liquidation or resolution interventions. Such resources are not immediately paid by adhering banks, which simply undertake to disburse them upon request on occasion of specific interventions, up to such maximum amount. The Group adhered to the voluntary scheme and accordingly committed its share of the maximum amount.

On 30 November 2018, the management of the voluntary scheme, approved a new found increase to be immediately used to solve the crisis of Banca Carige S.p.A. ("**Carige**"), through the subscription of Euro 318.2 million of Tier 2 instruments issued by Carige. The contribution paid by banks adhering to the voluntary scheme represents an asset, recorded in the balance sheet of the participating banks (in the previous financial years the item "financial assets available for sale", while as of 1 January 2018 under the item "other financial assets measured at fair value mandatory" as a consequence of the entry into force of IFRS 9). The recognition of the asset is also supported by the explicit provision contained in FITD's by-laws relating to the voluntary scheme which provides for any realisations deriving from the purchase of equity interests to be reassigned to the banks participating in the same voluntary scheme.

As of 31 December 2020 and 31 December 2019, value adjustments for Euro 3.6 million (referring only to the investment in Carige) and Euro 8 million (referring only to the investment in Carige) were respectively recognised. The residual amount of the asset in the voluntary scheme, as of 31 December 2020, is equal to Euro 3.3 million (rounded), Euro 6.8 million (rounded) as of 31 December 2019.

5) Revisions to the Basel III framework

In December 2017, the Basel Committee published its final set of amendments to its Basel III framework (known informally as "**Basel IV**"). Basel IV is expected to introduce a range of measures, including:

- changes to the standardised approach for the calculation of credit risk;

- limitations to the use of Internal Ratings-Based ("**IRB**") approaches, mainly banks will be allowed to use the Foundation Internal Ratings Based approach and the Standardised Approach with the advanced Internal Ratings Based approach still to be used for specialised lending;

- a new framework for determining an institution's operational risk charge, which will be calculated only by using a new standardised approach;

- an amended set of rules in relation to credit valuation adjustment; and

- an aggregate output capital floor that ensures that an institution's total risk weighted assets generated by IRB models are no lower than 72.5 per cent. of those generated by the standardised approach.

While the final Basel III standards were set to be implemented starting from January 2022 with the output capital floor being phased-in, in light of the Covid-19 pandemic implementation was deferred by one year to January 2023.

TAXATION

Tax legislation, including in the country where the investor is domiciled or tax resident and in the Issuer's country of incorporation, may have an impact on the income that an investor receives from the Notes.

Republic of Italy

The statements herein regarding taxation are based on the laws in force in Italy as of the date of this Base Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis.

The following overview does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the 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. Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes.

Tax treatment of Notes

Legislative Decree No. 239 of 1 April 1996, as subsequently amended, ("**Decree 239**") provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) issued, *inter alia*, by Italian banks. For this purpose, bonds and debentures similar to bonds are securities that incorporate an unconditional obligation to pay, at redemption, an amount not lower than their nominal value and which do not grant the holder any direct or indirect right of participation to (or of control of) management of the issuer.

The tax regime set forth by Decree 239 also applies to interest, premium and other income from regulatory capital financial instruments complying with EU and Italian regulatory principles, issued by, inter alia, Italian banks (other than shares and assimilated instruments), as set out by Article 2, paragraph 22, of Law Decree No. 138 of 13 August 2011, as converted with amendments by Law No. 148 of 14 September 2011 and as further amended and clarified by Law No. 147 of 27 December 2013, and by Article 9 of Law Decree No. 34 of 30 April 2019 converted into Law No. 58 of 28 June 2019.

Italian resident Noteholders

Where an Italian resident Noteholder is (a) an individual not engaged in an entrepreneurial activity to which the Notes are connected (unless he has opted for the application of the *risparmio gestito* regime – see under "*Capital gains tax*" below); (b) a non-commercial partnership (with the exception of general partnership, limited partnership and similar entities); (c) a non-commercial private or public institution; or (d) an investor exempt from Italian corporate income taxation, interest, premium and other income relating to the Notes, are subject to a final withholding tax, referred to as "*imposta sostitutiva*", levied at the rate of 26 per cent.. In the event that the Noteholders described under (a) and (c) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from any income taxation, including the *imposta sostitutiva*, on interest, premium and other income relating to the Notes if the Notes are included in a long-term individual savings account (*piano 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, or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected, and the Notes are deposited with an authorised intermediary, interest, premium and other income from the Notes will not be subject to *imposta sostitutiva*, but must be included in the relevant Noteholder's income tax return and are therefore subject to general Italian corporate taxation (and, in certain circumstances, depending on the "status" of the Noteholder, also to the regional tax on productive activities ("**IRAP**")).

Under the current regime provided by Law Decree No. 351 of 25 September 2001 converted into law with amendments by Law No. 410 of 23 November 2001 ("**Decree 351**"), Law Decree No. 78 of 31 May 2010, converted into Law No. 122 of 30 July 2010 and Legislative Decree No. 44 of 4 March 2014, all as amended, payments of interest, premiums or other proceeds in respect of the Notes deposited with an authorised intermediary made to Italian resident real estate investment funds and Italian real estate SICAFs established pursuant to Article 37 of the Consolidated Finance Act or pursuant to Article 14-*bis* of Law No. 86 of 25 January 1994 ("**Real Estate Funds**"), are subject neither to *imposta sostitutiva* nor to any other income tax in the hands of a Real Estate Fund, but subsequent distributions made in favor 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 Fund is subject to taxation in the hands of the unitholder or shareholder regardless of distribution.

If the investor is resident in Italy and is an open-ended or closed-ended investment fund, a SICAF (an investment company with fixed capital other than a real estate SICAFs) or a SICAV (an investment company with variable capital) established in Italy (the "**Fund**") and either (i) the Fund or (ii) its manager is subject to the supervision of a regulatory authority, and the relevant Notes are held by an authorised intermediary, interest, premium and other income accrued during the holding period on such Notes will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund. The Fund will not be subject to taxation on such results but a withholding tax of 26 per cent. will apply, in certain circumstances, to distributions made in favor of unitholders or shareholders (the "**Collective Investment Fund Tax**").

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) (the "**Pension Fund**") and the Notes are deposited with an authorised intermediary, interest, premium and other income 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 (the "**Pension Fund Tax**"). Subject to certain conditions, Interest in respect of the Notes may be excluded from the taxable base of the Pension Fund Tax pursuant to Article 1, paragraph 92, of Finance Act 2017 if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law.

Pursuant to Decree 239, *imposta sostitutiva* is applied by banks, *società di intermediazione mobiliare* ("**SIMs**"), fiduciary companies, *società di gestione del risparmio* ("**SGRs**"), stockbrokers and other entities identified by a decree of the Ministry of Finance (each an "**Intermediary**") as subsequently amended and integrated.

An Intermediary must (i) (a) be resident in Italy or (b) be a permanent establishment in Italy of a non-Italian resident financial intermediary or (c) an entity or a company not resident in Italy, acting through a system of centralised administration of notes and directly connected with the Department of Revenue of the Italian Ministry of Finance having appointed an Italian representative for the purposes of Decree No. 239; and (ii) intervene, in any way, in the collection of interest or in the transfer of the Notes. 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 of the ownership of the relevant Notes or in a change of 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 entity paying interest to a Noteholder (or by the Issuer should the interest be paid directly by this latter).

If interest, premium and other income on the Notes are not collected through an Intermediary or any entity paying interest and as such no *imposta sostitutiva* is levied, the Italian resident beneficial owners listed above will be required to include interest, premium and other income in their yearly income tax return and subject them to a final substitute tax at a rate of 26 per cent.

Non-Italian resident Noteholders

Where the Noteholder is a non-Italian resident without a permanent establishment in Italy to which the Notes are connected, an exemption from the *imposta sostitutiva* applies provided that the non-Italian resident beneficial owner is either (a) resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy as listed in the Italian Ministerial Decree of 4 September 1996, as amended by Ministerial Decree of 23 March 2017 and possibly further amended by future decrees issued pursuant to Article 11(4)(c) of Decree 239 (as amended by Legislative Decree No.147 of 14 September 2015) (the "**White List**"); or (b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or (c) a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (d) an institutional investor which is established in a country which is included in the White List, even if it does not possess the status of taxpayer in its own country of establishment.

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) to interest, premium and other income paid to Noteholders who are resident, for tax purposes, in countries not included in the White List.

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, premium or other income; (b) deposit, directly or indirectly, the Notes with a resident bank or SIM or a permanent establishment in Italy of a non-Italian resident bank or SIM or with a non-Italian resident entity or company participating in a centralised securities management system which is in contact, via computer, with the Ministry of Economy and Finance and (c) file with the relevant depository, prior to or concurrently with the deposit of the Notes, a statement of the relevant Noteholder, which remains valid until withdrawn or revoked, in which the Noteholder declares to be eligible to benefit from the applicable exemption from *imposta sostitutiva*. Such statement, which is not requested for international bodies or entities set up in accordance with international agreements which have entered into force in Italy nor in 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.

Additional statements may be required for non-Italian resident Noteholders who are institutional investors.

Failure of a non-Italian resident holder of the Notes to comply in due time with the procedures set forth in Decree 239 and in the relevant implementing rules will result in the application of *imposta sostitutiva* on interests payments to such non resident holder of the Notes.

Non-Italian resident holders of the Notes who are subject to *imposta sostitutiva* may, nevertheless, be eligible for a total or partial relief under an applicable tax treaty between the Republic of Italy and the country of tax residence of the relevant holder of the Notes, provided all conditions for its application are met.

Atypical securities

Interest payments relating to Notes that are not deemed to fall within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) may be subject to a withholding tax, levied at the rate of 26 per cent.. For this purpose, 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 the business in connection to which the securities were issued, nor to control the same.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not engaged in an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from Italian withholding tax on proceeds received under Notes classifying as atypical securities (i.e. securities not falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) as above defined), 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.

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, such withholding tax is a provisional withholding tax. In all other cases, including when the Noteholder is a non-Italian resident, the withholding tax is a final withholding tax. For non-Italian resident Noteholders, the withholding tax rate may be reduced by any applicable tax treaty.

Capital gains tax

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 or a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Where an Italian resident Noteholder is (i) an individual holding the Notes not in connection with an entrepreneurial activity, (ii) a non-commercial partnership, (iii) a non-commercial private or public institution, any capital gain realised by such Noteholder from the sale or redemption of the Notes would be subject to an *imposta sostitutiva*, levied at the current rate of 26 per cent.. Noteholders may set off losses with gains.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not engaged in an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from Italian capital gain taxes, including the *imposta sostitutiva*, on capital gains realised upon sale or redemption of the Notes, if the Notes are included in a long-term individual 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 respect of the application of *imposta sostitutiva*, taxpayers may opt for one of the three regimes described below.

Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for 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 Italian resident individual Noteholder holding the Notes not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given tax year. The relevant Noteholder must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.

As an alternative to the tax declaration regime, Noteholders under (i) to (iii) above may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Notes (the *risparmio amministrato* regime). Such separate taxation of capital gains is allowed subject to (a) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries (including permanent establishments in Italy of non-Italian resident intermediaries) and (b) an express election for the *risparmio amministrato* regime being timely made in writing by the relevant Noteholder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the 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 *risparmio amministrato* regime, where a sale or redemption of the Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains in the annual tax return.

Any capital gains realised by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and have opted for the so-called "*risparmio gestito*" regime will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 26 per cent. substitute tax, to be paid by the managing authorised intermediary. Under the *risparmio gestito* regime, any decrease in value of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the Noteholder is not required to declare the capital gains realised in the annual tax return.

Any capital gains realised by a Noteholder who is an Italian Real Estate Fund will be subject neither to *imposta sostitutiva* nor to any other income tax at the level of the Real Estate Fund, but subsequent distributions made in favor of unitholders or shareholders will be subject, in certain circumstances, to a withholding tax of 26 per cent..

Any capital gains realised by a Noteholder which is a Fund will not be subject to *imposta sostitutiva*, but will be included in the result of the relevant portfolio. Such result will not be taxed with the Fund, but subsequent distributions in favor of unitholders of shareholders may be subject to the Collective Investment Fund Tax.

Any capital gains realised by a Noteholder who is a Pension Fund will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the Pension Fund Tax. 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 Pension Fund 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.

Capital gains realised by non-Italian-resident Noteholders, not having a permanent establishment in Italy to which the Notes are connected, from the sale or redemption of Notes traded on regulated markets (and, in certain cases, subject to filing of required documentation) are neither subject to the *imposta sostitutiva* nor to any other Italian income tax.

Capital gains realised by non-Italian resident Noteholders, not having a permanent establishment in Italy to which the Notes are connected, from the sale or redemption of Notes not traded on regulated markets are not subject to the *imposta sostitutiva*, provided that the effective beneficiary: (a) is resident in a country included in the White List; or (b) is an international entity or body set up in accordance with international agreements which have entered into force in Italy; or (c) is a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (d) is an institutional investor which is established in a country included

in the White List, even if it does not possess the status of taxpayer in its own country of establishment, and a proper documentation is filed.

If the conditions above are not met, capital gains realised by said non-Italian resident Noteholders from the sale or redemption of Notes not traded on regulated markets are subject to the *imposta sostitutiva* at the current rate of 26 per cent., unless a reduced rate is provided for by an applicable double tax treaty, if any.

In any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are connected 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 the Notes.

Inheritance and gift taxes

Pursuant to Law Decree No. 262 of 3 October 2006, converted into Law No. 286 of 24 November 2006, as subsequently amended, the transfers of any valuable asset (including shares, notes or other securities) as a result of death or donation are taxed as follows:

(i) 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 Euro 1 million for each beneficiary;

(ii) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree are subject to an inheritance and gift tax at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding €100,000 for each beneficiary; and

(iii) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

If the transfer is made in favour of persons with severe disabilities, the tax is levied at the rate mentioned above in paragraphs (i), (ii) and (iii) on the value exceeding, for each beneficiary, €1,500,000. Under certain conditions the mortis causa transfer of financial instruments included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law are exempt from inheritance taxes.

Transfer tax

Following the repeal of the Italian transfer tax, contracts relating to the transfer of securities are subject to the following registration tax: (i) public deeds and notarised deeds are subject to fixed registration tax at a rate of €200; (ii) private deeds are subject to registration tax only in the case of use (*caso d'uso*) or voluntary registration.

Tax Monitoring

According to the Law Decree No. 167 of 28 June 1990, converted with amendments into Law No. 227 of 4 August 1990, as amended from time to time, individuals, non-profit entities and certain partnerships (*società semplici* or similar partnerships in accordance with Article 5 of Presidential Decree No. 917 of 22 December 1986) resident in Italy for tax purposes, under certain conditions, are required to report for tax monitoring purposes in their yearly income tax return the amount of investments (including the Notes) directly or indirectly held abroad. Such obligation is not provided if, inter alia, each of the overall value of the foreign investments which are only composed by deposits and/or bank accounts when their aggregate value never exceeds a Euro 15,000 threshold throughout the year.

The requirement applies also where the persons above, being not the direct holders of the financial instruments, are the actual owners ("*titolari effettivi*") of the financial instruments in accordance with Article 1(2)(pp) and Article 20 of the Decree No. 231 of 21 November 2007.

Furthermore, the above reporting requirement is not required to comply with respect to Notes deposited for management or administration with qualified Italian financial intermediaries, with respect to contracts entered into through their intervention, upon condition that the items of income derived from the Notes have been subject to tax by the same intermediaries.

Stamp duty

Pursuant to Article 19(1) of Decree No. 201 of 6 December 2011 ("**Decree 201**"), a proportional stamp duty applies on an annual basis to the periodic reporting communications sent by financial intermediaries to their clients for the Notes deposited therewith. The stamp duty applies at a rate of 0.2 per cent. (and cannot exceed €14,000, for taxpayers other than individuals). This stamp duty is determined on the basis of the market value or – if no market value figure is available – the nominal value or redemption amount of the Notes held.

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy on 24 May 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy on 20 June 2012 as subsequently amended) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

Wealth Tax on securities deposited abroad

Pursuant to Article 19(18 and 18-bis) of Decree 201, Italian resident individuals, Italian non-commercial private or public institutions or Italian non-commercial partnership holding the Notes outside the Italian territory are required to pay an additional wealth tax at a rate of 0.20 per cent. ("**IVAFE**"). For taxpayers other than individuals, IVAFE cannot exceed Euro 14,000 per year.

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 of such financial assets held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes, if any, paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due).

Luxembourg Taxation

The following overview is of a general nature and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to Luxembourg withholding tax issues, and prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature refers to Luxembourg tax law and/or concepts only.

Withholding Tax

(i) Non-resident holders of Notes

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid

interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

(ii) Resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005, as amended (the "**Relibi Law**"), there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Relibi Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 20 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Relibi Law will be subject to a withholding tax at a rate of 20 per cent.

The proposed European Union financial transactions tax (FTT)

On 14 February 2014, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common EU FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the 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 the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "**foreign financial institution**" (as defined by FATCA) may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including the Republic of Italy have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments

such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply prior to the date that is 2 years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register, and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are published generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. However, if additional Notes (as described under Condition 14 (*Further Issues*) of the "*Terms and Conditions for the English Law Notes*" and Condition 14 (*Further Issues*) "*Terms and Conditions for the Italian Law Notes*") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Notes.

SUBSCRIPTION AND SALE

The Dealers have, in a Programme Agreement (such Programme Agreement as modified and/or supplemented and/or restated from time to time, the "**Programme Agreement**") dated 19 January 2022, 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*", "*Terms and Conditions for the English Law Notes*" and "*Terms and Conditions for the Italian Law Notes*". The Programme Agreement provides that the obligations of the Dealers to subscribe for Notes may be subject to certain conditions precedent, including (among other things) receipt of legal opinions from counsel. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

United States

The Notes have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state of 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 promulgated thereunder. The Form of Final Terms (or Pricing Supplement, in the case of Exempt Notes) will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is 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 will not offer, sell or deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Prohibition of sales to EEA Retail Investors

Unless the Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Base Prospectus as completed by the Final Terms (or Pricing Supplement, as the case may be) in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"); and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of 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 Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(b) 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) 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 paragraphs (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:

(a) the expression an "**offer of Notes to the public**" in relation to any Notes in any Member State means the communication to persons in any form and by any means, presenting 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

(b) the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129, as amended.

Prohibition of sales to UK Retail Investors

Unless the Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms (or Pricing Supplement, as the case may be) in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or

(ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

(iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt 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) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Notes referred to in paragraphs (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision:

(a) 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

(b) the expression "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

Other regulatory restrictions

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(i) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing

or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses, where the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA by the Issuer;

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

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 each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Republic of Italy

The offering of the Notes has not been registered with the Commissione Nazionale per le Società e la Borsa ("**CONSOB**") pursuant to Italian securities legislation and, accordingly, each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that no Notes may be offered, sold or delivered, nor may copies of the Base Prospectus or of any other offering material relating to the Notes be distributed in the Republic of Italy, except:

(i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 2 of the Prospectus Regulation and any applicable provision of Italian laws and regulations; or

(ii) in any other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 34-*ter* of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time, and the applicable Italian laws.

Any offer, sale or delivery of the Notes or distribution of copies of the Base Prospectus or any other document relating to the Notes in the Republic of Italy under paragraph (i) or (ii) above must:

(i) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Legislative Decree No. 58 of 24 February 1998, as amended (the "**Consolidated Finance Act**"), CONSOB Regulation No. 20307 of 15 February 2018 (as amended from time to time), Legislative Decree No. 385 of 1 September 1993, as amended (the "**Italian Consolidated Banking Act**") and any other applicable laws and regulations; and

(ii) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including, the reporting requirements, where applicable, pursuant to Article 129 of the Italian Consolidated Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, 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 SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

1. **to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;**

2. **where no consideration is or will be given for the transfer;**

3. **where the transfer is by operation of law;**

4. **as specified in Section 276(7) of the SFA; or**

5. **as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.**

Switzerland

This Base Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Notes. 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 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 pursuant to the FinSA, and neither this Base Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will comply, to the best of its knowledge and belief, with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuer nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer and any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale.

GENERAL INFORMATION

Authorisation

The establishment of the Programme and the issue of Notes were duly authorised by a resolution of the Board of Directors of BMPS dated 18 November 1999 and the updating of the Programme has been duly authorised by resolution of the Board of Directors of the Bank held on 9 February 2021.

Listing and admission to trading of Notes

Application has been made to the Luxembourg Stock Exchange for Notes (other than Exempt Notes) issued under the Programme to be admitted to trading on the Regulated Market 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 the Markets in Financial Instruments Directive (Directive 2014/65/EU), as amended.

Documents Available

For the period of 12 months following the date of publication of this Base Prospectus, copies of the following documents will, when published, be available free of charge from the registered office of the Issuer and from the specified office of the Paying Agent for the time being Luxembourg:

(i) the constitutional documents (with an English translation thereof) of BMPS;

(ii) the Agency Agreement for the English Law Notes, the Agency Agreement for the Italian Law Notes, the Deed of Covenant and the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons;

(iii) any future Sustainability Bond Framework together with the relevant Second Party Opinion;

(iv) a copy of this Base Prospectus; and

(v) any future base prospectuses, prospectuses, information memoranda and supplements, Final Terms and Pricing Supplements (in the case of Exempt Notes) (save that Pricing Supplements will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of Notes and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference.

In addition, copies of the following documents will, when published, be available free of charge from the Issuer's website as specified below:

(i) the constitutional documents of BMPS (available at https://www.gruppomps.it/en/);

(ii) this Base Prospectus (available at https://gruppomps.it/investor-relations/programmi-di-emissionee-prospetti/emissioni-internazionali-obbligazioni-mps-2020-emtn-e-obg.html); and

(iii) any future base prospectuses, prospectuses, information memoranda and supplements, Final Terms to this Base Prospectus and any other documents incorporated herein or therein by reference (available at https://www.gruppomps.it/en/).

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of

Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the Form of Final Terms (or Pricing Supplement, in the case of Exempt Notes). If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the Form of Final Terms or Pricing Supplement.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.

Condition for determining price

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

Significant Change or Material Adverse Change

Save as disclosed in the section "*Risk Factors – Risk Factors relating to the Issuer and the Group*", under paragraphs "*Risks associated with the general economic/financial scenario*" with respect to the impact of COVID-19, "*Risks associated with capital adequacy*", "*Risks deriving from judicial and administrative proceedings*" and "*Risks associated with possible aggregations*", since 30 September 2021 there has been no significant change in the financial performance or position of the Issuer and/or the Group and since 31 December 2020 there has been no material adverse change in the prospects of the Issuer and/or the Group.

Litigation

Save as disclosed in the "*Banca Monte dei Paschi di Siena S.p.A.*" section, paragraph 10 ("Legal Proceedings"), neither BMPS nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which BMPS is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of BMPS or the Group.

Auditors

EY S.p.A., independent registered public accounting firm, authorized and regulated by the MEF and registered on the special register of auditing firms held by the MEF and a member of *Assirevi Associazione Italiana Revisori Contabili*, the Italian Auditors Association, has audited the Issuer's consolidated financial statements, without qualification, in accordance with IFRS, for the financial year ended on 31 December 2019.

On 11 April 2019, the Issuer's shareholders meeting appointed PricewaterhouseCoopers S.p.A., independent registered public accounting firm as auditor for the financial years 2020-2028.

PricewaterhouseCoopers S.p.A., independent registered public accounting firm, authorized and regulated by the MEF and registered on the special register of auditing firms held by the MEF and a member of Assirevi Associazione Italiana Revisori Contabili, the Italian Auditors Association, has audited the Issuer's consolidated financial statements, without qualification, in accordance with IFRS, for the financial year ended on 31 December 2020.

Dealers Transacting with the Issuer

Certain of the Dealers and their affiliates, including parent companies, have engaged, and may in the future engage, in lending, advisory, corporate finance services, investment banking and/or commercial banking transactions (including the provision of loan facilities) and other related transactions with, and may perform services for the Issuer and its affiliates in the ordinary course of business and/or for companies involved

directly or indirectly in the sector in which the Issuer and/or its affiliates operate, and for which such Dealers have received or may receive customary fees, commissions, reimbursement of expenses and indemnification. Certain of the Dealers may also have positions, deals or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities. They have received, or may in the future receive, customary fees and commissions for these transactions.

MPS Capital Services Banca per le Imprese S.p.A., which acts as Dealer, is a wholly owned subsidiary of the Issuer.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. The Dealers and/or their affiliates may receive allocations of the Notes (subject to customary closing conditions), which could affect future trading of the Notes. If any of the Dealers or their affiliates has a lending relationship with the Issuer, certain of the Dealers or their affiliates routinely or may hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the 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.

THE ISSUER
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United Kingdom

PAYING AGENT
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Luxembourg

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To Banca Monte dei Paschi di Siena S.p.A.
as to Italian and English law
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To the Dealers as to English and Italian law
Allen & Overy – Studio Legale Associato
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INDEPENDENT AUDITORS
To Banca Monte dei Paschi di Siena S.p.A.

The previous auditors
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Via Lombardia 31
00187 Rome
Italy

The current auditors
PricewaterhouseCoopers S.p.A.
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20145 Milan
Italy

DEALERS

Barclays Bank Ireland PLC
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Ireland

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Citigroup Centre
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Morgan Stanley & Co. International plc

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Canary Wharf
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United Kingdom

MPS Capital Services Banca per le Imprese S.p.A.
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NatWest Markets N.V.
Claude Debussylaan 94
Amsterdam 1082MD
Netherlands

Société Générale
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75009 Paris
France

UBS Europe SE
Bockenheimer Landstraße 2-4
60306 Frankfurt am Main
Germany

LUXEMBOURG LISTING AGENT

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L-2953 Luxembourg
Luxembourg