BASE PROSPECTUS

BFF BANK S.P.A.

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

€2,500,000,000

Euro Medium Term Note Programme

This base prospectus (the "**Base Prospectus**") constitutes a base prospectus for the purposes of Article 8 of Regulation (EU) No. 2017/1129 of 14 June 2017 (the "**Prospectus Regulation**"). Under this €2,500,000,000 Euro Medium Term Note Programme (the "**Programme**"), BFF Bank S.p.A. (the "**Issuer**" or the "**Bank**" or "**BFF**" or "**us**" or "**we**") may from time to time issue Italian law governed notes either (i) in physical form (the "**Notes in Physical Form**"); or (ii) in dematerialised form (the "**Dematerialised Notes**" and, together with the Notes in Physical Form, the "**Notes**"). Notes issued under the Programme may be denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €2,500,000,000 (or its equivalent in other currencies calculated as described in the Dealer Agreement described herein), subject to increase as described herein. In the event of such increase, a supplement to this Base Prospectus will be prepared by the Issuer, which shall be approved by the Central Bank of Ireland in accordance with Article 23 of the Prospectus Regulation.

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

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

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

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

This Base Prospectus has been approved by the Central Bank of Ireland, as competent authority under the Prospectus Regulation. The Central Bank of Ireland only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or of the quality of the Notes that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes. This Base Prospectus is valid for twelve months. The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid. This Base Prospectus comprises a Base Prospectus for the purposes of Article 8 of the Prospectus Regulation. Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") for the Notes issued under the Programme within twelve months after the date hereof to be admitted to the Official List of Euronext Dublin (the "**Official List**") and trading on its regulated market (the "**Regulated Market**"). The Regulated Market is a regulated market for the purposes of Directive 2014/65/EU (as amended, "**MiFID II**"). Such approval relates only to the Notes which are to be admitted to trading on a regulated market for the purposes of MiFID II and/or which are to be offered to the public in any Member State of the European Economic Area (the "**EEA**"). The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.

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

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

SOLE ARRANGER AND DEALER

IMI – Intesa Sanpaolo

The date of this Base Prospectus is 3 October 2023.

IMPORTANT NOTICES

This Base Prospectus comprises a base prospectus in respect of all Notes issued under the Programme for the purposes of Article 8 of the Prospectus Regulation.

Before investing in the Notes, prospective investors should consider all information provided in this Base Prospectus and consult with their own professional advisers (including their financial, accounting, legal and tax advisers) if they consider it necessary.

The Issuer (the "**Responsible Person**") accepts responsibility for the information contained in this Base Prospectus and the applicable Final Terms for each Tranche of Notes. To the best of the knowledge of the Issuer the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

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

Copies of Final Terms will be available from the registered office of the Issuer and the specified office set out below of the Paying Agents (as defined below) and, in the case of listed Notes, will be published on the website of Euronext Dublin (https://live.euronext.com/). Full information on the Issuer and any tranche of Notes is only available on the basis of the combination of this Base Prospectus and the relevant Final Terms.

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

Neither the Sole Arranger, the Dealers nor the Fiscal Agent nor any of their respective affiliates have authorised this Base Prospectus or any part thereof nor independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Sole Arranger, the Dealers or the Fiscal Agent or any of their respective affiliates as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer in connection with the Programme. None of the Sole Arranger, the Dealers and the Fiscal Agent accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme.

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

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, any of the Dealers or the Fiscal Agent that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Group (as defined herein). Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer, any of the Dealers or the Fiscal Agent 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 and the Fiscal Agent expressly do not undertake to review the financial condition or affairs of the Issuer

or the Issuer and the Group during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, *inter alia*, the most recently published documents incorporated by reference into this Base Prospectus when deciding whether or not to purchase any Notes.

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

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, the Dealers and the Fiscal Agent 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, the Dealers or the Fiscal Agent which would permit a public offering of any Notes outside the EEA or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the EEA (including the United Kingdom, France and the Republic of Italy) and Japan. See "*Subscription and Sale*" below.

This Base Prospectus has been prepared on the basis that any offer of Notes in any Member State of the EEA (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Base Prospectus as completed by the relevant Final Terms in relation to the offer of those Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 1 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer. Neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

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

Prohibition of Sales to UK Retail Investors – If the Final Terms (or the Drawdown Prospectus, as the case may be) in respect of any Notes includes a legend entitled "Prohibition of Sales to UK Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the

European Union (Withdrawal) Act 2018 ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No. 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

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

UK MiFIR product governance / target market – The Final Terms (or the Drawdown Prospectus, as the case may be) in respect of any Notes will include a legend entitled "*UK MiFIR Product Governance*" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any distributor (as defined above) should take into consideration the target market assessment; however, a distributor subject to the MiFIR product governance rules set out in the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

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

The Notes of each Tranche may:

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

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

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

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

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

Third Party Information – Certain information and statistics presented in this Base Prospectus regarding markets and market share of the Issuer or the Group are either derived from, or are based on, internal data or publicly available data from external sources. In addition, the sources for the rating information set out in the section headed "*Selected Consolidated Financial and Other Data – Rating*" of this Base Prospectus is the following rating agency: Moody's (as defined below). In respect of information in this Base Prospectus that has been extracted from a third party, the Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Although the Issuer believes that the external sources used are reliable, the Issuer has not independently verified the information provided by such sources.

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

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

References to websites or uniform resource locators ("**URLs**") are inactive textual references and are included for information purposes only. The contents of any such website or URL (except for the documents (or portions thereof) incorporated by reference into this Base Prospectus to the extent set out on any such website) shall not form part of, and shall not be deemed to be incorporated into, this Base Prospectus.

STABILISATION

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

SUITABILITY

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 the light of its own circumstances. In particular, each potential investor should:

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

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

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

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

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

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

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what

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

In making an investment decision, investors must rely on their own independent examination of the Issuer and the terms of the Notes being offered, including the merits and risks involved. None of the Arranger, the Dealers, or the Issuer makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

SOCIAL BOND FRAMEWORK, SECOND PARTY OPINIONS AND EXTERNAL VERIFICATION

In connection with the issue of "Social Bonds" under the Programme, the Issuer has published a "Social Bond Framework" in September 2023 which has been prepared in accordance with the 2023 Social Bond Principles published by the International Capital Markets Association ("ICMA) (the "**Social Bond Framework**") and, in particular, with the following four core components: (i) use of proceeds; (ii) project evaluation and selection; (iii) management of proceeds; and (iv) reporting. ISS Corporate Solutions has reviewed the Social Bond Framework and issued a second party opinion on 29 September 2023 (the "**Second-party Opinion**"). The Issuer's Social Bond Framework and the related Second-party Opinion are available on the Issuer's website within the investors section as follows: https://investor.bff.com/en/emtn-programme.

Prospective investors must determine for themselves the suitability, reliability and relevance of any such frameworks, opinions, reports, certifications (such as the Second-party Opinion) and/or the information contained therein and/or the provider of any such document for the purpose of any investment in the Notes. Currently, the providers of such opinions, reports and certifications are not subject to any specific regulatory or other regime or oversight. In addition, no assurance or representation is given by the Issuer, the Arrangers, the Dealers or any of their affiliates (including parent companies), second party opinion providers as to the suitability or reliability for any purpose whatsoever of any opinion, report or certification of any third party in connection with the offering of any Social Bonds under the Programme. Any such opinion, report or certification and any other document related thereto (including, without limitation, the related Social Bond Framework) is not, nor shall it be deemed to be, incorporated in and/or form part of this Base Prospectus.

See also the Risk Factors headed "*Social Bonds*" below.

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DESCRIPTION OF THE PROGRAMME

The following description does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the Terms and Conditions of the Notes of such Tranche and the relevant Final Terms.

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

Issuer:	BFF Bank S.p.A.
Description:	Euro Medium Term Note Programme
Arranger:	Intesa Sanpaolo S.p.A.
Dealer(s):	Intesa Sanpaolo S.p.A. and any other Dealers appointed in accordance with the Dealer Agreement
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time. See "*Subscription and Sale*" below.
Fiscal Agent and Paying Agent (for Notes in Physical Form):	Citibank, N.A., London Branch
Paying Agent for the Dematerialised Notes:	BFF Bank S.p.A.
Irish Listing Agent:	Arthur Cox Listing Services Limited
Programme Size:	Up to €2,500,000,000 (or its equivalent in other currencies calculated as described in the Dealer Agreement) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Euro, Sterling, U.S. dollars, yen, Polish Zloty and, subject to any applicable legal or regulatory restrictions, any other currency agreed between the Issuer and the relevant Dealer(s).
Maturities:	Such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency. In the case of Senior Non-Preferred Notes, pursuant to Article 12-*bis*, paragraph 1, letter a), of the Italian Banking Act, the Maturity Date

shall not fall earlier than twelve months after their Issue Date.

In the case of Subordinated Notes, unless otherwise permitted by current laws, regulations, directives and/or the requirements of the Relevant Authority (as defined in the Terms and Conditions of the English Law Notes and in the Terms and Conditions of the Italian Law Notes) applicable to the issue of Subordinated Notes by the Issuer, Subordinated Notes must have a minimum maturity of five years (or, if issued for an indefinite duration, redemption of such Notes may only occur five years after their date of issue).

Notes having a maturity of less than one year

Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see "*Subscription and Sale – United Kingdom*" below.

Final Terms or Drawdown Prospectus: Notes issued under the Programme may be issued either (1) pursuant to this Base Prospectus and the relevant Final Terms or (2) pursuant to a drawdown prospectus (each a "**Drawdown Prospectus**") prepared in connection with a particular Tranche of Notes.

For a Tranche of Notes which is the subject of the relevant Final Terms, those relevant Final Terms will, for the purposes of that Tranche only, complete the Conditions and this Base Prospectus and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes which is the subject of such relevant Final Terms are the Conditions as completed by such Final Terms.

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

Issue Price: Notes may be issued at any price, as specified in the relevant Final Terms. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.

Issuance in Series: Notes will be issued in series (each, a "**Series**"). Each Series may comprise one or more tranches ("**Tranches**" and, each, a "**Tranche**") issued on different issue dates. The Notes of each Series will be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations (of at least €100,000 or its equivalent in another currency. In addition, Senior Non-Preferred Notes must have a denomination of at least €150,000 and Subordinated Notes must have a denomination of at least €200,000).

Form of Notes in Physical Form:	The Notes in Physical Form will be in bearer form and will on issue be represented by either a Temporary Global Note or a Permanent Global Note as specified in the relevant Final Terms. Temporary Global Notes will be exchangeable for either (i) interests in a Permanent Global Note or (ii) definitive Notes, as indicated in the relevant Final Terms. Permanent Global Notes will be exchangeable for definitive Notes upon either (i) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) to the Agent as described therein or (ii) only upon the occurrence of an Exchange Event as described under "*Form of the Notes*".
Form of the Dematerialised Notes	The Dematerialised Notes will be in bearer form and will be held in dematerialised form on behalf of the beneficial owners, until redemption or cancellation thereof, by Monte Titoli for the account of the relevant Monte Titoli Account Holders as of their respective date of issue. The expression "Monte Titoli Account Holders" means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Monte Titoli and includes any depository banks appointed by Euroclear and Clearstream, Luxembourg. The Dematerialised Notes have been accepted for clearance by Monte Titoli. The Dematerialised Notes will at all times be held in book entry form and title to the Dematerialised Notes will be evidenced by book entries pursuant to the relevant provisions of the Italian Finance Act and in accordance with the CONSOB and Bank of Italy Joint Regulation. The Noteholders may not require physical delivery of Dematerialised Notes. However, the Noteholders may ask the relevant intermediaries for certification of their holding pursuant to Article 83-*quinquies* and 83-*sexies* of the Italian Finance Act.
Interest:	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate, or interest may initially accrue at a fixed rate and then switch to a floating rate, or interest may initially accrue at a floating rate and then switch to a fixed rate. The method of calculating interest may vary between the issue date and the maturity date of the relevant Series.
Fixed Rate Notes:	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
Reset Notes	Reset Notes will, in respect of an initial period, bear interest at the initial fixed rate of interest specified in the relevant Final Terms. Thereafter, the fixed rate of interest will be reset on one or more date(s) specified in the relevant Final Terms by reference to a mid-market swap rate, as adjusted for any applicable margin, in each case, as may be specified in the relevant Final Terms.
Floating Rate Notes:	Floating Rate Notes will bear interest at a rate determined: (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating (i) the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series) or (ii) if "ISDA 2021 Definitions" are specified as being applicable in the relevant Final Terms, the latest version of ISDA 2021 Interest Rate Derivatives Definitions, including each Matrix (as defined therein) (and

any successor thereto), each as published by ISDA (or any successor) on its website (http://www.isda.org), on the Issue Date of the first Tranche of the Notes of the relevant Series; or

(b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or

(c) by reference to the benchmark as may be specified in the relevant Final Terms as adjusted for any applicable margin/multiplier; or

(d) on the basis of the CMS Rate.

Investors should consult the Issuer should they require further information in respect of the ISDA Definitions.

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

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

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

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

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

Benchmark Amendment: On the occurrence of a Benchmark Event, the Issuer may (subject to certain conditions and following consultation with an Independent Adviser) determine a Successor Reference Rate, failing which an Alternative Reference Rate and, in either case, an Adjustment Spread, if any, and any Benchmark Amendments (each term as defined in the Conditions) in accordance with Condition 4.4.

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

Redemption: Unless previously redeemed or purchased and cancelled in accordance with the Conditions, each Note (including each CMS Linked Interest Note) will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the relevant Final Terms. The Final Redemption Amount will always be equal to at least 100 per cent. of the aggregate principal amount of the Notes.

The relevant Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the occurrence of a MREL Disqualification Event (in case of Senior Notes) or a Regulatory Event (in case of Subordinated Notes), or in each case at the option of the Issuer

(including, if specified in the Final Terms, if at least the Clean-Up Call Percentage of the aggregate nominal amount of the Notes of the same Series have been redeemed or purchased by, or on behalf of, the Issuer) and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.

The early redemption, repurchase or redemption at maturity of Subordinated Notes shall, to the extent required by the Applicable Banking Regulations, be subject to any conditions to such redemption or repurchase prescribed by the Applicable Banking Regulations at the relevant time, including the prior approval of the Relevant Authority. If such approval is not given on or prior to the relevant redemption date, the Issuer will re-apply to the Relevant Authority for its consent to such redemption forthwith upon its having again satisfied, by whatever means, such conditions. The Issuer will use reasonable endeavours to satisfy such conditions and to obtain such approval. Amounts that would otherwise be payable on the Maturity Date will continue to bear interest.

The early redemption or repurchase of Senior Notes is subject to compliance by the Issuer with any conditions to such redemption or repurchase prescribed by the Applicable Banking Regulations at the relevant time.

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

In addition:

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

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

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

Taxation: All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by the Republic of Italy subject as provided in Condition 7 (*Taxation*). In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 7, be required to pay additional amounts to cover the amounts so deducted.

As more fully described under "*Taxation — Italian Taxation*" below, interest, premium and other income paid under Notes that qualify as

(a) *obbligazioni* (b) *titoli similari alle obbligazioni*, pursuant to Article 44 of Italian Presidential Decree No. 917 of 22 December 1986, as amended, or (c) *capital adequacy financial instruments* are subject to a substitute tax (*imposta sostitutiva*) levied at the tax rate of 26 per cent. stated by Italian Legislative Decree No. 239 of 1 April 1996, as subsequently amended. Different rules could apply to non-Italian resident Noteholders.

Interest payments relating to Notes that do not qualify as *obbligazioni*, *titoli similari alle obbligazioni* or *capital adequacy financial instruments* but qualify as *titoli atipici* (atypical securities) for Italian tax purposes, are subject to a withholding tax levied at the rate of 26 per cent. stated by Italian Law Decree No. 512 of 30 September 1983 (converted by Law No. 649 of 25 November 1983), as amended.

Negative Pledge: None.

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

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

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

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

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

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

required to be preferred by law (including any subordinated instruments that have ceased to qualify in their entirety as Own Funds);

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

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

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

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

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

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

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

Terms and Conditions: Final Terms will be prepared in respect of each Tranche of Notes to be listed on Euronext Dublin, and admitted to trading on the regulated market of Euronext Dublin. A copy of such Final Terms will be filed with the Central Bank of Ireland and delivered to Euronext Dublin on or before the date of issue of such Notes. The terms and conditions applicable to the Notes of each Tranche will be those set out herein under the Terms and Conditions of the Notes in Physical Form or the Terms and Conditions of the Dematerialised Notes, as the case may be, as completed and/or modified by the relevant Final Terms.

Risk Factors: There are certain risks related to the holding of any Notes issued under the Programme which investors should ensure they fully understand. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Notes are discussed under "*Risk Factors*" below.

Rating: The rating (if any) of the Notes to be issued under the Programme will be specified in the relevant Final Terms.

Whether or not each credit rating applied for in relation to a relevant Series of Notes will be (1) issued by a credit rating agency established in the EEA and registered under the CRA Regulation or (2) issued by a credit rating agency which is not established in the EEA but will be

	endorsed by a credit rating agency which is established in the EEA and registered under the CRA Regulation or (3) issued by a credit rating agency which is not established in the EEA but which is certified under the CRA Regulation will be disclosed in the Final Terms. In general, European regulated investors are restricted from using a rating for regulatory purposes unless (1) such rating is issued by a credit rating agency established in the EEA and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (3) the rating is provided by a credit rating agency not established in the EEA which is certified under Regulation (EU) No. 1060/2009, as amended (the "**CRA Regulation**"). Investors regulated in the UK are subject to similar restrictions under Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the EUWA (the "**UK CRA Regulation**"). As such, UK regulated investors are restricted from using a rating for regulatory purposes unless (1) such rating is issued by a credit rating agency established in the UK and registered under the UK CRA Regulation or (2) the rating is provided by a credit rating agency not established in the UK but is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or (3) the rating is provided by a credit rating agency not established in the UK which is certified under the UK CRA Regulation.
Approval, Listing and Admission to Trading:	The Central Bank of Ireland has approved this document as a base prospectus. Application has been made to Euronext Dublin for Notes issued under the Programme to be admitted to trading on the regulated market of Euronext Dublin and to be listed on the Official List. Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued. The relevant Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.
Clearing Systems:	Euroclear, Clearstream Luxembourg, Monte Titoli and/or, in relation to any Notes, any other clearing system as may be specified in the relevant Final Terms.
Governing Law of the Notes in Physical Form:	The Notes in Physical Form and the Coupons and any non contractual obligations arising out of or in connection with the Notes in Physical Form and the Coupons, will be governed by, and shall be construed in accordance with, Italian law.
Governing Law of the Dematerialised Notes:	The Dematerialised Notes and any non contractual obligations arising out of or in connection with the Dematerialised Notes, will be governed by, and shall be construed in accordance with, Italian law.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area (including the Republic of Italy, France and the United Kingdom), Japan, Singapore 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*"

	below.
United States Selling Restrictions:	Regulation S, Category 2. TEFRA C or D, as specified in the relevant Final Terms.
Prohibition of Sales to EEA Retail Investors:	If the Final Terms (or the Drawdown Prospectus, as the case may be) in respect of any Notes include a legend entitled "*Prohibition of Sales to EEA Retail Investors*", the Notes are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area.
Prohibition of Sales to UK Retail Investors:	If the Final Terms (or the Drawdown Prospectus, as the case may be) in respect of any Notes include a legend entitled "*Prohibition of Sales to UK Retail Investors*", the Notes are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the United Kingdom.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. Most of these factors are contingencies which may or may not occur. In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate.

Prospective investors should also read the detailed information set out elsewhere in and incorporated by reference into this Base Prospectus and consider carefully whether an investment in the Notes is suitable for them in the light of the information in this Base Prospectus and their personal circumstances, based upon their own judgment and upon advice from such financial, legal, tax and other professional advisers as they deem necessary.

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

RISK FACTORS RELATED TO THE ISSUER

The risk factors below have been classified into the following categories:

- Risks related to the impact of national and international macro-economic and political factors
- Risks related to our business activities
- Liquidity and other financial risks
- Operational Risks
- Risks related to capital adequacy and the impact of banking and taxation regulation

(A) Risks related to the impact of national and international macro-economic and political factors

Risks related to the impact of global macro-economic factors

The Group's performance is influenced by the macroeconomic scenario in Italy and in the countries where it operates and by the conditions of the financial markets. In particular, the earning capacity and solvency of the Group are affected by macroeconomic factors - such as economic growth, inflation and public deficit - and financial factors - such as fluctuations in interest rates, exchange rates and equity markets.

In general, the Group is exposed to the risk of a slowdown or recession in the European Union or in one or more of the countries in which it operates, which could result in a decrease in revenues, or a reduction in value of its assets, with possible negative effects on the business, financial conditions and/or results of operations of the Issuer and/or the Group.

The Group is also exposed to the financial risk caused by a significant movement of interest rates, which might impact the Issuer's and/or the Group's financing costs not being exactly matched/followed by an equivalent movement on the revenues side, taking also into account that all our late payment interest funds are linked to the ECB rate, which would create an additional exposure to interest rate changes on the basis of the ECB rate trends. In addition, the Group is exposed to the risk of a decline in the equity markets, which would weigh on the value of the assets under management of the funds which are clients of our Securities Services business and, consequently, on the fees we receive and on our liquidity. Finally,

the Group is exposed to the risk of unpredictable fluctuations in the exchange rates of the countries in which it operates, which could have a negative impact on revenues. See also "*We are subject to risks connected with exchange rates*".

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

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

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

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

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

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

The increase in official interest rates has therefore been passed on to the cost of Italian bank loans in 2022. Indeed, an increase in interest rates can be observed both for outstanding amounts and for new loans to households and enterprises.

In this context, it should be noted that the direct impact of the Russia-Ukraine conflict on the Group is marginal, as it has no operations in Russia or Ukraine and no credit exposure to customers incorporated in these countries or indirectly related to Russian or Ukrainian counterparties.

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

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

The Group's exposure to Italian government sovereign debt is significant and the Group may be adversely impacted by any negative change in the creditworthiness of the Italian state

The Group is exposed to the sovereign debt of the Italian government. As of 30 June 2023, the Group's securities portfolio consisted of Italian government securities, recorded in the Group financial statements as financial activities under "hold to collect" ("**HTC**").

The book value of HTC Italian government securities held by the Group was equal to €5,208 million, €6,129 million and to €5,793 million as of 30 June 2023, 31 December 2022 and 31 December 2021, respectively.

The proportion of Italian government securities relative to the Group's total assets (using the book value) was equal to 43% at 30 June 2023. The Group is therefore exposed to changes in the price of Italian public debt securities. Any tensions in or volatility affecting the sovereign bond market could have a material adverse effect on our business, results of operations and financial condition. As of 30 June 2023, the Group did not hold any structured securities in its portfolio.

Given that the composition of our securities portfolio and the characteristics of our business involve a significant exposure to the Republic of Italy, if the central Government and/or one or more public administrations were to default or delay in their payments, we may suffer losses that could potentially have adverse effects on our economic and financial situation.

The credit standing of the Italian state, like that of other sovereign states, is subject to monitoring and evaluation by rating agencies. Any downgrade of the credit rating of Italian sovereign debt and changes to interest rates could reduce the value of Italian government securities, which in turn could negatively affect our business, results of operations and financial condition. See "*Risks related to the impact of global macro-economic factors*".

If the Basel IV rules were to be implemented, government securities held by EU banks could be subject to weighting criteria and weighting factors could be aligned to those applied prior to the adoption of the ECB's anti-spread measures in 2012 which involved large purchases on the secondary market of government securities issued by distressed countries, as well as an increase in the collateral of repo transactions. The introduction of a more stringent weighting factor on government securities issued by the Italian government could have a significant adverse effect on our capital requirements with regards to government securities.

Credit risk relates to the possibility that the Italian government, finding itself in difficulties, may not, in whole or in part, be able to repay its securities at the contractually agreed due dates. In these circumstances, the tensions and developments of the international and European financial markets could impact the domestic economic situation of Italy. If these circumstances were to occur, it could have a material adverse effect on our business, results of operation and financial condition.

In general, should we decide to use our portfolio of Italian sovereign debt securities in order to enter into repo transactions with the European Central Bank for liquidity purposes, any downgrade related to the debt of the Republic of Italy may determine the application of increased haircuts, with a consequent reduction, albeit limited, on the liquidity value generated by such securities. In this scenario, we may be unable to meet our payment obligations being either known or foreseen with a reasonable degree of certainty. Therefore, liquidity risk could arise from us having difficulties and not managing to refinance, in full or in part, our own securities portfolio on the financial market as a result of external factors, such as a possible increase in tensions in the national and international macroeconomic situation and a possible deterioration in the credit standing of the Italian state.

(B) Risks related to our business activities

The creditworthiness of our counterparties may deteriorate

We are exposed to risks related to the deterioration of the creditworthiness of our counterparties, including debtors and customers. Such credit quality deterioration risk involves both (i) counterparty risk, and (ii) concentration risk (i.e. if we have highly concentrated exposures to counterparties that face credit quality issues).

If the transactions entered into with a counterparty represent a credit position for us at the time of insolvency of such counterparty, we will experience a loss. Our application of the "standardised" methods of calculating counterparties' risk entails a low degree of risk.

Financial counterparty risk is inherent vis-à-vis:

- banks, related to the temporary investment of liquidity through deposits, repurchase and reverse repurchase agreements (whose credit risk, in most cases, is mitigated by Global Master Repurchase Agreements, with daily valuation of mark-to-market and collateral), and derivative contracts entered into to hedge our interest rate and exchange rate risk with banks;

- investment funds (both mutual and alternative) represented by overdraft facilities to finance their liquidity gap between the request of sale of quotas by investors and the sale of the underlying assets and to cover shortages on financial instrument sales caused by settlement failures; and

- brokers, asset managers, insurance companies through repurchase agreements (mostly supported by Global Master Repurchase Agreements with daily valuation of mark-to-market and collateral).

We also grant lines of credit to corporate borrowers, representing a negligible portion of our business, mainly represented by short term repurchase agreements. We generally mitigate the credit risk arising from such transactions through employing the terms of the ISDA Global Master Repurchase Agreement with daily mark-to-market and collateral valuation.

The creditworthiness and the relative financing granted to the financial counterparties are regularly reviewed (at least annually) and the exposure is constantly monitored.

In relation to the business activities carried out by the Group, the risk concerning the deterioration of credit quality to which the Group is exposed is closely connected to the countries, as well as to the businesses, where such business activities are carried out (the so called "country risk" under Pillar 2).

The credit risk assessment procedures that we use to assess creditworthiness are tailored to our business model. However, it cannot be ruled out that, despite passing the credit risk assessment procedures, the counterparties, clients and debtors do not meet their obligations and there could in future be a deterioration of our credit portfolio. Any failure of our counterparties, clients and debtors to fulfil their obligations may have a negative impact on our ability to fulfil our own obligations. This could have a material adverse effect on our business, results of operations and financial condition.

We derive a significant portion of our revenue from a limited number of customers

With reference to the Factoring and Lending Business (as defined in "Description of the Issuer and the Group"), most of our key customers are large multinational and Italian companies with whom we have built and maintain strong commercial relationships. However, the majority of our contracts with customers neither (i) impose any obligation on us to purchase non-recourse receivables in the future, nor (ii) contain any exclusivity clauses or impose any obligation on customers to continue selling receivables to the Group, thus making it relatively simple for counterparties to exercise withdrawal rights for any reason, and therefore we have limited visibility with respect to future volumes.

With reference to the Securities Services activities, which are concentrated in the Italian market, our clients are a limited number of Italian mutual funds, pension funds and alternative investments funds. We are therefore exposed to the risk of loss of clients, including in case of consolidation among asset managers, which may result in the migration of our clients and the assets under management to a different provider.

Also the Payments Business activities are concentrated in the Italian market, and leverage on the long standing relationship with the majority of our clients, which are represented by Italian small/medium banks, and a vast array of PSP and electronic money institutions. Potential acquisitions of our clients by larger banks, including universal banks, may result in the insourcing of the payment services we provide to our clients, resulting in a reduction in the number of transactions we operate, which, in turn, would have an impact on our income. Additionally, a substantial part of our Payment Business activities is carried out in connection with transactions generated by Nexi or its clients, which use our services on the basis of an agreement with Nexi which is set to expire in 2026. Although we have a long-standing relationship with Nexi, and we believe that our services constitute a key layer in the payments services provided by Nexi, we are exposed to the risk that Nexi ceases to use our services in order to process payments, either at the expiration of our agreement in 2026 or earlier.

Therefore, the loss of any of our key customers or a significant decrease in the business generated from them, could have a material adverse effect on our business, results of operations and financial condition. See also "*We operate in an increasingly competitive and concentrated market and may not be able to maintain or increase our current market share*".

We operate in an increasingly competitive and concentrated market and may not be able to maintain or increase our current market share

Relative to the major European banking groups, we are one of the smaller operators and so are exposed to the risk that some of our competitors may exploit their scale to penetrate or consolidate their position in the markets in which we operate, attracting our customers and depriving us of a significant market share by offering more innovative or more aggressively priced products and services.

In the factoring and particularly the lending and deposit taking sectors, as well in the broader banking sector, our competitors include, inter alia, banks and banking groups of various size ranges which operate in the same markets that we do and other financial institutions that offer term deposit account services. In this regard, the banking sector in Europe is characterised by a high level of competitiveness.

The payment services and securities services markets are highly competitive and subject to a significant degree of concentration. Our Securities Services and Payment Services operations compete on technology, price of offered services, speed, performance, quality and reliability, reputation and customer service. Additionally, such markets are experiencing a period of rapid transformation due to customer habits, technological innovation and recent legislation at the European and national levels, which may result in increased competition (including by new service providers) and/or concentration, increase in compliance costs (which may benefit larger players that are able to sustain more effectively such costs due to economies of scale), a decrease in consumer spending, or a shift in consumer preferences.

In light of the current process of product and service diversification carried out by many European banks, we cannot exclude that certain banks may extend the services they offer to the specific market area in which we operate, or enter into our markets through acquisitions or other extraordinary transactions. This situation may constitute a risk in relation to the maintaining of our market share and the profit margins, with a consequential negative impact on our projections and on our financial, economic and capital situation, as well as on the Group's results. See also "*We derive a significant portion of our revenue from a limited number of customers*".

Furthermore, this competitive pressure could increase as a result of regulatory intervention, the behaviour of competitors, consumer demand, technological change, possible aggregation processes involving financial groups, the entry of new competitors and the contribution of other factors not necessarily under our control.

In the event that we are unable to respond to increasing competitive pressure by, inter alia, offering innovative products and services capable of satisfying the demands of customers, we could lose market share in several business sectors and, therefore, related trading volumes and revenues. For example, in last three years, we have recorded a decrease in commission income from our Credit Collection Management services following the increased competition on the market.

As a result of such competitive pressures, we may not be able to maintain or increase our level of activity and profitability in line with past results, which could have a material adverse effect on our business, results of operations and financial condition.

We may be unable to meet the objectives of our growth strategy, which involves both organic growth and acquisitions

Pursuant to our Strategic Plan (as defined in "Description of the Issuer and the Group"), we pursue a growth strategy designed to expand and consolidate our business segments.

The Strategic Plan contains the Group's targets through to 2028 prepared on the basis of macroeconomic projections as of its approval date and strategic actions that need to be implemented.

The Strategic Plan is based on numerous assumptions and hypotheses, some of which relate to events not fully under the control of the board of directors and management of BFF. In particular, the Strategic Plan contains a set of assumptions, estimates and predictions that are based on the occurrence of future events and actions to be taken by, inter alia, the board of directors of the Issuer, in the period from 2023 to 2028, which include, among other things, hypothetical assumptions of different types of risks and uncertainties arising from the current economic environment, relating to future events and actions of directors and the management of the Issuer that may not necessarily occur, events, actions, and other assumptions including those related to the performance of the main economic and financial variables or other factors that affect their development over which the directors and management of BFF do not have, or have limited, control.

We are therefore exposed to the risk that we may be unable to implement part or all of our growth strategy or within the timeframe we expected, that the assumptions on which we based our growth strategy may be incorrect or that our growth strategy may not achieve the results we expected. Any such failure to develop, revise or implement our growth strategy in a timely and effective manner could have a material adverse effect on our business, results of operations and financial condition.

We may be subject to risks in connection with any potential future acquisitions and the integration of such entities may be difficult

In the ordinary course of our business, we continuously explore and evaluate opportunities to enhance our business, broaden our existing operating platforms, achieve operational efficiencies or expand our product offerings.

As a result, we have made, and, pursuant to our Strategic Plan, may in the future make, material acquisitions or enter into strategic partnerships or other material transactions. In fact, in 2021 we have completed the DEPObank's Acquisition (as defined in "*Description of the Issuer and the Group*"), pursuant to which we started to operate in new business segments, such as payment services and securities services. Such transactions could result in the incurrence of contingent liabilities. All this in the aggregate, could have a material adverse effect on our business, results of operations and financial condition. See also "*Risks related to the impact of global macro-economic factors*" and "*Risks related to our funding structure. The trend or the possible shocks on the stability of deposits deriving from the activity carried out by Securities Services and Payment Services could lead to situations of excess or shortfall of liquidity*".

Moreover, acquisitions further expose us to risks connected to the integration of the acquired companies, including: difficulties in integrating an acquired company's hardware and software systems with our own; the diversion of our resources and management's attention from other business concerns; the potential loss of key employees which could deprive the company of knowledge which the remaining employees do not have; risks associated with entering markets in which we may have little experience; and the day-to-day management of a substantially larger and more geographically diverse combined company.

In addition, we may not realise the synergies, operating efficiencies, market position or revenue growth we anticipate from acquisitions, and our failure to effectively manage the above risks and other problems associated with acquisitions could have a material adverse effect on our results of operations, business, and financial condition.

Our Factoring and Lending business is dependent on inefficiencies and payment delays in the public administration and healthcare systems in the relevant countries

Our Non-Recourse Factoring and Credit Collection Management businesses depend on the occurrence of delays in payment and administrative difficulties (with respect to both debtors and customers) in the national health system and public administration of the countries in which we do business.

We do not expect the governments of countries in which we operate (Italy, Spain, Portugal, Poland, Greece, Slovakia, Croatia, the Czech Republic and France) to adopt measures capable of eliminating entirely the structural inefficiencies in the public sector of their respective countries. However, we cannot rule out the possibility that such measures could be successfully adopted in the future or that the public sector (the national health system and public administration in particular) of the countries in which we operate could obtain sufficient funds and implement adequate procedures to materially reduce delays in payments to suppliers.

In addition, following the obligation for Italian public administrations to issue electronic invoices introduced as of 2019 (following the adoption of Directive 2014/55/EU), a new electronic ordering tool has been implemented by the national health system and will be adopted by all Italian public administrations, and an electronic delivery bill is currently under evaluation. In this respect, further digitisation of payments by public administrations could lead to a streamlined process related to the settlement of invoices and further reduce payment delays.

A significant reduction in delays in public sector payments and periods of excess liquidity on the markets in the countries in which we operate could have a material adverse effect on our business, results of operations and financial condition.

Governments may implement efficiency measures that could significantly reduce the "days sales outstanding" ("DSO") and demand for our services

We are exposed to the risk that the governments of the countries in which we operate could adopt measures aimed at improving efficiency of the national health system and public sector, and at reducing DSO. In this respect, by way of example, the measures enacted to contrast the effect of the Covid-19 pandemic resulted in a significant injection of liquidity in the financial system; this, in turn, has resulted in an acceleration in payments, which reduced DSOs for receivables in our markets and accelerated collection times.

Although some of the above measures have resulted in a reduction of DSO and thereby increased profitability in the short-term (given that we collected receivables sooner than expected), any structural measures undertaken by national governments which would successfully increase the efficiency of the national health system and public administration – which could be achieved in the future by the Italian, Spanish, Portuguese, Polish, Czech, Slovakian, Greek, Croatian and French governments through the introduction of other new measures – could result in a reduction in (i) the demand for our services (this effect would however be less relevant for our credit management services for third-party receivables), (ii) our commission rates and the margin we receive, and (iii) DSO, with a consequent reduction in income received from late payment interest and other types of interest. Any such changes could have a material adverse effect on our business, results of operations and financial condition.

Our Factoring and Lending operations are dependent on continued government spending on national health and other segments of the public administration

We operate in the market of expenditure in goods and services for which the governments of Italy, Spain, Portugal, Poland, Czech Republic, Slovakia, Greece, Croatia and France allocate funds to their public bodies, in particular the national health system and other segments of the public administration.

We are exposed to the risk that such governments, following a deterioration of the macroeconomic situation or the introduction of more stringent restrictions on public funding, may significantly reduce the funds allocated for expenditure in goods and services to the national health system and the public administration, which could result in a reduction of the volumes of receivables generated in the sector in which we operate and have a material adverse effect on our business, results of operations and financial condition.

Our business is dependent on our customers and the debtors that they supply, each of whom may face economic uncertainty and changes in the regulatory landscape which could impact their need for our services

Our Factoring and Lending business involves managing and/or purchasing the receivables of our customers (which in large part are multinational companies or large domestic businesses) owed by their debtors (the majority of whom are entities of the public administration sector, including national

healthcare systems, but which comprise also private debtors). We are exposed to the risk that our customers or their debtors may become subject to bankruptcy or insolvency proceedings or be in financial distress, and, as a result, may not be able to meet their contractual obligations or enter into new contractual obligations or that debtors may cause the deterioration of our asset quality. In particular, in the instance of returning the receivables to the original seller, we may not be able to recover the full amount of the receivables that we purchased from our customers should they be insolvent. This risk is amplified in relation to new or small customers or customers operating in countries where we have only recently started to offer our services, such as Croatia, Greece and France. With regard to these customers, we carry out credit analysis prior to engaging with them, however, we cannot rule out that they may fail to pay commission for our credit management and non-recourse factoring services or reimburse us for the receivables that are not certain and due from the debtors. Moreover, the factoring business can be affected by the dilution risk, which occurs when an amount of receivable purchased could be reduced through cash or non-cash credits to the obligor; this risk could arise, for example, when the good or service rendered by the assignor to their debtors is under dispute due to the quality of the service or product or the non-compliance with the contractual provisions between the parties.

In addition, if any of our customers become subject to bankruptcy or insolvency proceedings, they may also not be able to meet their contractual obligations, such as (although to a lesser degree) the payment of commission for our credit management services or reimburse us for the costs in connection with the management and/or enforcement of the receivables. We also purchase receivables which at the time of purchase are already impaired assets; such purchases do not constitute a material part of our current business. Such activities could result in an increase of our (net and gross) non-performing exposures. We determine the price of the receivables based on the financial position of the relevant debtors and the recovery rate and time of recovery. However, we may still be exposed to capital losses and a general deterioration of asset quality as a result of our debtors' financial vulnerability, which could have a material adverse effect on our business.

We are also exposed to risks connected with each of the countries in which we operate (Italy, Spain, Portugal, Poland, Czech Republic, Slovakia, Greece, Croatia and France). Should the central governments of these countries default, the debtors themselves may no longer be able to rely on government funding and as a result could no longer be able to repay their commercial debts. This could affect our clients' and their debtors' financial situation, and, in turn, our credit management business.

Since our debtors are public bodies, they may be subject to regulatory changes. For instance, certain legislative measures have been implemented in certain regions of Italy aimed at the consolidation of local healthcare authorities, as a result of which our counterparties have been replaced by new entities and there is a process of merger between smaller municipalities in Italy. We may not have the same broad knowledge of these new final debtors, which may hinder our ability to, inter alia, assess and predict credit collection timing, credit risk and, therefore, pricing. Such measures may be implemented in other regions as well. In addition, new measures may be taken in the future to reduce the number of local entities, which could also cause us to lose existing counterparties as the number of final debtors is reduced. Therefore, if the economic conditions of our customers deteriorate, or if changes in their regulatory landscape result in negative consequences to our operations, these risks could have a material adverse effect on our business, results of operations and financial condition.

As the events referred to above are unforeseeable (and we have no control over the possibility of their occurrence), they could have a material adverse effect on our business, financial condition or results of operations.

Our heavy reliance on non-recourse factoring prevents us from benefitting from the legal protections of the guarantee of solvency

Under Italian law and the laws in most of the countries where we operate, the sale of receivables can either be non-recourse or with-recourse. Non-recourse factoring involves the assigning creditor legally guaranteeing the existence of the receivables, but does not guarantee the solvency of the assigned debtor (i.e. that the assigned debtor will effectively pay its debt to the acquiring assignee). This is considered ordinary sale of receivables under the Italian Civil Code. In recourse factoring, the assigning party assumes the negotiated guarantee of the solvency of the assigned debtor. The assigning party that guarantees the solvency of the assigned debtor is liable up to the price of the factoring, and not the amount of the assigned receivable, as well as the legal interest accrued on this sum from the day it was

collected by the assigning party until the day of settlement. The assigning party should, therefore, repay the assignee the expenses incurred for the factoring and for any enforcement of the assigned debt.

Within the context of our factoring business, our primary activity consists of the purchase of receivables on a non-recourse basis and, therefore, we assume the risk (inherent to this form of factoring) of possible insolvency of the assigned debtors (i.e. failure to fulfil their payment obligations), instead of benefitting from a guarantee from the assigning party in relation to the assigned debtors' solvency, which the parties may agree to under Italian law.

If there were to be an increase in the number of insolvent assigned debtors, we would not be able to benefit from the guarantee of solvency of the assigning creditor or may not obtain adequate redress. The inability to recoup losses from such receivables could have a material adverse effect on our business, results of operations and financial condition.

Assets under management at our Securities Services segment may not grow as expected, which may adversely affect our income

The income generated by our Securities Services business segment depends on the amount of assets under management ("AUM") held by the Group. AUM held by the Group may vary as a result of factors on which we do not exercise control, such as market, economic and political conditions globally and in the jurisdictions and sectors in which it invests or operates, including but not limited to factors affecting public share prices, interest rates, the availability of credit, currency exchange rates, trade barriers and economic uncertainty (including but not limited to uncertainties resulting from global pandemics such as Covid-19), changes in interpretation of and amendments to laws or regulations (including those relating to taxation of the Issuer and its related entities), commodity prices and controls and the overall geopolitical environment (including acts of war, terrorist attacks and security operations). See also "*Risks related to the impact of global macro-economic factors*".

Future market conditions may deteriorate significantly and may be less favourable compared to current and historical market conditions, which could adversely affect the AUM at our Securities Service business and, consequently, the income generated by such business segment. Global financial markets may experience considerable declines in the valuations of equity and debt securities.

The seasonality in the business volumes of our Factoring and Lending Business may result in disruptions to our operations

Due to our customers' financial requirements, we tend to concentrate the purchase of receivables at the end of the financial year and in the final months of each quarter. Consequently, our business is seasonal, resulting in peaks in the use of capital and demand for liquidity. On the other hand, we carry out the collection of receivables at various times throughout the year, resulting in more uniform levels of collections throughout the year. Therefore, throughout the year we experience relatively high cyclicality in our financial statements and, in particular, significant changes to the volumes of our assets on our balance sheet.

Our business is exposed to the risk that external factors (such as extraordinary payments made by the public sector or unexpected reduction in public sector payment flows) occurring during the periods in which our business experiences the seasonality peaks, could have disproportionate effects on our business operations. In particular, depending on the specific circumstances and the periods in which such events occur, our business could experience fluctuations in terms of volume of purchased receivables, outstanding receivables or collections, which could have a material adverse effect on our business, results of operations and financial condition.

(C) Liquidity and other financial risks

The business model related to the Factoring and Lending is based on cash flow estimates and any incorrect evaluations of DSO and payments timing of debtors and volumes forecasts may impact on our funding needs and liquidity position

We estimate the income that we can generate from the receivables portfolio we purchase in our Non-Recourse Factoring operations on the basis of our past experience.

The pricing of each receivable acquired in the context of our Factoring & Lending Business is set on the DSO and the creditworthiness of the relevant customer and debtors. This metric, together with the estimates on volumes, both in terms of factoring and lending products, allows us to manage the funding needs and the liquidity position that the Group should maintain in order to respect its strategic target in compliance with regulatory constraints. Therefore, (i) errors in evaluating our expected DSO or their modification due to changes in payment behaviour of the debtors or due to the adoption of legislative measures in the countries in which we carry out our business, (ii) unexpected excessive volatility of volumes forecasted and/or (iii) errors in growth estimates may reduce both our expected and actual margins, and determine a decrease in the Group's revenues due to the possible fluctuation of the demand for our services and a possible decrease in the revenues generated by commissions and interest, as well as leaving us with more or less liquidity than planned. See also "*Our Factoring and Lending business is dependent on inefficiencies and payment delays in the public administration and healthcare systems in the relevant countries*" and "*Governments may implement efficiency measures that could significantly reduce the "days sales outstanding" ("**DSO**") and demand for our services*".

In particular, should the public administrations, in relation to which the Group operates, adopt and effectively implement more efficient management policies of their commercial debts and reduce payment delays, the Group's absolute and relative margins could be negatively impacted due to the potential decrease in the demand for factoring and lending and, for factoring products, for a reduction in the discount on the nominal value of the receivables applied at the moment of the receivable purchasing and a smaller loan book for a given set of purchases.

We carefully monitor the payment patterns of debtors through our database, which tracks payment patterns and average DSO for each debtor in order to estimate the average timing for collection. However, we cannot rule out the possibility that our estimates may be incorrect. For example, we may not have sufficient information to make a correct pricing determination in respect of public administration debtors not belonging to the national health system. In addition, following the implementation of certain legislative measures aimed at the reorganisation of the public administration, we may have to interact with new debtors not registered in our database, which could give rise to difficulties in estimating the DSO and the pricing.

Increased inefficiencies in the national health system and public sector in Italy, Spain, Portugal, Poland, Czech Republic, Slovakia, Greece, Croatia and France, and in particular any inefficiencies in resource allocation, could lead to increased DSO and possible payment delays and (excluding any possible financial advantages resulting from late payment interest), as a result, our estimates of timing for collection and future liquidity could be incorrect and management costs could increase. Finally, we cannot rule out the possibility of a default or partial failure to pay the loans or receivables owed to the Group by the debtors (both public and private), due to either the commencement of insolvency procedures or the increase in the number and costs of existing litigation. Either of these circumstances could have a material adverse effect on our business, results of operations and financial condition.

Furthermore, the potential stagnation of the market which may occur in the future (along with the persisting context of challenging completion), if not accompanied by an increase in the distribution of the factoring product in the relevant market, may expose us to the risk of not maintaining our growth rate and profitability level compared to those registered in the past.

The BFF Polska Group's market of reference is the "alternative financing market" for healthcare operators and public sectors, where the Group has been one of the first movers, operating in this market for approximately twenty years. The future development of this market shall depend on the business's ability to increasingly meet healthcare entities' and municipalities needs for liquidity and financial resources, taking into account the competition relating to a range of businesses of a different nature (e.g. entities owned by universal banks), in particular with reference to countries like Poland, the Czech Republic and Slovakia.

These execution risks concerning the reference markets, along with the uncertainty relating to the government intervention in terms of public spending in general and specifically regarding healthcare entities, may expose us to the risk of not meeting our expected growth and profitability rates, which could in turn have a material adverse effect on our business, results of operations and financial condition.

Calculation methods used to estimate the recoverability of the late payment interest and debt collection indemnity may impact our ability to accurately predict our cash flows

Late payment interest

We calculate late payment interest on receivables that we have purchased in accordance with applicable law in Italy (Legislative Decree No. 231/2002, the implementation of Directive 2000/35/EU on combating late payment in commercial transactions) and similar laws in other countries.

EU IFRS (IAS 18) permits the inclusion of interest in a company's income statement only if it is likely to generate positive cash flows for a company and such projected cash flows can be estimated reliably.

In 2014, we adopted evaluation tools that allow us to use our data historically collected since 2010 and calculate reliable estimates of the amount of late payment interest that will be collected and the timing for collection. Starting in that year, we have estimated, on the basis of our historical data on collected amounts and timing for collection, the percentage of the amount of late payment interest that will be collected to be equal to 40% (subsequently raised to 45%) of its accrued value at the date of collection, which was normally estimated to fall within 1,800 days from the maturity date. Starting from 2022 our management, on the basis of our historical data on collected amounts and timing for collection, and in relation to the portfolio of receivables managed by the Issuer and BFF Finance Iberia only, has resolved to increase the estimation of the percentage of the amount of late payment interest that will be collected up to 50% and to set its accrued value at the date of collection at 2,100 days, in order to reflect medium/long term trend of timing for collection.

As the method adopted in order to evaluate late payment interest is based on estimates, there is a risk that the percentages of future income from late payment interest actually received by us will not match with those estimated by us.

Moreover, on 9 November 2016 the Bank of Italy, CONSOB and IVASS issued a document establishing the methodology to be used in order to estimate late payment interest. Although we consider our methodology to be fully in line with these regulations, we cannot exclude that the competent supervisory authorities may disagree in the future concerning our estimation process. In this respect, the Bank of Italy has carried out an inspection at the beginning of 2021 which included the review of our methodologies for calculating the late payment interests ("**LPI**"). The results of the verifications carried out by the Bank of Italy have been summarized in the relevant inspection report received by the Issuer on 4 November 2021. Within the timeframe required by the authority, the Issuer has provided the Bank of Italy with its considerations regarding the inspection report, and the measures it has already taken and will take in connection thereto.

A misalignment between our estimates and our actual results could have a material adverse effect on our business, results of operations and financial condition.

Debt collection indemnity

Starting from the financial statements for the year ended 31 December 2022, the Issuer decided to change the accounting estimates applicable to the right to receive the lump-sum indemnity for debt collection. In particular, in accordance with Directive 2011/7/EU of the European Parliament and of the Council on combating late payment in commercial transactions (the "**Directive 2011/7**"), established a €40 minimum amount by way of indemnity for debt collection costs (the "**Debt Collection Indemnity**"). Such Debt Collection Indemnity may be increased in light of the fact that Directive 2011/7 states that the reasonable costs incurred to that end may also be charged. On this basis, from 2018 the Issuer started to request the €40 Debt Collection Indemnity from debtors for each expired invoice, as a lump-sum reimbursement for debt collection expenses incurred, pursuant to Directive 2011/7.

BFF's interpretation has been confirmed by Court of Justice of the European Union's ruling on 20 October 2022, which constitutes the binding interpretation for the national rulings of all Member States as well, and confirmed the right to recover at least €40 for each past-due invoice with respect to the Public Administration, irrespective of the amount and of whether a certain amount of invoices are part of a single payment agreement.

Until 2021, loans and receivables recognised in its financial statements against the right to collect the amount of the Debt Collection Indemnity were adjusted in full, within the same statement of financial

position asset item “Financial Assets at amortized cost - loans and receivables with customers”. The revenue was recognised in the income statement, in the item “Other operating income”, when the Debt Collection Indemnity was actually received, whereby, the adjustment was derecognised and the amounts received were reflected in the income statement. The amount collected and recognised in the income statement contributed to the determination of the taxable income on which current taxes for the year were calculated. On the basis of the accounting model applied until 2021, no deferred taxation was recognised in the Issuer’s financial statements.

To date, on the basis of the analysis tools already in use, which made it possible to define a Debt Collection Indemnity’s collection time series, the Issuer is capable of estimating the amount received in relation to such Debt Collection Indemnity. In particular, such estimate applies to the BFF Bank scope, or Italy, the countries in which it operates under the freedom of services regime and the branches in Portugal and Greece.

Consistently with the approach taken in respect of late payment interest and compound interest, the right to receive the Debt Collection Indemnity has also been factored in settlement agreements with debtors since 2018 to ensure that such Debt Collection Indemnity can be recovered. Agreements with debtors consider the entire amount due, as a single amount on which to base the settlement and on which to apply the late payment interest discount percentages. As confirmation of this, the result of the analyses carried out on the time series of late payment interest was also confirmed for the Debt Collection Indemnity, or that the receipts recorded came to an average percentage significantly higher than 50% of the original right.

As a result, starting from the audited consolidated annual financial statements of the Group as at and for the year ended 31 December 2022, the Issuer has decided to account for the Debt Collection Indemnity on an accrual basis, based on the collection percentage identified by the time series and the analyses performed in line with those already applied to the late payment interest calculation model. For additional information, see “ – *Late payment interest*” above.

The trend in collection percentages over the years, constituting the time series considered is, as emphasized above, significantly higher than 50% and, therefore, for reasons of prudence the 50% collection level was used as an estimate of the amount relating to the Debt Collection Indemnity which will be collected in the future and which was recognised in item 40 “Financial Assets at amortized cost - loans and receivables with customers” of the Issuer’s financial statements.

As a result, in accordance with the accrual principle, the Debt Collection Indemnity will be considered accrued based on the number of past-due invoices in the reference period multiplied by €40 and subsequently multiplied by a estimated realization percentage of 50% and will not follow measurement at amortised cost to which, instead, late payment interest is subject.

With respect to the tax treatment, the accrual of revenue deriving from the right to collect the Debt Collection Indemnity directly forms part of taxable profit pursuant to Italian tax rules. This approach differs from the tax treatment of late payment interest, which contributes to the taxable income in the year in which it is received or paid. As a result, the Debt Collection Indemnity does not result in deferred taxation recognised in financial statements.

In accordance with what is defined by IAS 8, this decision is seen as a change in accounting estimates, the impact of which should be recognized in the income statement on a prospective basis, and not retroactively. Therefore, this change impacted the audited consolidated annual financial statements of the Group as at and for the year ended 31 December 2022 and the Condensed Half-Yearly Consolidated Financial Statements of the Issuer as at and for the six months ended 30 June 2023 and will impact future financial statements of the Issuer, but did not lead to any revision of previous financial statements.

As the method adopted in order to evaluate Debt Collection Indemnity is based on estimates, there is a risk that the percentages of future income from Debt Collection Indemnity actually received by us will not match with those estimated by us, which could in turn have a material adverse effect on our business, results of operations and financial condition.

We are involved in disputes, investigations and legal proceedings which could have a material adverse effect on us or on our recovery capability

In the ordinary course of our business, we are exposed to the risk of being subject to legal, civil, administrative and tax proceedings or actions by the competent authorities, including the Italian Finance Police (Guardia di Finanza) and Tax Authority. Although we believe that we have set aside sufficient reserves to cover ongoing proceedings, we cannot predict with certainty the outcome of such proceedings, which may be unfavourable for us, or whether new unexpected proceedings may arise, both of which could have a material adverse effect on our business, results of operations and financial condition. As of 30 June 2023, our fund for risks and charges in relation to legal matters amounted to Euro 24.4 million, which is included in item "Other provisions for risks and charges –others" in Section 10 of the Liabilities of the 2023 Condensed Half-Yearly Consolidated Financial Statements. As of 31 December 2022, we set aside a fund for risks and charges in relation to legal matters for €24.9 million. See "*Description of the Issuer and the Group — Legal Proceedings*".

Risks related to our funding structure. The trend or the possible shocks on the stability of deposits deriving from the activity carried out by Securities Services and Payment Services could lead to situations of excess or shortfall of liquidity

Following the DEPObank's Acquisition (as defined in "*Description of the Issuer and the Group*"), our operations (including the activities of the Factoring and Lending segment) rely heavily on our access to funding through our Securities Services and Payment Services operations. As of 30 June 2023, our Group had outstanding liabilities of €12.0 billion, of which €9.6 billion related to deposits by customers (of which €5.6 billion consists of balances on operational accounts relating to payment services and securities services operations), €1.0 billion related to deposits by banks (which are primarily deriving from payment services and securities services operations) and bonds of €150 million.

Indeed, even if the operational deposits related to Securities Services and Payment Services are essential for the services provided to the customers and a certain level of funding could be considered as structural and stable, the level of funding of our operational deposits is connected to the services and operations vis-à-vis clients of our Securities Services and Payment Services businesses, so it fluctuates on a daily basis and it is not under our direct and full control.

The level of funding from Securities Services and Payment Services may also be modified in a more structural and permanent way, either by factors related to asset managers strategy influenced by macroeconomics events (e.g. the variation and/or the level of interest rates applicable to the liquidity held by funds) or by factors related to the business (e.g. acquisition or loss of a major customer - such as the loss of Arca Fondi SGR S.p.A., which occurred in 2022 -, and/or a merger between important customers).

Furthermore, the Payment Services execute the settlement of a large amount of transaction for our activities and our customers' which are mainly matched operations with a large gross amount and a limited net amount. If the settlement of one of these operations fails, we could experience a sudden and significant intraday shortfall with consequently expenses connected to the need to recover the funding shortfall as well as to bear penalties generated by wrong and/or late settlements, which may cause also a damage in term of business reputation. In order to limit the liquidity risk and enable settlement procedures, the Issuer has to maintain an intraday liquidity reserve (not available for other needs) composed of high quality liquid assets, used as an emergency buffer. In particular operational and / or market circumstances, if this availability of liquidity ceases, the Group could be exposed to a lack of liquidity.

The amount of funding we obtain through our Securities Services and Payment Services is not linked to the funding needs of our Factoring and Lending operations, and we may be unable to manage promptly and effectively such funding to be tailored to our needs. For example, a significant and structural decrease of funding could in fact lead to a lack of liquidity to fulfil the liquidity needs of Factoring and Lending, and consequently, to incur in additional costs in order to find the missing funding and, in the most critical scenario, to face a possible cash crunch. On the other side, excess funding may result in additional costs and reduced profits for the Group and could, in turn, negatively affect our leverage ratio.

The occurrence of such circumstances could have a material adverse effect on our business, results of operations and financial condition.

Our outstanding level of debt has important consequences for us including the following: (i) a continued requirement for us to satisfy our debts and the contractual obligations; (ii) exposure to the risk of increased interest rates as since a consistent percentage of our loans have variable rates of interest; and (iii) a limitation on our ability to obtain additional stable funding at a favourable cost of borrowing, or if at all, to fund future working capital, capital expenditures, investments, acquisitions or other general corporate requirements.

Our ability to repay outstanding amounts is linked to the timing for collection of the non-recourse receivables purchased as well as to our ability to raise sufficient liquidity to make payments to our lenders and noteholders, respectively, as they become due. In addition, if we need to refinance our debt, we may be required to accept less favourable contractual conditions and interest rates as compared to our existing financing, which could have a material adverse effect on our business, results of operations and financial condition.

Despite our current level of funding being enough to fulfil our financial needs, we cannot exclude incurring additional indebtedness in the future, in order to finance, inter alia, our operations or capital needs, which would intensify our leverage risks.

Risks related to any downgrading of the Issuer's credit ratings

Our creditworthiness is measured, inter alia, through the ratings assigned by one or more international credit rating agencies. The rating is an assessment of our ability to fulfil our financial obligations, including those relating to the Notes. For additional information on the Issuer's credit ratings, see "*Selected Consolidated Financial and Other Data – Ratings*".

A downgrade of any of our ratings (for whatever reason, including also a downgrade of the sovereign rating which impacts also on the assignment of our rating) could be an indicator of a reduced ability to fulfil our financial commitments compared to the past and might result in higher funding and refinancing costs for us in the capital markets as well as in the capacity to attract and maintain liquidity/funding. A downgrade of the Long-term bank deposit rating could also be a consequence of liability management transactions. In this regard, it should be noted that on 18 November 2022 Moody's France SAS modified the "*Long-term bank deposit rating*" of the Issuer from Baa2 to Baa3. Such downgrade has been adopted also and mostly as a consequence of the recent changes to the Issuer's liability structure due to the redemption of subordinated and senior bonds, the significant balance sheet expansion and decrease in customer deposits. In addition, a downgrade of any of our Long-term credit ratings may have a particularly adverse effect on our reputation as a participant in the capital markets, as well as affect the level of deposits held by clients with our Transaction Services operations. These factors may have an adverse effect on our business, results of operations and financial condition. Indeed, our downgrade could determinate an increase of the risk absorption for the banking funding providers using internal models or counterparty rating in their credit risk measurement, consequently increasing our funding costs.

Risks in connection with technological developments and changes in the payments services industry

The payment services business is subject to ongoing technological developments that lead to higher industry standards and rapidly changing customer needs and preferences. The Group strives to maintain strong technological capabilities to remain at the forefront of its industry. The process of developing, acquiring or accessing new, high-technology products and services and improving existing products and services is complex, costly and uncertain. Any failure to anticipate in a timely manner the changing needs of customers and the emerging technological trends could significantly damage our market share and our economic results.

The payments market is reshaping itself over the long-term and developing digital innovation as a core feature is crucial for the Group's future success. We must anticipate and respond to these industry and customer changes, including by taking advantage of the growth in e-commerce and mobile wallet innovations, in order to remain competitive. We may be required to make investments to develop new technologies before knowing whether our predictions will accurately reflect customer preferences, or if we are not able to develop the necessary technologies internally, we may have to incur expenses in an attempt to obtain a license or acquire technologies from third parties.

Delays in product development may also require further investments in research and development. If there is an increase in costs associated with the development of new products and the improvement of

products for which we are not achieving sufficient revenue, the development costs of new products may not be recoverable.

An increase in costs or a decrease in revenue from new products, or both, could have a material adverse effect on our business, financial condition and results of operations. Failure to maintain innovation or the introduction of new or updated technologies that respond to changes in our markets or regulatory requirements could have a material adverse effect on our competitiveness and could cause us to lose market share, which could have a material adverse effect on our business, financial condition and results of operations.

We may not be able to predict future changes in interest rates accurately

Interest from our non-recourse factoring business and in general from the Group's financing activity, depends on our ability to correctly identify and assess the fixed commission earned to customers for the purchase of receivables based on expected payment time, taking into account our expected funding cost over that period. A fluctuation in interest rates may cause our costs estimates (which are priced in a fixed commission at the time of purchase of the receivable) to no longer be sufficient to cover the funding costs of our non-recourse factoring business or reduce our expected margins. We have developed procedures to allow us to make assessments concerning the purchase of receivables. However, no assurance can be given that such assessments will accurately reflect the potential variation of interest rates in the future, although, on the other hand, default interests are indexed to the ECB refinancing rate and an increase in the ECB rate will therefore increase the rate payable on late payment of interest.

From a macroeconomic point of view, until 2022, the interest rate levels have been particularly low due to the expansionary monetary policies of the ECB and the Federal Reserve in order to foster the economy. These circumstances together with the high liquidity of the market contributed to a strong reduction of EURIBOR (as defined below) rates. However, in the course of 2022 interest rate levels increased sharply. The refinancing rate determined by the ECB has an impact on the Issuer's activity, either with regard to funding and the raising of financial resources, or with regard to the pricing of the purchased receivables. An overall increase of the interest rates may negatively affect the Group's profitability considering that the majority of our deposits are remunerated at floating rates while a portion of the financial asset of the Group, including government bonds, are at fixed rate. See "*Risks related to the impact of global macro-economic factors*".

The BFF Polska Group's assets have a diversified duration and pay interest based on fixed and floating rates. The main funding sources of the BFF Polska Group consist of funding from the Issuer based on floating rates. Therefore, with regard to the Polish business managed by Polska Group there is a risk of a mismatch due to movement in interest rates differentials between euro and Polish zloty base interest rates. As part of the policies of our Group, also the BFF Polska Group manages the risk through monitoring the structure of the financial assets and financial liabilities portfolio.

In addition, as is the case in other countries, Polish statutory interest rates are set by applicable regulations and, therefore, a portion of BFF Polska Group PLN interest income depends on factors beyond its control.

Although we manage our exposure through hedging transactions, we may nonetheless incur significant losses as such hedging transactions (both using natural hedging and forex swap derivatives) may not adequately protect our operating results from the potential adverse effects of unpredictable rate fluctuations, taking also into account the volatility of Interbank deposit's interest rate market.

We are subject to risks connected with exchange rates

Our operations encompass transactions carried out in foreign currencies, which exposes us to risks connected with exchange rates. In particular, the exchange rate risks we are exposed to include (i) the "operating" foreign exchange risk exposure relates to net earnings generated by activities conducted in currencies other than Euro, which is mainly represented by the Polish zloty; and (ii) the "structural" foreign exchange risk which relates to investments and in particular funding and deposits in currencies other than the Euro, which characterises our Securities Services and Payment Services businesses.

As a result, the effects of exchange rate trends could have a significant influence on the assets and the operations, balance sheet and/or income statement of the Group. This exposes us to the risks connected with converting foreign currencies and carrying out transactions in foreign currencies. Although we

manage our exposure to exchange rate risks through hedging transactions, we may nonetheless incur significant losses as such hedging transactions (both using natural hedging and forex swap derivatives) may not adequately protect our operating results from the potential adverse effects of exchange rate fluctuations.

(D) Operational Risks

Our business is exposed to a variety of operational risks, including fraud, errors, security breaches or other adverse events, some that are wholly or partially out of our control

We are exposed to operational risk, which is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, and includes legal risk. In details, the operational risk is the risk of suffering losses due to errors, violations, interruptions, damages caused by internal processes, personnel, strikes, systems or caused by external, unforeseen events, entirely or partly out of our control (including, for example, fraud, deception or losses resulting from the disloyalty of employees and/or from the violation of control procedures, IT virus / cyber-attacks or the malfunction of electronic and/or communication services, possible terrorist attacks).

According to the Bank of Italy's Circular of 17 December 2013, No. 282, operational risk includes - among others - model risk, anti-money laundering and AML risks, but excludes IT risks (see "*IT Risks*").

Our activities require the capacity to carry out a large number of transactions efficiently and accurately, in compliance with the various different regulations applicable.

We have a framework for managing operational risks, comprising a collection of policies and procedures for controlling, measuring and mitigating Group operational risks. These measures could prove to be inadequate to deal with all the types of risk that could occur and one or more of these risks could occur in the future.

In conducting our business we are exposed to different types of operational risk, such as the risk of losses resulting from, among others: (i) internal or external fraud; (ii) customer claims and disputes; (iii) unauthorised activity or transactions in capital markets; (iv) penalties for breaches of any applicable laws; (v) errors, omissions and delays in providing our services; (vi) inadequacy or incorrect functioning of internal procedures, including, in particular, failure to follow procedures for the identification, monitoring and management of business risk; (vii) shortcomings in the preparation and/or preservation of the documents relating to our transactions; (viii) human errors or lack of resources; and (ix) damage to property caused by weather, other conditions or natural disasters. Our procedures may prove to be inadequate to cover all types of risks that could arise. There can be no assurance that we will not suffer losses from operational risk in the future. The occurrence of any of these risks could have an adverse effect on our business, results of operations and financial condition.

The proper functioning of financial controls, accounting or other data collection and processing systems is critical to our business and to our ability to compete effectively and is necessary for us to avoid the risk of theft, fraud or deception carried out by clients, third-party agents, employees and managers.

In the Factoring and Lending business, where collection activities are concentrated, legal actions against debtors may arise. In this context, procedural shortcomings, lack of supporting documentation and errors in the execution of the process can lead to operational losses due to possible negative judgements (so-called credit boundary).

The Payment Services and Securities Services, in respect of the management of payments, in particular, are exposed to the fraud risk on the Sepa Credit Transfer system, mitigated by technical and organizational measures which allow to intercept attempts at fraud carried out by malicious persons. Furthermore, there are risks of losses due to refunds, penalties or fines, following malfunctions or delays in the IT procedures provided by Nexi. At the same time, the risk events are mitigated by service level agreements with Nexi, which define the minimum performance levels that the IT infrastructure provided to us by Nexi must meet.

The operational risks of the Securities Service mainly consist of human errors or IT malfunctions, as a result of which losses can be generated due to damage claims from clients, interest refunds (for example in case of late settlements), refunds to customers (for example in case of errors in the calculation of the

net asset value for our clients). The risk events are mitigated by appropriate technical and organisational measures.

As regards the risk of external fraud, the attention must in any case remain high, as there are situations in which BFF must accept payments managed in a non-automatic way. In these cases, strict manual checks are required with regard to formal correctness and consistency with the data received, as well as, for higher amounts, a callback is executed to a predetermined contact person who can confirm the validity of the order. However, it is possible that artfully falsified payment orders could escape these controls, especially in situations of work overload or significant organisational changes.

Although we maintain a system of controls designed to keep operational risk at appropriate levels and we have taken out insurance to protect us against potential losses in this area, we have suffered losses from operational risk and there can be no assurance that we will not suffer losses from operational risk in the future.

We have adopted the measures required under Legislative Decree of 8 June 2001, No. 231 ("**Decree 231**") and, as of the date of this Base Prospectus, we are not implicated in any proceeding commenced under Decree 231, which applies also to our foreign branches. However, we cannot exclude the possibility of such an event in the future. We must also comply with the money laundering legislation set forth by Legislative Decree of 21 November 2007, No. 231. Furthermore, the Board of Directors of BFF Finance Iberia approved the "Organizational, Management and Control Model pursuant to art 31-bis of the Criminal Code" (the "**Model**") in order to comply with Article 31-bis of the Spanish Criminal Code. In addition, BFF Polska has adopted specific guidelines on anti-corruption, applicable to it and to its main subsidiaries, and appointed its Compliance Chief Officer as the monocratic body in charge of overseeing compliance with anti-corruption provisions.

We cannot exclude that, in carrying out our business, we may breach such legislation. For example, by not properly carrying out background checks on customers, we may breach the requirements of Decree 231.

We are also exposed to risks connected with the electronic invoicing obligation for receivables from the public administration.

Retail banking activities present an increased risk of money laundering and fraud compared to our Factoring and Lending operations.

Should we breach any of the requirements we are subject to or experience a major issue with any operational risk, this could have an adverse effect on our business, results of operations and financial condition.

Moreover, in the context of its operations, the Group outsources the execution of certain services to third companies, regarding, inter alia, the activities related to the Transaction Services department banking and financial activities, and supervises outsourced activities according to policies and regulations adopted by the Group. The failure by the outsourcers to comply with the minimum level of service as determined in the relevant agreements might cause adverse effects for the operation of the Group.

In the same way, despite the internal regulations and the processes adopted to deal with this risk, the Group could be exposed to the risk of failure or inadequate monitoring of service level agreements, so that potentially there could be a loss associated with incorrect monitoring of the outsourced activities.

We collect, store and process sensitive personal data of our customers and any failure to properly treat data may lead to reputational damage or legal liability

The measures and procedures adopted by us and/or the Group companies for the storage and processing of personal data relating to our customers may prove to be inadequate and/or not in compliance with regulatory and legal provisions, and/or not to be implemented properly by Group employees and associates.

In carrying out our activities we collect, store and process the personal data of our customers, in particular our retail deposit customers, in conformity with Legislative Decree No. 196 of 30 June 2003 (Personal data protection code), the "GDPR" Regulation (EU) No. 2016/679 and the rules and regulations in force at any given time. To comply with such provisions we have adopted policies and enacted procedures,

such as a privacy policy to inform our counterparties of the personal information we collect, the purposes for which data are processed and the rights to the protection of personal data. We have also adapted our internal procedures and adopted technical arrangements in order to conform to the requirements of the applicable regulations in the markets in which we operate regarding access to and the processing of banking data.

However, despite the above, we remain potentially exposed to the risk that the data could be subject to damage, loss, theft, disclosure or processing for purposes other than those authorised by the customers, or even use by unauthorised parties (whether third parties or employees of companies of the Group). The possible destruction, damage or loss of customer data, unauthorised processing or disclosure, could have a negative impact on our operations and our reputation and could lead to the relevant national authorities imposing fines on us. See also *"— Any malfunction or defect in our information and technology ("IT") systems could materially impact our ability to operate our business*".

Any eventual changes in such legislation governing the protection, collection and processing of personal data and any amendments thereto, including on an EU level, could force us to bear the costs of adapting to the new legislation.

If any of these circumstances occur, it could have a material adverse effect on our business, including our reputation, and an application of administrative and criminal penalties by any regulatory authority, to one or more companies of the Group or their representatives, which could have a material adverse effect on our business, results of operation and financial condition.

Our risk management policies, procedures and methods may leave us exposed to execution risks, unidentified or unanticipated risks

If the policies and procedures we use to identify, monitor and manage risk turn out to be inadequate or not properly implemented, or our assessments and assumptions turn out to be inaccurate, thus exposing us to unforeseen and unquantified risks, we may incur significant losses reflected in our income statement or deterioration of the Group capital and / or liquidity.

These events could have a material adverse effect on our business, results of operations, capital soundness and financial condition.

Furthermore, even if our internal procedures for the identification and management of risk are considered adequate, the occurrence of certain events that cannot be predicted or quantified (in light of the uncertainty and volatility that currently characterises global markets) may increase such risks, which could have a material adverse effect on our business, results of operations and financial condition.

This risk includes, for example, the risks of non-compliance with new regulations or of ineffective implementation of processes to face the new regulatory provisions, deriving from an incorrect analysis of the reference regulatory provisions. See "*Risks related to capital adequacy and the impact of banking and taxation regulation*" for more details.

Furthermore, the Group is naturally exposed to the model risk, generally defined as the risk of losses or negative impacts resulting from using insufficiently accurate models and processes to make decisions.

We may not be able to attract and retain key personnel

The results and the future success of our business depend on our ability to attract, retain and motivate highly skilled individuals within our management team who have expertise in the business sector in which we operate.

As of 30 June 2023, we had 824 employees (and equivalent personnel). Any failure to retain our key employees could negatively affect our business or result in the slowing down of some activities. In case of a loss of one or more key employees, we could experience difficulties in running key processes with the same speed or quality. In this respect, since 2021, 4% of our top managers have left the Group, mainly as a result of their decision to retire; however, we have in place succession and continuity plans that are intended to mitigate potential adverse consequences arising from the loss of key personnel. In addition, if we fail to attract new highly skilled employees, we could miss out on the skills useful to structure new strategies, which in turn could lead to a loss of competitiveness on the market.

Although our human resources department is committed to putting in place appropriate remuneration policies to attract and retain skilled employees and staff, due to fast pace of work and competition in the marketplace we may be unable to attract and retain key personnel.

IT Risks

The IT risk is the risk of loss due to breaches of confidentiality, lack of integrity of systems and data, inadequacy or unavailability of systems and data, or inability to change information technology (IT) within a reasonable time and at reasonable cost as the environment or business requirements change.

Any malfunction or defect in our information and technology ("IT") systems could materially impact our ability to operate our business

Our business relies on the proper and uninterrupted functioning of our IT and data processing systems. The Issuer has made significant investments to ensure the continuity of its systems, following exceptional events (e.g. external attacks on our system). Any serious failure (i) IT services provided by outsourcers, (ii) of the factoring system, (iii) of the platform for the collection of deposits, or of our disaster recovery plan or any external IT attacks could interrupt our business or materially affect our activities.

For example:

- the unavailability or the failure of the IT systems offered by the outsourcers could generate interruptions or errors in the depositary bank activities or in the services that the Issuer offers in the field of payments and/or custody; or

- if our factoring systems ceased to work properly, we would no longer have access to, or be able to manage, essential data that allows us to carry out our Non-Recourse Factoring business. This could result in mistakes in the calculation of late payment interest and the issue of invoices for incorrect amounts, or the incorrect classification of exposures as "past due". In addition, we would no longer be able to efficiently manage and optimize our cash flows, which in turn would have a negative effect on our liquidity and capital.

Any failure of our IT system could result in a loss of our database (including data on where the receivables need to be collected, and whether the receivables have already been collected).

In general, risks related to technology and cyber-security change rapidly and require continued innovation and investment. Given the rapidly increasing sophistication and scope of potential cyber-attacks, it is possible that future attacks may lead to significant breaches in our security. Any of these disruptions, the inability to adequately manage cyber-security risk, or the loss of confidential or proprietary information could give rise to losses in service to our customers and to loss or liability to our Group. In particular, breach of computer security could damage our reputation, increase our operating expenses for correcting breaches or malfunctions, expose us to liability not covered by insurance, increase the risk of intervention by the supervisory authorities, expose us to legal action, lead to substantial sanctions and fines being imposed on us under international, Italian or European Union laws or regulations, or other applicable international laws or regulations. See also *"— We collect, store and process sensitive personal data of our customers and any failure to properly treat data may lead to reputational damage or legal liability*".

Any serious or repeated system failure that results in the loss of information on payment patterns and timing contained in our database or in such information becoming inaccurate or unreliable could compromise our ability to manage assets and liabilities items, and may require material investments to address the system failure, which could have a material adverse effect on our business, results of operations and financial condition.

We are dependent on third-party suppliers and service providers

We have outsourced certain important services to third parties. In particular, we have agreements with such third parties in place for the outsourcing of (i) the IT infrastructure underpinning our Payment Services and Securities Services businesses provided by Nexi, (ii) services relating to the development, integration and management of an IT platform for certain back-end activities connected with banking operations (such as the management of the term deposit accounts "Conto Facto", "Cuenta Facto" and "Lokata Facto", Bank of Italy (Banca d'Italia) and Bank of Spain (Banco de España) and Bank of Poland (KNF – Komisja Nadzoru Finansowego) notices and a database containing customer and debtor

information), (iii) certain services relating to the opening of term deposit accounts and customer background checks.

Additionally, a substantial part of our Payment Business activities is carried out in connection with transactions generated by Nexi or its clients, which use our services on the basis of an agreement with Nexi which is set to expire in 2026. Although we have a long-standing relationship with Nexi, and we believe that our services constitute a key layer in the payments services provided by Nexi, we are exposed to the risk that Nexi ceases to use our services in order to process payments, either at the expiration of our agreement in 2026 or earlier.

Any omission, error, delay or interruption by our suppliers in the provision of their services, could impair their ability to fulfil their contractual obligations. In addition, service level continuity could be disrupted by the occurrence of events having a negative impact on suppliers, such as a filing for bankruptcy or the commencement of insolvency proceedings against them.

Despite our policies aimed at safeguard our systems, there can be no assurance of the continued performance, accuracy, compliance and security of any of our third party providers.

In the case of an industry wide cyclical upturn or in the case of high demand for a particular product, our suppliers of software, hardware and other services may receive customer orders beyond the capacity of their operations, which could result in late delivery to us, should these suppliers elect to fulfil the obligations of other customers first. We may also not be able to obtain contractual damages to which we may be entitled (if any) in the event our suppliers fail to comply with their obligations in a timely manner. In addition, our third party providers may increase their prices or alter their terms to our detriment. Moreover, there are a limited number of adequate third party suppliers available, both in Payment Services and Securities Services businesses, and if our contractual arrangements with any third party providers are terminated or no longer offered on reasonable terms, we may not be able to find an alternative supplier on a timely basis, on equivalent terms or without significant expense or at all. Our ability to renew our existing contracts with suppliers of products or services, or enter into new contractual relationships, with these or other suppliers, upon the expiration of such contracts, either on commercially attractive terms, or at all, depends on a range of commercial and operational factors and events, which may be beyond our control. In some cases, our third party service providers may compete with us. For example, our IT outsourcer Nexi Payments may compete with us in some value-added services in the Payment Services area.

Disruptions in our IT services could also affect our reputation, in particular if the software used by customers is affected.

(E) Risks related to capital adequacy and the impact of banking and taxation regulation

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

The Group, as with all banking groups, is subject to extensive regulations and to the supervision (being for regulatory, information or inspection purposes, as the case may be) by the Bank of Italy and CONSOB.

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

In particular, the Group is subject to an extensive set of rules governing capital adequacy, liquidity levels and leverage, which derive from the requirements approved by the Basel Committee on Banking Supervision following the 2008 financial crisis, as implemented in EU and Italian legislation. In this respect, On 8 August 2022, the Bank of Italy notified BFF of its final decision on the minimum capital ratios to be complied with by the Group on an ongoing basis, based on the outcome of the annual SREP. The SREP is aimed at ensuring that institutions have in place adequate arrangements, strategies, processes and mechanisms to maintain the amounts, types and distribution of internal capital commensurate to their

risk profile, as well as robust governance and internal control arrangements. Based on the outcome of the annual SREP process, the Group (with reference to the consolidation perimeter for the purposes of the CRR) must comply with the following minimum capital ratios (Overall Capital Requirements - OCR), each of which including the capital conservation buffer component: (i) 9% in relation to the Common Equity Tier 1 ratio; (ii) 10.50% in relation to the Tier 1 Ratio; and (iii) 12.50% in relation to the Total Capital Ratio.

However, there can be no assurance that the total capital requirements imposed on the Issuer or the Group from time to time may not be higher than the levels of capital available at such time. Also, there can be no assurance as to the result of any future SREP, as well as the Capital Guidance carried out by the Bank of Italy and whether this will impose any further own funds requirements on the Issuer or the Group. For additional information on the capital requirements applicable to the Group, see "*Selected Consolidated Financial Data*" and "*Regulatory*".

In addition to the capital requirements discussed above, Directive 2014/59/EU, providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (the "**Bank Recovery and Resolution Directive**" or "**BRRD**") introduced requirements for banks to maintain at all times a sufficient aggregate amount of minimum requirement for own funds and eligible liabilities (the "**MREL**"). Under the BRRD, where an entity fails to meet its combined buffer requirement when considered in addition to its minimum requirement for own funds and eligible liabilities, resolution authorities have the power to prohibit certain distributions in accordance with the restrictions on distributions provisions by reference to the Maximum Distributable Amount. The Relevant Authority may furthermore exercise its supervisory powers under Article 104 of the CRD IV in case of breach of the minimum requirement for own funds and eligible liabilities. As a result, the powers set out in the BRRD and the application of the MREL requirement will impact the management of credit institutions and investment firms as well as, in certain circumstances, the rights of creditors, including holders of Notes. In this respect, on 16 July 2021, Bank of Italy notified BFF regarding the future implementation of a resolution plan to the Group and the possible application of a minimum requirement for own funds and eligible liabilities. In particular, considering the assessment of the criticality of the function connected to the payments system, resolution is prudently envisaged by the Bank of Italy as a strategy for managing the possible crisis of the Issuer. On 18 September 2023, the Bank of Italy notified the Issuer its decision on MREL requirement to be respected by the Issuer on a consolidated basis from 1 January 2025. In particular, in its communication the Bank of Italy set for the Issuer a Total Risk Exposure Amount (TREA) equal to 22.35% (included the CBR Combined Buffer Requirement of 2.50%) and a Leverage Ratio Exposure (LRE) equal to 5.42%. No subordination requirement has been assigned to BFF to comply with the requirements and the calculation of other eligible liabilities.

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

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

Risks related to regulatory changes related to credit risk

On 17 April 2019, the European Parliament and Council adopted the Regulation (EU) 2019/630 which amends the Regulation (EU) n. 575/2013 ("CRR") regarding the minimum coverage of losses on non-

performing exposures (c.d. "**Calendar Provisioning**"). This regulation provides, for each type of default exposure originated after 26 April 2019, a minimum percentage of loss coverage that must be applied according to specific "NPE days" (days elapsed since an exposure is classified from performing to non-performing) and secured or unsecured exposures. The provision related to the uncovered exposure is directly deduced from the CET1 of the Issuer and/or the Group.

Moreover, EBA Guidelines on the application of the definition of default ("**New Dod**") under Article 178 of the CRR (in force starting since 1 January 2020) impose stricter measures on the classification of non-performing exposures across the EU prudential framework, with the aim of improving consistency in the way EU banks apply regulatory requirements to their positions. These guidelines have been implemented by the Bank of Italy in August 2020 and the last update dates 23 September 2022. The main regulatory changes introduced concern new specific applications for factoring and purchased receivables, the days past due criteria for default identification (e.g. start of counting the days due generally from the due date of the invoice, 180 days for public administrations), conditions for the return to a non-default status (c.d. "cure period") and the introduction of the new materiality threshold, both absolute and relative, that must be exceeded. In the light of the above-described amendments and changes to the regulation, the Group has applied regulatory requirements, considering the context in which it operates.

The new credit policy of the Group allowed to avoid significant exposures classified in past due and/or to have relevant non-performing exposures that could have a significant impact on RWA, due to classification of the exposure to non-performing and/or in terms of deduction on CET 1 related to the Calendar Provisioning effect. The strategy of the Group includes a revised credit management process (e.g. legal proceedings, transactional agreements) fielded for containing high past due levels under New Dod with the consequent increase in RWA and more discipline in the purchase receivables of high-risk to be classified as non-performing, as, for instance the Local Entities which are subject to Conservatorship procedure and the consequent classification to bad loans with high risk of Calendar Provisioning. However, any deviation from the strategic approach identified or in presence of operational inefficiencies or lack of process effectiveness could bring about an impact on capital ratios and an impact, even a very significant one, cannot be excluded, both in term of increase of RWA both in CET 1 reduction. At the same time, a stricter and more severe credit policy aimed at limiting the aging of the portfolio and the past due classification could entail the risk of lower purchases of receivables and therefore of a contraction of the business and of the profitability profile of the Group.

Risks related to recent and forthcoming regulatory and accounting changes

In addition to the own funds and eligible liabilities and liquidity requirements introduced by Basel III, the CRD IV, the BRRD and the EU Banking Reform, there are several other initiatives, in various stages of finalisation, which represent additional regulatory pressure over the medium term and will impact the EU's future regulatory direction. These initiatives include the "Fundamental Review of the Trading Book", revised standardised approaches (e.g. credit, market, operational risk), constraint to the use of internal models, as well as the introduction of a capital floor.

Other forthcoming regulatory changes include the EU Banking Reform that amend many of the existing provisions set forth in CRD IV and the BRRD. For additional information, see also "*Regulatory*" and "*Risks related to regulatory changes in the banking and financial sectors and to the changes of the other laws applicable to the Group*". On 7 December 2017 the Basel Committee endorsed the outstanding Basel III post-crisis regulatory reforms. The reforms, which include revisions to the measurement of the leverage ratio. These are being introduced in the EU through the amendments to the CRR contained in the EU Banking Reform.

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

There can be no assurance that the implementation of the new capital requirements, standards and recommendations described above will not require the Issuer to issue additional securities that qualify as regulatory capital, to liquidate assets, to curtail business or to take any other actions, any of which may

have adverse effects on the Issuer's business, financial condition and results of operations. Furthermore, increased capital requirements may negatively affect Issuer's return on equity and other financial performance indicators.

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

The banking industry is subject to regulations which require us to avoid significant debtor concentration

Pursuant to the rules imposing limits on the assumption of risk by banks, which are set out in the CRR, banks are required to limit their exposure, with respect to any individual debtor, to 25% of their Tier 1 capital (or 150 million in case of credit institution or investment firm, if 150 million is greater than 25% of Tier 1 capital). The failure to comply with this requirement following the occurrence of events out of our control (for example, future mergers between our debtors and other counterparties such as credit institutions) and any risk connected with the consolidation of local health authorities that has been taking place in certain regions of Italy in recent years and that will occur in other regions as well in the near future could have a material adverse effect on our business, results of operations and financial condition. The lengthening of payment times by the debtors may also increase the risk of a potential breach of the aforesaid requirements, in which case we may be required to either reduce such exposures or increase our own funds to ensure that concentration limits are complied with. Furthermore, compliance with the 25% exposure limits (or 150 million as specified above) with respect to individual debtors described above could restrict our growth in terms of asset volumes and could cause a potential breakdown of our relationship with customers if, for example, in order to comply with such limits, we were forced to turn down business from one or more customers, which could have a material adverse effect on our business, results of operations and financial condition.

We are required to make yearly contributions to the Single Resolution Fund and the Interbank Deposit Guarantee Fund, and in exceptional circumstances we may be required to make additional contributions

Directive 2014/49/EU on deposit guarantee schemes (the "**Deposit Guarantee Schemes Directive**" or the "**DGSD**") and the BRRD, as well as the establishment of the Single Resolution Mechanism, introduced significant changes to the framework regulating the financial distress of banks, with the aim of strengthening the single market and the stability of the European banking system.

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

For the year ended 31 December 2022, the ordinary contribution due from us to the FITD was €1,387 thousand.

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

The ordinary annual contribution required from us in 2022 was €3.6 million. The ordinary annual contribution required in 2021 was €8.6 million.

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

In 2022, BFF was required to pay an extraordinary contribution to the FITD equal to €713 thousand. In 2021 the extraordinary contribution for 2019 of the Single Resolution Fund amounted to €965 thousand for BFF and €1,865 thousand for the former DEPObank, while no extraordinary contributions have been requested by the FITD.

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

The so-called "split payment" of VAT, firstly introduced for transactions involving public bodies and already extended to other supplies, might be further extended and could impact the markets in which we operate

Italian law No. 190 of 23 December 2014 (the "**2015 Budget Law**") introduced changes to the VAT regime applicable, under Italian laws, to transactions carried out by public entities referred to as the split payment mechanism ("**Split Payment Mechanism**"). Under such mechanism, VAT on sales of goods and services rendered by any VAT taxable persons to public entities is paid by the latter, and not by the supplier, as required under the ordinary regime. The VAT payment is therefore made by the customer to the tax authority directly, while the supplier only receives the consideration for its supply, net of any VAT.

One of the effects of the Split Payment Mechanism [1] is that taxable persons who carry out supplies of goods or services subject to such mechanism (i.e. supplies in favour of the above mentioned entities) will be prevented from the possibility to offset VAT paid on their input with output VAT (which is no longer received from their customers on such supplies) and might constantly be in a credit position.

The Split Payment Mechanism was authorised by the Council of the European Union effective from 1 January 2015 and was expected to expire on 30 June 2020, as by that date, adequate controls should have been developed based on the data acquired through electronic invoicing. However, by the Implementing Decision of the Council of the European Union 2020/1105, the Split Payment Mechanism's application in Italy was firstly extended to 30 June 2023, and later to 30 June 2026 by the Decision of the Council of the European Union 2023/1552.

We are subject to regular inspections by the Bank of Italy and may be required to implement measures set out by the regulators

We are subject to regular inspections by the Bank of Italy, which is generally entrusted under Italian law with the power, inter alia, to impose the adoption of specific measures affecting our business, governance or capital structure.

We cannot exclude the possibility that, following any future evaluations or inspections by the Supervisory Authority, we may have to put into place further measures in order to respond to any imposed requirements, or that the measures requested by the Bank of Italy and implemented by us could later reveal themselves to not be fully effective over a period of time.

[1] Additional guidelines concerning both methods of actual VAT payment and identification of the subjects involved are contained in the implementing rules approved with Ministerial Decree of 27 June 2017, which modifies Ministerial Decree of 23 January 2015. The amendments thus approved shall apply to supplies of goods and services invoiced as from 1 July 2017 until expiry of the derogation granted by the EU Council pursuant to Decision (EU) no. 2017/784 (i.e., until 30 June 2020).

Should we be forced to implement new initiatives, or should our initiatives be insufficient to cure any deficiencies, it could have a material adverse effect on our business, results of operations and financial condition. See "*Description of the Issuer and the Group—Legal Proceedings*" below.

Changes in tax laws or the tax rate to which we are subject could materially impact our financial position

We are currently subject to taxation in various European countries. Any future changes in tax rates as applied to us could be affected by the proportion of profits earned in countries having different tax rates, changes in the calculation of deferred taxes or changes to tax law and its interpretation.

From 2013, we have benefited in Italy from a favourable tax regime introduced by Decree Law No. 201 of 6 December 2011, converted into law, following amendments, by Law No. 214 of 22 December 2011 (the so-called "Aiuto alla crescita economica" ("**ACE**")), which introduced a tax reduction for highly capitalised businesses [2].

Law No. 145 of 30 December 2018 (the "**Finance Bill 2019**"), repeals the ACE deduction as from 1 January 2019. According to the Finance Bill 2019, the unused ACE deduction accrued as at 31 December 2018 can still be used according to the provision under art. 3, paragraph 2 of ACE implementing Ministerial Decree 3 August 2017.

However, Law No. 160 of 27 December 2019 (the "**Finance Bill 2020**") reintroduces the ACE deduction from 1 January 2019 with a notional deduction equal to 1.3%.

The Finance Bill 2019 also contains other provisions affecting the Issuer's tax rate or financial positions, such as:

(i) deferral to the tax year pending on 31 December 2026 of the deduction, granted for 2018 in relation to both IRES and IRAP purposes by article 16, paragraphs 4 and 9 of Law Decree no. 83 of 27 June 2015 converted into Law no. 132 of 6 August 2015, of 10% of the stock of write-offs related to "loans to customers" that had not been already deducted as at 31 December 2015. The Finance Bill 2020 defers, both for IRES and IRAP purposes, the deduction of the 12% quota of such stock of write-offs originally granted for the tax year in progress as at 31.12.2019, in equal instalments to tax year in progress as at 31.12.2022 and the following three. Law Decree no. 17 of 1 March 2022 amended for the third time the deduction plan, providing that, both for IRES and IRAP purposes, the deduction of the 12% quota of 2022, as originally envisaged by Law Decree no. 83 of 27 June 2015, has to be equally deducted starting from the current tax year as of 31.12.2023 and the following three. Moreover, the 53% of the 10% quota of 2019 as originally envisaged by Law Decree no. 83 of 27 June 2015 and deferred to 2026, is anticipated to 2022, and the remaining part of 47% of it remains deductible in 2026 tax year;

(ii) deferred deduction through 10 equal instalments in each tax year, both for IRES and IRAP purposes, of the loss allowance for expected credit losses, accounted for under the first time adoption of para 5.5 of international financial reporting standard IFRS 9, in relation to financial assets whose write-offs are deductible under ordinary rules (such as "loans to customers"). However, the Finance Bill 2020 defers the deduction of the 10% instalment for the tax year in progress as at 31.12.2019 to the tax year in progress as at 31.12.2028.

In addition, the BFF Polska Group experienced in the past certain interpretative issues in relation to the application of some provisions of tax laws in Poland, Czech Republic and Slovakia. In those circumstances the BFF Polska Group sought the prior opinion of the competent tax authorities and followed the interpretation suggested by them. However, we cannot exclude that the tax authorities might adopt a different interpretation in the future and this could have a material adverse effect on our business, results of operations and financial condition.

Furthermore, we conduct transactions between related parties residing in different countries in the ordinary course of business. These transactions (such as funding and the provision of services) are subject to transfer pricing rules established by the Organization for Economic Cooperation and Development

[2] For the implementing provisions, see Ministerial Decree 3 August 2017.

("**OECD**") and any applicable national laws. Given the complexity of such rules, there is a certain degree of uncertainty with regard to their interpretation and application.

Although we believe that we are currently in compliance with the applicable transfer pricing rules, there is a risk that the methods we adopt may be contested by the relevant competent authorities, which could result in tax inquiries and investigations against us. Tax inquiries and investigations may result in fines or higher tax liabilities, which could have a material adverse effect on our business, results of operations and financial condition.

The Italian Finance Police is carrying out a tax audit concerning tax years from 2013 to 2017. The tax audit is still ongoing and it has been concluded only in relation to tax year 2013 without any findings.

On 16 December 2019, the Lombardy's Regional Tax Authority (*DRE - Direzione Regionale delle entrate della Lombardia*) served DEPObank, which has been incorporated by BFF in 2021, with a report of findings ("**Pvc**") contesting the fulfillment of the requirements specified by the Parent-Subsidiary Directive to qualify for the exemption from withholding tax on dividend distributed to its parent company in 2017. Consequently, Lombardy's Regional Tax Authority deemed the standard withholding tax rate of 26% applicable. To date a tax assessment notice in relation to the Pvc has not been served yet. It should be noted that on the basis of the share purchase agreement entered into by the Bank for the acquisition of DEPObank, BFF was fully guaranteed by a bank guarantee covering the total amount concerning taxes, penalties, and an estimated interest potentially arising as a consequence of the aforementioned Pvc. The bank guarantee also includes the withholding on dividends distributed in fiscal year 2018, which was not originally considered in the Pvc. As of April 2023, the Lombardy's Regional Tax Authority has initiated a general audit on DEPObank for the tax periods from 2017 onwards. Currently, no findings or objections have been raised

In addition, legal proceedings are ongoing with the Italian Supreme Court (*Corte di Cassazione*) in respect of the Issuer's request to be reimbursed for the amount of additional IRES paid in 2013 in compliance with Article 2, paragraph 2 of Legislative Decree No. 133 of 2013, which for the tax year 2013 imposed on banks an additional rate of 8.5% on top of the ordinary rate of IRES. The constitutional legitimacy of such provision has been subsequently questioned by Italian judges in similar cases. The decision of Constitutional Court (*Corte Costituzionale*) n. 288/2019 stated that the IRES surcharge of 8.5% provided by Article 2, paragraph 2 of Legislative Decree No. 133 of 2013 has to be considered legitimate.

Risks related to lump sum tax on bank windfall profits

The Italian Government, with Article 26 of Law Decree No. 104 of 10 August 2023 ("**Decree 104**"), introduced a lump sum tax on bank windfall profits ("**Windfall Tax**"). The Windfall Tax purports to target the increased profits of banks licensed to operate in Italy resulting from rising interest rates, which, in the view of the Italian Government, have not been passed on to depositors. The Windfall Tax is imposed at a 40% rate on the higher of:

(i) the net interest margin recorded in the fiscal year preceding the one in progress as of 1 January 2023, provided that it exceeds the net interest margin in the previous fiscal year ("**Reference Year**") by at least 5%; and

(ii) the net interest margin recorded in the fiscal year in progress as of 1 January 2023, provided that it exceeds the net interest margin in the Reference Year by at least 10%.

The Windfall Tax liability is capped at 0.1% of the accounting value of total assets from the fiscal year preceding the one in progress as of 1 January 2023. In addition, the Windfall Tax, even though it is calculated on the basis of the net interest margin, is not deductible from the general income tax applicable to banks. Payment of the Windfall Tax is due within six months from the conclusion of the fiscal year in progress as of 1 January 2023, subject to certain limited exceptions.

Decree 104 is subject to conversion into law by the Italian Parliament within 9 October 2023, being 60 days from its publication in the Italian Official Gazette. If Decree 104 is not converted into law within such 60 days period, it will be retroactively repealed. It is important to note that the conversion law may amend Decree 104 and the Windfall Tax, possibly in material terms. Therefore, potential investors should

note that the description of the Windfall Tax set out above may be subject to change, and that such changes may be material.

While the full impact of Decree 104 should be assessed once its final version is available, it cannot be ruled out that application of the Windfall Tax may have adverse effects on the business, financial conditions and/or operational results of the BFF Group.

RISK FACTORS RELATING TO THE NOTES

The risk factors below have been classified into the following categories:

- Risks related to the Notes generally
- Risks related to the structure of a particular issue of Notes
- Risks relating to Senior Preferred Notes and Senior Non-Preferred Notes
- Risks relating to Subordinated Notes
- Risks related to the market generally

Risks related to the Notes generally

Changes in regulatory framework and accounting policies

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

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

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

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

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

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

Modification and waivers under the Notes

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

The Terms and Conditions of the Notes in Physical Form provide that the Issuer and the Issuing and Paying Agent may agree, without the consent of the Noteholders or Couponholders, to any modification of the Notes or the Agency Agreement for the Notes in Physical Form which is: (a) in the opinion of the Issuer, not prejudicial to the interests of the Noteholders; or (b) of a formal, minor or technical nature or to correct a manifest error. In addition, no consent of the Noteholders or Couponholders shall be required in connection with effecting any Benchmark Amendment as described in Condition 4.4(III)(C). In addition, the Issuer may without the consent of the Noteholders, in accordance with the provisions of Condition 14.2 (*Modification of the Notes*) of the Terms and Conditions of the Notes in Physical Form, modify the terms of the Notes, in order, *inter alia*, to ensure the effectiveness and enforceability of the Bail-In Power. However, this could include changes that would be materially less favourable to holders, including but not limited to a change in governing law and/or to the jurisdiction and service of process provisions. See also "*Notes may be subject to modification without Noteholder consent*" below.

The Terms and Conditions for the Dematerialised Notes provide that the Issuer may, without the consent of the Noteholders or Couponholders, carry out any modification of the Dematerialised Notes which is: (a) in the opinion of the Issuer, not prejudicial to the interests of the Noteholders; or (b) of a formal, minor or technical nature or to correct a manifest error. In addition, no consent of the Noteholders or Couponholders shall be required in connection with effecting any Benchmark Amendment as described in Condition 4.4(III)(C). Any such modification shall be binding on the Noteholders and any such modification shall be notified to the Noteholders in accordance with Condition 11 (*Notices*) as soon as reasonably practicable thereafter.

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

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

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

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

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

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

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

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

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

Waiver of set-off

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

Notes have limited Events of Default and remedies

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

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

Risks related to the forthcoming tax reform of financial incomes

The Italian legislative proposal AC.1038 of 23 March 2023, which is subject to approval by the Italian Parliament, would delegate power to the Italian Government to enact, within twenty-four months from approval, one or more legislative decrees envisaging the reform of the Italian tax system. According to the current version of this legislative proposal, the tax reform should change significantly the taxation of financial incomes and capital gains and introduce various amendments in the Italian tax system at different levels. The precise nature, extent, and impact of these amendments cannot be quantified or foreseen with certainty at this stage. The information provided in this Base Prospectus may not reflect the future tax landscape accurately.

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

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

Risks related to the structure of a particular issue of Notes

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

Potential conflicts of interest

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

Notes subject to optional redemption by the Issuer

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

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. Further, during any period in which there is an actual or perceived increase in the likelihood that the Issuer may redeem the Notes, the price of the Notes may also be adversely impacted. This also may be true prior to any redemption period.

The Issuer may elect to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

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

Redemption for tax reasons

In the event that the Issuer were obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction (as defined in Condition 7 (*Taxation*)), as a result of any change in, or amendment to, the laws or regulations of any Tax Jurisdiction (including any treaty to which the Tax Jurisdiction is a party) or any change in the application or official or generally published interpretation of such laws or regulations (including a change or amendment resulting from a ruling by a court or tribunal of competent jurisdiction), which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes and such obligation cannot be avoided by the Issuer taking reasonable measures available to it, the Issuer may redeem all outstanding Notes in accordance with Condition 6.2 (*Redemption for tax reasons*). In such circumstances, an investor may find that its investment terminates sooner than expected and may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

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

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

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

(ii) they may receive no interest;

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

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

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

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

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes as the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. In addition, the change of interest basis may result in a lower interest return for the Noteholders. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate may at any time be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

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

Floating Rate Notes

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

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

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

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

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

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

The Benchmarks Regulation as it forms part of domestic law of the UK by virtue of the EUWA (the "**UK BMR**") applies to the provision of benchmarks and the use of a benchmark also in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorized by the UK Financial Conduct Authority ("**FCA**") or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognized or endorsed).

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

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

As an example of such benchmark reforms, on 21 September 2017, the ECB announced that it would be part of a new working group tasked with the identification and adoption of a "risk free overnight rate" which can serve as a basis for an alternative to current benchmarks used in a variety of financial

instruments and contracts in the euro area. On 13 September 2018, the working group on euro risk-free rates recommended Euro Short-term Rate ("**€STR**") as the new risk-free rate. €STR was published by the European Central Bank on 2 October 2019. In addition, on 21 January 2019, the euro risk-free rate working group published a set of guiding principles for fallback provisions in new euro denominated cash products (including bonds). The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts may increase the risk to the euro area financial system.

In addition, in July 2022, a Polish national working group for the reform of benchmarks (the "**NWG**") was established. One of the purposes of the NWG is to lead the implementation of the transition in such a way as to ensure the security of the financial system in Poland. On 28 September 2022 the NWG announced a roadmap for phasing out WIBOR and replacing it with a new benchmark, the Warsaw Interest Rate Overnight ("**WIRON**"). Under the roadmap, financial products based on WIRON will be introduced in 2023 and WIBOR will be withdrawn in 2025. Due to the ongoing works on the introduction of a replacement for WIBOR, as at the date of this Base Prospectus, the Issuer is not able to estimate the possible impact of the planned change on the Group's operations and results.

The elimination of the WIBOR "benchmark" or the potential elimination of any other "benchmark", or changes in the manner of administration of any "benchmark", could require an adjustment to the terms and conditions, or result in other consequences, in respect of any Notes referencing such "benchmark". Such factors may have the effect of discouraging market participants from continuing to administer or participate in certain "benchmarks", trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the disappearance of certain "benchmarks". Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any such Notes.

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

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

In addition, due to the uncertainty concerning the availability of Successor Reference Rates and Alternative Reference Rates and the involvement of an Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time. If the Independent Adviser or, as applicable, the Issuer determines that amendments to the "*Terms and Conditions for the Notes in Physical Form*" and the Agency Agreement for the Notes in Physical Form are necessary to ensure the proper operation of any Successor Reference Rate or Alternative Reference Rate and/or Adjustment Spread or to comply with any applicable regulation or guidelines on the use of benchmarks or other related document issued by the competent regulatory authority, then such amendments shall be made without any requirement for the consent or approval of Noteholders, as provided by Condition 4.4.

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

Investors should be aware that the market continues to develop in relation to risk free rates, such as the Sterling Overnight Index Average ("**SONIA**") as a reference rate in the capital markets and its adoption an alternative to Sterling LIBOR. In particular, market participants and relevant working groups are

exploring alternative reference rates based on risk free rates, including term SONIA reference rates (which seek to measure the market's forward expectation of an average SONIA rate over a designated term). The market, or a significant part thereof, may adopt an application of risk free rates that differs (also significantly) from that set out in the Conditions and used in relation to Notes referenced to a reference rate under the Programme.

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

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

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

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

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

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

Notes issued at a substantial discount or premium

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

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

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

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

Notes where denominations involve integral multiples: definitive Notes

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

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

Notes may be subject to modification without Noteholder consent

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

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

Social Bonds

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

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

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

any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of, or related to, the relevant Eligible Social Asset);

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

- as regards the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer) which may be made available in relation to any Eligible Social Assets to fulfil any sustainability, social and/or other criteria. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein, as well as the reliability of the provider of such opinion or certification who may not be subject to any specific regulatory or other regime or oversight. Any such opinion or certification would not constitute, and should not be considered by investors as, a recommendation to buy, sell or hold the Social Bonds and would only be current as of the date it is released.

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

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

In addition, on 18 June 2019, the Commission Technical Expert Group on sustainable finance published its final report on a future European standard for green bonds (the "**EU Green Bond Standard**"). In the context of the public consultation on the renewed sustainable finance strategy, the European Commission launched a targeted consultation on the establishment of an EU Green Bond Standard, that builds and consults on the work of the Commission Technical Expert Group, and has run between 12 June and 2 October 2020. On 19 October 2020, the European Commission published the Commission Work Programme 2021, in which expressed the intention to deliver a legislative proposal by the end of the second quarter of 2021. On 6 July 2021, the European Commission officially adopted a legislative proposal for a EU Green Bond Standard setting out four main requirements: (i) allocation of the funds raised by the green bond should be made in compliance with the EU Sustainable Finance Taxonomy; (ii) full transparency on the allocation of the green bond proceeds; (iii) monitoring and compliance activities to be carried out by an external reviewer; and (iv) registration of external reviewers with the ESMA and subjection to its supervision. In February 2023, the European Parliament and the Council reached a political agreement on the European Commission's legislative proposal. The Notes issued, as Green

Bonds, under the Programme may not at any time be eligible for the Issuer to be entitled to use the designation of "European Green Bond" nor is the Issuer under any obligation to take steps to have any such Green Bonds become eligible for such designation.

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

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

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

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

While it is the intention of the Issuer to apply an amount equivalent to the net proceeds of any Social Bonds for Eligible Social Assets in, or substantially in, the manner described in the applicable Final Terms, there can be no assurance that the relevant project(s) or use(s) the subject of, or related to, any Eligible Social Assets will be capable of being implemented in or substantially in such manner and/or in accordance with any timing schedule and that accordingly such amount equivalent to the net proceeds will be totally disbursed for the specified Eligible Social Assets. Nor can there be any assurance that such Eligible Social Assets, 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 any failure to comply with its reporting obligations or to obtain any assessment, opinion or certification) and any actual or potential maturity mismatch between the social or sustainable asset(s) towards which an amount equivalent to the net proceeds of the Notes may have been applied and the relevant Notes, will not: (i) give rise to any claim of a Noteholder against the Issuer; (ii) constitute an Event of Default under the relevant Notes; (iii) lead to an obligation of the Issuer to redeem such Notes or be a relevant factor for the Issuer in determining whether or not to exercise any optional redemption rights in respect of any Notes; (iv) affect the qualification of such Notes as *strumenti di debito chirografario di secondo livello*, Tier 2 Capital or as eligible liabilities instruments (as applicable) or impact any of the features of such Notes, including (without limitation, as applicable) features relating to ranking, permanence, loss absorption and/or flexibility of payments; (v) have any

impact on the status of the Notes as indicated in the Conditions; or (vi) prevent the applicability of the Bail-In Power (or any other provision of the Applicable Banking Regulations).

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

Regardless of their "social" or "sustainable" or such other equivalent label, Social Bonds, as any other Notes, will be fully subject to the application of CRR eligibility criteria and BRRD requirements for own funds and eligible liabilities instruments (including the application of mandatory write-down or conversion to equity in the event a resolution procedure is initiated in respect of the Group (including the Issuer) and even before the commencement of any such procedure if certain conditions are met), the Notes (or the proceeds thereof) will be available to absorb all losses (whether or not related to any "social" or "sustainable" assets towards which proceeds of the relevant Notes may have been applied or, if relevant, reallocated) in accordance with their terms (if applicable) or the Applicable Banking Regulations and, as such, proceeds from Social Bonds qualifying as own funds or eligible liabilities should cover all losses in the balance sheet of the Issuer. The fact that such Notes are designated as Social Bonds does not provide their holders with any priority compared to other Notes and such Notes will be subject to the same risks relating to their level of subordination.

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

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

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

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

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

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

Redemption of the Senior Notes following a MREL Disqualification Event

If at any time a MREL Disqualification Event occurs and is continuing in relation to any Series of Senior Preferred Notes or Senior Non-Preferred Notes, the Issuer may redeem all, but not some only, of the Notes of such Series at the price set out in the applicable Final Terms, together with any outstanding interest. Senior Preferred Notes or Senior Non-Preferred Notes may only be redeemed by the Issuer

provided that, except to the extent that the Relevant Authority does not so require at the time of the proposed redemption, the Issuer has given such notice to the Relevant Authority as the Relevant Authority may then require prior to such redemption and no objection thereto has been raised by the Relevant Authority or, if required, the Relevant Authority has provided its consent thereto and any other requirements of the Relevant Authority applicable, if any, to such redemption at the time have been complied with by the Issuer.

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

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

Early redemption and purchase of the Senior Notes may be restricted

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

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

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

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

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

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

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

Risks relating to Senior Non-Preferred Notes only

Risk of classification of the Senior Non-Preferred Notes

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

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

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

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

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

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

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

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

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

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

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

Risks relating to Subordinated Notes

The Issuer's obligations under Subordinated Notes are subordinated

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

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

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

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

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

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

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

Although it is the Issuer's expectation that any such Subordinated Notes qualify as "Tier 2 capital", there can be no representation that this is or will remain the case during the life of the Subordinated Notes or

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

Early redemption of the Subordinated Notes may be restricted

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

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

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

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

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

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

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

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

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

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

Risks related to the market generally

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

The secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies, or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a materially adverse effect on the market value of Notes. In addition, Notes issued under the Programme might not be listed on a stock exchange or regulated market and, in these circumstances, pricing information may be more difficult to obtain and the liquidity and market prices of such Notes may be adversely affected. In an illiquid market, an investor might not be able to sell its Notes at any time at fair market prices. The possibility to sell the Notes might additionally be restricted by country specific reasons. In addition, liquidity may be limited if the Issuer makes large allocations to a limited number of investors.

Exchange rate risks and exchange controls

For each issue of Notes, the Issuer will pay principal and interest on the Notes in the Specified Currency which is likely to be either euro, U.S. dollar or sterling. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease; (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes, and (3) the Investor's Currency-equivalent market value of the Notes.

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

Interest rate risks

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

Credit ratings may not reflect all risks

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

(i) such rating will reflect only the views of the rating agency and may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Notes;

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

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

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

DOCUMENTS INCORPORATED BY REFERENCE

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

(a) the Condensed Half-Yearly Consolidated Financial Statements of the Issuer as at and for the six months ended 30 June 2023, prepared in accordance with IFRS applicable to interim financial reporting, International Accounting Standards 34, Interim Financial Reporting, and together with the accompanying notes and auditors' review report which can be found on the Issuer's website at:

https://investor.bff.com/documents/2212197/2352335/BFF_SEMESTRALE_2023_EN_6.09.23.pdf/93fa77d1-d909-7f20-0cb8-3ad7a13e3837

(b) the audited consolidated annual financial statements of the Group as at and for the year ended 31 December 2022, prepared in accordance with IFRS and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and article 43 of Legislative decree no. 136/15 and together with the accompanying notes and auditors' reports which can be found on the Issuer's website at:

https://investor.bff.com/documents/2212197/0/CONSOLIDATED_FINANCIAL_STATEMENTS_BFF_2022_Full_03.04.2023+%281%29.pdf/00b5c3d7-5e75-48d8-378c-19db81d95da9

(c) the audited consolidated annual financial statements of the Group as at and for the year ended 31 December 2021, prepared in accordance with IFRS and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and article 43 of Legislative decree no. 136/15 and together with the accompanying notes and auditors' reports which can be found on the Issuer's website at:

https://investor.bff.com/documents/2212197/0/BFF_Consolidated_Financial_Statements_2021_APR22.pdf/228a525d-6c14-7a84-bbb0-b4c0a7f14013

(d) the articles of association (*statuto*) of the Issuer (incorporated for information purposes):

https://investor.bff.com/documents/20152/0/2023.06.07+-+Statuto+-+BFF+Bank+S.p.A._ENG-Clean.pdf/999bd1f3-d9d0-4492-be07-1b3730fb992d

with an English translation thereof and, in the case of the documents listed under paragraphs (b) and (c) above, together with the audit reports prepared in connection therewith. Any statement contained in this Base Prospectus or in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained in any document which is subsequently incorporated by reference herein by way of a supplement prepared in accordance with Article 23 of the Prospectus Regulation modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuer and from the website of the Issuer (https://investor.bff.com/en/home).

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

The tables below set out the relevant page references for the notes and the auditor's report in respect of the consolidated condensed interim financial statements of the Issuer as at and for the period ended 30 June 2023 and for each of the annual consolidated financial statements of the Issuer as at and for the years ended 31 December 2022 and 31 December 2021.

Cross Reference List

Document	Information incorporated	Page numbers
Condensed Half-Yearly Consolidated Financial Statements of the Issuer as at and for the six months ended 30 June 2023	Condensed Half-Yearly Consolidated Financial Statements	
	Statement of Financial Position	*84-85*
	Income Statement	*86*
	Statement of Comprehensive Income	*87*
	Statement of Changes in Equity	*88-89*
	Statement of Cash Flows	*90-91*
	Notes to the Condensed Interim Consolidated Financial Statements	*92-199*
	Independent Auditors' Report	*212-215*

Document	Information incorporated	Page numbers
Audited consolidated annual financial statements of the Group as at and for the year ended 31 December 2022	Audited consolidated annual financial statements:	
	Consolidated Statement of Financial Position	*92-93*
	Consolidated Income Statement	*94*
	Consolidated Statement of Comprehensive Income	*95*
	Consolidated Statement of Changes in Equity	*96-97*
	Consolidated Statement of Cash Flows	*98-99*
	Notes to the Consolidated Financial Statements	*100-309*
	Independent Auditors' Report	*314-323*

Document	Information incorporated	Page numbers
Audited consolidated annual financial statements of the Group as at and for the year ended 31 December 2021	Audited consolidated annual financial statements:	
	Consolidated Statement of Financial Position	*118-119*
	Consolidated Income Statement	*120*
	Consolidated Statement of Comprehensive Income	*121*
	Consolidated Statement of Changes in Equity	*122-123*
	Consolidated Statement of Cash Flows	*124-125*
	Notes to the Consolidated Financial Statements	*126-338*
	Independent Auditors' Report	*342-352*

Any information contained in or incorporated by reference in any of the documents specified above which is not incorporated by reference in this Base Prospectus is either not relevant to investors or is covered elsewhere in this Base Prospectus.

FINAL TERMS AND DRAWDOWN PROSPECTUSES

In this section the expression "**necessary information**" means, in relation to any Tranche of Notes, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Notes. In relation to the different types of Notes which may be issued under the Programme the Issuer has included in this Base Prospectus all of the necessary information except for information relating to the Notes which is not known at the date of this Base Prospectus and which can only be determined at the time of an individual issue of a Tranche of Notes.

Any information relating to the Notes which is not included in this Base Prospectus and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained either in the relevant Final Terms or in a Drawdown Prospectus.

For a Tranche of Notes which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, complete this Base Prospectus and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms are the Conditions described in the relevant Final Terms as completed to the extent described in the relevant Final Terms.

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

Each Drawdown Prospectus will be constituted by a single document containing the necessary information relating to the Issuer and the relevant Notes.

TERMS AND CONDITIONS OF THE NOTES IN PHYSICAL FORM

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

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

This Note is one of a Series (as defined below) of the Notes in Physical Form issued by BFF Bank S.p.A. (the "**Issuer**") pursuant to an agency agreement (such agency agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement for the Notes in Physical Form**") dated 3 October 2023 and made between the Issuer and Citibank, N.A., London Branch as fiscal agent (the "**Fiscal Agent**", which expression shall include any successor fiscal agent appointed from time to time in connection with the Notes) and the other paying agents named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression shall include any successor or additional paying agents appointed from time to time in connection with the Notes).

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

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

(b) any Global Note; and

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

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

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

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

Copies of the Agency Agreement for the Notes in Physical Form are available for inspection during normal business hours at the specified office of each of the Paying Agents. Copies of the relevant Final Terms are available for viewing at, and copies can be obtained from, the registered office of the Issuer at Via Domenichino, 5, 20149 – Milan (MI), Italy, and will be published on the website of Euronext Dublin (as of the date hereof, https://www.euronext.com/en/euronext-dublin) save that, if this Note is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Regulation, the relevant Final Terms will only be obtainable by any holder of the Notes ("**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 and the holders of the related Coupons (the "**Couponholders**") are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement for the Notes in Physical Form and the relevant Final Terms which are applicable to them. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement for the Notes in Physical Form.

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

1. FORM, DENOMINATION AND TITLE

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

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

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

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

- Senior Non-Preferred Notes will have a denomination of at least Euro 150,000;
- Subordinated Notes will have a denomination of at least Euro 200,000,

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

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

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

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

treated by the Issuer and the Paying Agents 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 the relevant Final Terms or as may otherwise be approved by the Issuer and the Fiscal Agent.

2. **DEFINITIONS**

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

an "**Alignment Event**" will be deemed to have occurred if, as a result of a change in or amendment to the Applicable Banking Regulations or interpretation thereof, at any time after the Issue Date, the Issuer would be able to issue an instrument (i) in the case of Senior Notes, qualifying as Eligible Liabilities Instruments or (ii) in the case of Subordinated Notes, qualifying as Tier 2 Capital, that contains one or more provisions that are, in the reasonable opinion of the Issuer, different in any material respect from those contained in these Conditions;

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

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

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

amending Directive 2014/59/EU as regards the loss-absorbing and recapitalization capacity of credit institutions and investment firms and Directive 98/26/EC;

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

"**Benchmarks Regulation**" means Regulation (EU) No. 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No. 596/2014;

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

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

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

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

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

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

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

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

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

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

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

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

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

"**CRD IV Package**" means the CRR and the CRD IV;

"**CRR**" means Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, as amended, supplemented or replaced from time to time (including, without limitation, as a consequence of the entry into force of the Banking Reform Package);

"**Day Count Fraction**" means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Day Count Fraction =

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

Where:

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

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

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

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

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

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

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

Day Count Fraction =

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

Where:

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

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

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

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

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

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

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

Day Count Fraction =

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

Where:

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

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

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

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

D_1 is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31 in which case and D2 will be 30,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"**Mid-Market Swap Rate**" means for any Reset Period the mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the Original Reset Reference Rate Payment Basis (calculated on the day count basis customary for fixed rate payments in the Specified Currency as determined by the Calculation Agent) of a fixed-for-floating interest rate swap transaction in the Specified Currency which transaction (i) has a term equal to the relevant Reset

Period and commencing on the relevant Reset Date, (ii) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market and (iii) has a floating leg based on the Mid-Swap Floating Leg Benchmark Rate for the Mid-Swap Maturity (as specified in the applicable Final Terms) (calculated on the day count basis customary for floating rate payments in the Specified Currency as determined by the Calculation Agent);

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

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

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

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

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

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

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

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

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

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

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

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

guidelines, rules, standards, measures or policies are applied generally or specifically to the Issuer or the Group (as the case may be)), as any of the preceding laws, regulations, requirements, guidelines, rules, standards, measures, policies or interpretations may be amended, supplemented, superseded or replaced from time to time;

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

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

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

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

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

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

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

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

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

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

"**Relevant Swap Rate**" means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

effective on or after the date on which agreement is reached to issue the first Tranche of the Notes. For the avoidance of doubt, changes in the assessment of the Relevant Authority regarding tax effects are not considered as a Tax Law Change;

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

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

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

3. STATUS OF THE NOTES

3.1 Status of the Senior Preferred Notes

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

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

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

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

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

3.2 Status of the Senior Non-Preferred Notes

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

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

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

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

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

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

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

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

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

3.3 **Status of the Subordinated Notes**

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

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

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

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

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

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

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

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

(i) junior to all present or future unsecured and unsubordinated obligations of the Issuer and any other present or future unconditional, unsecured and subordinated obligations of the Issuer which rank, or are expressed by their

terms to rank, senior to the Notes (including, without limitation, any obligations under the Senior Notes);

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

(iii) senior to (A) any other present or future subordinated obligations of the Issuer which rank, or are expressed by their terms to rank, junior to the Subordinated Notes (including Own Funds Instruments), and (B) all present or future obligations of the Issuer which do not rank, or are not expressed by their terms to rank, senior or *pari passu* to the Subordinated Notes.

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

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

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

3.4 No Negative Pledge

There is no negative pledge in respect of the Notes.

4. INTEREST

4.1 Interest on Fixed Rate Notes

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

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

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

Except in the case of Notes in definitive form where a Fixed Coupon Amount or Broken Amount is specified in the relevant Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to the Calculation Amount, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form comprises more than one Calculation Amount, the amount of interest payable in

respect of such Fixed Rate Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

4.2 Interest on Reset Notes

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

(a) Rate of Interest and Interest Payment Dates

Each Reset Note bears interest on its outstanding nominal amount:

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

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

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

payable, in each case, in arrear on each Interest Payment Date in each year up to (but excluding) the Maturity Date. The Rate of Interest and the Interest Amount payable shall be determined by the Calculation Agent, (A) in the case of the Rate of Interest, at or as soon as practicable after each time at which the Rate of Interest is to be determined, subject to Condition 4.4 (*Benchmark Replacement*) and (B) in the case of the Interest Amount in accordance with the provisions for calculating amounts of interest in Condition 4.1 (*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.

(b) Reset Reference Rate Conversion

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

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

(c) Fallbacks

If on any Reset Determination Date the Relevant Screen Page is not available or the Mid-Swap Rate does not appear on the Relevant Screen Page, the Issuer (or an agent appointed by the Issuer) shall, subject as provided in Condition 4.4 (*Benchmark Replacement*), request each of the Reference Banks (as defined below) to provide the Issuer (or an agent appointed by the Issuer) with its Mid-Market Swap Rate Quotation as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on the Reset Determination Date in question.

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

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

applicable) the First Margin (in the case of the First Reset Rate of Interest) or the Subsequent Margin (in the case of the Subsequent Reset Rate of Interest) and the relevant Mid-Swap Rate as at the last preceding Reset Date or, in the case of the first Reset Determination Date, the First Reset Rate of Interest shall be the Initial Rate of Interest.

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

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

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

(a) **Interest Payment Dates**

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

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

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

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

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

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

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

(C) 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

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

(b) **Rate of Interest**

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

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

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

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

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

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

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

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

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

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

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

Notwithstanding the foregoing, in any circumstances where the ISDA Definitions state that the Calculation Agent will be required to exercise any

discretion (including, but not limited to, determinations of alternative or substitute benchmarks , successor reference rates, screen pages, interest adjustment factors/fractions or spreads, market disruptions, benchmark amendment conforming changes, selection and polling of reference banks) when calculating the relevant ISDA Rate, the relevant determination(s) which require the Calculation Agent to exercise its discretion shall instead be made by the Issuer or its designee.

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

(w) Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided in Condition 4.4, be either:

(A) the offered quotation; or

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

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

(x) If the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the Specified Time, the Issuer 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; and

(y) (1) 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:

(A) if "Multiplier" is specified in the relevant Final Terms as not being applicable, the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (at the request of the Issuer) 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) (the "**Determined Rate**"), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period). Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero;

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

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

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

Rate of Interest and/or Minimum Rate of Interest (as the case may be) applicable to such first (floating rate) Interest Period).

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

If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined and "CMS Rate" is specified as the Reference Rate in the relevant Final Terms, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent by reference to the following formula, subject to Condition 4.4:

CMS Rate plus Margin

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

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

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

If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined and "SONIA" is specified as the Reference Rate in the relevant Final Terms, the Rate of Interest applicable to the Notes for each Interest Period shall be Compounded Daily SONIA plus or minus the Margin (if any) as specified in the applicable Final Terms, subject to Condition 4.4.

If in respect of any Business Day in the relevant Observation Period, the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) determines that the applicable SONIA Reference Rate is not available on the Relevant Screen Page

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

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

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

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

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

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

rounded if necessary to the third decimal place, with 0.0005 being rounded upwards:

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

Where:

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) **Linear Interpolation**

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

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

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

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

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

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

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

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

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

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

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

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

The Calculation Agent will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Notes or CMS Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to the Calculation Amount, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note or a CMS Linked Interest Note in

definitive form comprises more than one Calculation Amount, the Interest Amount payable in respect of such Note shall be the aggregate of all the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

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

Subject to Condition 4.4, the Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Fiscal Agent (if the Calculation Agent is not itself the Fiscal Agent) and any stock exchange or listing agent (if any) on which the relevant Floating Rate Notes or CMS Linked Interest Notes are for the time being listed and notice thereof to be published in accordance with Condition 13 (*Notices*) as soon as possible after their determination but in no event later than the fourth London Business Day thereafter (or in the case of such Notes admitted to the official list and traded on the Official List, notification shall be given to Euronext Dublin or the Irish Listing Agent on the first day of each Interest Period). Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange or listing agent (if any) on which the relevant Floating Rate Notes or CMS Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 13 (*Notices*). For the purposes of this paragraph, the expression "**London Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(g) **Certificates to be final**

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

4.4 **Benchmark Discontinuation**

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

(a) the Issuer shall use reasonable endeavours to select and appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Reference Rate, failing which an Alternative Reference Rate, and in each case an Adjustment Spread (if any) (in any such case, acting in good faith and in a commercially reasonable manner) no later than five Business Days prior to the Interest Determination Date relating to the next Interest Period (the "**IA Determination Cut-off Date**"), for the purposes of determining the Rate of Interest applicable to the Notes for such next Interest Period and for all other future Interest Periods (subject to the subsequent operation of this Condition 4.4 during any other future Interest Period(s)).

(b) if the Independent Adviser is unable to determine an Alternative Reference Rate (as applicable) prior to the relevant IA Determination Cut-off Date, the Issuer (acting in good faith and in a commercially reasonable manner) may determine an Alternative Reference Rate and an Adjustment Spread (if any) no later than three Business Days prior to the Interest Determination Date relating to the next Interest Period (the "**Issuer Determination Cut-off Date**"), for the purposes of determining the Rate of Interest applicable to the Notes for such next Interest Period and for all other future Interest

Periods (subject to the subsequent operation of this Condition 4.4 during any other future Interest Period(s)). Without prejudice to the definitions thereof, for the purposes of determining any Alternative Reference Rate and/or any Adjustment Spread, the Issuer will take into account any relevant and applicable market precedents as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets;

(c) if a Successor Reference Rate or, failing which, an Alternative Reference Rate (as applicable) is determined by the relevant Independent Adviser or the Issuer (as applicable) in accordance with this Condition 4.4:

(i) such Successor Reference Rate or Alternative Reference Rate (as applicable) shall replace the Original Reference Rate for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 4.4);

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

(A) determines that an Adjustment Spread is required to be applied to such Successor Reference Rate or Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to such Successor Reference Rate or Alternative Reference Rate (as applicable) for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 4.4); or

(B) is unable to determine the quantum of, or a formula or methodology for determining, an Adjustment Spread, then such Successor Reference Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 4.4); and

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

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

(B) any other changes which the relevant Independent Adviser or the Issuer (as applicable) determines are reasonably necessary to ensure the proper operation and comparability to the Original Reference Rate of such Successor Reference Rate or Alternative Reference Rate (as applicable), which changes shall apply to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 4.4 (each such change, together with any such change required pursuant to Condition 4.4(c)(iii)(A) above, a "**Benchmark Amendment**" and, together, the "**Benchmark Amendments**"); and

(d) promptly following the determination of (i) any Successor Reference Rate or Alternative Reference Rate (as applicable) and (ii) if applicable, any Adjustment Spread, the Issuer shall give notice thereof and of any changes (and the effective date thereof) pursuant to

Condition 4.4(c)(iii) to the Issuing and Paying Agent and, if applicable, the Calculation Agent and the Noteholders in accordance with Condition 13 (*Notices*). Any Benchmark Amendments effected pursuant to Condition 4.4(c)(iii) shall similarly be notified to the Noteholders in accordance with Condition 13 (*Notices*).

No consent of the Noteholders shall be required in connection with the determination by the Issuer or, as the case may be, the Independent Adviser of the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) or in connection with any Benchmark Amendment as described in this Condition 4.4, including any changes to these Conditions and the Agency Agreement for the Notes in Physical Form.

For the avoidance of doubt, if a Successor Reference Rate or an Alternative Reference Rate is not determined pursuant to the operation of this Condition 4.4 prior to the relevant Issuer Determination Cut-off Date, then the Rate of Interest for the next Interest Period shall be determined by reference to the fallback provisions of Condition 4.3(b).

Notwithstanding any other provision of this Condition 4.4: (i) no Successor Reference Rate or Alternative Reference Rate (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made pursuant to this Condition 4.3(h), if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as: (A) in the case of Senior Notes, satisfying the MREL Requirements; (B) in the case of Subordinated Notes, Tier 2 capital for regulatory capital purposes of the Issuer and/or the Group; and/or (ii) in the case of Senior Notes only, no Successor Reference Rate or Alternative Reference Rate (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made pursuant to this Condition 4.4, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to result in the Relevant Authority treating an Interest Payment Date as the effective maturity of the Notes, rather than the relevant Maturity Date.

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

For the purposes of this Condition 4.4:

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

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

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

(c) if it is determined that no such spread is customarily applied, the Independent Adviser or the Issuer, as applicable, determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Reference Rate or the Alternative Reference Rate (as the case may be); or

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

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

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

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

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

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

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

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

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

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

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

"**Original Reference Rate**" means:

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

(b) any Successor Reference Rate or Alternative Reference Rate which has been determined in relation to such benchmark or screen rate (as applicable) pursuant to the operation of this Condition 4.4.

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

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

(b) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (i) the central bank for the currency to which such reference rate relates, (ii) any central bank or other supervisory authority which is responsible for supervising the administrator of such reference rate, (iii) a group of the aforementioned central banks or other supervisory authorities, or (iv) the Financial Stability Board or any part thereof.

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

4.5 **Accrual of interest**

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

5. **PAYMENTS**

5.1 **Method of Payment**

Subject as provided below:

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

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

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

5.2 **Presentation of definitive Notes and Coupons**

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

Fixed Rate Notes in definitive form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the related missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7 (*Taxation*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8 (*Prescription*)) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

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

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

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

5.3 Payments in respect of Global Notes

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

5.4 General provisions applicable to payments

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

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

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

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

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

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

5.5 **Payment Day**

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

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

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

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

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

5.6 **Interpretation of principal and interest**

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

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

(b) the Final Redemption Amount of the Notes;

(c) the Early Redemption Amount of the Notes;

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

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

(f) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 6.7 (*Early Redemption Amounts*)); and

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

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

6. REDEMPTION, PURCHASE AND CANCELLATION

6.1 Redemption at maturity

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

The Issuer shall have the right to call, redeem, repay or repurchase the Senior Notes only in accordance with and subject to the conditions set out in Articles 77(2) and 78a of the CRR being met (see Condition 6.2 (*Redemption for tax reasons*), Condition 6.4 (*Redemption of Senior Notes due to a MREL Disqualification Event*), Condition 6.5 (*Redemption at the option of the Issuer*), Condition 6.6 (*Clean-up Redemption at the Option of the Issuer*), Condition 6.8 (*Purchases*) and Condition 6.12 (*Regulatory conditions for call, redemption, repayment, repurchase or amendment of Senior Notes*)).

The Issuer shall have the right to call, redeem, repay or repurchase the Subordinated Notes only in accordance with and subject to the conditions set out in Articles 77 and 78 of the CRR being met (see Condition 6.2 (*Redemption for tax reasons*), Condition 6.3 (*Redemption of Subordinated Notes for regulatory reasons*), Condition 6.5 (*Redemption at the option of the Issuer*), Condition 6.6 (*Clean-up Redemption at the Option of the Issuer*), Condition 6.8 (*Purchases*) and Condition 6.11 (*Regulatory conditions for call, redemption, repayment, repurchase or amendment of Subordinated Notes*)).

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

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

6.2 Redemption for tax reasons

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

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

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

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

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

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

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

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

Notes redeemed pursuant to this Condition 6.2 will be redeemed at the Early Redemption Amount (as defined in Condition 6.7 (*Early Redemption Amounts*)) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

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

In the case of Subordinated Notes, any redemption pursuant to this Condition 6.2 shall be subject to Condition 6.11 (*Regulatory conditions for call, redemption, repayment, repurchase or amendment of Subordinated Notes*).

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

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

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

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

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

on giving not less than 15 nor more than 30 days' notice to the Fiscal Agent and, in accordance with Condition 13 (*Notices*), the Noteholders (which notice shall be irrevocable).

Upon the expiry of any such notice as referred to in this Condition 6.3, the Issuer shall be bound to redeem the Notes in accordance with this Condition 6.3, at their Early Redemption Amount (as defined in Condition 6.7 (*Early Redemption Amounts*)), together with accrued interest (if any) thereon.

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

Any redemption pursuant to this Condition 6.3 shall be subject to Condition 6.11 (*Regulatory conditions for call, redemption, repayment, repurchase or amendment of Subordinated Notes*).

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

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

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

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

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

on giving not less than 15 nor more than 30 days' notice specified in the applicable Final Terms to the Fiscal Agent and, in accordance with Condition 13 (*Notices*), the Noteholders (which notice shall be irrevocable).

Upon the expiry of any such notice as is referred to in this Condition 6.4, the Issuer shall be bound to redeem the Notes in accordance with this Condition 6.4, at their Early Redemption Amount (as defined in Condition 6.7 (*Early Redemption Amounts*)) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

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

Any redemption pursuant to this Condition 6.4 shall be subject to Condition 6.12 (*Regulatory conditions for call, redemption, repayment, repurchase or amendment of Senior Notes*).

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

If an Issuer Call is specified in the relevant Final Terms as being applicable, the Issuer may, having given not less than 15 nor more than 30 days' notice (or such other notice period stated in the relevant Final Terms) to the Noteholders in accordance with Condition 13 (*Notices*) (which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or, if partial redemption is stated to be applicable in the relevant Final Terms, some only, of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the relevant Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the relevant Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed

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

In the case of Senior Notes, the call option pursuant to this Condition 6.5 shall be subject to Condition 6.12 (*Regulatory conditions for call, redemption, repayment, repurchase or amendment of Senior Notes*).

In the case of Subordinated Notes, no call option in accordance with this Condition 6.5 may be exercised by the Issuer to redeem, in whole or in part, such Notes prior to the fifth anniversary of their Issue Date. Starting from the fifth anniversary of their Issue Date, the redemption pursuant to this Condition 6.5 shall be subject to Condition 6.11 (*Regulatory conditions for call, redemption, repayment, repurchase or amendment of Subordinated Notes*).

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

If a Clean-Up Call is specified in the relevant Final Terms as being applicable, and if at least 75 per cent. or any different percentage specified in the relevant Final Terms (the "**Clean-Up Call Percentage**") of the initial aggregate nominal amount of the Notes of the same Series (which for the avoidance of doubt includes, any additional Notes issued subsequently and forming a single series with the first Tranche of a particular Series of Notes) have been redeemed or purchased by, or on behalf of, the Issuer and cancelled, the Issuer may, having given not less than 15 nor more than 30 days' notice to the Issuing and Paying Agent and, in accordance with Condition 13 (*Notices*), the Noteholders (which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all of the Notes then outstanding on such date fixed for redemption and at their Early Redemption Amount (as defined in Condition 6.7 (*Early Redemption Amounts*)) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

In the case of Senior Notes, the call option pursuant to this Condition 6.6 shall be subject to Condition 6.12 (*Regulatory conditions for call, redemption, repayment, repurchase or amendment of Senior Notes*).

In the case of Subordinated Notes, the call option pursuant to this Condition 6.6 shall be subject to Condition 6.13 (*Regulatory conditions for call, redemption, repayment, repurchase or amendment of Subordinated Notes*).

6.7 **Early Redemption Amounts**

For the purpose of Condition 6.2 (*Redemption for tax reasons*), Condition 6.3 (*Redemption of Subordinated Notes for regulatory reasons*), Condition 6.4 (*Redemption of Senior Notes due to a MREL Disqualification Event*), Condition 6.6 (*Clean-up Redemption at the Option of the Issuer*) and Condition 9 (*Events of Default and enforcement*), each Note will be redeemed at its "**Early Redemption Amount**" calculated by (or on behalf of) the Issuer as follows:

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

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

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

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

where:

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

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

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

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

6.8 Purchases

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

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

In the case of Subordinated Notes, any purchase pursuant to this Condition 6.7 shall be subject to Condition 6.11 (*Regulatory conditions for call, redemption, repayment, repurchase or amendment of Subordinated Notes*).

6.9 Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 6.8 (*Purchases*) (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Fiscal Agent and cannot be reissued or resold.

6.10 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 6.1 (*Redemption at maturity*), Condition 6.2 (*Redemption for tax reasons*), Condition 6.3 (*Redemption of Subordinated Notes for regulatory reasons*), Condition 6.4 (*Redemption of Senior Notes due to a MREL Disqualification Event*), Condition 6.5 (*Redemption at the option of the Issuer (Issuer Call)*), or Condition 6.6 (*Clean-up Redemption at the option of the Issuer*) or upon its becoming due and repayable as provided in

Condition 9 (*Events of Default and enforcement*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 6.6(c) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

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

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

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

This Condition 6.11 applies only to Notes specified in the relevant Final Terms as being Subordinated Notes.

In the case of Subordinated Notes, any call, redemption, repayment, repurchase or amendment pursuant to Condition 6.2 (*Redemption for tax reasons*), Condition 6.3 (*Redemption of Subordinated Notes for regulatory reasons*), Condition 6.5 (*Redemption at the option of the Issuer (Issuer Call)*), Condition 6.6 (*Clean-up Redemption at the option of the Issuer*) Condition 6.8 (*Purchases*) or Condition 14 (*Meetings of Noteholders, Modification and Waiver*) (including, for the avoidance of doubt, any modification in accordance with Condition 14) is subject to compliance with the then Applicable Banking Regulations, including:

(a) the Issuer having obtained the prior permission of the Relevant Authority in accordance with Articles 77 and 78 of the CRR, where either:

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

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

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

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

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

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

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

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

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

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

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

This Condition 6.12 applies only to Notes specified in the relevant Final Terms as being Senior Preferred Notes or Senior Non-Preferred Notes.

In the case of Senior Notes, any call, redemption, repayment, repurchase or amendment pursuant to Condition 6.2 (*Redemption for tax reasons*), Condition 6.4 (*Redemption of Senior Notes due to a MREL Disqualification Event*), Condition 6.5 (*Redemption at the option of the Issuer (Issuer Call)*), Condition 6.6 (*Clean-up Redemption at the option of the Issuer*), Condition 6.8 (*Purchases*) or Condition 14 (*Meetings of Noteholders, Modification and Waiver*) (including, for the avoidance of doubt, any modification in accordance with Condition 14) is subject, to the extent such Senior Notes qualify at such time as Eligible Liabilities instruments or, in case of a redemption pursuant to Condition 6.4, qualified as Eligible Liabilities Instruments before the occurrence of the MREL Disqualification Event, to compliance with the then Applicable Banking Regulations, including the condition that the Issuer has obtained the prior permission of the Relevant Authority in accordance with Article 78a of the CRR, where one of the following conditions is met:

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

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

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

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

The Relevant Authority may grant a general prior permission, for a specified period which shall not exceed one year, to redeem or purchase (including for market making purposes) Senior Notes, in the limit of a predetermined amount, instruments, subject to criteria that ensure that any such

redemption or purchase will be in accordance with the conditions set out in sub-paragraphs (A) and (B) of the preceding paragraph.

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

7. TAXATION

All payments of principal and interest in respect of the Notes and Coupons by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest (in case of Senior Notes and to the extent permitted by the MREL Requirements) or the respective amounts of interest only (in case of Subordinated Notes) which would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note or Coupon:

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

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

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

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

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

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

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

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

As used in these Conditions:

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

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

8. PRESCRIPTION

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

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 5.2 (*Presentation of definitive Notes and Coupons*) or any Talon which would be void pursuant to Condition 5.2 (*Presentation of definitive Notes and Coupons*).

9. EVENTS OF DEFAULT AND ENFORCEMENT

9.1 Events of Default

The Notes are, and they shall immediately become, due and repayable at their Early Redemption Amount together with, if appropriate, accrued interest thereon if the Issuer is subject to compulsory winding-up (*liquidazione coatta amministrativa*) pursuant to Articles 80 and following of the Italian Banking Act or voluntary winding-up (*liquidazione volontaria*) in accordance with the relevant provisions of the Italian Civil Code and/or Article 96-quinquies of the Italian Banking Act (the "**Event of Default**"), provided that repayment of the Notes will only be effected after the Issuer has obtained the prior approval of the Relevant Authority (if so required), and provided further that no payments will be made to the Noteholders or Couponholders before all amounts due, but unpaid, to all other creditors of the Issuer ranking ahead of the Noteholders and the Couponholders as described in Condition 3 (*Status of the Notes*) have been paid by the Issuer, as ascertained by the liquidator.

No remedy (including any remedy under the Italian Civil Code) against the Issuer other than as specifically provided by this Condition 9.1 shall be available to the holders of the Notes and the related Coupons, whether for the recovery of amounts owing in respect of the Notes and the related Coupons or in respect of any breach by the Issuer of any of its obligations under the Notes and the related Coupons or otherwise.

For the avoidance of doubt, the non-payment by the Issuer of any amount due and payable under these Notes, or the taking of any crisis prevention measure or crisis management measure in relation to the Issuer in accordance with the BRRD, is not an Event of Default.

10. REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Fiscal Agent or the Paying 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, Coupons or Talons must be surrendered before replacements will be issued.

11. PAYING AGENTS

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

The Issuer is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, **provided that**:

(a) there will at all times be a Paying Agent with its specified office in a country outside the relevant Tax Jurisdiction; and

(b) so long as the Notes are listed on any Stock Exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent with a specified office in the place required by the rules and regulations of the relevant Stock Exchange or any other relevant authority.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5.4 (*General provisions applicable to payments*). Any variation, termination, appointment or change shall only take effect after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 13 (*Notices*).

Notification of any change in the Paying Agents or the Calculation Agent or their specified offices will be made in accordance with Condition 13 (*Notices*).

In acting under the Agency Agreement for the Italian Law Notes, the Paying Agents are under no fiduciary duty and act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholders or Couponholders. The Agency Agreement for the 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.

12. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8 (*Prescription*).

13. NOTICES

All notices regarding the Notes will be deemed to be validly given if published (a) in a leading English language daily newspaper of general circulation in London (which is expected to be the Financial Times), and (b) if and for so long as the Notes are admitted to trading on, and listed on the to the Official List and/or admitted to trading on the regulated market of Euronext Dublin, if filed within the Companies Announcement Office of Euronext Dublin or published in a leading English language daily newspaper of general circulation in the Republic of Ireland and approved by Euronext Dublin (which is expected to be the Irish Times) and/or the Euronext Dublin's website (as of the date hereof, https://www.euronext.com/en/euronext-dublin). The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules or on the website of such stock exchange. Any such notice shall be deemed to have been given to the holders of the Notes on the date of delivery to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the related Note or Notes, with the

Fiscal Agent or the Paying 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 Fiscal Agent by delivery to Euroclear and/or Clearstream, Luxembourg as aforesaid.

14. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER

14.1 Meeting of the Noteholders, modification and waiver

The Agency Agreement for the Notes in Physical Form contains provisions for convening meetings, including by way of conference call or by use of a videoconference platform, of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons or any of the provisions of the Agency Agreement for the Notes in Physical Form. Such a meeting may be convened by the Issuer and shall be convened by the Issuer if required in writing by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or the Coupons or the Agency Agreement for the Notes in Physical Form (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or the Coupons), the quorum shall be two or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting two or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Couponholders.

The Issuer and the Fiscal Agent may agree, without the consent of the Noteholders or Couponholders, to any modification of the Notes or the Agency Agreement for the Notes in Physical Form which is: (a) in the opinion of the Issuer, not prejudicial to the interests of the Noteholders; or (b) of a formal, minor or technical nature or to correct a manifest error. In addition, no consent of the Noteholders or Couponholders shall be required in connection with effecting any Benchmark Amendment as described in Condition 4.4. Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 13 (*Notices*) as soon as reasonably practicable thereafter.

14.2 Modification of the Notes

If a Modification of the Notes is specified as being applicable in the relevant Final Terms, (i) in cases where a Regulatory Event or a Tax Law Change has occurred and is continuing (with respect to Subordinated Notes), or a MREL Disqualification Event or a Tax Law Change has occurred and is continuing (with respect to Senior Notes), and/or (ii) with respect to all Notes, in case where an Alignment Event has occurred and is continuing or in order to ensure the effectiveness and enforceability of the Bail-In Power in accordance with Condition 17 (*Contractual Recognition of Bail-In Power*) or in accordance with applicable law, the Issuer shall be entitled, having given not less than 30 nor more than 60 days' notice to the Fiscal Agent and, in accordance with Condition 13 (*Notices*), the Noteholders (which notice shall be irrevocable), at any time (without the need for consent of the Noteholders or Couponholders) either to modify the provisions of the Agency Agreement for the Notes in Physical Form and/or the terms and conditions of the Notes of such Series, which modification, for the avoidance of doubt, in each case shall be treated as being outside the scope of the Reserved Matters, provided that:

(a) Such modification is reasonably necessary in the sole opinion of the Issuer to ensure, as applicable, that no Regulatory Event, Tax Law Change or MREL Disqualification Event or Alignment Event would exist thereafter, or that the effectiveness and enforceability of the Bail-In Power in accordance with Condition 17 (Contractual Recognition of Bail-In Power) or in accordance with applicable law is ensured;

(b) following such modification of the existing Notes (the "**Existing Notes**"):

(A) the terms and conditions of the Notes, as so modified (the "**Modified Notes**"), are not materially less favourable to a holder of the Existing Notes (as reasonably determined by the Issuer and other than in respect of the effectiveness and enforceability of the Bail-In Power in accordance with Condition 17 (Contractual Recognition of Bail-In Power) or in accordance with applicable law and any provisions referred to under (e) below) than the terms and conditions applicable to the Existing Notes prior to such modification;

(B) the Modified Notes shall have a ranking at least equal to that of the Existing Notes and shall feature the same tenor, principal amount, interest rates (including applicable margins), Interest Payment Dates and redemption rights as the Existing Notes;

(C) the Modified Notes are assigned (or maintain) the same solicited credit ratings (if any) as were assigned to the Existing Notes immediately prior to such modification, provided that such change in rating, if any, shall only be relevant for the purposes of this Condition 14.2(b)(C), if related specifically to the modification;

(D) the Modified Notes continue to be listed on a recognised stock exchange, if the Existing Notes were listed immediately prior to such modification;

(c) the modification does not itself give rise to any right of the Issuer to redeem the Existing Notes prior to their Maturity Date, without prejudice to the provisions under Condition 6.5 (*Redemption at the option of the Issuer (Issuer Call)*) and Condition 6.6 (*Clean-up Redemption at the Option of the Issuer*);

(d) the Relevant Authority has approved such modification (if such approval is required under the Applicable Banking Regulations or the MREL Requirements applicable at that time), or has received prior written notice thereof (if such notice is required under the Applicable Banking Regulations or the MREL Requirements applicable at that time) and, following the expiry of all relevant statutory time limits, the Relevant Authority is no longer entitled to object or impose changes to the proposed modification; and

(e) any modification made under this Condition 14.2 can also determine a change in the governing law provided under Condition 16.1 (*Governing* law) from Italian law and/or in the jurisdiction and service of process provisions set out in Condition 16.2 (*Submission to jurisdiction*), if the Issuer determines that such changes are necessary to ensure that the Notes remain or, as appropriate, become, eligible for the purposes of the MREL Requirements.

In connection with any modification made in this Condition 14.2, the Issuer shall comply with the rules of any stock exchange on which the Notes are then listed or admitted to trading and of any authority that is responsible for the supervision or regulation of such exchange.

Any such modification shall be binding on all Noteholders and Couponholders and shall be notified by the Issuer as soon as reasonably practicable to the Noteholders in accordance with Condition 13 (*Notices*).

15. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders, but subject to any permission required from the Relevant Authority, to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

16. GOVERNING LAW AND SUBMISSION TO JURISDICTION

16.1 Governing law

The Agency Agreement for the Notes in Physical Form, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement for the Notes in Physical Form, the Notes and the Coupons are governed by, and shall be construed in accordance with Italian law.

16.2 Submission to jurisdiction

The Issuer irrevocably agrees, for the benefit of the Noteholders and the Couponholders, that the courts of Milan are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes and/or the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with the Notes and/or the Coupons) and accordingly submits to the non-exclusive jurisdiction of such courts.

Each party hereby irrevocably waives any objection which it may have now or hereafter to laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in the an inconvenient forum, and hereby further irrevocably agrees that a judgment in any such Proceedings brought in the courts of Milan with regard to the Notes, the Receipts and the Coupons shall be conclusive and binding upon each party and may be enforced in the courts of any other jurisdiction.

Nothing contained in this Condition shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

17. CONTRACTUAL RECOGNITION OF BAIL-IN POWER

Notwithstanding any provision of these Conditions or any other agreements, arrangements, or understandings between the Issuer and any holder of the Notes and without prejudice to Article 55(1) of the BRRD, each Noteholder, by virtue of its acquisition of the Notes (whether on issuance or in the secondary market), acknowledges and accepts the existence of, agrees to be bound by and consents to:

(a) the effects of the exercise of the Bail-In Power by the Relevant Authority, which exercise may include and result in any of the following, or some combination thereof:

(A) the reduction of all, or a portion, of the principal amount in respect of the Notes together with any accrued but unpaid interest due thereon and any additional amounts (if any) due in relation thereto;

(B) the conversion of all, or a portion, of the principal amount in respect of the Notes together with any accrued but unpaid interest due thereon and any additional amounts (if any) due in relation thereto, into ordinary shares, other securities or other obligations of the Issuer or another person (and the issue to or conferral on the holder of such shares, securities or obligations), including by means of an amendment, modification or variation of these Conditions;

(C) the cancellation of the Notes or the principal amount in respect of the Notes together with any accrued but unpaid interest due thereon and any additional amounts (if any) due in relation thereto; and

(D) the amendment or alteration of the maturity of the Notes or amendment of the amount of interest payable on the Notes, or the date on which the interest become payable, including by suspending payment for a temporary period; and

(b) the variation of these Conditions, as deemed necessary by the Relevant Authority, to give effect to the exercise of the Bail-In Power by the Relevant Authority.

Each Noteholder further agrees that the rights of the Noteholders are subject to, and will be varied if necessary so as to give effect to, the exercise of any Bail-In Power by the Relevant Authority.

Upon the Issuer becoming aware of the exercise of the Bail-In Power by the Relevant Authority with respect to the Notes, the Issuer shall provide a notice to the holders of the Notes in accordance with Condition 13 (*Notices*) as soon as reasonably practicable. The Issuer shall also deliver a copy of such notice to the Fiscal Agent for information purposes. Any delay or failure by the Issuer to give notice shall not affect the validity and enforceability of the Bail-In Power nor the effects on the Notes described in this Condition 17.

The exercise of the Bail-In Power by the Relevant Authority with respect to the Notes shall not constitute an Event of Default and the terms and conditions of the Notes shall continue to apply to the outstanding principal amount of the Notes subject to any modification of the amount of interest payments to reflect the reduction of the outstanding principal amount, and any further modification of the terms that the Relevant Authority may decide in accordance with applicable laws and regulations, including in particular the BRRD and the SRM Regulation, and any other relevant provisions under the Applicable Banking Regulations.

Each Noteholder also acknowledges and agrees that this provision is exhaustive on the matters described herein to the exclusion of any other agreements, arrangements or understandings relating to the application of the Bail-In Power.

TERMS AND CONDITIONS OF THE DEMATERIALISED NOTES

*The following are the Terms and Conditions of the Notes issued in dematerialised form (the "**Dematerialised Notes**" or, for the purposes of these Terms and Conditions of the Dematerialised Notes, the "**Notes**") which, subject to completion in accordance with the provisions of the relevant Final Terms will apply to each Series of Dematerialised Notes. The applicable Final Terms in relation to any Tranche of Dematerialised Notes shall specify terms which complete the following Terms and Conditions of the Dematerialised Notes. Reference should be made to "Form of Final Terms" below for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.*

*In these "Terms and Conditions of the Dematerialised Notes", references to "holders" and "Noteholders" are to the beneficial owners of Notes issued in dematerialised form and evidenced in book entry form with Monte Titoli pursuant to the relevant provisions of the Italian Finance Act (as defined below) and in accordance with CONSOB and Bank of Italy Joint Regulation (as defined below). No physical document of title will be issued in respect of Dematerialised Notes. Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") are intermediaries authorised to operate through Monte Titoli.*

This Note is one of a Series (as defined below) of the Dematerialised Notes issued by BFF Bank S.p.A. (the "**Issuer**") in dematerialised form. The Issuer will also act as paying agent for the Notes (the "**Paying Agent**") save that the Issuer is entitled to appoint a different Paying Agent for the Dematerialised Notes in accordance with Condition 10 (*Paying Agent*). References in these Conditions to "**Paying Agent**" shall mean, for so long as the Issuer acts as paying agent for the Notes, the Issuer in its capacity as such, or such other party from time to time appointed by the Issuer to act as paying agent for the Notes.

The Final Terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms expressed to apply this Note, which completes these Terms and Conditions of the Dematerialised Notes (the "**Conditions**"). References to the "**relevant Final Terms**" are to Part A of the Final Terms (or the relevant provisions thereof) applicable this Note.

The holders for the time being of the Dematerialised Notes shall hereafter be referred to as the "**Noteholders**", which expression shall, in relation to any Dematerialised Notes, be construed as provided below and are to the beneficial owners of Notes issued in dematerialised form and evidenced in book entry form with Monte Titoli S.p.A. pursuant to the relevant provisions of Legislative Decree No. 58 and in accordance with CONSOB and Bank of Italy Regulation. No physical document of title will be issued in respect of Notes.

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

Payment of principal and interest in respect of the Dematerialised Notes will be credited, according to the instructions of Monte Titoli, by the Paying Agent to the accounts of the Monte Titoli Account Holders (as defined below) whose accounts with Monte Titoli are credited with those Dematerialised Notes and thereafter credited by such Monte Titoli Account Holders to the accounts of the beneficial owners of those Dematerialised Notes or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Dematerialised Notes, in accordance with the rules and procedures of Monte Titoli, Euroclear or Clearstream, Luxembourg, as the case may be.

In these Terms and Conditions, the expression "**Monte Titoli Account Holder**" means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Monte Titoli and includes any depositary banks appointed by Euroclear and Clearstream, Luxembourg.

1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form and will be held in dematerialised form on behalf of the beneficial owners by Monte Titoli for the account of the relevant Monte Titoli Account Holders as of their

respective date of issue. Monte Titoli shall act as depository for Euroclear and Clearstream, Luxembourg.

The Notes will at all times be evidenced by book-entries pursuant to the relevant provisions of the Italian Finance Act and in accordance with CONSOB and Bank of Italy Joint Regulation. No physical document of title will be issued in respect of the Notes.

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

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

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

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

- Subordinated Notes will have a denomination of at least Euro 200,000,

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

Subject as set out below, title to the Notes will be evidenced by book entries pursuant to the relevant provisions of the Italian Finance Act and in accordance with CONSOB and Bank of Italy Joint Regulation. No physical document of title will be issued in respect of Notes.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be to the records for which Monte Titoli acts as depository. Any reference in these Conditions to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the relevant Final Terms or as may otherwise be approved by the Issuer and the Paying Agent.

2. DEFINITIONS

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

an "**Alignment Event**" will be deemed to have occurred if, as a result of a change in or amendment to the Applicable Banking Regulations or interpretation thereof, at any time after the Issue Date, the Issuer would be able to issue an instrument (i) in the case of Senior Notes, qualifying as Eligible Liabilities Instruments or (ii) in the case of Subordinated Notes, qualifying as Tier 2 Capital, that contains one or more provisions that are, in the reasonable opinion of the Issuer, different in any material respect from those contained in these Conditions;

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

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

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

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

"**Benchmarks Regulation**" means Regulation (EU) No. 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No. 596/2014;

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

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

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

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

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

(b) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits)

in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Melbourne and Wellington, respectively) or (ii) in relation to any sum payable in euro, a day on which the real-time gross settlement system operated by the Eurosystem ("**T2**") or any successor thereto is open;

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

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

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

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

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

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

"**CONSOB and Bank of Italy Joint Regulation**" means the joint regulation issued by Consob and the Bank of Italy dated 13 August 2018, as amended, supplemented or replaced from time to time;

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

"**CRD IV Package**" means the CRR and the CRD IV;

"**CRR**" means Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, as amended, supplemented or replaced from time to time (including, without limitation, as a consequence of the entry into force of the Banking Reform Package);

"**Day Count Fraction**" means:

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

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

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

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

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

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

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

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

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

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

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

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

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

Day Count Fraction =

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

Where:

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

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

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

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

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

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

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

Day Count Fraction =

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

Where:

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

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

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

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

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

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

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

Day Count Fraction =

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

Where:

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

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

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

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

D_1 is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31 in which case and D2 will be 30,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"**Italian Finance Act**" means Legislative Decree No. 58 of 24 February 1998, as amended, supplemented or replaced from time to time;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"**Relevant Swap Rate**" means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"**Tax Law Change**" means any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 7 (*Taxation*)) (including any treaty to which the Tax Jurisdiction is a party) or any change in the application or official or generally published interpretation of such laws or regulations (including a change or amendment resulting from a ruling by a court or tribunal of competent jurisdiction), which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes. For the avoidance of doubt, changes in the assessment of the Relevant Authority regarding tax effects are not considered as a Tax Law Change;

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

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

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

4. STATUS OF THE NOTES

4.1 Status of the Senior Preferred Notes

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

The Senior Preferred Notes and any interest accruing in respect thereof are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* among themselves.

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

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

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

4.2 **Status of the Senior Non-Preferred Notes**

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

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

The payment obligations of the Issuer under the Senior Non-Preferred Notes shall at all times rank:

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

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

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

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

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

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

4.3 **Status of the Subordinated Notes**

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

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

The payment obligations of the Issuer under the Subordinated Notes shall at all times rank:

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

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

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

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

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

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

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

(iii) senior to (A) any other present or future subordinated obligations of the Issuer which rank, or are expressed by their terms to rank, junior to the Subordinated Notes (including Own Funds Instruments), and (B) all present or future obligations of the Issuer which do not rank, or are not expressed by their terms to rank, senior or *pari passu* to the Subordinated Notes.

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

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

The Subordinated Notes (including, for the avoidance of doubt, payments of principal and/or interest) shall be subject to the Loss Absorption Requirement, if so required under the BRRD and/or the SRM Regulation, in accordance with the powers of the Relevant Authority and where

the Relevant Authority determines that the application of the Loss Absorption Requirement to the Subordinated Notes is necessary pursuant to applicable law and/or regulation in force from time to time.

4.4 No Negative Pledge

There is no negative pledge in respect of the Notes.

5. INTEREST

5.1 Interest on Fixed Rate Notes

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

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

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

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

5.2 Interest on Reset Notes

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

(a) Rate of Interest and Interest Payment Dates

Each Reset Note bears interest on its outstanding nominal amount:

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

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

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

payable, in each case, in arrear on each Interest Payment Date in each year up to (but excluding) the Maturity Date. The Rate of Interest and the Interest Amount payable shall be determined by the Calculation Agent, (A) in the case of the Rate of Interest, at or as soon as practicable after each time at which the Rate of Interest is to be determined, subject to Condition 4.4 (*Benchmark Replacement*) and (B) in the case of the Interest Amount in accordance with the provisions for calculating amounts of interest in Condition 4.1 (*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.

(b) **Reset Reference Rate Conversion**

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

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

(c) **Fallbacks**

If on any Reset Determination Date the Relevant Screen Page is not available or the Mid-Swap Rate does not appear on the Relevant Screen Page, the Issuer (or an agent appointed by the Issuer) shall, subject as provided in Condition 4.4 (*Benchmark Replacement*), request each of the Reference Banks (as defined below) to provide the Issuer (or an agent appointed by the Issuer) with its Mid-Market Swap Rate Quotation as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on the Reset Determination Date in question.

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

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

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

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

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

(a) **Interest Payment Dates**

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

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

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

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

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

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

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

(C) 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

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

(b) **Rate of Interest**

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

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

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

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

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

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

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

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

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

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

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

Notwithstanding the foregoing, in any circumstances where the ISDA Definitions state that the Calculation Agent will be required to exercise any discretion (including, but not limited to, determinations of alternative or substitute benchmarks , successor reference rates, screen pages, interest adjustment factors/fractions or spreads, market disruptions, benchmark amendment conforming changes, selection and polling of reference banks) when calculating the relevant ISDA Rate, the relevant determination(s) which require the Calculation Agent to exercise its discretion shall instead be made by the Issuer or its designee.

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

(w) Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided in Condition 4.4, be either:

(A) the offered quotation; or

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

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

(x) If the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the Specified Time, the Issuer 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; and

(y) (1) 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:

(A) if "Multiplier" is specified in the relevant Final Terms as not being applicable, the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (at the request of the Issuer) 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) (the "**Determined Rate**"), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period). Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero;

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

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

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

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

If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined and "CMS Rate" is specified as the Reference Rate in the relevant Final Terms, the Rate of

Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent by reference to the following formula, subject to Condition 4.4:

CMS Rate plus Margin

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

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

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

If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined and "SONIA" is specified as the Reference Rate in the relevant Final Terms, the Rate of Interest applicable to the Notes for each Interest Period shall be Compounded Daily SONIA plus or minus the Margin (if any) as specified in the applicable Final Terms, subject to Condition 4.4.

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

published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding Business Day on which the SONIA Reference Rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors).

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

In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms), subject to Condition 4.4, the Rate of Interest shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period in place of the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to that last preceding Interest Period); or (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Notes for the first (floating rate) Interest Period had the Notes been in issue for a period equal in duration to the scheduled first (floating rate) Interest Period but ending on (and excluding) the Interest Commencement Date (or, as the case may be, the first Interest Payment Date commencing from which the floating Rate of Interest applies) (including applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first (floating rate) Interest Period).

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

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

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

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

Where:

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) **Linear Interpolation**

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

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

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

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

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

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

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

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

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

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

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

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

The Calculation Agent will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Notes or CMS Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to the Calculation Amount, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note or a CMS Linked Interest Note in

definitive form comprises more than one Calculation Amount, the Interest Amount payable in respect of such Note shall be the aggregate of all the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

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

Subject to Condition 4.4, the Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Paying Agent (if the Calculation Agent is not itself the Paying Agent), Monte Titoli and any stock exchange or listing agent (if any) on which the relevant Floating Rate Notes or CMS Linked Interest Notes are for the time being listed and notice thereof to be published in accordance with Condition 11 (*Notices*) as soon as possible after their determination but in no event later than the fourth Business Day thereafter (or in the case of such Notes admitted to the official list and traded on the Official List, notification shall be given to Euronext Dublin or the Irish Listing Agent on the first day of each Interest Period). Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange or listing agent (if any) on which the relevant Floating Rate Notes or CMS Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 11 (*Notices*).

(g) **Certificates to be final**

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

5.4 **Benchmark Discontinuation**

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

(a) the Issuer shall use reasonable endeavours to select and appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Reference Rate, failing which an Alternative Reference Rate, and in each case an Adjustment Spread (if any) (in any such case, acting in good faith and in a commercially reasonable manner) no later than five Business Days prior to the Interest Determination Date relating to the next Interest Period (the "**IA Determination Cut-off Date**"), for the purposes of determining the Rate of Interest applicable to the Notes for such next Interest Period and for all other future Interest Periods (subject to the subsequent operation of this Condition 4.4 during any other future Interest Period(s)).

(b) if the Independent Adviser is unable to determine an Alternative Reference Rate (as applicable) prior to the relevant IA Determination Cut-off Date, the Issuer (acting in good faith and in a commercially reasonable manner) may determine an Alternative Reference Rate and an Adjustment Spread (if any) no later than three Business Days prior to the Interest Determination Date relating to the next Interest Period (the "**Issuer Determination Cut-off Date**"), for the purposes of determining the Rate of Interest applicable to the Notes for such next Interest Period and for all other future Interest Periods (subject to the subsequent operation of this Condition 4.4 during any other future Interest Period(s)). Without prejudice to the definitions thereof, for the purposes of

determining any Alternative Reference Rate and/or any Adjustment Spread, the Issuer will take into account any relevant and applicable market precedents as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets;

(c) if a Successor Reference Rate or, failing which, an Alternative Reference Rate (as applicable) is determined by the relevant Independent Adviser or the Issuer (as applicable) in accordance with this Condition 4.4:

(i) such Successor Reference Rate or Alternative Reference Rate (as applicable) shall replace the Original Reference Rate for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 4.4);

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

(A) determines that an Adjustment Spread is required to be applied to such Successor Reference Rate or Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to such Successor Reference Rate or Alternative Reference Rate (as applicable) for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 4.4); or

(B) is unable to determine the quantum of, or a formula or methodology for determining, an Adjustment Spread, then such Successor Reference Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 4.4); and

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

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

(B) any other changes which the relevant Independent Adviser or the Issuer (as applicable) determines are reasonably necessary to ensure the proper operation and comparability to the Original Reference Rate of such Successor Reference Rate or Alternative Reference Rate (as applicable), which changes shall apply to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 4.4 (each such change, together with any such change required pursuant to Condition 4.4(c)(iii)(A) above, a "**Benchmark Amendment**" and, together, the "**Benchmark Amendments**"); and

(d) promptly following the determination of (i) any Successor Reference Rate or Alternative Reference Rate (as applicable) and (ii) if applicable, any Adjustment Spread, the Issuer shall give notice thereof and of any changes (and the effective date thereof) pursuant to Condition 4.4(c)(iii) to the Issuing and Paying Agent and, if applicable, the Calculation Agent and the Noteholders in accordance with Condition 11 (*Notices*). Any Benchmark

Amendments effected pursuant to Condition 4.4(c)(iii) shall similarly be notified to the Noteholders in accordance with Condition 11 (*Notices*).

No consent of the Noteholders shall be required in connection with the determination by the Issuer or, as the case may be, the Independent Adviser of the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) or in connection with any Benchmark Amendment as described in this Condition 4.4, including any changes to these Conditions.

For the avoidance of doubt, if a Successor Reference Rate or an Alternative Reference Rate is not determined pursuant to the operation of this Condition 4.4 prior to the relevant Issuer Determination Cut-off Date, then the Rate of Interest for the next Interest Period shall be determined by reference to the fallback provisions of Condition 4.3(b).

Notwithstanding any other provision of this Condition 4.4: (i) no Successor Reference Rate or Alternative Reference Rate (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made pursuant to this Condition 4.3(h), if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as: (A) in the case of Senior Notes, satisfying the MREL Requirements; (B) in the case of Subordinated Notes, Tier 2 capital for regulatory capital purposes of the Issuer and/or the Group; and/or (ii) in the case of Senior Notes only, no Successor Reference Rate or Alternative Reference Rate (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made pursuant to this Condition 4.4, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to result in the Relevant Authority treating an Interest Payment Date as the effective maturity of the Notes, rather than the relevant Maturity Date.

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

For the purposes of this Condition 4.4:

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

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

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

(c) if it is determined that no such spread is customarily applied, the Independent Adviser or the Issuer, as applicable, determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Reference Rate or the Alternative Reference Rate (as the case may be); or

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

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

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

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

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

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

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

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

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

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

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

"**Original Reference Rate**" means:

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

(b) any Successor Reference Rate or Alternative Reference Rate which has been determined in relation to such benchmark or screen rate (as applicable) pursuant to the operation of this Condition 4.4.

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

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

(b) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (i) the central bank for the currency to which such reference rate relates, (ii)

any central bank or other supervisory authority which is responsible for supervising the administrator of such reference rate, (iii) a group of the aforementioned central banks or other supervisory authorities, or (iv) the Financial Stability Board or any part thereof.

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

5.5 Accrual of interest

Each Note will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue as provided in these Conditions.

6. PAYMENTS

6.1 Method of Payment

Subject as provided below:

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

(b) payments in Euro will be made by Monte Titoli crediting the Euro accounts of the relevant intermediaries, on behalf of the Noteholders, as evidenced in Monte Titoli's records.

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

6.2 Payment to Noteholders

Payment of principal and interest in respect of the Dematerialised Notes will be credited, according to the instructions of Monte Titoli, by the Paying Agent to the accounts of the Monte Titoli Account Holders (as defined below) whose accounts with Monte Titoli are credited with those Dematerialised Notes and thereafter credited by such Monte Titoli Account Holders to the accounts of the beneficial owners of those Notes or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Notes, in accordance with the rules and procedures of Monte Titoli, Euroclear or Clearstream, Luxembourg, as the case may be.

For the avoidance of doubt, payments to Monte Titoli or to its order shall to the extent of amounts so paid constitute the discharge of the Issuer of its liabilities under the Notes.

6.3 Payment Day

If the date for payment of any amount in respect of any Note is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means a day (other than a Saturday or a Sunday) (A) on which (subject to Condition 8 (*Prescription*) Monte Titoli is open for business; and (B) (i) (in the case of a payment in a currency other than Euro), where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be

carried on in the relevant currency in the principal financial centre of the country of such currency or (ii) (in the case of a payment in Euro), on which the T2 is open.

6.4 Interpretation of principal and interest

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

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

(b) the Final Redemption Amount of the Notes;

(c) the Early Redemption Amount of the Notes;

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

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

(f) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 6.7 (*Early Redemption Amounts*)); and

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

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

7. REDEMPTION, PURCHASE AND CANCELLATION

7.1 Redemption at maturity

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

The Issuer shall have the right to call, redeem, repay or repurchase the Senior Notes only in accordance with and subject to the conditions set out in Articles 77(2) and 78a of the CRR being met (see Condition 6.2 (*Redemption for tax reasons*), Condition 6.4 (*Redemption of Senior Notes due to a MREL Disqualification Event*), Condition 6.5 (*Redemption at the option of the Issuer*), Condition 6.6 (*Clean-up Redemption at the Option of the Issuer*), Condition 6.8 (*Purchases*) and Condition 6.12 (*Regulatory conditions for call, redemption, repayment, repurchase or amendment of Senior Notes*)).

The Issuer shall have the right to call, redeem, repay or repurchase the Subordinated Notes only in accordance with and subject to the conditions set out in Articles 77 and 78 of the CRR being met (see Condition 6.2 (*Redemption for tax reasons*), Condition 6.3 (*Redemption of Subordinated Notes for regulatory reasons*), Condition 6.5 (*Redemption at the option of the Issuer*), Condition 6.6 (*Clean-up Redemption at the Option of the Issuer*), Condition 6.8 (*Purchases*) and Condition 6.11 (*Regulatory conditions for call, redemption, repayment, repurchase or amendment of Subordinated Notes*)).

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

The Maturity Date of Subordinated Notes shall not fall earlier than five years after their Issue Date, as provided under the Applicable Banking Regulations.

7.2 **Redemption for tax reasons**

The Notes may be redeemed at the option of the Issuer in whole, but not in part:

(a) at any time (if this Note is neither a Floating Rate Note, a CMS Linked Interest Note, a Floating-Fixed Rate Note (in respect of the Interest Period calculated in accordance with the Floating Rate Note Provisions) nor a Fixed-Floating Rate Note (in respect of the Interest Period calculated in accordance with the Floating Rate Note Provisions)); or

(b) on any Interest Payment Date (if this Note is either a Floating Rate Note, a CMS Linked Interest Note, a Fixed-Floating Rate Note (in respect of the Interest Period calculated in accordance with the Floating Rate Note Provisions) or a Floating-Fixed Rate Note (in respect of the Interest Period calculated in accordance with the Floating Rate Note Provisions)),

on giving not less than 15 nor more than 30 days' notice to the Paying Agent and, in accordance with Condition 11 (*Notices*), the Noteholders (which notice shall be irrevocable), if:

(a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any Tax Law Change; and

(b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it (a "**Tax Event**").

The Issuer shall evidence the occurrence of a Tax Event prior to the publication of any notice of redemption pursuant to this Condition 6.2 by means of a certificate signed by two duly authorised signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, to be made available, upon request, to the Noteholders (and such evidence shall be sufficient to the Paying Agent and conclusive and binding on the Noteholders). The Paying Agent is not responsible, nor shall it incur any liability, for monitoring or ascertaining as to whether any certifications required by this Condition 6.2 are provided, nor shall it be required to review, check or analyse any certification produced nor shall it be responsible for the contents of any such certifications or incur any liability in the event the content of such certification is inaccurate or incorrect.

Notes redeemed pursuant to this Condition 6.2 will be redeemed at the Early Redemption Amount (as defined in Condition 6.7 (*Early Redemption Amounts*)) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

In the case of Senior Notes, any redemption pursuant to this Condition 6.2 shall be subject to Condition 6.12 (*Regulatory conditions for call, redemption, repayment, repurchase or amendment of Senior Notes*).

In the case of Subordinated Notes, any redemption pursuant to this Condition 6.2 shall be subject to Condition 6.11 (*Regulatory conditions for call, redemption, repayment, repurchase or amendment of Subordinated Notes*).

7.3 **Redemption of Subordinated Notes for regulatory reasons**

This Condition 6.3 applies only to Notes specified in the relevant Final Terms as being Subordinated Notes.

If a Regulatory Call is specified in the relevant Final Terms as being applicable, upon the occurrence of a Regulatory Event any Series of Subordinated Notes may be redeemed at the option of the Issuer in whole, but not in part:

(a) at any time (if neither the Floating Rate Note Provisions, the CMS Linked Interest Note Provisions, the Fixed-Floating Rate Note Provisions (in respect of the Interest Period calculated in accordance with the Floating Rate Note Provisions) nor the Floating-Fixed Rate Note Provisions (in respect of the Interest Period calculated in accordance with the

Floating Rate Note Provisions) are specified in the relevant Final Terms as being applicable); or

(b) on any Interest Payment Date (if either the Floating Rate Note Provisions, the CMS Linked Interest Note Provisions, the Fixed-Floating Rate Note Provisions (in respect of the Interest Period calculated in accordance with the Floating Rate Note Provisions) or the Floating-Fixed Rate Note Provisions (in respect of the Interest Period calculated in accordance with the Floating Rate Note Provisions) are specified in the relevant Final Terms as being applicable),

on giving not less than 15 nor more than 30 days' notice to the Paying Agent and, in accordance with Condition 11 (*Notices*), the Noteholders (which notice shall be irrevocable).

Upon the expiry of any such notice as referred to in this Condition 6.3, the Issuer shall be bound to redeem the Notes in accordance with this Condition 6.3, at their Early Redemption Amount (as defined in Condition 6.7 (*Early Redemption Amounts*)), together with accrued interest (if any) thereon.

The Issuer shall evidence the occurrence of a Regulatory Event prior to the publication of any notice of redemption pursuant to this Condition 6.3, by means of a certificate signed by two duly authorised signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, to be made available, upon request, to the Noteholders (and such evidence shall be sufficient to the Paying Agent and conclusive and binding on the Noteholders). The Paying Agent is not responsible, nor shall it incur any liability, for monitoring or ascertaining as to whether any certifications required by this Condition 6.3 is provided, nor shall it be required to review, check or analyse any certification produced nor shall it be responsible for the contents of any such certifications or incur any liability in the event the content of such certification is inaccurate or incorrect.

Any redemption pursuant to this Condition 6.3 shall be subject to Condition 6.11 (*Regulatory conditions for call, redemption, repayment, repurchase or amendment of Subordinated Notes*).

7.4 **Redemption of Senior Notes due to a MREL Disqualification Event**

This Condition 6.4 applies only to Notes specified in the relevant Final Terms as being Senior Preferred Notes or Senior Non-Preferred Notes.

If an Issuer Call due to a MREL Disqualification Event is specified in the relevant Final Terms as being applicable, then in cases where the Issuer determines that a MREL Disqualification Event has occurred and is continuing with respect to a Series of Senior Preferred Notes or Senior Non-Preferred Notes, any such Series may be redeemed at the option of the Issuer in whole, but not in part:

(a) at any time (if neither the Floating Rate Note Provisions, the CMS Linked Interest Note Provisions, the Fixed-Floating Rate Note Provisions (in respect of the Interest Period calculated in accordance with the Floating Rate Note Provisions) nor the Floating-Fixed Rate Note Provisions (in respect of the Interest Period calculated in accordance with the Floating Rate Note Provisions) are specified in the relevant Final Terms as being applicable); or

(b) on any Interest Payment Date (if either the Floating Rate Note Provisions, the CMS Linked Interest Note Provisions, the Fixed-Floating Rate Note Provisions (in respect of the Interest Period calculated in accordance with the Floating Rate Note Provisions) or the Floating-Fixed Rate Note Provisions (in respect of the Interest Period calculated in accordance with the Floating Rate Note Provisions) are specified in the relevant Final Terms as being applicable),

on giving not less than 15 nor more than 30 days' notice specified in the applicable Final Terms to the Paying Agent and, in accordance with Condition 11 (*Notices*), the Noteholders (which notice shall be irrevocable).

Upon the expiry of any such notice as is referred to in this Condition 6.4, the Issuer shall be bound to redeem the Notes in accordance with this Condition 6.4, at their Early Redemption Amount (as defined in Condition 6.7 (*Early Redemption Amounts*)) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

The Issuer shall evidence the occurrence of a MREL Disqualification Event prior to the publication of any notice of redemption pursuant to this Condition 6.4, by means of a certificate signed by two duly authorised signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, to be made available, upon request, to the Noteholders (and such evidence shall be sufficient to the Paying Agent and conclusive and binding on the Noteholders). The Paying Agent is not responsible, nor shall it incur any liability, for monitoring or ascertaining as to whether any certifications required by this Condition 6.4 are provided, nor shall it be required to review, check or analyse any certification produced nor shall it be responsible for the contents of any such certifications or incur any liability in the event the content of such certification is inaccurate or incorrect.

Any redemption pursuant to this Condition 6.4 shall be subject to Condition 6.12 (*Regulatory conditions for call, redemption, repayment, repurchase or amendment of Senior Notes*).

7.5 **Redemption at the option of the Issuer (Issuer Call)**

If an Issuer Call is specified in the relevant Final Terms as being applicable, the Issuer may, having given not less than 15 nor more than 30 days' notice (or such other notice period stated in the relevant Final Terms) to the Noteholders in accordance with Condition 11 (*Notices*) (which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or, if partial redemption is stated to be applicable in the relevant Final Terms, some only, of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the relevant Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the relevant Final Terms.

In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will be selected either individually by lot or in accordance with the rules of Monte Titoli, in each case not more than 30 days prior to the date fixed for redemption (the "**Redemption Date**"). Noteholders that hold a Redeemed Note will be informed by the Issuer in accordance with Condition 11 (*Notices*) not less than 15 days prior to the Redemption Date.

In the case of Senior Notes, the call option pursuant to this Condition 6.5 shall be subject to Condition 6.12 (*Regulatory conditions for call, redemption, repayment, repurchase or amendment of Senior Notes*).

In the case of Subordinated Notes, no call option in accordance with this Condition 6.5 may be exercised by the Issuer to redeem, in whole or in part, such Notes prior to the fifth anniversary of their Issue Date. Starting from the fifth anniversary of their Issue Date, the redemption pursuant to this Condition 6.5 shall be subject to Condition 6.11 (*Regulatory conditions for call, redemption, repayment, repurchase or amendment of Subordinated Notes*).

7.6 **Clean-up Redemption at the Option of the Issuer**

If a Clean-Up Call is specified in the relevant Final Terms as being applicable, and if at least 75 per cent. or any different percentage specified in the relevant Final Terms (the "**Clean-Up Call Percentage**") of the initial aggregate nominal amount of the Notes of the same Series (which for the avoidance of doubt includes, any additional Notes issued subsequently and forming a single series with the first Tranche of a particular Series of Notes) have been redeemed or purchased by, or on behalf of, the Issuer and cancelled, the Issuer may, having given not less than 15 nor more than 30 days' notice to the Issuing and Paying Agent and, in accordance with Condition 11 (*Notices*), the Noteholders (which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all of the Notes then outstanding on such date fixed for redemption and at

their Early Redemption Amount (as defined in Condition 6.7 (*Early Redemption Amounts*)) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

In the case of Senior Notes, the call option pursuant to this Condition 6.6 shall be subject to Condition 6.12 (*Regulatory conditions for call, redemption, repayment, repurchase or amendment of Senior Notes*).

In the case of Subordinated Notes, the call option pursuant to this Condition 6.6 shall be subject to Condition 6.11 (*Regulatory conditions for call, redemption, repayment, repurchase or amendment of Subordinated Notes*).

7.7 **Early Redemption Amounts**

For the purpose of Condition 6.2 (*Redemption for tax reasons*), Condition 6.3 (*Redemption of Subordinated Notes for regulatory reasons*), Condition 6.4 (*Redemption of Senior Notes due to a MREL Disqualification Event*), Condition 6.6 (*Clean-up Redemption at the Option of the Issuer*) and Condition 9 (*Events of Default and enforcement*), each Note will be redeemed at its "**Early Redemption Amount**" calculated by (or on behalf of) the Issuer as follows:

(a) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;

(b) in the case of a Note (other than a Zero Coupon Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner specified in, the relevant Final Terms or, if no such amount or manner is so specified in the relevant Final Terms, at its nominal amount; or

(c) in the case of a Zero Coupon Note, at an amount (the "**Amortised Face Amount**") calculated in accordance with the following formula:

Early Redemption Amount = $RP \times (1 + AY)^{y}$

where:

RP means the reference price as defined in the relevant Final Terms (the "**Reference Price**");

AY means the accrual yield, as specified in the relevant Final Terms (the "**Accrual Yield**"), expressed as a decimal; and

y is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360,

or on such other calculation basis as may be specified in the relevant Final Terms.

7.8 **Purchases**

The Issuer or any of its Subsidiaries may purchase the Notes at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer, cancelled.

In the case of Senior Notes, any purchase pursuant to this Condition 6.8 shall be subject to Condition 6.12 (*Regulatory conditions for call, redemption, repayment, repurchase or amendment of Senior Notes*).

In the case of Subordinated Notes, any purchase pursuant to this Condition 6.8 shall be subject to Condition 6.11 (*Regulatory conditions for call, redemption, repayment, repurchase or amendment of Subordinated Notes*).

7.9 **Cancellation**

All Notes which are redeemed will forthwith be cancelled. All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 6.8 (*Purchases*) cannot be reissued or resold.

7.10 **Late payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 6.1 (*Redemption at maturity*), Condition 6.2 (*Redemption for tax reasons*), Condition 6.3 (*Redemption of Subordinated Notes for regulatory reasons*), Condition 6.4 (*Redemption of Senior Notes due to a MREL Disqualification Event*), Condition 6.5 (*Redemption at the option of the Issuer (Issuer Call)*) or Condition 6.6 (*Clean-up Redemption at the option of the Issuer*) or upon its becoming due and repayable as provided in Condition 9 (*Events of Default and enforcement*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 6.7(c) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date on which all amounts due in respect of such Zero Coupon Note have been paid.

7.11 **Regulatory conditions for call, redemption, repayment, repurchase or amendment of Subordinated Notes**

This Condition 6.11 applies only to Notes specified in the relevant Final Terms as being Subordinated Notes.

In the case of Subordinated Notes, any call, redemption, repayment, repurchase or amendment pursuant to Condition 6.2 (*Redemption for tax reasons*), Condition 6.3 (*Redemption of Subordinated Notes for regulatory reasons*), Condition 6.5 (*Redemption at the option of the Issuer (Issuer Call)*), Condition 6.6 (*Clean-up Redemption at the option of the Issuer*), Condition 6.8 (*Purchases*) or Condition 12 (*Meetings of Noteholders, Modification and Waiver*) (including, for the avoidance of doubt, any modification in accordance with Condition 12) is subject to compliance with the then Applicable Banking Regulations, including:

(a) the Issuer having obtained the prior permission of the Relevant Authority in accordance with Articles 77 and 78 of the CRR, where either:

(i) on or before such call, redemption, repayment or repurchase (as applicable), the Issuer replaces the Notes with Own Funds instruments of equal or higher quality at terms that are sustainable for its income capacity; or

(ii) the Issuer has demonstrated to the satisfaction of the Relevant Authority that its Own Funds would, following such call, redemption, repayment or repurchase, exceed the requirements laid down in the Applicable Banking Regulations by a margin that the Relevant Authority considers necessary; and

(b) in respect of a call, redemption repayment or repurchase prior to the fifth anniversary of the Issue Date of the relevant Notes, if and to the extent required under Article 78(4) of the CRR or the Capital Instruments Regulation:

(i) in the case of redemption pursuant to Condition 6.2 (*Redemption for tax reasons*), the Issuer having demonstrated to the satisfaction of the Relevant Authority that the change in the applicable tax treatment of the Notes is material and was not reasonably foreseeable as at the Issue Date; or

(ii) in case of redemption pursuant to Condition 6.3 (*Redemption of Subordinated Notes for regulatory reasons*), the Issuer has demonstrated to the satisfaction of the Relevant Authority that the change in the regulatory classification of the Notes was not reasonably foreseeable as at the Issue Date; or

(iii) on or before the relevant call, redemption, repayment or repurchase, the Issuer replaces the Notes with Own Funds instruments of equal or higher quality at

terms that are sustainable for its income capacity and the Relevant Authority has permitted that action on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances; or

(iv) the Subordinated Notes are repurchased for market making purposes,

subject in any event to any different conditions or requirements as may be provided from time to time under the Applicable Banking Regulations.

The Relevant Authority may grant a general prior permission, for a specified period which shall not exceed one year, to redeem or purchase (including for market making purposes) the Subordinated Notes, in the limit of a predetermined amount, which shall not exceed the lower of (i) 10 per cent. (or any other threshold as may be requested or required by the Relevant Authority from time to time) of the aggregate nominal amount of the relevant Subordinated Notes and (ii) 3 per cent. (or any other threshold as may be requested or required by the Relevant Authority from time to time) of the outstanding aggregate nominal amount of the Tier 2 Instruments of the Issuer at the relevant time, subject to criteria that ensure that any such redemption or purchase will be in accordance with the conditions set out at letters (i) and (ii) of sub-paragraph (a) of the preceding paragraph.

For the avoidance of doubt, any refusal of the Relevant Authority to grant its permission in accordance with Article 78 of the CRR shall not constitute a default of the Issuer for any purposes.

7.12 **Regulatory conditions for call, redemption, repayment, repurchase or amendment of Senior Notes**

This Condition 6.12 applies only to Notes specified in the relevant Final Terms as being Senior Preferred Notes or Senior Non-Preferred Notes.

In the case of Senior Notes, any call, redemption, repayment, repurchase or amendment pursuant to Condition 6.2 (*Redemption for tax reasons*), Condition 6.4 (*Redemption of Senior Notes due to a MREL Disqualification Event*), Condition 6.5 (*Redemption at the option of the Issuer (Issuer Call)*), Condition 6.6 (*Clean-up Redemption at the option of the Issuer*), Condition 6.8 (*Purchases*) or Condition 12 (*Meetings of Noteholders, Modification and Waiver*) (including, for the avoidance of doubt, any modification in accordance with Condition 12) is subject, to the extent such Senior Notes qualify at such time as Eligible Liabilities instruments or, in case of a redemption pursuant to Condition 6.4, qualified as Eligible Liabilities Instruments before the occurrence of the MREL Disqualification Event, to compliance with the then Applicable Banking Regulations, including the condition that the Issuer has obtained the prior permission of the Relevant Authority in accordance with Article 78a of the CRR, where one of the following conditions is met:

(A) on or before such call, redemption, repayment or repurchase (as applicable), the Issuer replaces the Senior Notes with Own Funds Instruments or Eligible Liabilities Instruments of equal or higher quality at terms that are sustainable for its income capacity; or

(B) the Issuer has demonstrated to the satisfaction of the Relevant Authority that its Own Funds and Eligible Liabilities would, following such call, redemption, repayment or repurchase, exceed the requirements for Own Funds and Eligible Liabilities laid down in the Applicable Banking Regulations by a margin that the Relevant Authority considers necessary; or

(C) the Issuer has demonstrated to the satisfaction of the Relevant Authority that the partial or full replacement of the Eligible Liabilities with Own Funds Instruments is necessary to ensure compliance with the Own Funds requirements laid down in the Applicable Banking Regulations for continuing authorization,

subject in any event to any different conditions or requirements as may be provided from time to time under the Applicable Banking Regulations.

The Relevant Authority may grant a general prior permission, for a specified period which shall not exceed one year, to redeem or purchase (including for market making purposes) Senior Notes, in the limit of a predetermined amount, instruments, subject to criteria that ensure that any such redemption or purchase will be in accordance with the conditions set out in sub-paragraphs (A) and (B) of the preceding paragraph.

For the avoidance of doubt, any refusal of the Relevant Authority to grant its permission in accordance with Article 78a of the CRR shall not constitute a default of the Issuer for any purposes.

8. TAXATION

All payments of principal and interest in respect of the Notes by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes after such withholding or deduction shall equal the respective amounts of principal and interest (in case of Senior Notes and to the extent permitted by the MREL Requirements) or the respective amounts of interest only (in case of Subordinated Notes) which would otherwise have been receivable in respect of the Notes, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note:

(a) requested for payment in the Republic of Italy; or

(b) requested for payment by, or on behalf of, a holder or a beneficial owner of a Note being a resident in the Republic of Italy or who is liable for such taxes or duties in respect of such Note by reason of his having some connection with the Republic of Italy; or

(c) to the extent that interest or any other amount payable is paid to a non-Italian resident entity or a non-Italian resident individual which is resident for tax purposes in a country which does not allow the Italian tax authorities to obtain an adequate exchange of information in respect of the beneficiary of the payments made from Italy; or

(d) in all circumstances in which the requirements and procedures set forth in Legislative Decree No. 239 (as amended or supplemented from time to time) have not been met or complied with except where such requirements and procedures have not been met or complied with due to the actions or omissions of the Issuer or its agents; or

(e) requested for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on requesting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 5.3 (*Payment Day*)); or

(f) requested for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by making, or procuring, a declaration of non-residence or other similar claim for exemption but has failed to do so;

(g) in respect of Notes classified as atypical securities where such withholding or deduction is required under Law Decree No. 512 of 30 September 1983, as amended or supplemented from time to time; or

(h) where it will be required to withhold or deduct any taxes imposed pursuant to or in connection with Sections 1471 through 1474 of the Internal Revenue Code of 1986, as amended, the U.S. Treasury Regulations thereunder any official interpretations thereof or any agreements, law, regulation or other official guidance implementing an intergovernmental approach thereto in connection with any payments.

As used in these Conditions:

(i) "**Tax Jurisdiction**" means the Republic of Italy or in either case, any political subdivision or any authority thereof or therein having power to tax; and

(j) the "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Paying Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 11 (*Notices*).

9. PRESCRIPTION

Claims for principal of the Notes will be prescribed and will become void within a period of 10 (ten) years after the Relevant Date (as defined in Condition 7 (*Taxation*)) therefor. Claims for interest of the Notes will be prescribed and will become void within a period of 5 (five) years after the Relevant Date (as defined in Condition 7 (*Taxation*)) therefor.

10. EVENTS OF DEFAULT AND ENFORCEMENT

10.1 Events of Default

The Notes are, and they shall immediately become, due and repayable at their Early Redemption Amount together with, if appropriate, accrued interest thereon if the Issuer is subject to compulsory winding-up (*liquidazione coatta amministrativa*) pursuant to Articles 80 and following of the Italian Banking Act or voluntary winding-up (*liquidazione volontaria*) in accordance with the relevant provisions of the Italian Civil Code and/or Article 96-quinquies of the Italian Banking Act (the "**Event of Default**"), provided that repayment of the Notes will only be effected after the Issuer has obtained the prior approval of the Relevant Authority (if so required), and provided further that no payments will be made to the Noteholders before all amounts due, but unpaid, to all other creditors of the Issuer ranking ahead of the Noteholders as described in Condition 3 (*Status of the Notes*) have been paid by the Issuer, as ascertained by the liquidator.

No remedy (including any remedy under the Italian Civil Code) against the Issuer other than as specifically provided by this Condition 9.1 shall be available to the holders of the Notes, whether for the recovery of amounts owing in respect of the Notes or in respect of any breach by the Issuer of any of its obligations under the Notes or otherwise.

For the avoidance of doubt, the non-payment by the Issuer of any amount due and payable under these Notes, or the taking of any crisis prevention measure or crisis management measure in relation to the Issuer in accordance with the BRRD, is not an Event of Default.

11. PAYING AGENTS

Unless the applicable Final Terms provide otherwise, the initial Paying Agent is the Issuer.

The Issuer is entitled to appoint another person to act as Paying Agent, or vary or terminate the appointment of any paying agent appointed under the terms of an agency agreement and/or appoint additional or other paying agents and/or approve any change in the specified office through which any paying agent acts, provided that there will at all times be a Paying Agent for the Notes.

12. NOTICES

Any notice regarding the Notes, as long as the Notes are held through Monte Titoli, shall be deemed to have been duly given through the systems of Monte Titoli, and, as long as the Notes are admitted to trading on, and listed on the Official List and/or admitted to trading on the regulated market of Euronext Dublin, if filed within the Companies Announcement Office of Euronext Dublin or published in a leading English language daily newspaper of general circulation in the Republic of Ireland and approved by Euronext Dublin (which is expected to be the Irish Times) and/or the Euronext Dublin's website (as of the date hereof, https://www.euronext.com/en/euronext-dublin). The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or,

where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the related Note or Notes, with the Issuer.

13. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER

13.1 Meeting of the Noteholders

The provisions for meetings of noteholders attached to these Conditions as Annex 1 (the "**Provisions for Meetings of Noteholders**") contains provisions for convening meetings, including by way of conference call or by use of a videoconference platform, of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes.

The rights and powers of the Noteholders may only be exercised in accordance with the Provisions for Meetings of Noteholders. The Noteholders are deemed to have notice of and are bound by, and shall have the benefit of, inter alia, the terms of the Provisions for Meetings of Noteholders.

13.2 Modification and waiver

The Issuer may, without the consent of the Noteholders, carry out any modification of the Notes which is: (a) in the opinion of the Issuer, not prejudicial to the interests of the Noteholders; or (b) of a formal, minor or technical nature or to correct a manifest error. In addition, no consent of the Noteholders shall be required in connection with effecting any Benchmark Amendment as described in Condition 4.4. Any such modification shall be binding on the Noteholders and any such modification shall be notified to the Noteholders in accordance with Condition 11 (*Notices*) as soon as reasonably practicable thereafter.

13.3 Modification of the Notes

If a Modification of the Notes is specified as being applicable in the relevant Final Terms, (i) in cases where a Regulatory Event or a Tax Law Change has occurred and is continuing (with respect to Subordinated Notes), or a MREL Disqualification Event or a Tax Law Change has occurred and is continuing (with respect to Senior Notes), and/or (ii) with respect to all Notes, in case where an Alignment Event has occurred and is continuing or in order to ensure the effectiveness and enforceability of the Bail-In Power in accordance with Condition 15 (*Contractual Recognition of Bail-In Power*) or in accordance with applicable law, the Issuer shall be entitled, having given not less than 30 nor more than 60 days' notice to the Paying Agent and, in accordance with Condition 11 (*Notices*), the Noteholders (which notice shall be irrevocable), at any time (without the need for consent of the Noteholders) to modify the provisions of the terms and conditions of the Notes of such Series, which modification, for the avoidance of doubt, in each case shall be treated as being outside the scope of the Reserved Matters, provided that:

(a) such modification is reasonably necessary in the sole opinion of the Issuer to ensure, as applicable, that no Regulatory Event, Tax Law Change or MREL Disqualification Event or Alignment Event would exist thereafter, or that the effectiveness and enforceability of the Bail-In Power in accordance with Condition 15 (*Contractual Recognition of Bail-In Power*) or in accordance with applicable law is ensured;

(b) following such modification of the existing Notes (the "**Existing Notes**"):

(A) the terms and conditions of the Notes, as so modified (the "**Modified Notes**"), are not materially less favourable to a holder of the Existing Notes (as reasonably determined by the Issuer and other than in respect of the effectiveness and enforceability of the Bail-In Power in accordance with Condition 15 (*Contractual Recognition of Bail-In Power*) or in accordance with applicable law and any provisions

referred to under (e) below) than the terms and conditions applicable to the Existing Notes prior to such modification;

(B) the Modified Notes shall have a ranking at least equal to that of the Existing Notes and shall feature the same tenor, principal amount, interest rates (including applicable margins), Interest Payment Dates and redemption rights as the Existing Notes;

(C) the Modified Notes are assigned (or maintain) the same solicited credit ratings (if any) as were assigned to the Existing Notes immediately prior to such modification, provided that such change in rating, if any, shall only be relevant for the purposes of this Condition 12.2(b)(C), if related specifically to the modification;

(D) the Modified Notes continue to be listed on a recognised stock exchange, if the Existing Notes were listed immediately prior to such modification;

(c) the modification does not itself give rise to any right of the Issuer to redeem the Existing Notes prior to their Maturity Date, without prejudice to the provisions under Condition 6.5 (*Redemption at the option of the Issuer (Issuer Call)*) and Condition 6.6 (*Clean-up Redemption at the Option of the Issuer*);

(d) the Relevant Authority has approved such modification (if such approval is required under the Applicable Banking Regulations or the MREL Requirements applicable at that time), or has received prior written notice thereof (if such notice is required under the Applicable Banking Regulations or the MREL Requirements applicable at that time) and, following the expiry of all relevant statutory time limits, the Relevant Authority is no longer entitled to object or impose changes to the proposed modification; and

(e) any modification made under this Condition 12.3 can also determine a change in the governing law provided under Condition 14.1 (*Governing* law) from Italian law and/or in the jurisdiction and service of process provisions set out in Condition 14.2 (*Submission to jurisdiction*), if the Issuer determines that such changes are necessary to ensure that the Notes remain or, as appropriate, become, eligible for the purposes of the MREL Requirements.

In connection with any modification made in this Condition 12.3, the Issuer shall comply with the rules of any stock exchange on which the Notes are then listed or admitted to trading and of any authority that is responsible for the supervision or regulation of such exchange.

Any such modification shall be binding on all Noteholders and shall be notified by the Issuer as soon as reasonably practicable to the Noteholders in accordance with Condition 11 (*Notices*).

14. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders, but subject to any permission required from the Relevant Authority, to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

15. GOVERNING LAW AND SUBMISSION TO JURISDICTION

15.1 Governing law

The Terms and Conditions of the Dematerialised Notes and any non-contractual obligations arising out thereof or in connection therewith are governed by, and shall be construed in accordance with Italian law.

15.2 **Submission to jurisdiction**

The Issuer irrevocably agrees, for the benefit of the Noteholders, that the courts of Milan are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes (including a dispute relating to any non-contractual obligations arising out of or in connection with the Notes) and accordingly submits to the non-exclusive jurisdiction of such courts.

Each party hereby irrevocably waives any objection which it may have now or hereafter to laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in the an inconvenient forum, and hereby further irrevocably agrees that a judgment in any such Proceedings brought in the courts of Milan with regard to the Notes shall be conclusive and binding upon each party and may be enforced in the courts of any other jurisdiction.

Nothing contained in this Condition shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

16. **CONTRACTUAL RECOGNITION OF BAIL-IN POWER**

Notwithstanding any provision of these Conditions or any other agreements, arrangements, or understandings between the Issuer and any holder of the Notes and without prejudice to Article 55(1) of the BRRD, each Noteholder, by virtue of its acquisition of the Notes (whether on issuance or in the secondary market), acknowledges and accepts the existence of, agrees to be bound by and consents to:

(a) the effects of the exercise of the Bail-In Power by the Relevant Authority, which exercise may include and result in any of the following, or some combination thereof:

(A) the reduction of all, or a portion, of the principal amount in respect of the Notes together with any accrued but unpaid interest due thereon and any additional amounts (if any) due in relation thereto;

(B) the conversion of all, or a portion, of the principal amount in respect of the Notes together with any accrued but unpaid interest due thereon and any additional amounts (if any) due in relation thereto, into ordinary shares, other securities or other obligations of the Issuer or another person (and the issue to or conferral on the holder of such shares, securities or obligations), including by means of an amendment, modification or variation of these Conditions;

(C) the cancellation of the Notes or the principal amount in respect of the Notes together with any accrued but unpaid interest due thereon and any additional amounts (if any) due in relation thereto; and

(D) the amendment or alteration of the maturity of the Notes or amendment of the amount of interest payable on the Notes, or the date on which the interest become payable, including by suspending payment for a temporary period; and

(b) the variation of these Conditions, as deemed necessary by the Relevant Authority, to give effect to the exercise of the Bail-In Power by the Relevant Authority.

Each Noteholder further agrees that the rights of the Noteholders are subject to, and will be varied if necessary so as to give effect to, the exercise of any Bail-In Power by the Relevant Authority.

Upon the Issuer becoming aware of the exercise of the Bail-In Power by the Relevant Authority with respect to the Notes, the Issuer shall provide a notice to the holders of the Notes in accordance with Condition 11 (*Notices*) as soon as reasonably practicable. The Issuer shall also deliver a copy of such notice to the Paying Agent for information purposes. Any delay or failure

by the Issuer to give notice shall not affect the validity and enforceability of the Bail-In Power nor the effects on the Notes described in this Condition 15.

The exercise of the Bail-In Power by the Relevant Authority with respect to the Notes shall not constitute an Event of Default and the terms and conditions of the Notes shall continue to apply to the outstanding principal amount of the Notes subject to any modification of the amount of interest payments to reflect the reduction of the outstanding principal amount, and any further modification of the terms that the Relevant Authority may decide in accordance with applicable laws and regulations, including in particular the BRRD and the SRM Regulation, and any other relevant provisions under the Applicable Banking Regulations.

Each Noteholder also acknowledges and agrees that this provision is exhaustive on the matters described herein to the exclusion of any other agreements, arrangements or understandings relating to the application of the Bail-In Power.

ANNEX 1 TO THE TERMS AND CONDITIONS FOR THE DEMATERIALISED NOTES

PROVISIONS FOR MEETINGS OF NOTEHOLDERS

The following provisions (the "**Provisions**") will apply to the meetings of the holders of the Dematerialised Notes and will remain in full force and effect until full repayment or cancellation of the Dematerialised Notes to which the Provisions apply.

The Provisions are subject to any mandatory provisions of Italian law.

1. **DEFINITIONS**

In these Provisions, the following expressions have, subject to any mandatory provisions of Italian law (including, without limitation, those set out in Legislative Decree No. 58 of 24 February 1998, as amended, the "**Italian Financial Act**") and the Issuer's by-laws in force from time to time, the following meanings:

"**Block Voting Instruction**" means, in relation to any Meeting, a document in the English language issued by a Noteholder through the relevant Monte Titoli Account Holder:

(a) certifying that certain specified Notes (the "deposited Notes") have been blocked in an account with such Monte Titoli Account Holder and will not be released until the earlier of:

(i) the conclusion of the Meeting; and

(ii) the surrender to such Monte Titoli Account Holder, not less than 48 hours before the time fixed for the Meeting (or, if the Meeting has been adjourned, the time fixed for its resumption) of the receipt for the deposited or blocked Notes and notification thereof to the Issuer;

(b) certifying that the depositor of each deposited Note or a duly authorised person on its behalf has instructed the relevant Monte Titoli Account Holder that the votes attributable to such deposited Note are to be cast in a particular way on each resolution to be put to the Meeting and that, during the period of 48 hours before the time fixed for the Meeting, such instructions may not be amended or revoked;

(c) listing the total number of the deposited Notes, distinguishing for each resolution between those in respect of which instructions have been given to vote for, or against, the resolution; and

(d) authorising a named individual or individuals to vote in respect of the deposited Notes in accordance with such instructions;

"**Chairman**" means, in relation to any Meeting, the individual who takes the chair in accordance with paragraph 7 (*Chairman*);

"**Extraordinary Resolution**" means a resolution passed at a Meeting duly convened and held in accordance with this Schedule by a majority of not less than two thirds of the votes cast;

"**Further Meeting**" means a New Meeting following adjournment of a Second Meeting or any subsequent meeting;

"**Initial Meeting**" means any Meeting other than a New Meeting;

"**Meeting**" means a meeting of Noteholders (whether originally convened or resumed following an adjournment);

"**New Meeting**" means a meeting resumed after adjournment for want of quorum of a previous Meeting;

"**Proxy**" means, in relation to any Meeting, a person appointed to vote under a Block Voting Instruction other than:

(a) any such person whose appointment has been revoked and in relation to whom the Issuer has been notified in writing of such revocation by the time which is 48 hours before the time fixed for such Meeting; and

(b) any such person appointed to vote at a Meeting which has been adjourned for want of a quorum and who has not been re-appointed to vote at the Meeting when it is resumed;

"**Reserved Matter**" means any proposal:

(a) to change any date fixed for payment of principal or interest in respect of the Notes, to reduce or cancel the amount of principal or interest payable on any date in respect of the Notes, to reduce the rate or rates of interest in respect of the Notes or to alter the method of calculating the amount of any payment in respect of the Notes on redemption or maturity or the date for any such payment;

(b) to effect the exchange or substitution of the Notes for, or the conversion of the Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed;

(c) to change the currency in which amounts due in respect of the Notes are payable;

(d) to change the quorum required at any Meeting or the majority required to pass an Extraordinary Resolution;

(e) to make any alteration or modification to Condition 4 (*Status of the Notes*), 8 (Taxation) or 10 (*Events of Default and Enforcement*) other than those of a formal, minor or technical nature; or

(f) to amend this definition;

it being in any event understood, for the avoidance of doubt, that (i) any modification of the Notes under Condition 13.3 (*Modification of the Notes*) and (ii) any modification required in connection with effecting any Benchmark Amendment as described in Condition 4.4 shall not constitute a Reserved Matter.

"**Second Meeting**" means the first New Meeting following adjournment of an Initial Meeting;

"**Voter**" means, in relation to any Meeting, the bearer of a Voting Certificate or a Proxy;

"**Voting Certificate**" means, in relation to any Meeting, a certificate in the English language issued by a Monte Titoli Account Holder and dated, in which it is stated:

(a) that the deposited Notes have been blocked in an account with the relevant Monte Titoli Account Holder and will not be released until the earlier of:

(i) the conclusion of the Meeting; and

(ii) the surrender of such certificate to such Paying Agent; and

(b) that the bearer of such certificate is entitled to attend and vote at the Meeting in respect of the deposited Notes;

"**Written Resolution**" means a resolution in writing signed by or on behalf of:

(a) all holders of Notes who for the time being are entitled to receive notice of a Meeting; or

(b) if all such holders have been given at least 21 days' notice of such resolution, persons holding two thirds of the aggregate principal amount of the outstanding Notes,

in each case, in accordance with the provisions of these Provisions, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more such holders of the Notes;

"**24 hours**" means a period of 24 hours including all or part of a day upon which banks are open for business in the places where the relevant Meeting is to be held and in Milan (disregarding for this purpose the day upon which such Meeting is to be held) and such period shall be extended by one period or, to the extent necessary, more periods of 24 hours until there is included as aforesaid all or part of a day upon which banks are open for business as aforesaid; and

"**48 hours**" means 2 consecutive periods of 24 hours.

2. ISSUE OF VOTING CERTIFICATES AND BLOCK VOTING INSTRUCTIONS

The holder of a Note may obtain a Voting Certificate from the relevant Monte Titoli Account Holder or issue a Block Voting Instruction (through the relevant Monte Titoli Account Holder) by arranging for such Note to blocked in an account with the relevant Monte Titoli Account Holder not later than 48 hours before the time fixed for the relevant Meeting. A Voting Certificate or Block Voting Instruction shall be valid until the release of the deposited Notes to which it relates. So long as a Voting Certificate or Block Voting Instruction is valid, the bearer thereof (in the case of a Voting Certificate) or any Proxy named therein (in the case of a Block Voting Instruction) shall be deemed to be the holder of the Notes to which it relates for all purposes in connection with the Meeting. Any person or entity with which or to the order of which such Notes have been deposited as common depositary or common safekeeper, as the case may be, shall not be deemed for such purposes to be the holder of those Notes. A Voting Certificate and a Block Voting Instruction cannot be outstanding simultaneously in respect of the same Note.

3. VALIDITY OF BLOCK VOTING INSTRUCTIONS

A Block Voting Instruction shall be valid only if it is deposited at the registered office of the Issuer, or at some other place as may be advised by the Issuer, at least 24 hours before the time fixed for the relevant Meeting or the Chairman decides otherwise before the Meeting proceeds to business. If the Issuer requires, a notarised copy of each Block Voting Instruction and satisfactory proof of the identity of each Proxy named therein shall be produced at the Meeting.

4. CONVENING OF MEETING

The Issuer may convene a Meeting at any time, and shall be obliged to do so upon the request in writing of Noteholders holding not less than one tenth of the aggregate principal amount of the outstanding Notes.

5. NOTICE

At least 21 days' notice (exclusive of the day on which the notice is given and of the day on which the relevant Meeting is to be held) specifying the date, time and place of the Meeting and if the relevant Meeting will be held as a Single Call Meeting (as defined below) or as a Multiple Call Meeting (as defined below) shall be given by the Issuer to the Noteholders and the Paying Agents. The notice shall set out the full text of any resolutions to be proposed and shall state that the Notes may be blocked in an account with the relevant Monte Titoli Account Holder for the purpose of obtaining Voting Certificates or appointing Proxies not later than 48 hours before the time fixed for the Meeting.

6. CHAIRMAN

An individual (who may, but need not, be a Noteholder) nominated in writing by the Issuer may take the chair at any Meeting but, if no such nomination is made or if the individual nominated is not present within 15 minutes after the time fixed for the Meeting, those present shall elect one of themselves to take the chair failing which, the Issuer may appoint a Chairman. The Chairman of an adjourned Meeting need not be the same person as was the Chairman of the original Meeting.

7. QUORUM

A Meeting shall be validly held as a single call Meeting (*assemblea in unica convocazione*) ("**Single Call Meeting**") or as a multiple call meeting (i.e., each of the initial, second and further call of the Meeting respectively and collectively, a "**Multiple Call Meeting**").

A Meeting shall be validly held if attended by one or more Voters representing or holding:

(a) in the case of a Single Call Meeting:

  (i) for the purposes of considering a Reserved Matter, one half of the aggregate principal amount of the outstanding Notes; or

  (ii) for any other purposes, at least one fifth of the aggregate principal amount of the outstanding Notes;

(b) in the case of a Multiple Call Meeting:

  (i) in the case of an Initial Meeting,

    (A) for the purposes of considering a Reserved Matter, one half of the aggregate principal amount of the outstanding Notes;

    (B) for any other purposes, at least one half of the aggregate principal amount of the outstanding Notes;

  (ii) in the case of a Second Meeting:

    (A) for the purposes of considering a Reserved Matter, one half of the aggregate principal amount of the outstanding Notes; or

    (B) for any other purposes, at least one third of the aggregate principal amount of the outstanding Notes;

  (iii) in the case of a Further Meeting:

    (A) for the purposes of considering a Reserved Matter, one half of the aggregate principal amount of the outstanding Notes; or

    (B) for any other purposes, at least one fifth of the aggregate principal amount of the outstanding Notes.

The majority required to pass an Extraordinary Resolution shall be one or more Voters holding or representing:

(a) for voting on any matter other than a Reserved Matter, at least two thirds of the aggregate principal amount of the Notes represented at the Meeting;

(b) for voting on a Reserved Matter, the higher of (i) one half of the aggregate principal amount of the outstanding Notes (and (ii) at least two thirds of the aggregate principal amount of the Notes represented at the Meeting.

8. ADJOURNMENT FOR WANT OF QUORUM

If within 15 minutes after the time fixed for any Multiple Call Meeting a quorum is not present, then it shall be adjourned for such period which shall be:

(a) where specified in the notice to Noteholders of the Initial Meeting, not less than one day and no more than 30 days following the date of the previous Meeting; and

(b) in all other cases, not more than 30 days following the date of the previous Meeting.

9. ADJOURNED MEETING

The Chairman may, with the consent of (and shall if directed by) any Meeting, adjourn such Meeting from time to time and from place to place, but no business shall be transacted at any adjourned Meeting except business which might lawfully have been transacted at the Meeting from which the adjournment took place, provided however that no Meeting may be adjourned more than twice for want of quorum unless the Issuer's by-laws provide otherwise.

10. NOTICE FOLLOWING ADJOURNMENT

Paragraph 5 (*Notice*) shall apply to any Meeting which is to be resumed after adjournment for want of a quorum save that:

(a) where the notice to Noteholders of the Initial Meeting specifies the date for a New Meeting, no further notice need be given to Noteholders;

(b) where a further notice to Noteholders is required, 10 days' notice (exclusive of the day on which the notice is given and of the day on which the Meeting is to be resumed) shall be sufficient.

The notice shall specifically set out the quorum requirements which will apply when the Meeting resumes.

It shall not be necessary to give notice of the resumption of a Meeting which has been adjourned for any other reason.

11. PARTICIPATION

The following may attend and speak at a Meeting:

(a) Voters;

(b) representatives of the Issuer (including, as the case may be, any of its directors, statutory auditors and officers);

(c) the financial advisers of the Issuer;

(d) the legal counsel to the Issuer; and

(e) any other person approved by the Meeting.

12. SHOW OF HANDS

Every question submitted to a Meeting shall be decided in the first instance by a show of hands. Unless a poll is validly demanded before or at the time that the result is declared, the Chairman's declaration that on a show of hands a resolution has been passed, passed by a particular majority, rejected or rejected by a particular majority shall be conclusive, without proof of the number of votes cast for, or against, the resolution. Where there is only one Voter, this paragraph 12 shall not apply and the resolution will immediately be decided by means of a poll.

13. POLL

A demand for a poll shall be valid if it is made by the Chairman, the Issuer or one or more Voters representing or holding not less than one fiftieth of the aggregate principal amount of the outstanding Notes. The poll may be taken immediately or after such adjournment as the Chairman directs, but any poll demanded on the election of the Chairman or on any question of adjournment shall be taken at the Meeting without adjournment. A valid demand for a poll shall not prevent the continuation of the relevant Meeting for any other business as the Chairman directs.

14. VOTES

Every Voter shall have:

(a) on a show of hands, one vote; and

(b) on a poll, the number of votes obtained by dividing the aggregate principal amount of the outstanding Note(s) represented or held by him by the unit of currency in which the Notes are denominated.

In the case of a voting tie the Chairman shall have a casting vote.

Unless the terms of any Block Voting Instruction state otherwise, a Voter shall not be obliged to exercise all the votes to which he is entitled or to cast all the votes which he exercises in the same way.

15. VALIDITY OF VOTES BY PROXIES

Any vote by a Proxy in accordance with the relevant Block Voting Instruction shall be valid even if such Block Voting Instruction or any instruction pursuant to which it was given has been amended or revoked, provided that the Issuer has not been notified in writing of such amendment or revocation by the time which is 48 hours before the time fixed for the relevant Meeting. Unless revoked, any appointment of a Proxy under a Block Voting Instruction in relation to a Meeting shall remain in force in relation to any resumption of such Meeting following an adjournment, provided, however, that, unless the Block Voting Instructions specify otherwise, no such appointment of a Proxy in relation to a Meeting originally convened which has been adjourned for want of a quorum shall remain in force in relation to such Meeting when it is resumed and any person appointed to vote at such a Meeting must be re-appointed under a further Block Voting Instruction to vote at the Meeting when it is resumed.

16. POWERS

A Meeting shall have power (exercisable by Extraordinary Resolution), without prejudice to any other powers conferred on it or any other person:

(a) to approve any Reserved Matter;

(b) to approve any proposal by the Issuer for any modification, alteration, abrogation, variation or compromise of any of the Conditions or any arrangement in respect of the obligations of the Issuer under or in respect of the Notes;

(c) to approve the substitution of any person for the Issuer (or any previous substitute) as principal obligor under the Notes;

(d) to waive any breach or authorise any proposed breach by the Issuer of its obligations under or in respect of the Notes or any act or omission which might otherwise constitute an event of default under the Notes;

(e) to authorise the Agent or any other person to execute all documents and do all things necessary to give effect to any Extraordinary Resolution;

(f) to give any other authorisation or approval which is required to be given by Extraordinary Resolution; and

(g) to appoint any persons (whether Noteholders or not) as a committee to represent the interests of the Noteholders and to confer upon such committee any powers which the Noteholders could themselves exercise by Extraordinary Resolution,

it being in any event understood, for the avoidance of doubt, that any substitution or modification of the Notes under Condition 13.3 (*Modification of the Notes*) shall not be subject to any approval or resolution by the Meeting.

17. EXTRAORDINARY RESOLUTION BINDS ALL HOLDERS

An Extraordinary Resolution shall be binding upon all Noteholders and holders of Coupons and Talons whether or not present at such Meeting and each of the Noteholders shall be bound to give effect to it accordingly. Notice of the result of every vote on an Extraordinary Resolution shall be given to the Noteholders and the Paying Agents (with a copy to the Issuer) within 14 days of the conclusion of the Meeting.

18. MINUTES

Minutes shall be made of all resolutions and proceedings at each Meeting. The Chairman shall sign the minutes, which shall be prima facie evidence of the proceedings recorded therein. Unless and until the contrary is proved, every such Meeting in respect of the proceedings of which minutes have been summarised and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.

19. WRITTEN RESOLUTION

A Written Resolution shall take effect as if it were an Extraordinary Resolution.

FORM OF THE NOTES

Notes in Physical Form

Each Tranche of Notes will be in bearer form and will be initially issued in the form of a Temporary Global Note (a "**Temporary Global Note**") or, if so specified in the relevant Final Terms, a Permanent Global Note (a "**Permanent Global Note**") which, in either case, will:

(i) if the Global Notes are intended to be issued in new global note ("**NGN**") form, as stated in the relevant Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the "**Common Safekeeper**") for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream, Luxembourg**"); and

(ii) if the Global Notes are not intended to be issued in NGN form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the "**Common Depositary**") for, Euroclear and Clearstream, Luxembourg.

Whilst any Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Note if the Temporary Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Issuing and Paying Agent.

On and after the date (the "**Exchange Date**") which is 40 days after a Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (a) interests in a Permanent Global Note of the same Series or (b) for definitive Notes of the same Series with, where applicable, receipts, interest coupons ("**Coupons**") and talons ("**Talons**") attached (as indicated in the relevant Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the relevant Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification.

The relevant Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, receipts, interest coupons and talons attached upon either (a) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) to the Issuing and Paying Agent as described therein or (b) only upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that (i) an Event of Default (as defined in Condition 9) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 13 of the Terms and Conditions of the Notes in Physical Form if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) may give notice to the Issuing and Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Issuing and Paying

Agent requesting exchange. Any such exchange shall occur not later than 60 days after the date of receipt of the first relevant notice by the Issuing and Paying Agent.

The following legend will appear on all Notes which have an original maturity of more than 365 days and on all receipts and interest coupons relating to such Notes:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, receipts or interest coupons.

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Pursuant to the Agency Agreement of the Notes in Physical Form (as defined in the "*Terms and Conditions of the Notes in Physical Form*"), the Issuer procures that the Issuing and Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

Notwithstanding the provisions of Condition 5.5 of the Terms and Conditions of the Notes in Physical Form, where any note is represented by a Global Note, "**Payment Day**" means:

(a) if the currency of payment is euro, any day on which the T2 System is open and a day on which dealings in foreign currencies may be carried on in each (if any) additional financial centre; or

(b) if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the principal financial centre of the currency of payment and in each (if any) additional financial centre.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the relevant Final Terms or as may otherwise be approved by the Issuer and the Issuing and Paying Agent.

Dematerialised Notes

Dematerialised Notes will be held in dematerialised form on behalf of the beneficial owners, until redemption or cancellation thereof, by Monte Titoli, for the account of the relevant Monte Titoli Account Holders. The expression "Monte Titoli Account Holders" means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Monte Titoli and includes any depository banks appointed by Euroclear Bank SA/NV as operator of the Euroclear and Clearstream, Luxembourg.

The Notes will at all times be held in book entry form and title to the Notes will be evidenced by book entries pursuant to the relevant provisions of the Consolidated Finance Act and in accordance with the CONSOB and Bank of Italy Regulation. The Noteholders may not require physical delivery of the Notes. However, the Noteholders may ask the relevant intermediaries for certification pursuant to Article 83-*quinquies* and 83-*sexies* of the Consolidated Finance Act.

FORM OF FINAL TERMS

Set out below is the form of Final Terms which the Issuer expects will be completed for each Tranche of Notes issued under the Programme.

[**PROHIBITION OF SALES TO EEA RETAIL INVESTORS –** The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No. 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

[**PROHIBITION OF SALES TO UK RETAIL INVESTORS –** The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

[**MIFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, "**MiFID II**")] [MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.]

[**UK MIFIR product governance / Professional investors and ECPs only target market –** Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the [Notes] (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[**Singapore Securities and Futures Act Product Classification** – Solely for the purposes of its obligations pursuant to Sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore)(as modified or amended from time to time, the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Notes are

["prescribed capital markets products"]/["capital markets products other than prescribed capital markets products"] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).]

Final Terms dated [●]

BFF BANK S.p.A.
(incorporated with limited liability in the Republic of Italy with its registered office in Milan; number 07960110158 in the Register of Companies)

Legal Entity Identifier (LEI): 815600522538355AE429

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

under the €2,500,000,000
Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the [Terms and Conditions of the Notes in Physical Form] [Terms and Conditions of the Dematerialised Notes] set forth in the Base Prospectus dated 3 October 2023 [and the Supplement to the Base Prospectus dated [*date*]] [which [together] constitute[s] a base prospectus for the purposes of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**")][3]. This document constitutes the Final Terms of the Notes described herein [for the purposes of Article 8 of the Prospectus Regulation][4] and must be read in conjunction with the Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented].

The Base Prospectus [and the supplement to the Base Prospectus dated [*date*]] is available for viewing at, and copies of it may be obtained from, the registered office of the Issuer, and will be published on the website of Euronext Dublin (https://live.euronext.com/).

(Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.)

(*When completing the final terms consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation.*)

(If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency. Senior Non-Preferred Notes must have a denomination of at least €150,000 and Subordinated Notes must have a denomination of at least €200,000 – or, where the Senior Non-Preferred Notes or the Subordinated Notes, as applicable, are denominated in a Specified Currency other than Euro, the equivalent amount in such other Specified Currency.)

1.	(a)	Series Number:	[●]
	(b)	Tranche Number:	[●]
	[(c)	Date on which Notes become fungible:]	[Not Applicable]/[The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [●] on [[●]/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in

[3] Delete for unlisted Notes

[4] Delete for unlisted Notes

			paragraph 24 below [which is expected to be on or about [●].]
2.	Specified Currency or Currencies:		[Euro ("**EUR**")] / [Polish Zloty ("**PLN**")] / [●]
3.	Aggregate Nominal Amount:		
	(a)	[Series:	[●]]
	(b)	[Tranche:	[●]]
4.	Issue Price:		[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●]] (*insert date if applicable*)]
5.	(a)	Specified Denominations:	[●] *(Senior Non-Preferred Notes must have a denomination of at least €150,000 and Subordinated Notes must have a denomination of at least €200,000 (or, where the Senior Non-Preferred Notes or the Subordinated Notes, as applicable, are denominated in a Specified Currency other than Euro, the equivalent amount in such other Specified Currency))* (*N.B. If an issue of Notes is (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Regulation the €100,000 minimum denomination is not required.*) *(Note — where multiple denominations above €100,000 or equivalent are being used the following sample wording should be followed:* "*€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. No Notes in definitive form will be issued with a denomination above €199,000 or below €100,000.*")
	(b)	Calculation Amount:	[●] (*If only one Specified Denomination, insert the Specified Denomination. If more than one specified Denomination, insert the highest common factor. Note: there must be a common factor in the case of two or more Specified Denominations.*)
6.	(a)	Issue Date:	[●]
	(b)	Interest Commencement Date:	[*specify*/Issue Date/Not Applicable]

			(*N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.*)
7.	Maturity Date:		[*Fixed Rate – specify date/Floating Rate* – Interest Payment Date falling in or nearest to [*specify month and year*]] (*Unless otherwise permitted by current laws, regulations, directives and/or the Relevant Authority's requirements applicable to the Issuer or the Group (as the case may be) (i) Senior Non-Preferred Notes must have a minimum maturity of twelve months and (ii) Subordinated Notes must have a minimum maturity of five years*).
8.	Interest Basis:		[[●] per cent. Fixed Rate [from [●] to [●], then [●] per cent. Fixed Rate from [●] to [●]]] [[EURIBOR/WIBOR] +/- [●] per cent. Floating Rate] [Floating Rate: CMS Linked Interest] [Floating Rate: SONIA Linked Interest] [Fixed-Floating Rate] [Floating-Fixed Rate] [Zero Coupon] (further particulars specified in paragraph [12/13/14/15/16/17] below)
9.	Change of Interest Basis or Change of Redemption/Payment Basis:		[Fixed Rate to Floating Rate] / [Floating Rate to Fixed Rate] / [Applicable/Not Applicable] (*If applicable, specify details of the relevant basis change (and in the case of a change of Interest Basis the relevant Interest Periods to which the change(s) in Interest Basis applies)*)
10.	Put/Call Options:		[Regulatory Call] [Issuer Call due to a MREL Disqualification Event] [Issuer Call] [Clean-Up Call] [(further particulars specified in paragraphs 18-21 below)]
11.	(i)	Status of the Notes:	[Senior Preferred Notes/Senior Non-Preferred Notes/Subordinated Notes]
	(ii)	Date [Board] approval for issuance of Notes obtained:	[●] / Not Applicable (*Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes*)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

12.	Fixed Rate Note Provisions:	[Applicable/Not Applicable/Applicable for the period starting from [●] [and including]

		[●] ending on [but excluding] [●]] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a) Rate(s) of Interest:	[●] per cent. per annum [payable [annually/semi-annually/quarterly/*specify* other] in arrear] [*specify other in case of different Rates of Interest in respect of different Fixed Interest Periods*]
	(b) Interest Payment Date(s):	[●] in each year up to and including [the Maturity Date/[●]] (*N.B. This will need to be amended in the case of long or short coupons*)
	(c) Fixed Coupon Amount(s):	[●] per Calculation Amount (*Applicable to Notes in definitive form*) *(Specify different Fixed Coupon Amounts if different Rates of Interest are specified as being applicable in respect of different Fixed Interest Periods)*
	(d) Broken Amount(s):	[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●] (*Applicable to Notes in definitive form*)
	(e) Day Count Fraction: (Condition 2)	[Actual/Actual (ISDA) Actual/Actual (ICMA) Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 360/360 Bond Basis 30E/360 Eurobond Basis 30E/360 (ISDA)]
	(f) Interest Determination Date(s):	[●] in each year (*Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon*) (*N.B. This will need to be amended in the case of regular interest payment dates which are not of equal duration*) (*N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA)*)
13.	Reset Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)

(a)	Initial Rate of Interest:	[●] 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):	[●] in each year up to and including [the Maturity Date/[●]]
(e)	Fixed Coupon Amount up to (but excluding) the First Reset Date:	[●] per Calculation Amount (*Applicable to Notes in definitive form*) *(Specify different Fixed Coupon Amounts if different Rates of Interest are specified as being applicable in respect of different Fixed Interest Periods)*
(f)	Broken Amount(s):	[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●] (*Applicable to Notes in definitive form*)
(g)	First Reset Date:	[●]
(h)	Second Reset Date:	[●] / Not Applicable
(i)	Subsequent Reset Date(s):	[●] / Not Applicable
(j)	Mid-Swap Floating Leg Benchmark Rate:	[●]
(k)	Relevant Screen Page:	[ISDAFIX1]/[ISDAFIX2]/[ISDAFIX3]/ [ISDAFIX4]/[ISDAFIX5]/[ISDAFIX6]/[●]/ [Not Applicable]
(l)	Mid-Swap Rate:	[Single Mid-Swap Rate/Mean Mid-Swap Rate]
(m)	Mid-Swap Maturity:	[●]
(n)	Reset Reference Rate Conversion:	[Applicable/Not Applicable]
(o)	Original Reset Reference Rate Payment Basis:	[Annual/Semi-annual/Quarterly/Monthly/Not Applicable]
(p)	Day Count Fraction:	[Actual/Actual (ISDA) Actual/Actual (ICMA) Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 360/360 Bond Basis 30E/360 Eurobond Basis 30E/360 (ISDA)]
(q)	Interest Determination Date(s):	[●] in each year

	(r)	Additional Business Centre(s):	[●]
	(s)	Calculation Agent:	[Principal Paying Agent]/[Issuer]/[●]
14.	Floating Rate Note Provisions:		[Applicable/Not Applicable/Applicable for the period starting from [●] [and including] [●] ending on [but excluding] [●]] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Specified Period(s)/Specified Interest Payment Dates:	[●]
	(b)	First Interest Payment Date:	[●]
	(c)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
	(d)	Relevant Financial Centre(s):	[●]
	(e)	Business Centre(s):	[●]
	(f)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination]
	(g)	Calculation Agent responsible for calculating the Rate of Interest and Interest Amount (if not the Fiscal Agent):	[●]
	(h)	Screen Rate Determination:	
		(i) Reference Rate:	[[EURIBOR]/[SONIA] / [WIBOR] / [CMS Rate]]
		In the case of CMS Rate:	
		- Reference Currency:	[●]
		- Designated Maturity:	[●]
		- Calculation Agent / Fiscal Agent:	[●]
		(ii) Interest Determination Date(s):	[●] (*in the case of a CMS Rate where the Reference Currency is Euro*):[Second day on which the T2 is open prior to the start of each Interest Period] *(in the case of a CMS Rate where the Reference Currency is other than Euro*):[Second [specify type of day] prior to the start of each Interest Period]

(*Second day on which the T2 is open prior to the start of each Interest Period if EURIBOR, first day of Interest Period if the Specified Currency is Sterling and second business day in the Relevant Financial Centre prior to the first day of such Interest Period if the Specified Currency is neither Sterling nor euro)*

(iii) Specified Time: [●]

(iv) Multiplier: [●] / [Not Applicable]

(v) Reference Rate Multiplier: [●] / [Not Applicable]

(vi) Relevant Screen Page: (*In the case of a CMS Rate*): [ICESWAP2]

(*In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately*)

(In the case of CMS Linked Interest Note, specify relevant screen page and any applicable headings and captions)

(vii) p: [●] [Not Applicable]

(*Only applicable to SONIA Linked Interest Notes*)

(i) ISDA Determination:

(i) Floating Rate Option: [●]

(ii) Designated Maturity: [●]

(iii) Reset Date: [●]

(*In the case of a EURIBOR or CMS Rate based option, the first day of the Interest Period*)

(iv) ISDA Definitions: [2006/2021]

(v) 2021 ISDA Definitions: [Applicable / Not Applicable]

(vi) Applicable Benchmark: [●] / [Not Applicable]

(vii) Fixing Day: [●]

(viii) Fixing Time: [●]

(ix) Additional terms relating to the 2021 ISDA Definitions: [●] / [Not Applicable]

(j) Margin(s): [+/-] [●] per cent. per annum

(k) Minimum Rate of Interest: [●] per cent. per annum

(l) Maximum Rate of Interest: [●] per cent. per annum

	(m)	Multiplier:	[●] / [Not Applicable]
	(n)	Reference Rate Multiplier:	[●] / [Not Applicable]
	(o)	Day Count Fraction:	[Actual/Actual (ISDA) Actual/Actual (ICMA) Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 360/360 Bond Basis 30E/360 Eurobond Basis 30E/360 (ISDA)]
	(p)	Linear Interpolation:	[Not Applicable / Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each long or short interest period*)]
15.	Fixed-Floating Rate Note Provisions:		[Applicable/Not Applicable] [[●] per cent. Fixed Rate in respect of the Fixed Interest Period(s) ending on (but excluding) [●], then calculated in accordance with paragraph 13 above.]
16.	Floating-Fixed Rate Note Provisions:		[Applicable/Not Applicable] [[*Floating Rate*] in respect of the Interest Period(s) ending on (but excluding) [●], then calculated in accordance with paragraph 12 above.]
17.	Zero Coupon Note Provisions:		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Accrual Yield:	[●] per cent. per annum
	(b)	Reference Price:	[●]
	(c)	Day Count Fraction in relation to Early Redemption Amounts and late payment:	[Condition 6.7 applies] (C*onsider applicable day count fraction if not U.S. dollar denominated*)

PROVISIONS RELATING TO REDEMPTION

18.	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 Relevant Authority's requirements applicable to the issue of Subordinated Notes by the Issuer, the Optional Redemption Date shall not be earlier than five years after the Issue Date*)
	(b)	Optional Redemption Amount:	[[●] per Calculation Amount]
	(c)	Partial redemption:	[Applicable/Not Applicable] (*If not applicable, delete the remaining items of this subparagraph*)
		If redeemable in part:	
		(i) Minimum Redemption Amount:	[●]
		(ii) Maximum Redemption Amount:	[●]
	(d)	Notice period (if other than as set out in the Conditions):	[●] (*N.B. If setting notice periods which are different from those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Issuing and Paying Agent or Fiscal Agent*)
19.	Regulatory call:		[Condition 6.3 is applicable/Not Applicable] (*Only applicable for Subordinated Notes*)
20.	Issuer Call due to a MREL Disqualification Event		[Condition 6.4 is applicable/Not Applicable] (*Only applicable for Senior Notes*)
21.	Clean-Up Call:		[Applicable/Not Applicable]
	(a)	Clean-Up Call Percentage:	[75 per cent. / [●] per cent.]
22.	Final Redemption Amount:		[[●] per Calculation Amount] (*N.B. The Final Redemption Amount will always be equal to at least 100 per cent. of the aggregate principal amount of the Notes. In relation to any issue of Notes which are expressed at paragraph 5 above to have a minimum denomination and tradeable amounts above such minimum denomination which are smaller than it the following wording should be added: "For the avoidance of doubt, in the case of a holding*

		of Notes in an integral multiple of [●] in excess of [●] as envisaged in paragraph 5 above, such holding will be redeemed at its nominal amount.")
23.	Early Redemption Amount payable on redemption for taxation, regulatory reasons, MREL Disqualification Event or on event of default:	[Not Applicable (*if Early Redemption Amount is the principal amount of the Notes*)*/ specify [●] per Calculation Amount*]
24.	Modification of the Notes:	[Condition [14.2/12.2] applies/Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25.	Form of Notes:	[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]* [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]* [Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]* (**The exchange upon notice options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 5 above includes language substantially to the following effect: "€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.*) [Dematerialised Note held by Monte Titoli on behalf of the beneficial owners, until redemption or cancellation thereof, for the account of the relevant Monte Titoli Account Holders]
26.	New Global Note:	[Yes] / [No] / [Not Applicable]
27.	Additional Financial Centre(s) or other special provisions relating to Payment Dates: (Condition 5)	[Not Applicable/*give details*] (*Note that this item relates to the place of payment and not Interest Period end dates to which item 12(d) relates*)
28.	Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No. *If yes, insert as follows:* One Talon in the event that more than 27 Coupons need to be attached to each Definitive Note. On and after the Interest

Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon comprised in the Coupon sheet may be surrendered at the specified office of the Paying Agent in exchange for a further Coupon sheet. Each Talon shall be deemed to mature in the Interest Payment Date on which the final Coupon comprised in the relevant Coupon sheet matures.]

THIRD PARTY INFORMATION

[The Issuer accepts responsibility for [(*Relevant third party information*)] which 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 BFF Bank 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 the regulated market of *[Euronext Dublin] and, if relevant, admission to an official list*] with effect from [●].] [Application will be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the regulated market of *[Euronext Dublin] and, if relevant, admission to an official list*] with effect from [●].] [Not Applicable.]
(ii)	Estimate of total expenses related to admission to trading:	[●]

2. **RATINGS**

Ratings: [The Notes are not expected to be rated/The Notes to be issued have been/are expected to be rated]:

[Moody's: [●]]
[DBRS Morningstar: [●]]
[[Other]: [●]]

[*Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider*.]

(*The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.*)

(*Insert the following where the relevant credit rating agency is established in the EEA:*)

[[*Insert legal name of particular credit rating agency entity providing rating*] is established in the EEA and [is included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority at http://www.esma.europa.eu/supervision/credit-rating-agencies/risk as being registered]/[has applied for registration although notification of the corresponding registration decision has not yet been provided by the relevant competent authority]/[is neither registered nor has it applied for registration] under Regulation (EU) No. 1060/2009, as amended (the "**CRA Regulation**").]

(*Insert the following where the relevant credit rating agency is not established in the EEA*:)

[[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EEA [but the rating it has given to the Notes is endorsed by [insert legal name of credit rating agency], which is established in the EEA and is included in the list of registered credit rating

agencies published on the website of the European Securities and Markets Authority at http:// www.esma.europa.eu/supervision/credit-rating-agencies/risk as being registered] / [but is certified] / [and is not certified under nor is the rating it has given to the Notes endorsed by a credit rating agency established in the EEA or the United Kingdom and registered] under Regulation (EU) No. 1060/2009, as amended (the "**CRA Regulation**").]

(*Insert the following with respect to UK CRA*:)

[[*Insert legal name of particular credit rating agency entity providing rating*] has been certified under Regulation (EU) No. 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**").]/ [[*Insert legal name of particular credit rating agency entity providing rating*] has not been certified under Regulation (EU) No. 1060/2009, as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation.] / [*Insert legal name of particular credit rating agency entity providing rating*] is established in the UK and registered under Regulation (EU) No. 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**"). [[*Insert legal name of particular credit rating agency entity providing rating*] appears on the latest update of the list of registered credit rating agencies (as of [*insert date of most recent list*]) on [*FCA*].

In general, European regulated investors are restricted from using a rating for regulatory purposes unless such rating is (1) issued by a credit rating agency established in the EEA and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA registered under the CRA Regulation or (3) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation.

Investors regulated in the UK are subject to similar restrictions under Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the EUWA (the "**UK CRA Regulation**"). As such, UK regulated investors are restricted from using a rating for regulatory purposes unless (1) such rating is issued by a credit rating agency established in the UK and registered under the UK CRA Regulation or (2) the rating is provided by a credit rating agency not established in the UK but is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or (3) the rating is provided by a credit rating agency not established in the UK which is certified under the UK CRA Regulation.

3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

[Save for any fees payable to the [Dealers/Managers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer]. *-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 AND ESTIMATED NET PROCEEDS**

Reasons for the offer:	[The net proceeds from the issue of the Notes will be used for its general funding purposes and to improve the regulatory capital structure of the Issuer] / [An amount equal to the net proceeds from the issue of the Notes will be used to finance or refinance Eligible Social Assets (as defined in the section entitled "*Use of Proceeds*" of the Base Prospectus)] / [●] [Further details on Eligible Social Assets are included in the Issuer's Social Bond Framework, made available on the Issuer's website in the investor relations sections at [●]]
Estimated net proceeds:	[●]

5. **YIELD** (Fixed Rate Notes only)

Indication of yield:	[●] / [Not Applicable]

6. **[Floating Rate Notes, SONIA Linked Notes and CMS Linked Interest Notes Only – HISTORIC INTEREST RATES**

[Details of historic [EURIBOR/WIBOR/CMS/SONIA] rates can be obtained from [Reuters]/[●].]

[Benchmarks:	Amounts payable under the Notes will be calculated by reference to [●] which is provided by [●]. As at [●], [●] [appears/does not appear] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of the Benchmarks Regulation (Regulation (EU) No. 2016/1011) (the "**Benchmarks Regulation**"). [As far as the Issuer is aware, [●] does/do not fall within the scope of the Benchmarks Regulation by virtue of Article 2 of that regulation] / [the transitional provisions in Article 51 of the Benchmarks Regulation apply [*Note: this wording applies only in respect of benchmark administrators located outside the EU since 31 December 2021*]], such that [●] is not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).]

7. **OPERATIONAL INFORMATION**

(i)	ISIN Code:	[●]
(ii)	Common Code:	[●]
(iii)	FISN Code	[[*include code*], as updated, as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN / Not Applicable / Not Available]
(iv)	CFI Code	[[*include code*], as updated, as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN / Not Applicable / Not Available]
(v)	Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, S.A. or Monte Titoli and the relevant identification number(s):	[Not Applicable/*give names(s) and number(s)*]
(vi)	Delivery:	Delivery [against/free of] payment
(vii)	Names and addresses of additional Paying Agent(s) (if any):	[●]
(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 intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] / [No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] [Not Applicable]

8. **DISTRIBUTION**

(i)	Method of distribution:		[Syndicated]/[Non-syndicated]
(ii)	If syndicated:		
	(A)	Names of Managers:	[Not Applicable/*give names and addresses*]
	(B)	Date of Subscription Agreement:	[●]
	(C)	Stabilising Manager(s) (if any):	[Not Applicable/*give name and addresses*]
(iii)	If non-syndicated, name and address of Dealer:		[●]
(iv)	U.S. Selling Restrictions:		[Reg. S Compliance Category 2; [TEFRA C]/[TEFRA D]/[TEFRA Not applicable]]
(v)	Prohibition of Sales to EEA Retail Investors		[Applicable/Not Applicable]
(vi)	Prohibition of Sales to UK Retail Investors		[Applicable/Not Applicable]

USE OF PROCEEDS

The net proceeds of the sale of each Tranche will be used by the Issuer in its ordinary course of business. If, in respect of any particular Tranche of Notes, there is a particular intended use of proceeds, this will be specified in the applicable Final Terms.

Social Bonds

The Issuer may also issue Notes under the Programme where an amount equal to the net proceeds of the issuance of such Notes is specified in the applicable Final Terms to be used for the financing and/or refinancing of eligible social loans or projects (collectively, the "**Eligible Social Assets**") (any Notes which have such a specified use of proceeds are referred to as "**Social Bonds**") in accordance with the Issuer's Social Bond Framework or in accordance with certain prescribed eligibility criteria as in such case shall be set out in the applicable Final Terms.

The categories of loans or projects that may be financed or refinanced with Social Bonds and the detailed eligibility criteria and related documentation requirements are set out in the Issuer's Social Bond Framework.

Eligible Social Assets are subject to certain eligibility criteria as described in the Issuer's Social Bond Framework and such projects will be evaluated, selected and approved based on the most updated version of such criteria at the time of approval, and remain eligible and in the portfolio notwithstanding the future updates to the criteria. A third party ESG agency or financial auditor appointed by the Issuer may check the compliance of the allocated assets with the selection process on an annual basis.

Under the Social Bond Framework, the Eligible Social Assets are loans and/or projects aimed at increasing the access to quality, timely and accessible healthcare, as well as increasing the availability of quality medical equipment to healthcare facilities and individuals for the benefit of the general public population (being the population who benefits from improvements to the public and private healthcare systems). The Issuer will, if and when appropriate, review and update the Social Bond Framework to incorporate new eligible categories or amend current categories.

The portfolio of loans that will be financed and/or refinanced by applying an amount equal to the net proceeds of Social Bonds will be reviewed, monitored and updated by the Issuer's ESG Committee (the "**ESG Committee**"). The ESG Committee currently comprises the entire top management (including the Vice President of Factoring & Lending, Vice President of Technology & Process Improvement, Vice President of Transaction Services, and the Directors), with the CFO serving as its chairman, and reports directly to the CEO as a Management Committee.

The Issuer's Finance Department will be in charge of allocating an amount corresponding to the net proceeds from the issuance of Social Bonds to the identified loans/assets that meet eligibility criteria set out in the Social Bond Framework, while the operating unit Group ESG & Financial Reporting Officer Support will track the amount corresponding to the net proceeds from the issuance of any Social Bonds, allocated to Eligible Social Assets. On a semi-annual basis, the Issuer's Finance Department will ensure that the amount of the portfolio of Eligible Social Assets exceeds the balance of net proceeds of all outstanding Social Bonds, while on an annual basis the ESG Committee will oversee the process of monitoring.

Pending the full allocation of the amount corresponding to the net proceeds from the issuance of Social Bonds or in the case of insufficient Eligible Assets, the Issuer will hold any unallocated funds in the Group's treasury investment portfolio in accordance with BFF's normal liquidity management, as detailed in the Social Bond Framework.

Pursuant to the Social Bond Framework, the Issuer intends to publish allocation reporting on an annual basis, starting from one year after the issuance of the first Social Bond. Such report will be verified by an external auditor and will be available on the Issuer's website.

The Issuer has appointed ISS Corporate Solutions as an external reviewer to provide the Second Party Opinion. The Second Party Opinion confirms the alignment of the Social Bond Framework with the ICMA 2023 Social Bond Principles.

The Social Bond Framework and other documentation relating to the Issuer's Social Bonds are subject to review and change and may be amended, updated, supplemented, replaced and/or withdrawn from time to time and any subsequent version(s) may differ from the description given in this Base Prospectus. Potential investors in Notes issued as Social Bonds should access the latest version of each relevant document on the Issuer's website. Any such amendment, update, supplementing, replacing and/or withdrawal after the issue date of any Notes which are Social Bonds may be applied in respect of such Notes already in issue.

None of the Social Bond Framework or any other document referred to in any of the foregoing, or the contents of any website referred to herein or therein are, or are deemed to be, incorporated in, or form part of, this Base Prospectus and/or any Final Terms relating to Notes issued as Social Bonds.

Prospective investors in Social Bonds should refer also to "*Risk Factors – Risks Relating to the Notes – Social Bonds*".

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The information set out in this Base Prospectus in relation to the Group has been derived from, and should be read in conjunction with, and is qualified by reference to:

(a) Condensed Half-Yearly Consolidated Financial Statements of the Issuer as at and for the six months ended 30 June 2023, prepared in accordance with IFRS applicable to interim financial reporting, International Accounting Standards 34, Interim Financial Reporting, and together with the accompanying notes and auditors' review report which can be found on the Issuer's website at:

https://investor.bff.com/documents/2212197/2352335/BFF_SEMESTRALE_2023_EN_6.09.23.pdf/93fa77d1-d909-7f20-0cb8-3ad7a13e3837

(b) the audited consolidated annual financial statements of the Group as at and for the year ended 31 December 2022, prepared in accordance with IFRS and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and article 43 of Legislative decree no. 136/15 and together with the accompanying notes and auditors' reports which can be found on the Issuer's website at:

https://investor.bff.com/documents/2212197/0/CONSOLIDATED_FINANCIAL_STATEMENTS_BFF_2022_Full_03.04.2023+%281%29.pdf/00b5c3d7-5e75-48d8-378c-19db81d95da9

(c) the audited consolidated annual financial statements of the Group as at and for the year ended 31 December 2021, prepared in accordance with IFRS and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and article 43 of Legislative decree no. 136/15 and together with the accompanying notes and auditors' reports which can be found on the Issuer's website at:

https://investor.bff.com/documents/2212197/0/BFF_Consolidated_Financial_Statements_2021_APR22.pdf/228a525d-6c14-7a84-bbb0-b4c0a7f14013

(d) the articles of association (*statuto*) of the Issuer (incorporated for information purposes):

https://investor.bff.com/documents/20152/0/2023.06.07+-+Statuto+-+BFF+Bank+S.p.A._ENG-Clean.pdf/999bd1f3-d9d0-4492-be07-1b3730fb992d

So long as any of the Notes remain outstanding copies of the above-mentioned consolidated financial statements will be made available at the office of the Fiscal Agent and at the registered office of the Issuer, in each case free of charge.

The statistical information presented herein may differ from information included in the historical consolidated financial statements and interim financial reports. In certain cases, the financial and statistical information is derived from financial and statistical information reported to the Bank of Italy or from internal management reporting.

The information set out below is taken from the unaudited condensed interim financial statements as at and for the six months ended 30 June 2023 and 2022 and the audited Consolidated Financial Statements for the years 2022 and 2021, as applicable.

The following table sets forth the income statement information for the indicated periods.

	For the six-month period ended 30 June		**For the year ended 31 December**	
	(Unaudited)		*(Audited)*	
Consolidated income statement	**2023**	**2022**	**2022**	**2021**
	(in € units)			
Interest and similar income	271,311,299	136,111,969	354,805,437	230,314,704

Consolidated income statement	For the six-month period ended 30 June (Unaudited) 2023	2022	For the year ended 31 December (Audited) 2022	2021
Of which: interest income calculated according to the effective interest method	*258,684,890*	*128,296,535*	*321,564,757*	*201,786,632*
Interest and similar expenses	(145,686,435)	(27,835,379)	(92,987,816)	(39,545,723)
Net interest income	**125,624,864**	**108,276,590**	**261,817,621**	**190,768,981**
Fee and commission income	55,035,629	64,319,920	127,594,743	109,277,422
Fee and commission expense	(18,817,149)	(18,523,108)	(36,939,094)	(28,498,392)
Net Fee and Commission income	36,218,480	45,796,812	**90,655,649**	**80,779,030**
Dividends and similar income	6,669,630	7,079,953	9,794,598	3,675,911
Profits/(losses) on trading	(5,252,009)	6,278,724	12,622,171	6,633,662
Profits /(losses) on disposals/repurchases of:	19,696,166	-	165,940	(12,649,882)
financial assets measured at amortized cost	*19,841,699*	-	*165,940*	*(6)*
financial assets measured at fair value through Other Comprehensive Income	*(145,533)*	-	-	-
financial liabilities	-	-	-	*(12,649,876)*
Profits (losses) on other financial assets and liabilities at fair value through profit or loss	(404,932)	4,007,101	5,154,401	2,733,566
other financial assets subject to mandatory fair value measurement	*(404,932)*	*4,007,101*	*5,154,401*	*2,733,566*
Net banking income	**182,552,199**	**171,439,180**	**380,210,380**	**271,941,267**
Net impairment losses/gains for credit risks associated with:	(1,855,803)	*(2,442,503)*	(5,905,199)	196,904
financial assets measured at amortized cost	*(1,855,803)*	*(2,442,503)*	*(5,905,199)*	*343,493*
financial assets measured at fair value through other comprehensive income	-	-	-	*(146,589)*
Net income from banking and insurance activities	180,696,396	**168,996,677**	**374,305,181**	**272,138,171**
Administrative expenses:	(89,839,170)	*(87,919,562)*	(170,602,997)	(170,365,575)
personnel expenses	*(40,594,665)*	*(38,535,233)*	*(74,351,758)*	*(73,233,590)*
other administrative expenses	*(49,244,505)*	*(49,384,329)*	*(96,251,239)*	*(97,131,985)*
Net provisions for risks and charges	415,434	(143,564)	(10,535,096)	2,265,324
commitments and guarantees given	*(104,946)*	*251,321*	*65,131*	*233,720*
other net provisions	*520,380*	*(394,885)*	*(10,600,227)*	*2,031,604*
Depreciation and net impairment losses on property, equipment and investment property	(2,331,651)	(2,591,892)	(5,005,378)	(5,132,422)
Amortization and net impairment losses on intangible assets	(3,927,535)	(3,062,976)	(7,641,714)	(4,950,500)
Other net operating income	19,314,551	12,043,043	150,393,890	102,508,187
Operating costs	**(76,368,371)**	**(81,674,950)**	**(43,391,294)**	**(75,674,985)**
Profit (loss) on equity investments	(424,871)	174,906	287,857	195,391
Profit before tax from continuing operations	**103,903,154**	**87,496,633**	**331,201,744**	**196,658,577**
Income taxes on continuing operations	(27,756,826)	(30,846,825)	(99,154,138)	713,846
Profit after tax from continuing operations	**76,146,328**	**56,649,808**	**232,047,606**	**197,372,423**
Profit (loss) for the period	**76,146,328**	**56,649,808**	**232,047,606**	**197,372,423**

(1) Please note that:

- The comparative income statement for the year ended December 31, 2021 does not include the balances of the months of January and February of the same year of the merged DEPObank;
- For the year ended 31 December 2022 and the six months ended 30 June 2023, financial expenses attributable to the year incurred for transactions in derivatives were reclassified from item 90 "Profits (losses) on hedging" to item 20 "Interest and similar expense". For comparative purposes,

the reclassification was also performed on the figures for the year ended 31 December 2021 and the six months ended 30 June 2022;

- For the year ended 31 December 2022 and the six months ended 30 June 2023, provisions relating to costs for pensions and similar obligations to employees were reclassified from item 170 b) "Net provisions for risks and charges - other net provisions" to item 160 a) "Personnel expenses", in line with what is set forth in Bank of Italy Circular 262 of 2005 as updated. As a result, for comparative purposes, the reclassification was also performed on the figures for the year ended 31 December 2021 and the six months ended 30 June 2022.

The following tables set forth the balance sheet information (on a reported basis) for the indicated periods.

	As of 30 June 2023 *(Unaudited)*	**As of 31 December 2022** *(Audited)*	**As of 31 December 2021** *(Audited)*
		(in € units)	
Assets			
Cash and cash equivalents	197,385,378	634,879,242	554,467,803
Financial assets measured at fair value through profit or loss	130,583,877	90,540,554	36,598,343
financial assets held for trading	*1,621,974*	*210,963*	*4,094,816*
other financial assets mandatorily measured at fair value	*128,961,903*	*90,329,591*	*32,503,527*
Financial assets measured at fair value through other comprehensive income	130,671,729	128,097,995	83,505,780
Financial assets measured at amortised cost	10,828,474,942	11,895,850,418	10,069,496,866
a) loans and receivables with banks	*525,441,858*	*478,203,260*	*404,099,101*
b) loans and receivables with customers	*10,303,033,084*	*11,417,647,158*	*9,665,397,765*
Hedging derivatives	-	-	13,098
Equity investments	13,128,233	13,655,906	13,483,781
Property, equipment and investment property	61,690,208	54,349,168	36,451,859
Intangible assets	69,448,231	70,154,575	67,547,298
of which goodwill	*30,956,911*	*30,956,911*	*30,874,236*
Tax assets	60,955,598	60,707,458	100,518,550
a) current	*2,450,872*	*513,588*	*41,389,440*
b) deferred	*58,504,726*	*60,193,870*	*59,129,110*
Other assets	516,141,384	394,181,565	214,613,950
Total Assets	**12,008,479,580**	**13,342,416,883**	**11,176,697,328**

	As of 30 June 2023 *(Unaudited)*	**As of 31 December 2022** *(Audited)*	**As of 31 December 2021** *(Audited)*
		(in € thousands)	
Liabilities and Equity			
Financial liabilities measured at amortised cost	10,648,138,359	11,994,762,826	10,010,352,805
a) due to banks	*1,023,316,808*	*1,166,365,115*	*795,053,359*
b) due to customers	*9,624,821,551*	*10,789,421,645*	*9,029,014,284*
c)debt securities issued	-	*38,976,066*	*186,285,162*
Financial liabilities held for trading	1,012,384	949,790	2,724,511
Hedging derivatives	65,773	14,313,592	4,814,350
Tax liabilities	156,118,777	136,002,627	100,684,173
a) current	*41,612,462*	*30,997,504*	*5,027,559*
b) deferred	*114,506,315*	*105,005,123*	*95,656,614*
Other liabilities	417,556,036	401,369,354	460,855,826
Post-employment benefits	3,073,668	3,238,366	3,709,582
Provisions for risks and charges:	31,649,037	33,012,775	21,959,653
a) commitments and guarantees given	*357,200*	*251,282*	*293,721*
b) pensions and similar obligations	*6,879,016*	*7,861,441*	*6,132,998*

	As of 30 June 2023	As of 31 December 2022	As of 31 December 2021
	(Unaudited)	*(Audited)*	*(Audited)*
c)other allowances for risks and charges	*24,412,821*	*24,900,052*	*15,532,934*
Valuation reserves	6,615,016	6,852,891	5,268,845
Additional Tier 1	150,000,000	150,000,000	-
Reserves	312,614,078	233,153,339	166,903,826
Interim dividend	-	(68,549,894)	-
Share premium reserve	66,277,204	66,277,204	66,492,997
Share capital	143,604,966	142,870,383	142,690,771
Treasury shares	(4,392,046)	(3,883,976)	(7,132,434)
Profit (loss) for the period	76,146,328	232,047,606	197,372,423
Total Liabilities and Equity	**12,008,479,580**	**13,342,416,883**	**11,176,697,328**

The following tables sets forth a summary and comparative breakdown of the Group's balance sheet as of 30 June 2023 and 31 December 2022 on a reclassified basis.

	As of 30 June 2023	As of 31 December 2022
	(Unaudited)	*(Audited)*
	(in € million)	
BFF Banking Group		
Loan Portfolio	5,252	5,442
Government securities HTC	5,208	6,129
Intangible Assets	69	70
Other assets[(1)]	1,478	1,700
Total Assets	**12,008**	**13,342**

[(1)] Includes ECB deposits, tax assets, repos, investments and other assets.

	As of 30 June 2023	As of 31 December 2022
	(Unaudited)	*(Audited)*
	(in € million)	
BFF Banking Group		
Equity	751	759
Online Deposits	1,744	1,283
Transaction Services Deposits	5,603	5,916
Repos	3,204	4,441
Other Liabilities[(1)]	706	944
Total Liabilities & Equity	**12,008**	**13,342**

[(1)] Includes bonds, loans and receivables with banks and other liabilities.

Economic, operating and financial indicators

The following tables shows the adjusted income statement of the Group, broken down by business unit, for the six months periods ended 30 June 2023 and 2022 and the twelve months period ended 31 December 2022 and 2021, with a reconciliation to the reported values.

	For the six months ended 30 June 2023						
	Factoring and Lending	**Securities Services**	**Payments**	**Corporate Centre**	**Adjusted**	**Adjustments**	**Reported**
Interest Income	**171.9**	**2.3**	**4.6**	**92.5**	**271.3**	**-**	**271.3**
Interest Expenses	(90.3)	-	-	(55.4)	(145.7)	-	(145.7)
Net Interest Income	**81.6**	**2.3**	**4.6**	**37.2**	**125.6**	**-**	**125.6**
Net Fee and Commission Income	1.5	12.3	23.4	(1.0)	36.2	-	36.2
Dividends	-	-	-	6.7	6.7	-	6.7
Gains/Losses on Trading	-	-	-	(5.3)	(5.3)	-	(5.3)
Fair value adjustments in hedge accounting	-	-	-	-	-	-	-
Gains/losses on disposal/repurchase of	-	-	-	19.7	19.7	-	19.7
a) financial assets measured at amortized cost	-	-	-	*19.8*	*19.8*	-	*19.8*
b) financial assets measured at fair value through OCI[1]	-	-	-	*(0.1)*	*(0.1)*	-	*(0.1)*
c) financial liabilities	-	-	-	-	-	-	-
Gains (losses) on other financial assets and liabilities measured at fair value through profit or loss	-	-	-	(0.4)	(0.4)	-	(0.4)
a) financial assets and liabilities designated at fair value	-	-	-	-	-	-	-
b) other financial assets mandatorily measured at fair value	-	-	-	*(0.4)*	*(0.4)*	-	*(0.4)*
Net Banking Income	**83.1**	**14.6**	**28.0**	**56.8**	**182.6**	**-**	**182.6**
Net adjustments/reversals of impairment for credit risk concerning:	(1.6)	-	-	(0.6)	(2.3)	-	(2.3)
a) financial assets measured at amortized cost	*(1.8)*	-	-	*(0.1)*	*(1.9)*	-	*(1.9)*
b) financial assets measured at fair value through OCI[1]	*0.1*	-	-	*(0.5)*	*(0.4)*	-	*(0.4)*
Administrative and Personnel Expenses	(21.9)	(10.1)	(16.0)	(35.6)	(83.6)	(6.2)	(89.8)
Net provisions for risks and charges	0.1	-	0.4	(0.1)	0.4	-	0.4
a) commitments and guarantees provided	*(0.1)*	-	-	-	*(0.1)*	-	*(0.1)*
b) other net allocations	*0.2*	-	*0.4*	*(0.1)*	*0.5*	-	*0.5*
Net Adjustments to/ Writebacks on Property, Plan and Equipment and Intangible Assets	(0.7)	(0.3)	(0.4)	(3.0)	(4.4)	(1.9)	(6.3)
Other Operating Income (Expenses)	12.7	0.0	5.8	0.8	19.3	-	19.3
Profit Before Income Taxes from Continuing Operations	**71.7**	**4.2**	**17.8**	**18.3**	**112.0**	**(8.1)**	**103.9**
Income Taxes					(30.1)	2.3	(27.8)
Net Income					**81.9**	**(5.8)**	**76.1**

[1] "Financial assets measured at fair value through OCI" includes "Gains (Losses) on equity investments" accounted separately in the consolidated financial accounts.

	For the six months ended 30 June 2022						
	Factoring and Lending	**Securities Services**	**Payments**	**Corporate Centre**	**Adjusted**	**Adjustments**	**Reported**
Interest Income	**101.6**	**6.2**	**4.5**	**23.8**	**136.1**	**-**	**136.1**
Interest Expenses	(27.1)	(1.2)	(0.5)	15.4	(13.4)	-	(13.4)
Net Interest Income	**74.6**	**5.0**	**4.1**	**39.1**	**122.8**	**-**	**122.8**
Net Fee and Commission Income	2.3	23.5	20.8	(0.8)	45.8	-	45.8
Dividends	-	-	-	7.1	7.1	-	7.1
Gains/Losses on Trading	-	-	-	5.1	5.1	1.2	6.3
Fair value adjustments in hedge accounting	-	-	-	(14.5)	(14.5)	-	(14.5)
Gains/losses on disposal/repurchase of	-	-	-	-	-	-	-
a) *financial assets measured at amortized cost*	-	-	-	-	-	-	-

	For the six months ended 30 June 2022						
	Factoring and Lending	**Securities Services**	**Payments**	**Corporate Centre**	**Adjusted**	**Adjustments**	**Reported**
b) *financial assets measured at fair value through OCI*[1]	-	-	-	-	-	-	-
c) financial liabilities	-	-	-	-	-	-	-
Gains (losses) on other financial assets and liabilities measured at fair value through profit or loss	-	-	-	4.0	4.0	-	4.0
a) financial assets and liabilities designated at fair value	-	-	-	-	-	-	-
b) other financial assets mandatorily measured at fair value	-	-	-	*4.0*	*4.0*	-	*4.0*
Net Banking Income	**76.8**	**28.6**	**24.9**	**40.0**	**170.3**	**1.2**	**171.4**
Net adjustments/reversals of impairment for credit risk concerning:	(2.1)	-	-	(0.2)	(2.3)	-	(2.3)
a) *financial assets measured at amortized cost*	*(2.1)*	-	-	*(0.2)*	*(2.3)*	-	*(2.3)*
b) *financial assets measured at fair value through OCI*[1]	*0.0*	-	-	*(0.0)*	*0.0*	-	*0.0*
Administrative and Personnel Expenses	(19.0)	(12.8)	(15.4)	(28.0)	(75.3)	(9.7)	(85.0)
Net provisions for risks and charges	-	(0.5)	0.1	(2.7)	(3.1)	-	(3.1)
a) commitments and guarantees provided	-	-	-	*0.3*	*0.3*	-	*0.3*
b) other net allocations	-	-	-	*(3.3)*	*(3.3)*	-	*(3.3)*
Net Adjustments to/ Writebacks on Property, Plan and Equipment and Intangible Assets	(0.7)	(0.1)	(0.1)	(3.3)	(4.3)	(1.4)	(5.7)
Other Operating Income (Expenses)	4.7	(0.0)	5.7	1.6	12.0	-	12.0
Profit Before Income Taxes from Continuing Operations	**59.8**	**15.1**	**15.1**	**7.5**	**97.4**	**(10.0)**	**87.5**
Income Taxes					(28.9)	(1.9)	(30.8)
Net Income					**68.5**	**(11.9)**	**56.6**

[1] "Financial assets measured at fair value through OCI" includes "Gains (Losses) on equity investments" accounted separately in the consolidated financial accounts.

	For the year ended 31 December 2022						
	Factoring and Lending	**Securities Services**	**Payments**	**Corporate Centre**	**Adjusted**	**Adjustments**	**Reported**
Interest Income	**247.4**	**8.8**	**6.6**	**62.7**	**325.5**	**29.3**	**354.8**
Interest Expenses	(93.6)	-	-	0.6	(93.0)	-	(93.0)
Net Interest Income	**153.7**	**8.8**	**6.6**	**63.3**	**232.5**	**29.3**	**261.8**
Net Fee and Commission Income	3.5	42.4	45.4	(0.8)	90.7	-	90.7
Dividends	-	-	-	9.8	9.8	-	9.8
Gains/Losses on Trading	-	-	-	10.2	10.2	2.4	12.6
Fair value adjustments in hedge accounting	-	-	-	-	-	-	-
Gains/losses on disposal/repurchase of	-	-	-	0.2	0.2	-	0.2
a) financial assets measured at amortized cost	-	-	-	*0.2*	*0.2*	-	*0.2*
b) financial assets measured at fair value through OCI[1]	-	-	-	-	-	-	-
c) financial liabilities	-	-	-	-	-	-	-
Gains (losses) on other financial assets and liabilities measured at fair value through profit or loss	-	-	-	5.2	5.2	-	5.2
a) financial assets and liabilities designated at fair value	-	-	-	-	-	-	-
b) other financial assets mandatorily measured at fair value	-	-	-	*5.2*	*5.2*	-	*5.2*
Net Banking Income	**157.3**	**51.3**	**52.0**	**87.9**	**348.5**	**31.8**	**380.2**
Net adjustments/reversals of impairment for credit risk concerning:	(5.8)	-	-	0.2	(5.6)	-	(5.6)
a) financial assets measured at amortized cost	*(5.9)*	-	-	*0.0*	*(5.9)*	-	*(5.9)*
b) financial assets measured at fair value through OCI[1]	*0.1*	-	-	*0.2*	*0.3*	-	*0.3*
Administrative and Personnel Expenses	(42.4)	(24.5)	(31.8)	(60.7)	(159.5)	(11.1)	(170.6)

	For the year ended 31 December 2022						
	Factoring and Lending	**Securities Services**	**Payments**	**Corporate Centre**	**Adjusted**	**Adjustments**	**Reported**
Net provisions for risks and charges	(0.5)	-	-	-	(0.5)	(10.0)	(10.5)
a) commitments and guarantees provided	*0.1*	-	-	-	*0.1*	-	*0.1*
b) other net allocations	*(0.6)*	-	-	-	*(0.6)*	*(10.0)*	*(10.6)*
Net Adjustments to/ Writebacks on Property, Plan and Equipment and Intangible Assets	(1.4)	(0.2)	(0.3)	(6.2)	(8.1)	(4.6)	(12.6)
Other Operating Income (Expenses)	12.8	1.2	11.3	5.3	30.7	119.7	150.4
Profit Before Income Taxes from Continuing Operations	**120.0**	**27.8**	**31.3**	**26.4**	**205.4**	**125.8**	**331.2**
Income Taxes					(59.4)	(39.8)	(99.2)
Net Income					**146.0**	**86.0**	**232.0**

(1) "Financial assets measured at fair value through OCI" includes "Gains (Losses) on equity investments" accounted separately in the consolidated financial accounts.

	For the year ended 31 December 2021						
	Factoring and Lending	**Securities Services**	**Payments**	**Corporate Centre**	**Adjusted**	**Adjustments**	**Reported**
Interest Income	**195.0**	**11.1**	**7.2**	**19.8**	**233.2**	**(2.8)**	**230.3**
Interest Expenses	(46.1)	(0.3)	-	12.4	(34.0)	(1.0)	(35.0)
Net Interest Income	**148.9**	**10.8**	**7.2**	**32.3**	**199.2**	**(3.9)**	**195.3**
Net Fee and Commission Income	5.6	46.1	43.8	(1.2)	94.3	(13.5)	80.8
Dividends	-	-	-	3.7	3.7	-	3.7
Gains/Losses on Trading	-	-	-	0.7	0.7	(1.2)	(0.5)
Fair value adjustments in hedge accounting	-	-	-	2.6	2.6	-	2.6
Gains/losses on disposal/repurchase of	-	-	-	-	(0.0)	(12.6)	(12.6)
a) financial assets measured at amortized cost	-	-	-	-	*(0.0)*	-	*(0.0)*
b) financial assets measured at fair value through OCI(1)	-	-	-	-	-	-	-
c) financial liabilities	-	-	-	-	*(0.0)*	*(12.6)*	*(12.6)*
Gains (losses) on other financial assets and liabilities measured at fair value through profit or loss	-	-	-	2.7	2.7	-	2.7
a) financial assets and liabilities designated at fair value	-	-	-	-	-	-	-
b) other financial assets mandatorily measured at fair value	-	-	-	*2.7*	*2.7*	-	*2.7*
Net Banking Income	**154.5**	**56.9**	**51.0**	**40.8**	**303.2**	**(31.3)**	**271.9**
Net adjustments/reversals of impairment for credit risk concerning:	(0.7)	-	-	2.1	1.4	(1.0)	0.4
a) financial assets measured at amortized cost	*(0.9)*	-	-	*2.3*	*1.4*	*(1.0)*	*0.3*
b) financial assets measured at fair value through OCI(1)	*0.2*	-	-	*(0.1)*	*0.0*	-	*0.0*
Administrative and Personnel Expenses	(37.4)	(28.6)	(30.8)	(70.4)	(167.1)	(1.2)	(168.4)
Net provisions for risks and charges	0.3	-	-	0.4	0.7	(0.5)	0.3
a) commitments and guarantees provided	*0.1*	-	-	*(0.1)*	*0.1*	*0.2*	*0.2*
b) other net allocations	*0.2*	-	-	*0.5*	*0.7*	*(0.6)*	*0.0*
Net Adjustments to/ Writebacks on Property, Plan and Equipment and Intangible Assets	(1.4)	(0.2)	(0.2)	(6.8)	(8.5)	(1.6)	(10.1)
Other Operating Income (Expenses)	7.4	0.9	11.1	8.8	28.2	74.3	102.5
Profit Before Income Taxes from Continuing Operations	**122.8**	**29.0**	**31.1**	**(25.1)**	**157.9**	**38.7**	**196.7**
Income Taxes					(32.6)	33.3	0.7
Net Income					**125.3**	**72.1**	**197.4**

(1) "Financial assets measured at fair value through OCI" includes "Gains (Losses) on equity investments" accounted separately in the consolidated financial accounts.

Prudential Requirements

The table below sets forth our own funds and prudential requirements as of 30 June 2023 and as of 31 December 2022 and 2021.

	As of 30 June 2023		As of 31 December 2022		2021	
	(in € thousands, except percentages)					
	Non weighted amounts	**weighted amounts / requirements**	**Non weighted amounts**	**weighted amounts / requirements**	**Non weighted amounts**	**weighted amounts / requirements**
Risk Assets						
Credit and counterparty risk						
Standardized methodology	12,025,271	2,158,717	13,070,543	2,002,716	11,261,862	1,525,292
Methodology based on internal ratings						
Basic						
Advanced						
Securitizations						
Regulatory Capital Requirements						
Credit and counterparty risk		172,697		160,217		122,023
Credit valuation adjustment risk		21		25		1,207
Settlement risks						
Market risks						
Standard methodology						262
Internal models						
Concentration risk						
Operational risk						
Basic approach		58,933		58,933		50,199
Standardized methodology						
Advanced method						
Other calculation factors						
Total prudential requirements		**231,652**		**219,176**		**173,691**
Risk Assets And Regulatory Ratios						
Risk-weighted assets		2,895,652		2,739,701		2,171,141
CET 1/Risk-weighted assets (CET1 capital ratio) (%)		**15.65%**		**16.86%**		**17.63%**
Tier 1 Capital/Risk-weighted assets (Tier 1 capital ratio) (%)		20.83%		**22.33%**		**17.63%**
Total Own Funds/Risk-weighted assets (Total capital ratio) (%)		20.83%		**22.33%**		**22.16%**

Credit Quality

In accordance with Bank of Italy requirements, we perform impairment testing on our receivables portfolio and classify receivables as either "performing" or "non performing exposures". Exposures with a risk of loss are classified as non-performing exposures, while all other exposures are classified as performing.

Non-performing exposures are divided into the following categories: (i) non performing loans; (ii) unlikely to pay positions; and (iii) impaired past due exposures. The definitions of these categories are as follows:

(i) *Non performing loans*. These are exposures to parties that are in a state of insolvency or in basically similar situations, regardless of any loss projections recognized by the Group. At December 31, 2022, the total non-performing loans of the Group, net of impairment, amounted to €86.4 million. Among these non-performing exposures, €79.7 million (92.2% of the total) concerned regional authorities in financial distress. Gross non-performing loans amounted to

€104.7 million and related adjustments amounted to €18.3 million. Please note that, as for the exposures to local authorities (municipalities and provincial governments), in accordance with the Bank of Italy Circular no. 272 the portion subject to the relevant settlement procedure, the claims included in OSL's liabilities, are classified as non-performing, even though all claims can be collected under the law at the end of the insolvency procedure.

(ii) *Unlikely to pay positions.* unlikely to pay positions reflect the judgment made by the intermediary about the unlikelihood, excluding such actions as the enforcement of guarantees, that the payor is unlikely to repay (for principal and/or interest) his credit obligation in full. The classification within the "unlikely to pay" category is not necessarily related to the explicit presence of anomalies, but rather it is linked to the presence of evidence of a debtor's risk of default. The "unlikely to pay" category combines two categories previously provided for by the Bank of Italy, namely watch list loans and restructured loans. At December 31, 2022, gross exposures classified as unlikely to pay totaled €16.4 million and related adjustments amounted to €4.3 million, a net amount of €12.1 million.

(iii) *impaired past due exposures.* Impaired past due exposures consist of positions vis-à-vis entities with a past-due situation, where the overall amount of past-due and/or overdue exposures has been higher than, for at least 90 consecutive days, (i) the relative materiality threshold (relative limit of 1% given by the ratio between the total past-due and/or overdue amount and the total amount of all credit exposures to the same Debtor) and (ii) the absolute materiality threshold (absolute limit equal to €100 for retail exposures and €500 for non-retail exposures). With reference to the assigned debtors of the Public Administration with regard to non-recourse factoring transactions, the count of 90 consecutive days past due generally begins from the 181st day past due from the due date of the assigned invoice. At December 31, 2022, total net past due exposures amounted to €185.3 million for the entire Group. The Group's gross exposures totaled €186.0 million and relevant adjustments amounted to around €0.7 million. The increase in the level of impaired past-due exposures compared to December 31, 2021 can be attributed to the adoption of new and more stringent interpretation criteria on the "definition of default", published by the Bank of Italy on 23 September 2022. However, this alignment is not symptomatic of an increase in the portfolio's actual credit risk profile.

The table below shows the amount of loans and receivables with customers, with an indication of any adjustment, broken down into "Performing exposures" and "Impaired assets" as of 30 June 2023 and as of 31 December 2022 and 2021.

	As of 30 June 2023		
	Gross amount	**Write-downs/ write-backs**	**Impairment Net value losses/ gains**
		(in € thousands)	
Purchased performing impaired exposures (Stage 3)	323,046	(25,696)	297,350
Purchased non-performing impaired exposures (Stage 3)	5,865	(203)	5,662
Performing exposures (Stage 1 and 2)	4,793,750	(1,473)	4,792,277
Total	**5,122,662**	(27,373)	5,095,289

	As of 31 December 2022		
	Gross amount	**Write-downs/ write-backs**	**Impairment Net value losses/ gains**
		(in € thousands)	

	As of 31 December 2022		
	Gross amount	**Write-downs/ write-backs**	**Impairment Net value losses/ gains**
Purchased performing impaired exposures (Stage 3)	301,329	(23,240)	278,090
Purchased non-performing impaired exposures (Stage 3)	5,678	(6)	5,672
Performing exposures (Stage 1 and 2)	5,005,907	(1,249)	5,004,658
Total	**5,312,914**	**(24,495)**	**5,288,419**

	As of 31 December 2021		
	Gross amount	**Write-downs/ write-backs**	**Impairment Net value losses/ gains**
		(in € thousands)	
Purchased performing impaired exposures (Stage 3)	118,965	(20,176)	98,789
Purchased non-performing impaired exposures (Stage 3)	5,493	(206)	5,287
Performing exposures (Stage 1 and 2)	3,770,502	(1,806)	3,768,696
Total	**3,894,960**	**(22,189)**	**3,872,771**

Alternative Performance Measures

This Base Prospectus contains the following alternative performance measures as defined by the European Securities and Markets Authority's Guidelines on Alternative Performance Measures (ESMA/2015/1415), ("**APMs**") which are used by our management to monitor our financial and operating performance.

With reference to the interpretation of these APMs, the Issuer draws attention to the matters illustrated below:

- these indicators are constructed exclusively from BFF Group's historical data and are not indicative of our future performance;
- the APMs are not required by IFRS and, although derived from the Issuer's Audited Consolidated Financial Statements and Unaudited Half-Yearly Consolidated Financial Reports s, are not audited;
- these financial measures should not be seen as a substitute for measures defined according to IFRS and are not indicative of the Issuer's historical operating results, nor are they meant to be predictive of future results;
- reading of these APMs should be carried out together with the Issuer's financial information from the Audited Consolidated Financial Statements and the Unaudited Half-Yearly Consolidated Financial Reports;
- it is to be noted that, since not all companies calculate APMs in the same manner, these are not always comparable to measurements used by other companies.

Any examination by investors of the Non-IFRS without considering the above limitations may create a misunderstanding of the Issuer's business, capital and financial condition and results of operations and lead to incorrect, inappropriate or inadequate investment decisions. Therefore, investors should not place undue reliance on this data.

APMs used by the Issuer are processed with continuity and consistency of definition and representation for all periods for which financial information included in this Base Prospectus.

This type of key metrics is used by management to assess financial performance. These metrics are not a measurement of our financial performance under IFRS and should not be considered as alternatives to total comprehensive income/(loss) or other performance measures derived in accordance with IFRS, or as alternatives to cash flow from operating activities as measures of liquidity. These amounts have not been audited or reviewed by any independent auditors.

The tables below set forth certain key economic, operating and financial indicators for the indicated periods.

	As of and for the six months ended June 30,		**As of and for the year ended December 31,**	
	2023	**2022**	**2022**	**2021**
	(in € million, except percentage)			
Adjusted Net Profit	81.9	68.5	146.0	125.3
Custodian Bank (AuD)	52,395	78,679	49,524	83,573
Global Custody (AuC)	169,859	163,524	153,065	172,625
Loan Portfolio	5,252	4,529	5,442	3,763
Transfer and Collection (#operations/mln)	178.7	160.9	330.8	311.5
Card and Other Settlement (#operations/mln)	138.2	116.6	257.1	191.2

Adjusted Net Profit

The following table sets forth the breakdown of the calculation of the Adjusted Net Profit shown in the table above for the year ended December 31, 2022 and 2021 and for the six- month period ended June 30, 2023 and 2022.

	For the six-month period ended June 30,		**For the year ended December 31,**	
	2023	**2022**	**2022**	**2021**
	(in € millions)			
Reported Net Profit	**76.1**	**56.6**	**232.0**	**197.4**
Ex-DEPObank non-consolidated adjusted result	-	-	-	5.1
Exchange rates movement (offset at the comprehensive income and equity level)	-	(0.8)	(0.7)	(0.1)
Stock Options & Stock Grant plans	0.5	2.1	3.3	3.3
Badwill & Transaction/restructuring costs/M&A	2.6	4.7	3.9	(70.5)
Liability Management one-off costs	-	-	-	9.5
Goodwill tax step-up	-	-	-	(23.7)
Extraordinary Resolution Fund contribution and FITD	-	-	0.5	2.0
Taxes related to intercompany dividends and DTA write-off	-	5.0	4.9	-
Group CEO settlement agreement	1.8	-	-	-
Customer contract amortisation	0.9	0.9	3.1	2.4
Change in assets value, including LPI and "Recovery cost"	-	-	(100.1)	-
Adjusted Net Profit	**81.9**	**68.5**	**146.0**	**125.3**

Ratings

As of the date of this Base Prospectus, the Issuer has been assigned the following ratings by Moody's France SAS ("**Moody's**"): (a) long term issuer rating: Ba2 (stable outlook); (b) long-term bank deposit rating: Baa3 (negative outlook); (c) short-term bank deposit rating: P-3; and (d) baseline credit assessment (BCA): Ba2.

As of the date of this Base Prospectus, the Issuer has been assigned the following ratings by DBRS Ratings GmbH ("**DBRS Morningstar**"): (a) long term issuer rating: BB (high) (stable outlook); (b) short term issuer rating: R-3 (stable outlook); (c) long term senior debt: BB (high) (stable outlook); (d) short

term debt: R-3 (stable outlook); (e) long term deposits: BBB (low) (stable outlook); and (f) short term deposits: R-2 (middle) (stable outlook).

Each of Moody's and DBRS Morningstar is regulated under the Regulation No. 1060/2009/EC of the European Parliament and the Council dated 16 September 2009 on credit rating agencies.

DESCRIPTION OF THE ISSUER AND THE GROUP

Overview

BFF Bank S.p.A. ("**BFF**", the "**Issuer**", "**us**" or "**we**", and together with its subsidiaries the "**BFF Banking Group**" or the "**Group**"), (formerly Banca Farmafactoring S.p.A.) specializes in:

(i) the management, collection and non-recourse factoring of receivables owed to third party suppliers primarily by the agencies of national healthcare systems and other public administration entities ("**Factoring and Lending**"). Our Factoring and Lending operations consist of: (a) credit collection management ("**Credit Collection Management**") and (b) non-recourse factoring ("**Non-Recourse Factoring**");

(ii) the provision of securities services to banks, asset managers, pension funds, mutual funds and alternative investments funds (*inter alia*, depositary bank, fund accounting, transfer agent and global custody) ("**Securities Services**"); and

(iii) the performance of payments services in favour of banks and companies (*inter alia*, payments processing, cheques and bills) ("**Payment Services**").

The Group has started its Securities Services and Payment Services operations following the acquisition of DEPObank – Banca Depositaria Italiana S.p.A. ("**DEPObank**") and its subsequent merger into BFF (the "**DEPObank's Acquisition**"). For additional information on DEPObank's Acquisition, see " – *Our History and Development – DEPObank's Acquisition*" below.

With respect to Securities Services and Payment Services, we operate only in Italy.

The following table sets forth the main indicators of our business volumes and the financial solidity as of and for the six-month period ended 30 June 2023 and the years ended 31 December 2022 and 31 December 2021.

	As of 30 June	As of 31 December	
	2023	**2022**	**2021**
	(in € millions, except percentages)		
Loan portfolio	5,252	5,442	3,763
Government securities HTC	5,208	6,129	5,793
Transaction services Deposits	(5,603)	(5,916)	(8,466)
Online Deposits	(1,744)	(1,283)	(230)
Net profit for the period	76.1	232.0	197.4
Common Equity Tier 1/RWA (CET1 capital ratio)	15.65%	16.86%	17.63%
Total Capital Ratio	20.83%	22.3%	22.2%

Factoring and Lending

We operate in Italy, Croatia, France, Greece, Spain and Portugal by providing non-recourse factoring and credit management activities with respect to the public administration, and in Poland, the Czech Republic and Slovakia by offering a diversified range of financial services designed for ensuring access to credit as well as providing liquidity and solvency support to the private system of companies liaising with the public administration.

We have been operating in the Italian factoring market since 1985 and we are one of the leading operators in the Italian factoring market for non-recourse factoring of receivables owed by the public administration, and especially local governments and the Italian National Health Service. In over thirty years of activity, we have become a major business partner for suppliers to the national healthcare system (including pharmaceutical, diagnostics and biomedical sectors) and the public administration entities offering working capital solutions to address public payment delays in Italy. We have established and developed relationships with the largest debtors and creditors in the healthcare sector and more recently in public administration, through which we have acquired an extensive knowledge of the market and have established full geographical coverage in Italy.

Our Credit Collection Management business in Italy, Spain, Portugal and Greece consists of the management of the recovery and collection of receivables mainly owed to suppliers by national healthcare systems and/or public administration entities ("**Suppliers**"), including the management of administrative issues and credit collection actions, both in court and out of court, and other ancillary services such as electronic invoicing and credit certification in Italy. Our income in this segment derives primarily from: (i) invoice loading fees and (ii) collection of commission. As of 31 December 2022, we managed €1,592 million in new receivables due from customers.

As part of our Non-Recourse Factoring business in Italy, Spain, Portugal, Greece, Croatia and France, we purchase the principal amount and interest component (including late payment interest and ancillary income) of receivables mainly owed to Suppliers and we manage their collection for ourselves as principal. The receivables we acquire are generally overdue and bear late payment interest, the amount of which is regulated by European Union law. Our income in this segment derives primarily from: (i) maturity commission; (ii) late payment interest; and (iii) lump-sum indemnity for payment collection. In addition, we operate in Poland, Slovakia and the Czech Republic in the alternative financing market ("**AFM**"), which offers a diversified range of financial services (mainly lending), aimed at guaranteeing access to short-term funding for suppliers to the healthcare sector and local authorities, as well as providing funding for parties operating in the healthcare and public authority sectors. We operate primarily in three sectors: (i) financing of suppliers' operating capital, (ii) financing of current and future receivables, and (iii) financing of investments in the public and health sectors.

For the year ended 31 December 2022, we purchased new receivables and disbursed loan for an aggregate amount of €7,783 million (of which €4,505 million was in Italy, €1,879 million was in Spain, €663 million was in Poland, €481 million was in Portugal and €167 million was in Greece and €59 million in Croatia, France and the Czech Republic).

As of 31 December 2022, the Factoring and Lending loan portfolio was equal to €5.4 billion, up by 45% compared to 31 December 2021. In particular, at the end of 2022, the Factoring and Lending loan portfolio was equal to €3,383 million in Italy, €629 million in Spain, €806 million in Poland, €240 million in Slovakia, €239 million in Portugal, €131 million in Greece and €15 million in other countries (Croatia, France and the Czech Republic).

As of 30 June 2023, the Factoring and Lending loan portfolio was equal to €5.3 billion, down by 3.5% compared to 31 December 2022. In particular, as of 30 June 2023, the Factoring and Lending loan portfolio was equal to €3,375 million in Italy, €306 million in Spain, €891 million in Poland, €239 million in Slovakia, €250 million in Portugal, €174 million in Greece and €18 million in other countries (Croatia, France and the Czech Republic).

Securities Services

Following DEPObank's Acquisition, BFF has become the leading independent player in Italy in the field of depositary bank, custodian banking, fund accounting and transfer agent. We generate revenues within our Securities Services operations through (i) interest accrued on liquidity deposited at our custodian activities and (ii) fees calculated on the basis of the assets under deposit, management or custody and the number of transactions settled through our services.

For the years ended 31 December 2022 and 2021, our Securities Services operations generated €42.4 million and €46.1 million, respectively, in net fee and commission income and €52.5 million and €57.8 million, respectively, in total net revenue (as the sum of net banking income and Other Operating Income (Expenses)) ("**Total Net Revenue**").

For the six months ended 30 June 2023 and 2022, our Securities Services operations generated €12.3 million and €23.5 million, respectively, in net fee and commission income and €14.6 million and €28.6 million, respectively, in Total Net Revenue.

Payment Services

Through DEPObank's Acquisition, the Group became the first independent operator in Italy in the field of processing services dedicated to payment service providers ("**PSPs**") such as banks, payment institutions and electronic money institutions, and in structured collection and payment services for companies and the public sector. We generate revenues within our Payment Services operations through

(i) interest accrued on liquidity deposited at our Group for the purpose of settling payments and (ii) fees calculated on the basis of the number of transactions settled through our services.

For the years ended 31 December 2022 and 2021, our Payment Services operations generated €45.4 million and €43.8 million, respectively, in net fee and commission income and €63.3 million and €62.1 million, respectively, in Total Net Revenue.

For the six months ended 30 June 2023 and 2022, our Payment Services operations generated €23.4 million and €20.8 million, respectively, in net fee and commission income and €33.8 million and €30.6 million, respectively, in Total Net Revenue.

The Issuer is incorporated and operates under the laws of Italy, and is registered with the Milan Monza Brianza Lodi Chamber of Commerce under registration number 07960110158, with its registered office at Via Domenichino, 5, 20149 Milan, Italy. The Issuer is also on the register of banks (*albo delle banche*) held by the Bank of Italy under registration number 5000 and on the register of banking groups (*registro dei gruppi bancari*) under registration number 5000. The Issuer's by-laws specify that the period of the Issuer's duration expires on 31 December 2100 and may be extended at an extraordinary meeting of the shareholders. The telephone number of the Issuer's registered office is +39 02 499 051.

Our Business Strategy

On 27 June 2023, the Board of Directors approved the five-year BFF strategic plan from 2023 to 2028 ("**Strategic Plan**"). The following are the goals underpinning our Strategic Plan:

- develop the Group's market leading core businesses:
  - *Factoring and Lending*, by developing its role as the largest acquirer of government receivables in Europe in a growing and underpenetrated market, by *(a)* strongly growing its customer footprint in existing and new markets, also by opening a French branch, and *(b)* entrenching its operational competitive advantage also through the new Factoring IT system and further efficiencies in legal collection activities;
  - *Transaction Services*, by further strengthening its role of "second level bank", while generating steady revenues and ample operational deposits to the Group, by leveraging on *(a)* its role as the leading independent Italian payment intermediary for banks and payment service providers, capitalising on the shift to electronic payments, and (b) the fact it is the only Italian bank providing the entire spectrum of customized securities and depositary bank services to domestic banks an asset managers, in a secular growth market;
- invest further in the Group's operating infrastructure to support growth opportunities, managing operational risks and extracting further efficiencies;
- continue to provide opportunities for growth and development to the Group's personnel, maintaining a strong alignment of incentives with its stakeholders;
- further optimise funding and capital;
- provide market leading capital and dividend returns to the shareholders, with capital above (a) 12% of our CET1 ratio and (b) as long as requested by our regulators, 15% of total capital ratio paid out to shareholders;
- maintain a low risk profile, efficiently managing past due exposures and calendar provisioning;
- further increase the Group's positive social, environmental and stakeholder impact, together with net zero targets and a doubling of investments in social impact initiatives.

The Issuer has identified the following growth opportunities in respect to each business unit:

Factoring and Lending

- leverage on growth expected from *(a)* public expenditure and investments' secular growth, *(b)* growth in customer base, thanks to Issuer's entrenched competitive advantage in a market

underpinned by legislative initiative on late payments, and *(c)* international expansion in new geographies;

Securities Services

- take advantage of a new regulation requiring "*casse previdenziali*" (social security schemes) to appoint a depositary bank;
- increase penetration among alternative investment funds;
- full roll-out of value-added services;

Payment Services

- take advantage from progressive increase of Italian digital payments penetration to the level experienced in other European countries and from the Italian "National Recovery and Resilience Plan" related new regulations and new technologies, counterbalanced by fee reductions.

Our History and Development

History

The Issuer was incorporated on 22 July 1985 under the name "*Farmafactoring S.p.A.*" by Confarma S.p.A. ("**Confarma**") (a consortium of pharmaceutical companies), B.N.L. Holding S.p.A. ("**BNL**") and International Factors Italia S.p.A. ("**Ifitalia**"), in order to manage and collect the receivables owed by the Italian national health system to pharmaceutical companies.

In 1990, we started to carry out non-recourse factoring services alongside the management and collection of receivables. In 1992, we began operating as an authorised financial intermediary and were included in the special register of the Bank of Italy and in 1994 we were also registered in the general list of the Bank of Italy.

In 2004, we founded the Fondazione Farmafactoring with the aim of improving public knowledge of socioeconomic and financial issues in relation to social welfare, with a particular focus on the health service system.

In December 2006 and January 2007 the private equity fund Apax Europe VI, managed by Apax Partners, purchased a controlling stake in Confarma and the remaining stakes in our share capital held by other minority shareholders and became our indirect controlling shareholder through a newly incorporated company, FF Holding S.p.A. ("**FFH**"), controlled by Farma Holding S.à r.l. ("**Farma Holding**").

On 10 December 2009 we incorporated, and became the sole shareholder of Farmafactoring España S.A. (now BFF Finance Iberia).

In 2011, to respond to the needs of certain multinational companies that already formed part of our client base in Italy, we started providing Credit Collection Management and Non-Recourse Factoring services in Spain through BFF Finance Iberia. In respect of receivables owed by the Spanish national healthcare system and the Spanish public administration.

On 2 January 2013, we were authorised by the Bank of Italy to carry on banking activities. Shortly thereafter, on 3 July 2013, we changed our corporate purpose and changed our name to Banca Farmafactoring S.p.A. and were registered as Banca Farmafactoring in the register of banks (*albo delle banche*) held by the Bank of Italy, as well as in the register of banking groups (*registro dei gruppi bancari*) as parent company of the Banking Group and we became a bank. At the same time, on 2 July 2013, we were removed from the list of financial intermediaries held by the Bank of Italy.

In 2014, we started to provide factoring services in Portugal where our business is carried out under the EU regime regarding freedom to provide services (following the filing of an application with the Bank of Italy).

In September 2014, we launched our "*Conto Facto*" term deposit account service in Italy. This was the first retail product created to diversify our funding sources for the purchase of receivables within our

Non-Recourse Factoring business and to minimise overall funding costs. On 3 November 2014, we applied to the Bank of Italy for the authorization to open a branch in Spain, in order to introduce a deposit called "*Cuenta Facto*" also in the Spanish market, following the model of the "*Conto Facto*" term deposit account in Italy.

In 2015, we also expanded our Non-Recourse Factoring business to receivables owed by the Italian tax authorities. In February 2015, we received the Bank of Spain's authorization to open a branch in Spain and subsequently, in August 2015, we launched the "*Cuenta Facto*" term deposit account in Spain.

In April 2015, the funds advised by Apax Partners and other shareholders agreed to sell their stake in the Issuer to an affiliate of Centerbridge Partners L.P. ("**Centerbridge Partners**"). The transaction was finalised in November 2015 when 94.26% of our share capital was transferred by Farma Holding to BFF Luxembourg, indirectly controlled by the private equity fund Centerbridge Capital Partners III (PEI) L.P.

In March 2016, we informed the Bank of Italy of our intention to offer banking services in Germany and in June 2016, we launched the collection of savings in Germany through the platform *Welstparen.de*, using our Spanish branch. On the German market, we provide the "*Cuenta Facto*" term deposit account service, which allows German customers to access term deposit accounts offered by foreign banks not established in Germany.

On 30 June 2016, we completed the acquisition, through the vehicle *Mediona spółka z ograniczoną odpowiedzialnością* ("**Mediona**"), of the entire share capital of Magellan, the parent company of a group operating in Poland, Slovakia and the Czech Republic.

Subsequently, in line with our organic group strategy, in February 2017, we submitted our first filing with the Bank of Italy to offer factoring services in Greece. We obtained the relevant authorization by the Bank of Italy on 28 March 2017 and in September 2017 we completed our first acquisition of a portfolio of receivables owed by public hospitals in Greece.

On 5 April 2017 we announced the conclusion of the placement to institutional investors of our ordinary shares and their admission to trading on the Mercato Telematico Azionario, organised and managed by Borsa Italiana S.p.A. The placement comprised 53,000,000 ordinary shares offered for sale by BFF Luxembourg, equal to 31.16% of the share capital (excluding the exercise of the green-shoe option). Trading on the Mercato Telematico Azionario started on 7 April 2017.

In October 2017, we submitted a filing with the Bank of Italy to open a branch in Portugal and expand our offer of factoring services. In July 2018, the branch officially began operations.

In January 2018, the Bank of Croatia was notified of our intention to carry out non-recourse factoring activities in the country. During the month of June 2018, set-up operations were completed for the processes, systems and contracts as required, in order to be ready for the launch of initial operations on the Croatian market.

In August 2019, after receiving the Bank of Italy's approval, we began operations in France on a freedom of services basis and completed the first non-recourse purchase of receivables due from the national healthcare system.

In September 2019, after receiving the Polish financial supervision authority's approval, we opened a branch in Poland and launched Facto, our on-line term deposit in Poland.

In September and at the beginning of October 2019, we started operations for the collection of online deposits in the Netherlands and Ireland, respectively, after receiving the relevant authorisations from the Bank of Italy and the Bank of Spain.

In 2019 we started operating in Greece under the freedom of services on a cross-border basis, while in September 2020 we established our first branch in Athens.

DEPObank's Acquisition

On 13 May 2020, we announced the signing of a binding agreement for the acquisition of DEPObank ("**DEPObank**") from Equinova UK Hold.Co. Limited ("**Equinova**") and the subsequent merger by incorporation of the latter into BFF, with the aim of creating the first independent operator in Italy in the

specialty finance sector, giving further impetus to the activities of DEPObank and strengthening the availability of funding and capital to serve the traditional customers of BFF.

On 5 March 2021, BFF announced the effectiveness of the merger by incorporation of DEPObank in BFF, which has issued 14,043,704 new BFF ordinary shares, assigned to Equinova, on the basis of the exchange ratio of 4.2233377 BFF shares for each DEPObank share (the "**Conversion Shares**"). At the time of such capital increase, Equinova held 7.6% of BFF's share capital. The Conversion Shares have not an expressed par value, have regular dividend rights, are freely transferable and fungible with the BFF shares already listed on the Italian Stock Exchange. In addition, DEPObank's businesses in the Payment Services and Securities Services sectors have been integrated as a division within BFF.

Furthermore, with effect from the merger, which took place on 5 March 2021, Banca Farmafactoring S.p.A. changed its corporate name to "BFF Bank S.p.A.", while the name of the related banking group remains "BFF Banking Group".

New headquarters

On 2 February 2022, BFF announced the agreement with Fondazione Fiera Milano for the acquisition of the area where the Bank's new headquarters will be built.

The building is expected to be completed in 2024 and will accommodate the more than 500 employees currently working in three different premises in Milan. The new headquarters, which will be called "Casa BFF", is part of a process of progressive renovation of the Group's premises, as has already been done for the offices in Madrid in 2020 and in Łódź, Poland, in 2019.

In preparation for the execution of the project, on 19 January 2022, the Issuer established a new subsidiary, BFF Immobiliare S.r.l. for the purpose of managing the development and enhancement of Casa BFF and, in the future, all of the Group's owned real estate assets.

Accelerated Bookbuilding of the Issuer's shares

On 9 March 2022, following the conclusion of an accelerated bookbuilding transaction on approximately 14 million ordinary shares of BFF held by Equinova, BFF's free float reached nearly 100% of the share capital, thus making BFF one of the few Italian listed companies with a broad shareholder base. For additional information on the current shareholding structure of the Issuer, see "*Shareholders, share capital, dividend policy and subsidiaries – Shareholders*" below.

MC3 Informatica S.r.l.'s acquisition

On October 3, 2022, BFF acquired MC3 Informatica S.r.l., which as of the same date changed its company name to BFF Techlab S.r.l. This new transaction gave rise to a laboratory for the Group's technological innovation. The new subsidiary BFF Techlab was born from the acquisition by BFF Bank of 100% of the share capital of the IT consulting firm MC3 Informatica Srl, which supported BFF in the implementation of the current core factoring system and in the definition of other application architectures.

Shareholders, share capital, dividend policy and subsidiaries

Share Capital

As of the date of this Base Prospectus, the Issuer had an authorised share capital of €143,788,582.55, fully subscribed and paid in, represented by 186,738,419 ordinary shares without nominal value and in dematerialised form.

Shareholders

As a result of an accelerated bookbuilding transaction, whereby approximately 14 million ordinary shares of BFF held by Equinova where sold on the market in March 2022 (see "*Our History - Accelerated Bookbuilding of the Issuer's shares*") the Bank's free float reached nearly 100% of the share capital.

The table below sets out the shareholders of the Issuer, as of 29 September 2023, including each shareholder's percentage shareholding, based on communications pursuant to Article 120 of Legislative Decree No. 58 of 24 February 1998 as amended:

Name	Percentage of share capital
Free Float[(1)]	93.72
Groups' management[(2)]	6.00
Total	**100.000**

Source: CONSOB and BFF internal records

(1) As of 29 September 2023, Capital Research and Management Company held 5.2% of the Bank's share capital.

(2) As of 29 September 2023, the Group's CEO Massimiliano Belingheri and his closely associated persons held 5.8% of the Bank's share capital; the remaining management's stake refers to BFF shares held by the 4 Vice Presidents in force as of that date, and by their respective closely associated persons.

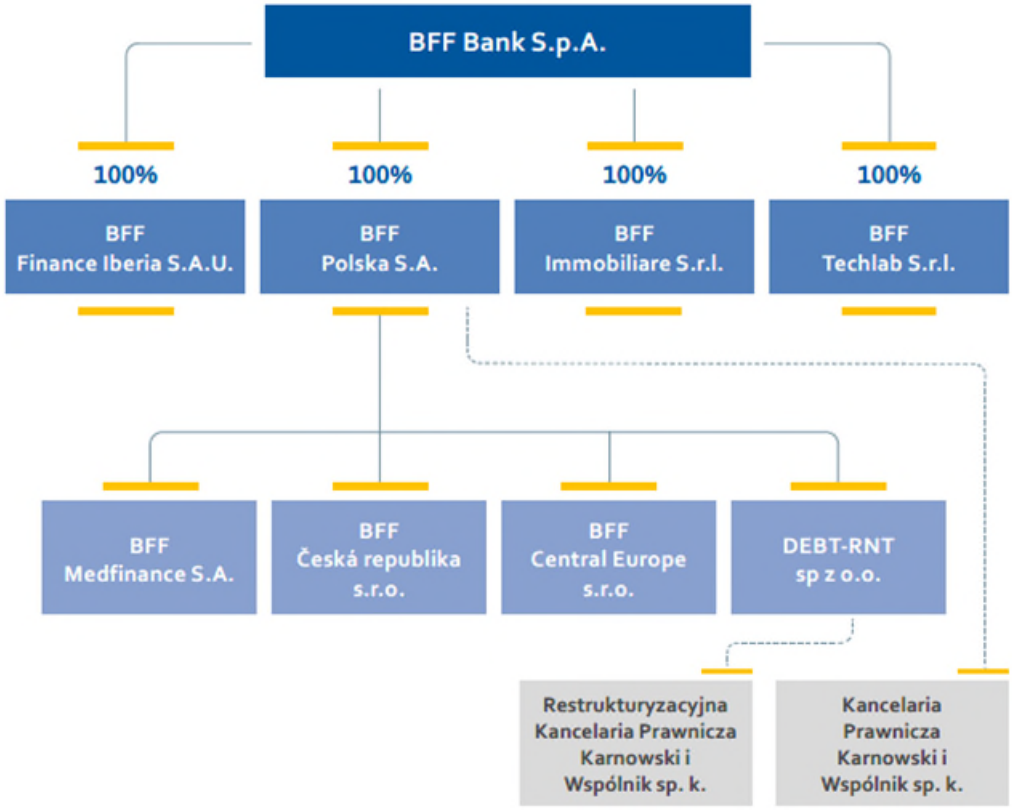
Dividend policy

The Issuer has adopted a dividend policy aimed at sustaining the growth of its business operations while returning excess capital to shareholders. Pursuant to such dividend policy, profits generated in each period are retained in order to maintain (a) the CET1 ratio at or above 12% and (b) as long as requested by our regulators, the Total Capital ratio at or above 15%, and only profits in excess of such thresholds are returned to shareholders, in any case subject to compliance with all the regulatory capital requirements applicable to the Group, with dividend payments occurring in August and April of each year, based on half-year and full-year results. Additionally, the Issuer's dividend policy does not provide that a minimum dividend per share or pay-out ratio should be paid to shareholders each year.

Subsidiaries

The Issuer, which is the parent company of the Group, holds 100% of the share capital of BFF Finance Iberia S.A.U., 100% of the share capital of BFF Polska S.A.. BFF Polska S.A. is the parent company of (i) BFF Medfinance S.A., (ii) BFF Česká republika s.r.o., (iii) BFF Central Europe s.r.o., (iv) Kancelaria Prawnicza Karnowski I Wspólnik sp. k. and (v) DEBT-RNT sp z o.o. BFF Polska S.A.'s subsidiaries also include the following instrumental companies/funds: (i) Kancelaria Prawnicza Karnowski I Wspólnik Sp. K., with registered office in Łódź (Poland), set up as a limited partnership in which BFF Polska S.A. is a limited partner. It is a law firm whose main purpose is to manage the recovery of debts belonging to Polska S.A.; and (ii) Debt. Rnt Sp. Z O.O and Restrukturyzacyjna Kancelaria Prawnicza Karnowski I Wspólnik Sp.K., both established in 2015 with the purpose of managing problematic receivables pertaining to BFF Polska S.A., which were consequently transferred to them.

The structure of our Group is as follows:



As of the date of this Base Prospectus, we are the parent company of the following companies:

			Ownership Relationship			
Company name	**Registered and operating office**	**Relationship Type[1]**	**Held by**		**Holding %**	**Voting rights %[2]**
BFF Immobiliare S.r.l.	Milan Via Domenichino, 5	1	BFF S.p.A.	Bank	100%	100%
BFF Techlab S.r.l.	Brescia Via C. Zima, 4	1	BFF S.p.A.	Bank	100%	100%
BFF Finance Iberia S.A.	Madrid–- Paseo de la Castellana, 81	1	BFF S.p.A.	Bank	100%	100%
BFF Polska S.A.	Łodz–- Jana Kilińskiego, 66	1	BFF S.p.A.	Bank	100%	100%
BFF Medfinance S.A.	Łodz–- Jana Kilińskiego, 66	1	BFF S.A.	Polska	100%	100%
BFF Česká republika s.r.o.	Prague–- Roztylská 1860/1	1	BFF S.A.	Polska	100%	100%

			Ownership Relationship		
Company name	**Registered and operating office**	**Relationship Type(1)**	**Held by**	**Holding %**	**Voting rights %(2)**
BFF Central Europe s.r.o.	Bratislava – Mostova, 2	1	BFF Polska S.A.	100%	100%
Debt-Rnt sp. Z O.O.	Łodz–- Jana Kilińskiego, 66	1	BFF Polska S.A.	100%	100%
Komunalny Fundusz Inwestycyjng Zamknięty	Warsaw–- Plac Dąbrowskiego, 1	4	BFF Polska S.A.	100%	100%
MEDICO Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty	Warsaw–- Plac Dąbrowskiego, 1	4	BFF Polska S.A.	100%	100%
Kancelaria Prawnicza Karnowski i Wspólnik sp.k.	Łodz–- Jana Kilińskiego, 66	4	BFF Polska S.A.	99%	99%
Restrukturyzacyjna Kancelaria Prawnicza Karnowski i Wspolnik sp.k.	Łodz–- Jana Kilińskiego, 66	4	Debt-Rnt sp. Z O.O	99%	99%

(1) Type of relationship:
1 = having the majority of voting rights at ordinary shareholders' meetings
2 = dominant influence at the ordinary shareholders' meeting
3 = arrangements with other shareholders
4 = other forms of control

(2) Voting rights at ordinary shareholders' meetings, distinguishing between actual and potential voting rights or percentage of shares.

Description of Business Activities by Segments

Following DEPObank's Acquisition, our operations are organised within three business units:

- Factoring & Lending;

1. Securities Services;

- Payment Services.

Our traditional Factoring and Lending operations fall within the Factoring, Lending and Credit Management department, while the Securities Services and Payment Services operations are grouped in the Transaction Services department.

Our business activities are supported by our Corporate Center business unit, which incorporates all the staff and control functions, as well as our Technology and Processes Improvement and Finance and Administration departments.

The chart below shows the main adjusted financial indicators of our business units for the six months ended 30 June 2023 and 2022 and the years ended 31 December 2022 and 2021.

	As of 30 June		As of 31 December	
	2023	**2022**	**2022**	**2021**
		(in € millions)		
Factoring and Lending				
Net interest income	81.6	74.6	153.7	148.9
Total net revenues	95.8	81.5	170.1	161.9
Profit (loss) before tax from continuing operations	71.7	59.8	120.0	122.8
Securities Services				
Net interest income	2.3	5.0	8.8	10.8
Total net revenues	14.6	28.6	52.5	57.8
Profit (loss) before tax from continuing operations	4.2	15.1	27.8	29.0
Payment Services				
Net interest income	4.6	4.1	6.6	7.2
Total net revenues	33.8	30.6	63.3	62.1
Profit (loss) before tax from continuing operations	17.8	15.1	31.3	31.1
Corporate Center				
Net interest income	37.2	39.1	63.3	32.3
Total net revenues	57.6	41.6	93.2	49.6
Profit (loss) before tax from continuing operations	18.3	7.5	26.4	(25.1)

Factoring and Lending

We are an independent operator in the Credit Collection Management and Non-Recourse Factoring segments. Our clients in such segments are primarily large companies, including international multinationals that provide their products and/or services in Italy, Spain, Portugal, Greece, Croatia and France to national healthcare service authorities ("**Public Healthcare Debtors**"), and to private entities (including religious hospitals and recently, in respect of credit management services, pharmacies and pharmaceutical distributors) active in the healthcare sector ("**Other Debtors**") and public administration entities ("**Public Administration Debtors**" and, jointly with Public Healthcare Debtors and Other Debtors, "**Debtors**").

We benefit from having over thirty years of experience and being able to offer a range of services in the markets in which we operate, as well as from having an efficient platform which is integrated with some of the platforms of our key clients. This allows us to position ourselves as a partner in the management and disposal of receivables owed by the public sector.

We have historically provided services to clients active in the healthcare sector. The majority of our clients are long-standing: as of 31 December 2022, our top 10 clients had been our clients for almost twenty years (more than 15 years if we refer to our Non-Recourse Factoring business) and accounted for approximately 40% of receivables intermediated in 2022 with respect to our Non-Recourse Factoring and Credit Collection Management services.

The following table provides a summary of the main characteristics of our Credit Collection Management and Non-Recourse Factoring activities.

	Credit Collection Management	**Non-Recourse Factoring**
Activity.....	Management of the process of recovery and collection of receivables due to Suppliers, including the management of administrative issues and debt collection activities, both in court and out of court, and of other ancillary services including electronic invoicing and credit certification	Outright purchase from Suppliers of the principal amount (including late payment interest and ancillary income) of receivables mainly due from debtors of the national healthcare system and/or public administration agencies (including tax receivables from the Italian tax authorities), acquiring full ownership thereof, as well as the risk of non-payment. The receivables are generally overdue and already bear late payment interest
Revenues	Our income primarily derives from: (i) loading fee, and (ii) collection commission	Our income primarily derives from: (i) maturity commission, and (ii) late payment interest
Credit Risk.....	Non-payment of commission	Non-collection of principal and/or ancillary income
Costs	The client bears all legal management costs on behalf of third parties	We bear all management costs

Business Model

We manage our Factoring and Lending activities according to a single organizational model across Italy, Croatia, France, Greece, Poland, Portugal, Czech Republic, Slovakia, and Spain, and which encompasses the following steps:

- *Business development*. Our business development activity targets both existing and potential new clients. We carry out business development in respect of our existing clients by taking advantage of the following cross-selling opportunities: (i) geographical, by offering clients the same services in different geographical areas where both we and our clients operate, and (ii) product-related, by offering Non-Recourse Factoring services to clients who already use our Credit Collection Management services. Moreover, we develop business with existing clients by offering a range of services which are constantly updated and tailored to the specific needs of each client.

- *Credit Loading*. At the beginning of our relationship, a client sends us details of, and documentation relating to, the receivables to be transferred, which are uploaded onto our factoring system (the "**Factoring System**"). The Factoring System verifies the accuracy of the documentation received and reports any anomalies to be corrected.

- *Non-Recourse Factoring: Credit Risk Assessment-Pricing-Purchase*. Before purchasing receivables on a non-recourse basis, we run a credit risk assessment and pricing process. Each credit is analysed and subject to approval and then on-going monitoring. Such process allows us to propose our clients a pricing for the receivables to be purchased.

- *Credit Portfolio Management*. We carry out credit portfolio management in respect of receivables managed on behalf of third parties, as well as receivables acquired and then managed on our own behalf.

- *Collection*.

Credit Collection Management

We offer Credit Collection Management services in Italy, Spain and Portugal that are tailored to the difficulties and timescales of our clients' collection processes of invoices issued to their Debtors. By performing all of the administrative and legal activities needed to carry out the collection of receivables, the service we offer allows clients to significantly reduce their internal credit management and recovery

costs. In particular: (i) the efficiency of the IT platform we use to handle the different phases of the receivables management and disposal process allows us to fully interact with both clients and Debtors throughout the process, and (ii) the specialised experience which the professionals working for us have gained in this field allows clients to benefit from a better performance in terms of payment of the receivables and recovery times.

Our relationship with clients is based on management contracts which require clients to issue a mandate for the recovery of receivables and to delegate powers to us, meaning that we are legally authorised to act on their behalf and to act as a proxy for the collection of receivables under management.

In the context of our Credit Collection Management activities, clients maintain the risk of insolvency of, and the risk of late payment by, Debtors, since we only manage and do not acquire receivables. Therefore, in carrying out these activities on behalf of third parties we are only exposed to the risk of non-payment of collection and/or management commission by the client.

The revenue generated by our Credit Collection Management activities primarily derives from the management commission paid by clients. Management commission consists of a fee paid when the receivables are accepted and an additional commission paid at the time of collection as recognition of the successful outcome of the management activity.

Our Credit Collection Management activity is strategically important, since clients often turn to us for the management of their receivables and we are often also able to generate Non-Recourse Factoring business with the same clients. We have recently expanded our Credit Collection Management activities to cover pharmacies, distributors, private sector healthcare operators and some ancillary services such as the management of electronic invoicing in Italy.

Non-Recourse Factoring

As part of our Non-Recourse Factoring business, we acquire outright the receivables due to our clients from their debtors. The purchase of Non-Recourse Factoring receivables allows our clients to deconsolidate the transferred receivables in accordance with the IAS and US GAAP standards applicable to the transfer of receivables. The receivables are transferred from the relevant client's financial statements to our financial statements, and we assume their full ownership, including any cost and benefit connected therewith, and, in particular, any late payment interest accruing from the due date of the receivables and other ancillary income. In the event of non-existence of the receivables, we have the right to terminate the transfer and the client must immediately repurchase the receivables at par and return any amounts paid by us.

The purchase price is normally equal to the nominal value of the receivable net of a commission, calculated by us on the basis of a prior assessment of, among other things, the relevant credit risk (including an assessment of the assignor, the Debtors and the timing for payment).

The purchase price of each receivable largely depends on the expected payment date. Therefore, we carefully monitor the DSO of each Debtor and input data into our historical database which contains the payment times of all invoices managed during the course of our activities (on behalf of third parties and on our own behalf). This database is used to estimate the collection times of receivables recorded in our financial statements (in order to manage our liquidity) and to determine the price of new receivables during the purchase phase in our Non-Recourse Factoring activities.

Once purchased by us, we manage receivables on our own behalf for their entire remaining life cycle, until the principal and the recovered late payment interest are collected.

Our revenues from our Non-Recourse Factoring activities mainly derive from the following:

- *Fixed commission* ("**Maturity Commission**"). We deduct Maturity Commission from the purchase price and calculate it as a percentage of the nominal value of each receivable, as determined on a case by case basis at our discretion at the time of purchase on the basis of, among other things: (i) past payment trends of Debtors owing the transferred receivables; (ii) the quality of the portfolio transferred by the client; and (iii) financial expenses (current and future) that we must incur to finance the purchase of receivables.

- *Late payment interest*. Debtors pay late payment interest at the ECB base rate pursuant to Directive 2011/7/EU, as applied in the various jurisdictions in which we operate, which sets out the late payment interest rate applicable in the event of late payment in commercial transactions between companies or between companies and the public administration. Interest is generally collected once the nominal value of the receivable has been repaid.

The recognition of Maturity Commission and late payment interest in our income statement reflects our income resulting from the application of the amortised cost method to the measurement of purchased non-recourse receivables, in accordance with IAS 39, based on the present value of estimated future cash flows (TIR ("*tasso interno di rendimento*") of the transaction).

At the time of purchase of a receivable, it is registered in the balance sheet in accordance with the IAS principles at its original purchase price.

On a monthly basis the IAS value of the receivable is calculated considering the expectations of capital collection, net of the possible collections already received, late payment interest accrued until the date of evaluation and the interest accruing until the entire collection of the capital.

The spread between the value calculated in relation to the principal amount is the adjustment to be made to the balance sheet. The comparison between this adjustment and that calculated on the prior month as of the evaluation date constitutes the amount of interest income to be included in the income statement.

Any capital gains or losses incurred in connection with collection of interest payments shall be determined with reference to the recovery amount that was initially estimated.

For the year ended 31 December 2022, performing exposure factoring amounted to a total of €3,250,809 thousand for the BFF Banking Group. This included non-recourse trade receivables purchased as performing, registered under the name of the assigned debtor, with the conditions for derecognition, and measured at amortized cost, worth a total of €2,507,838 thousand for BFF Bank and €570,385 thousand for the subsidiary BFF Finance Iberia. The late payment interest recorded in our income statement and balance sheet is just a part of all late payment interest accrued and legally due to us in the course of our Non-Recourse Factoring business. We estimate the recoverability percentage of late payment interest legally due, in relation to the portfolio of receivables managed by the Issuer and BFF Finance Iberia only, to be equal to 50% of its nominal value at the estimated collection date (normally conservatively fixed at 1,800 days but to date set at 2,100 days, due to the impacts of the crisis caused by the COVID-19 pandemic, which influenced the suspension of the terms of procedural activities) and, in the event of higher recoverability percentages (as recorded in the past), we record the difference as a capital gain only at the time of collection.

Additional Lending Services

In Poland, Czech Republic and Slovakia we operate in a niche market and offer non-standard products and services in the following segments: (i) overdue debt position financing and debt management, (ii) liquidity management and (iii) investment and equipment financing. We have long term relationships with clients in Eastern Europe – in Slovakia and Czech Republic, and especially in Poland, including certain multinational groups in the healthcare sector to whom we already provide services in Italy, Spain and Portugal, and is their reference partner for alternative financing solutions.

Securities Services

Our Securities Services operations provide services for investment funds and related services such as global custody, fund accounting and transfer agents for domestic asset managers and banks and for various investment funds such as pension funds, mutual funds and alternative funds: the activity is concentrated on the domestic market.

As custodian bank, the Group provides services consisting in the custody and administrative management of the units of our fund's clients and their assets, such as (a) settlement and oversight services in relation to any aspect of the management of funds, (b) legality check of transactions relating to the sale, issue, repurchase, redemption and cancellation of investment fund units and the allocation of investment fund income, (c) cash flows monitoring in connection with funds transactions, (d) execution of funds instructions, provided they do not conflict with the law, the regulations, the fund's articles of association or the requirements of the supervisory bodies. Additionally, we provide other specific services, including

the calculation of the net asset value of the fund units for legal and tax reporting activities relating to the holding of securities.

Our global custody services consist of safekeeping and administration of financial instruments. These services are provided to a wide range of clients, including, companies and financial institutions and consist of the following activities: (a) settlement against payment of securities transactions carried out by the client, (b) currency settlement of securities transactions ordered by the client, (c) payment of coupons and dividends on securities on deposit, after verification of payment by the issuers, (d) execution of all corporate transactions involving securities on deposit, (e) managing the relationship with the sub-custodians (whether banks or central depositories) to whom customers' securities are sub-deposited, and (f) notifying issuers of the holders of the securities when required by law.

In 2019 BFF replaced its international partner for custody and settlement of foreign stock portfolio with BNY Mellon ("**BNY**"). BNY is one of the world's largest custodian bank and asset servicing company, and serves large international funds. In addition, BNY offers a wide range of products, e.g., depositary bank abroad and ancillary services (*e.g.*, securities lending, triparty repo). The partnership with BNY also includes the sharing of technological (DLT) and applicative knowledge.

The assets under deposit at our custodian bank operations amounted to €49.5 billion at 31 December 2022 and €52.4 billion at 30 June 2023. The assets under custody held by our global custody operations were equal to €153.1 billion at 31 December 2022 and €169.9 billion at 30 June 2023. The balance of customer deposits in our Securities Services operations were equal to €3.2 billion at 31 December 2022 and €2.6 billion at 30 June 2023.

Payment Services

Payments Services deals with payment processing, corporate payments and cheques and bills and has as customers medium-small Italian banks and medium-large companies. The business is concentrated in the Italian market.

Within payment services, we offer three main services: (i) intermediation (so-called, "tramitazione") for clearing (allowing payment service providers to exchange payment information through formal and standardized operating mechanisms) and settlement (allowing the accounting settlement of individual payment transactions), (ii) corporate and other client payments & collection and (iii) issuing and management of checks/bank drafts and promissory notes.

Intermediation and settlement services allow small and medium-sized PSPs indirect access to the clearing and settlement mechanism and/or competitive payment services (based on correspondent banking accounts), for clearing and settlement steps, without incurring the fixed and organizational costs of direct membership, ensuring a level playing field compared to the main market players.

Clearing services are divided into clearing services for Single Euro Payments Area ("SEPA") products (pan-European transfers and collections), which are regulated by European regulations, and clearing services for non-SEPA products, which regulated by the national convention "Interbank system of data transmission networks".

Corporate and other client payments payment and collection services are mainly related to, respectively, the payments of pensions, management of the payment flows in favour of Telepass S.p.A. with regard to its invoices, and for other corporate clients. Such services are provided in favour for approximately 80 client banks. Furthermore, we provide payment services for the Italian public administration as the agencies of the Ministry of Agricultural, Food and Forestry Policies (to pay aids from the European community) and large corporates.

We also provide check and receivables services, such as: (i) issuing of bank drafts, (ii) cash letters, (iii) management/provision in outsourcing of the "Check Image Truncation" (CIT) procedure, for the electronic payments of checks, (iv) issuing/management of promissory notes on behalf of its clients and (v) caveau services.

Finally, our payment services and products are marketed and distributed by Nexi Payments S.p.A. on the basis of an agreement which is set to expire in 2026. More specifically, BFF have a long standing relationship with Nexi for the management of payments from acquiring and issuing of credit cards. BFF is a key layer for Nexi payments management and collections respectively of the acquiring (merchant

payments) and issuing of credit cards (card collections), both for medium small customer banks (which are intermediated) and large banks (direct members) for the settlement of the cards.

The balance of customer deposits in our Payment Services operations were equal to €2.9 billion at 31 December 2022 and €3.0 billion at 30 June 2023.

Corporate Center

The Corporate Center incorporates all the staff and control functions, as well as our Technology & Processes Improvement and Finance and Administration departments. More in details, the Corporate Center business unit's purpose is to support our business operations and to provide funding to the Business units Factoring and Lending, Securities Services and Payment Services.

The main actions taken by our Corporate Center business unit are aimed at achieving funding and cost synergies, including in connection with the operational integration of DEPObank within the Group.

In this regard, the Group has adopted a transfer pricing mechanism in order to regulate the funding flows between its segments and apply remuneration / penalty mechanisms for proper management representation. This mechanism envisages, (i) that the Securities Services and Payment Services segments make the funding collected available to the Corporate Center; (ii) that the Corporate Center manages the funding received from Securities Services, Payment Services, retail deposits and wholesale sources and makes it available to the Factoring and Lending segment, or, for the excess part, uses it in alternative ways; (iii) that the Factoring and Lending segment uses the funding received in the forms of use specific to its business; (iv) that the Corporate Center remunerates the Securities Services and Payment Services segments and is remunerated by the Factoring and Lending segment for the funding made available through an internal proprietary mechanism.

Funding

Following the DEPObank's Acquisition, we carried out a rationalisation of our funding sources, pursuant to which we reduced significantly the funding from securities issued, customer deposits and loans (including repurchase agreements).

As of 30 June 2023, our main source of funding is represented by funds credited on client accounts at our Securities Services and Payment Services business units, totalling approximately €5.6 billion.

We offer an online deposit account on the Italian, Spanish, Polish, German, Dutch and Irish markets ("*Conto Facto*", "*Cuenta Facto*" and "*Lokata Facto*"), which aimed at retail and corporate customers and guaranteed by the Interbank Deposit Protection Fund. At 30 June 2023, the total funding from our online deposits amounted to €1.7 billion.

Additionally, at 30 June 2023 we had €150 million in securities issued outstanding, all Additional Tier 1 Perpetual securities.

Employees

The table below sets forth the number of employees of the Group at 30 June 2023 and 31 December 2022.

Category	30 June 2023	31 December 2022
Senior Executives and Executives	29	29
Managers/Coordinators	162	162
Professionals/Specialists	633	651
Total	**824**	**842**

As of 30 June 2023, the Group had 824 employees (545 in Italy, 11 at BFF's Portugal branch, 9 at BFF's Greece branch, 61 in Spain (of which 13 at BFF's Madrid branch, 48 at BFF Finance Iberia), 181 in Poland (of which 36 at the branch), 15 in Slovakia and 2 in the Czech Republic. The Issuer has trade unions and has entered into collective labour contracts with its employees; BFF Polska and its

subsidiaries have no trade unions and have not entered into any collective labour (or similar) contracts with its employees.

Our full-time employees are normally employed under contracts of indefinite term.

Sustainability

ESG governance

In 2022, the Bank set out its ESG governance structure through the definition of the hierarchy and related duties. In particular, within the Bank's ESG governance structure the Board of Directors is responsible for:

- sets Group-wide guidelines, targets and strategies on sustainability issues;
- ensuring the integration of ESG risks into business strategies, governance, processes, procedures, and the system of controls;
- approving the materiality analysis, the NFD, and major policies within its purview;
- supervising the proper oversight of these issues.

In addition, the Board of Directors has established in 2022 an ESG committee as a body of a managerial nature with propositional and advisory functions to the Chief Executive Officer regarding assessments and decisions relating to ESG issues connected to the Bank's and the Group's business operations and its dynamics of interaction with all stakeholders.

More specifically, the Committee has investigative duties vis-à-vis sustainability matters to be submitted to the Chief Executive Officer, supporting the latter in managing all social responsibility issues and ensuring the Group's positioning on these matters in the various areas of reference.

ESG strategy

The Group's ambition aims to achieve certain goals for each pivotal area:

- reduction of its impact on the environment, through the implementation of a carbon footprint reduction strategy;
- enhancement of its people through the promotion of well-being and skill development;
- having a positive impact for local communities through initiatives through the role of Fondazione Farmafactoring and through the creation of new value that Casa BFF will generate given the project's focus on open and shared spaces;
- identification of actions that aim for excellence in governance arrangements.

These objectives will then also be enhanced and supplemented in light of the insights from external regulations (i.e. integration of climate and environmental risks, as per Bank of Italy expectations) and other stakeholders, such as investors and rating companies.

Information Technology

With respect to our Factoring and Lending operations, we manage our receivables through a specialised and efficient IT platform. We have developed internally an *ad hoc* IT system which gives us a competitive advantage in the Southern European Markets in terms of (i) speed and efficiency of our activities and (ii) integration with information systems of creditors (or assignors) and debtors. This has allowed us to reduce management costs and to benefit from economies of scale.

The technological architecture of our systems is a competitive advantage of our business, both in terms of hardware and software, and was designed to ensure continuity in the provision of services, operational stability and the provision of high quality services for end users, including us internally and clients and

Debtors externally. Our technological architecture also supports the activities of BFF Finance Iberia and our activities in Portugal, Greece and Croatia and France.

Our Securities Services activities rely almost exclusively on outsourced IT systems.

The information technology system underpinning our Payment Services leverages on the infrastructures developed by Nexi. Nexi also provides us with the technical solutions for the provision of payment services.

Legal Proceedings

We are subject as defendant to a number of legal proceedings arising in the ordinary course of our business. We assess the potential losses that we could incur in connection with pending legal proceedings and make provisions in application of prudential criteria. As of 30 June 2023, our fund for risks and charges in relation to legal matters amounted to €24.4 million, which is included in item "*Other provisions for risks and charges –others*" in Section 10 of the Liabilities of the 2023 Half-Year Financial Statements. As of 31 December 2022, we set aside a fund for risks and charges in relation to legal matters for €24.9 million.

Corporate Governance

The constitutional documents of the Issuer conform to the provisions contained in the Italian Civil Code and other special regulations regarding banks. The Issuer is structured according to the traditional Italian business corporate governance model with (i) a Board of Directors responsible for overseeing business management, and (ii) a board of statutory auditors (the "**Board of Statutory Auditors**") responsible for supervising compliance with laws and statutes, and monitoring the adequacy and the proper functioning of the organisational structure, the Issuer's internal controls and the Issuer's accounting and administrative system. Moreover the Issuer complies with the Corporate Governance Code for listed companies promoted by Borsa Italiana S.p.A.

Pursuant to Legislative Decree No. 231 of 8 June 2001, as amended ("**Decree 231**"), that applies also to our Spanish, Portuguese, Greek and Polish branches, provides for the direct liability of legal entities, companies and associations for certain crimes committed by their representatives and encourages companies to adopt corporate governance structures and risk prevention systems to stop managers, executives, employees and external collaborators from committing crimes, the Board of Directors appoints an independent supervisory body ("**Organismo di Vigilanza**") composed by three members (two of which are independent from the company), which is charged with the task of (i) monitoring compliance with Decree 231 and (ii) proposing necessary updates to the organisational model of the Issuer. In order to supervise the actions of top management adequately, the *Organismo di Vigilanza* must remain fully autonomous. As of the date of this Base Prospectus the members of the *Organismo di Vigilanza* are Marina Corsi, Silvio Necchi and Gianluca Poletti.

In addition, pursuant to Article 31-bis of the Spanish Criminal Code, as amended by the Organic Law 1/2019 of February 2020 ("**Ley Orgánica**") which regulates the administrative liability of legal entities, including companies, the Board of Directors of BFF Finance Iberia approved the "BFF Finance Iberia. Organizational, Management and Control Model pursuant to art 31-bis of the Criminal Code" (the "**Model**").

The Model provides for the appointment by the Board of Directors of BFF Finance Iberia of a Supervisory Body in charge of supervising the activities of the company and of ensuring compliance with the Model, as well as of taking care of the update of the Model. The Supervisory Body of BFF Finance Iberia solely consists of the second Vice-Secretary, non-member of the Board of Directors of BFF Finance Iberia.

In addition, BFF Polska adopted specific guidelines on anti-corruption, applicable to the company and its subsidiaries, and appointed its Compliance Chief Officer to oversee compliance with anti-corruption provisions.

Directive No. 2013/36/EU (CRD IV Directive) was implemented in Italy by Legislative Decree No. 72 of 12 May 2015, which introduced a new Article 52—*bis* in the Italian Banking Act, entitled "*internal systems for the reporting of violations*". The Bank of Italy implemented Article 52—*bis* of the Italian Banking Act by publishing, on 21 July 2015, the eleventh update to Circular No. 285 of 17 December

2013, entitled "*Supervisory Provisions for Banks*" as subsequently amended and supplemented (the "**Circular 285**"). Pursuant to Circular 285, banks are required to have an internal reporting system in place allowing their staff to report acts or facts that may constitute a breach of the rules governing banking activities (as defined by Article 10 of the Italian Banking Act). In particular, banks are required to (i) identify the person responsible for the internal reporting system; (ii) define the internal reporting procedure and the timing of all stages of the procedure transposed into operating procedures and approved by the Board of Directors; and (iii) circulate in a clear and exhaustive way to all the staff the reporting procedure adopted, including the measures adopted to ensure protection of privacy. As of the date of this Base Prospectus, the Group has already implemented the Circular 285.

Board of Directors

The members of the Board of Directors are elected by the shareholder's meeting for three-year terms (unless elected upon the resignation or removal of another member) on the basis of lists submitted by shareholders, each of which sets out a number of candidates not greater than the number of members to be appointed, listed sequentially. At the end of the voting operations, the candidates of the two lists which obtained the higher number of votes are appointed according to the following criteria: (a) a number of Directors equal to the total number of members to be appointed less 1 (one), is derived from the list which obtained the majority of casted votes (so called "majority list"), following the sequential order with which they are listed in the same list; (b) the residual director is derived from the second list which obtained the highest number of votes at the meeting (so called "minority list"), which is not affiliated in any way, not even indirectly, to those who have submitted or voted for the majority; (c) if the majority list does not contain a sufficient number of candidates to ensure that the number of directors to be elected pursuant to letter (a) above is reached, all the candidates listed therein shall be taken from that list, in the order in which they are indicated; after having taken the other director from the minority list pursuant to letter (b), the remaining directors are taken - for the positions not covered by the majority list - from the minority list that obtained the highest number of votes among the minority lists, according to the capacity of such list. The appointment of the Board of Directors shall take place in accordance with the balance between genders regime. Pursuant to the Consolidated Banking Law, the members of the Board of Directors are required to abide by specific professional, ethical and independency requirements.

The following table sets forth the names, positions and principal activities of the current members of the Board of Directors. Each member's term will expire at the annual shareholders' meeting called for the approval of the Issuer's annual financial statements as at and for the year ending 31 December 2023.

Name	**Position**	**Principal Activities Outside the Issuer**
Salvatore Messina	Chairman	N/A
Federico Fornari Luswergh	Vice Chairman and Non-executive Director	CFO of Merck Serono S.p.A. e delle società del Gruppo Merck in Italia CEO of Merck Group
Massimiliano Belingheri	Chief Executive Officer and Executive Director	Chairman of BFF Finance Iberia S.A. Member of the Supervisory Board of BFF Polska S.A. Non-Executive Director of Istituto della Enciclopedia Italiana Treccani S.p.A. Chairman of Assifact
Anna Kunkl	Independent Director	N/A
Michaela Aumann	Independent Director	N/A
Piotr Henryk Stępniak	Non-executive Director	Member of the Supervisory Board of BFF Polska, KRUK S.A., Grupa Kety, and VRG S.A.
Domenico Gammaldi	Independent Director	Strategic advisor to the CEO of PagoPA Non-executive Director to PayDo
Monica Magrì	Independent Director	N/A
Giovanna Villa	Independent Director	Statutory Auditor at Lenovo Group Statutory Auditor at KPME Group

The business address of the members of the Board of Directors is, for each director, Via Domenichino, 5, 20149 Milan, Italy.

Board of Statutory Auditors

Each member of the Board of Statutory Auditors is appointed by the shareholders and the board is composed of three regular auditors, one of whom is appointed as chairman, and two alternate auditors. Members of the Board of Statutory Auditors are elected on the basis of lists submitted by shareholders, in which candidates are listed sequentially, for a term of three years until the date of the shareholders' meeting called for the approval of the financial statements relating to the third year of such appointment. The appointment of the Board of Statutory Auditors shall take place in accordance with the balance between genders regime.

The Board of Statutory Auditors is part of the internal control system and its activities are carried out in compliance with the relevant regulatory requirements, including those set out by the Bank of Italy.

The following table sets forth the names, positions and principal activities of the current members of the Board of Statutory Auditors, all of whose appointments will expire at the annual shareholders' meeting called for the approval of the Issuer's annual financial statements as at and for the year ending 31 December 2023:

Name	**Position**	**Principal Activities Outside the Issuer**
Nicoletta Paracchini	Chairman and Statutory Auditor	Chairman of the Board of Statutory Auditors of Fleet & Tenders S.p.A. Chairman of the Board of Statutory Auditors of Stellantis & YOU Italia S.p.A. Statutory Auditor of Aston S.p.A. Statutory Auditor of FC Finance S.p.A. Statutory Auditor of FIAT Industrial S.p.A. Statutory Auditor of CRF S.C.p.A.
Fabrizio Riccardo Di Giusto	Statutory Auditor	Chairman and Statutory Auditor of Brembo S.p.A. Statutory Auditor of Dinex Italia S.r.l
Paolo Carbone	Statutory Auditor	Full Professor
Carlo Carrera	Alternate Auditor	Chairman of the Board of Statutory Auditors of EI.EN S.p.A.
Francesca Masotti	Alternate Auditor	Chairman of the Board of Statutory Auditors of AB Medica S.p.A. Chairman of the Board of Statutory Auditors of Multiservice S.p.A. Chairman of the Board of Statutory Auditors of F2I Rete Idrica Italiana S.p.A. Statutory Auditor of Gruppo Mutuionline S.p.A. Statutory Auditor of Chorus S.p.A. Statutory Auditor of SEA Prima S.p.A. Statutory Auditor of Glass to Power S.p.A. Statutory Auditor of CDP Immobiliare S.r.l. Statutory Auditor of Kervis SGR S.p.A.

In accordance with Italian law, members of the Board of Statutory Auditors are registered members of the registry of certified public accountants (*Revisori Contabili*) held by the Italian Ministry of Justice.

The business address of the members of the Board of Statutory Auditors is Via Domenichino, 5 20149 Milan, Italy.

Conflicts of Interest

As of the date of this Base Prospectus, there is no actual or potential conflict of interest between the duties of any of the members of the Board of Directors or Board of Statutory Auditors of the Issuer and their respective private interests or other duties.

In this respect and notwithstanding the above, as of 29 September 2023, the Group's CEO Massimiliano Belingheri and his closely associated persons held 5.8% of the Bank's share capital.

Recent Developments

2023 Dividends

On 3 August 2023, the Board of Directors resolved to: (i) distribute an interim dividend before taxes based on the results for the six months ended on 30 June 2023, equal to €0.291 per share, for a maximum total amount of €54,451,024.78, for each of BFF outstanding ordinary shares, net of the treasury shares held by the Issuer at the record date; and (ii) convene the ordinary shareholders' meeting to be held on 7 September 2023 to approve the proposal to distribute part of the retained earnings reserve of the Issuer as of 31 December 2022, equal to €0.147 per share, for a maximum total amount of €27,487,349.74, for each of BFF outstanding ordinary shares, net of treasury shares held by the Issuer at the record date.

Subject to the approval of the distribution of the retained earnings at the shareholders' meeting, the Issuer will distribute a total of €0.438 per share (for a maximum total amount of €81,938,374.52, corresponding to the adjusted net profit of the Group for the six months ended on 30 June 2023) which will be paid on 13 September 2023.

2022 Dividends

On 13 April 2023, the ordinary shareholders' meeting of the Bank approved the cash distribution to shareholders of part of the 2022 net income relating to the second semester, amounting to approximately €77.5 million, corresponding to a dividend, gross of withholding tax, of €0.419 per share. It should be noted that in August 2022 an interim dividend was distributed on the basis of the profit for the first half of 2022 equal to €0.3708 per share, which brings the total gross dividend per share for the year 2022 to €0.7898 per share.

Treasury shares repurchase programme

On 1 February 2023, the Bank of Italy authorised the treasury shares repurchase programme of the Bank, which was approved by the ordinary shareholders meeting held on 31 March 2022, up to the maximum amount of €2.8 million.

The treasury share repurchase, as already disclosed to the market, will aim to equip the Bank with sufficient financial instruments in order to meet the requirements of the remuneration and incentive systems.

On 20 February 2023, the treasury shares repurchase programme was completed. In the period between 13 February 2023 and 17 February 2023, BFF repurchased 291,888 ordinary shares, corresponding to 0.16% of the total shares outstanding and making up the share capital (equal to 185,604,558 shares), for a total equivalent value of €2,794,383.98.

REGULATORY

The Group is subject to extensive regulations and to the supervision (being for regulatory, information or inspection purposes, as the case may be) by the Bank of Italy and CONSOB.

Capital and Liquidity Requirements

Following the crisis of the financial markets in the last several years, the Basel Committee on Banking Supervision approved a number of capital adequacy and liquidity requirements ("**Basel III**"), aimed at strengthening the existing capital rules, including raising the quality of CET1 capital in a harmonised manner, introducing also requirements for Additional Tier 1 ("**AT1**") and Tier 2 capital instruments.

At a European level, the Basel III rules have been implemented through two separate legislative instruments: Directive 2013/36/EU of 26 June 2013 (the "**CRD IV**") and Regulation (EU) No. 575 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (the "**CRR**" and, together with the CRD IV, the "**CRD IV Package**"), whose provisions are directly binding and applicable in each member state. The CRD IV and the CRR were approved by the European Council on 20 July 2013 and entered into force on 1 January 2014. Furthermore, on 14 March 2016 the European Central Bank (the "**ECB**) adopted Regulation (EU) No. 2016/445 on the exercise of options and discretions available in Union law, published on 24 March 2016 and the ECB Guide on options and discretions available in Union law (the "**ECB Guide**"). This regulation specifies certain of the options and discretions conferred on competent authorities under Union law concerning prudential requirements for credit institutions that the ECB is exercising. It shall apply exclusively with regard to those credit institutions classified as "significant" in accordance with Article 6(4) of Regulation (EU) No 1024/2013, and Part IV and Article 147(1) of Regulation (EU) No 468/2014. Depending on the manner in which these options or discretions were so far exercised by the national competent authorities and on the manner in which the SSM will exercise such options or discretions in the future, additional or lower capital requirements may be required. Moreover, on 10 August 2016, the ECB published an addendum to the ECB Guide which addresses eight options and discretions and complements the existing ECB Guide and Regulation (EU) No. 2016/445.

In addition, on 13 April 2017, the ECB published a guideline and a recommendation addressed to national competent authorities (the "**NCAs**") concerning the exercise of options and national discretions available in European Union law that affect banks directly supervised by NCAs (*i.e.* the so called "less significant institutions"). Both documents are intended to further harmonise the way banks are supervised by the NCAs. The aim is to ensure a level playing field and the smooth functioning of the Euro area banking system as a whole.

In Italy, implementation of CRDIV Package implied amendments to Legislative Decree No. 385 of 1 September 1993 (the "**Italian Consolidated Banking Act**") and to the supervisory regulations on banks with circular No. 285 of 17 December 2013 ("**Circular No. 285**"), which came into force on 1 January 2014, setting out also additional local prudential rules addressed to Italian banks. The Government implemented the CRD IV with Legislative Decree No. 72 of 12 May 2015, which entered into force on 27 June 2015.

With respect to "Pillar 1" minimum capital requirements, Italian banks are currently required to comply with: (a) a CET1 capital ratio of 4.5%; (b) a Tier 1 capital ratio of 6.0%; and (c) a Total Capital Ratio of 8.0%. The Basel III framework also provides for the creation of additional capital buffers in excess of the minimum requirements in order to provide banks with high quality capital resources to be used in times of market stress, to prevent any malfunctioning of the banking system and to avoid disruptions in the credit granting process, as well as to address the risks posed by systemically important banks at the global or domestic level. More specifically, the capital buffers applicable under the CRD IV (to be met with CET1 capital) are the following:

4. *capital conservation buffer*: the capital conservation buffer applies to the Issuer pursuant to Circular No. 285 and, starting from 1 January 2019, is equal to 2.5% of risk-weighted assets ("**RWAs**");

5. *counter-cyclical capital buffer*: set by the relevant competent authority between 0% and 2.5% (but may be set higher than 2.5% where the competent authority considers that the conditions in the Member State justify it), with gradual introduction from 1 January 2016 and applying

temporarily in the periods when the relevant national authorities judge the credit growth excessive. The counter-cyclical capital buffer for the 2022 and the first quarter of 2023 was set by the Bank of Italy at 0%;

6. capital buffers for global systemically important institutions ("G-SIIs"): set as an "additional loss absorbency" buffer ranging from 1.0% to 3.5% determined according to specific indicators (e.g. size, interconnectedness, substitutability of the services provided, global cross-border activity and complexity), and has become fully effective starting from 1 January 2019, which does not apply to the Group; and

7. *capital buffers for other systemically important institutions at domestic level ("**O-SIIs**")*: up to 2.0% as set by the relevant competent authority and must be reviewed at least annually, to compensate for the higher risk that such banks represent to the domestic financial system. Such buffer does not apply to the Group.

In addition, to the above-listed capital buffers, under Article 133 of the CRD IV, each Member State may introduce a Systemic Risk Buffer of Common Equity Tier 1 Capital for the financial sector or one or more subsets of that sector in order to prevent and mitigate long-term non-cyclical systemic or macroprudential risks not otherwise covered by the CRD IV Package, in the sense of a risk of disruption in the financial system with the potential of having serious negative consequences on the financial system and the real economy in a specific Member State. As at the date of this Base Prospectus, no provision has been taken on the systemic risk buffer in Italy.

Failure to comply with such combined buffer requirements triggers restrictions on distributions and the need for the bank to adopt a capital conservation plan on necessary remedial actions (Articles 140, 141 and 141(b) of CRD IV, as amended and integrated by the EU Banking Reform referred to below).

In addition, supervisors, pursuant to the CRD IV Package, may require institutions to maintain capital to cover other risks (so called Pillar 2 capital requirements). The combined buffer represents an additional layer of capital which banks need to hold to counter systemic, macro-prudential and other risks not covered by idiosyncratic Pillar 1 and Pillar 2 minimum capital requirements.

Liquidity Coverage Ratio and Net Stable Funding Ratio, Leverage Ratio

Further, the Basel III agreements provided for (i) the introduction of a Liquidity Coverage Ratio ("**LCR**"), which expresses the ratio between the amount of available assets readily monetizable, in order to establish and maintain a liquidity buffer which will permit the bank to survive for 30 days in the event of serious stress (as of 1 January 2018, the indicator is subject to a minimum regulatory requirement of 100 per cent) and (ii) a Net Stable Funding Ratio ("**NSFR**"), with a time period of more than one year, introduced to ensure that the assets and liabilities have a sustainable expiry structure. The Commission Delegated Regulation (EU) No. 2015/61, adopted on 10 October 2014 and published in the Official Journal of the European Union in January 2015, specifies the calculation rules of the LCR, while the relevant provisions concerning NSFR are included in the amendments to the CRR comprised in the EU Banking Reform referred to below. With reference to the LCR, on 12 March 2020, the ECB, taking into account the economic effects of the COVID-19 pandemic, announced that banks will be allowed to operate temporarily below the minimum LCR. On 17 December 2021, the ECB stated its intention not to extend beyond December 2021 the liquidity relief measure that allowed banks to operate with a LCR below 100%. Therefore, as of 1 January 2022 all banks are required to maintain a LCR of above 100%.

The EU Banking Reform

In November 2016, the European Commission announced a comprehensive package of reforms to further strengthen the resilience of EU banks, resulting in the amendment of the CRD IV, the CRR, the BRRD and the SRM by the following:

- Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 ("**CRD V**") amending the Capital Requirements Directive IV as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures;

- Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 ("**CRR II**") amending the Capital Requirements Regulation as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements;

- Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 ("**BRRD II**") amending the Bank Recovery and Resolution Directive as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC; and

- Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 ("**SRM II V**") amending Regulation (EU) No. 806/2014 as regards the loss absorbing and recapitalisation capacity of credit institutions and investment firms,

published in the Official Journal of the European Union on 7 June 2019 and entered into force 20 days thereafter, on 27 June 2019 (the "**EU Banking Reform**").

Many of the changes to the CRR were directly applicable to the Group from that date.

The EU Banking Reform includes, among other things, a binding 3% leverage ratio and a binding 100% NSFR (which will require credit institutions and systemic investment firms to finance their long-term activities (assets and off-balance sheet items) with stable sources of funding (liabilities) in order to increase banks' resilience to funding constraints. In particular, the binding 3% leverage ratio is added to the own funds requirements set forth in Article 92(1) of the CRR. The leverage ratio requirement is a parallel requirement to the risk-based own funds requirements, and will apply - from June 2021 - to all credit institutions and investment firms that fall under the scope of the CRR, subject to selected adjustments. Institutions should be able to use any Tier 1 capital that they use to meet their leverage-related requirements to also meet their risk-based own funds requirements, including the combined buffer requirement.

From time to time, in line with the amendments made to the EU legislative framework, the Consolidated Banking Act and Circular No. 285, applicable also to less significant banks, have been updated to reflect the relevant changes to the provisions of the CRR.

Bank Recovery and Resolution Directive

On 2 July 2014, Directive 2014/59/EU, providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (the "**Bank Recovery and Resolution Directive**" or "**BRRD**") entered into force.

The BRRD provides the competent authorities with a set of tools to intervene sufficiently early and quickly in an unsound or failing institution so that it can ensure the continuity of the institution's critical financial and economic functions, whilst minimising the impact of an institution's failure on the economy and financial system.

The BRRD contains four resolution tools and powers which may be used alone or in combination where the relevant resolution authority considers that: (a) an institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest: (i) sale of business - which enables resolution authorities to direct the sale of the firm or the whole or part of its business on commercial terms; (ii) bridge institution - which enables resolution authorities to transfer all or part of the business of the firm to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control); (iii) asset separation - which enables resolution authorities to transfer assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) bail-in, which gives resolution authorities the power to write down certain claims of unsecured creditors of a failing institution and to convert certain unsecured debt claims including Senior Notes and Subordinated Notes into shares or other instruments of ownership (i.e. shares, other instruments that confer ownership, instruments that are convertible into or give the right to acquire shares or other instruments of ownership, and instruments representing interests in shares or other

instruments of ownership) (the "**General Bail-In Tool**"), which equity could also be subject to any future application of the General Bail-In Tool.

The BRRD also provides for a Member State as a last resort, after having assessed and made use of the above resolution tools (including the General Bail-In Tool) to the maximum extent practicable whilst maintaining financial stability, to be able to provide extraordinary public financial support through additional financial stabilisation tools. These consist of the public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the burden sharing requirement of the EU state aid framework and the BRRD. In particular, a single resolution fund financed by bank contributions at a national level is being established and Regulation (EU) No. 806/2014 establishes the modalities for the use of the fund and the general criteria to determine contributions to the fund.

An institution will be considered to be failing or likely to fail when: it is, or is likely in the near future to be, in breach of its requirements for continuing authorisation; its assets are, or are likely in the near future to be, less than its liabilities; it is, or is likely in the near future to be, unable to pay its debts as they fall due; or it requires extraordinary public financial support (except in limited circumstances).

In addition to the General Bail-In Tool, the BRRD provides for resolution authorities to have the further power to permanently write-down or convert into equity capital instruments such as Subordinated Notes at the point of non-viability and before any other resolution action is taken ("**non-viability loss absorption**"). Any shares issued to holders of Subordinated Notes upon any such conversion into equity capital instruments may also be subject to any application of the General Bail-In Tool.

For the purposes of the application of any non-viability loss absorption measure, the point of non-viability under the BRRD is the point at which the relevant authority determines that the institution and/or its group meets the conditions for resolution (but no resolution action has yet been taken) or that the institution and/or its group will no longer be viable unless the relevant capital instruments (such as Subordinated Notes) are written-down/converted or extraordinary public support is to be provided and the appropriate authority determines that without such support the institution would no longer be viable.

In the context of these resolution tools, the resolution authorities also have the power – with reference to subordinated debt instruments and other eligible liabilities issued by an institution under resolution – to amend or alter the maturity of such debt instruments and other eligible liabilities or amend the amount of interest payable under such instruments and other eligible liabilities, or the date on which the interest becomes payable, including by suspending payment for a temporary period, except for those secured liabilities which are subject to Article 44(2) of the BRRD.

The BRRD has been implemented in Italy through the adoption of two Legislative Decrees by the Italian Government, namely, Legislative Decrees No. 180/2015 of 16 November 2015 and 181/2015 (together, the "**BRRD Decrees**"), both of which were published in the Italian Official Gazette (*Gazzetta Ufficiale*) on 16 November 2015 and amended and supplemented by Legislative Decree No. 183 of 8 November 2021, implementing BRRD II provisions in Italy.

With respect to the BRRD Decrees, Legislative Decree No. 180 of 16 November 2015 sets forth provisions regulating resolution plans, the commencement and closing of resolution procedures, the adoption of resolution measures, crisis management related to cross-border groups, powers and functions of the national resolution authority and also the regulation of the national resolution fund. On the other hand, Legislative Decree No. 181 of 16 November 2015 introduces certain amendments to the Italian Banking Act and the Financial Services Act, by introducing provisions regulating recovery plans, intra-group financial support, early intervention measures and changes to creditor hierarchy. Moreover, this decree also amends certain provisions regulating the extraordinary administration procedure (*amministrazione straordinaria*), in order to make them compliant with the European regulation. The regulation on the liquidation procedures applied to banks (*liquidazione coatta amministrativa*) are also amended in compliance with the new regulatory framework and certain new market standard practices.

On 1 June 2016, the Commission Delegated Regulation (EU) No. 2016/860 of 4 February 2016 ("**Delegated Regulation (EU) 2016/860**") specifying further the circumstances where exclusion from the application of write-down or conversion powers is necessary under Article 44(3) of BRRD was published on the Official Journal of the European Union. In particular this regulation lays down rules specifying further the exceptional circumstances provided for in Article 44(3) of BRRD, where the resolution

authority may exclude, or partially exclude, certain liabilities from the application of the write down or conversion powers where the General Bail-In Tool is applied. The Delegated Regulation (EU) No. 2016/860 entered into force on 21 June 2016.

Also, Article 108 of the BRRD requires that Member States modify their national insolvency regimes such that deposits of natural persons and micro, small and medium sized enterprises in excess of the coverage level contemplated by deposit guarantee schemes created pursuant to the Deposit Guarantee Schemes Directive have a ranking in normal insolvency proceedings which is higher than the ranking which applies to claims of ordinary, unsecured, non-preferred creditors. In addition, the BRRD does not prevent Member States, including Italy, from amending national insolvency regimes to provide other types of creditors, with rankings in insolvency higher than ordinary, unsecured, non-preferred creditors. Legislative Decree No. 181/2015 of 16 November 2015 has amended the bail-in creditor hierarchy in the case of admission of Italian banks and investment firms to resolution, by providing that, as from 1 January 2019, all deposits other than those protected by the deposit guarantee scheme and excess deposits of individuals and SMEs benefit from a preference in respect of senior unsecured liabilities, though with a ranking which is lower than that provided for individual/SME deposits exceeding the coverage limit of the deposit guarantee scheme. Article 108 of the BRRD has been further amended further to proposals by the European Commission to introduce a harmonised national insolvency ranking of unsecured debt instruments to facilitate credit institutions' issuance of such loss absorbing debt instruments, by creating, inter alia, a new asset class of "non-preferred" senior debt instruments with a lower rank than ordinary senior unsecured debt instruments in insolvency. In such perspective, Article 108 of the BRRD aims at enhancing the implementation of the bail-in tool and at facilitating the application of the "minimum requirement for own funds and eligible liabilities" requirement concerning the loss absorption and recapitalisation capacity of credit institutions and investment firms described further below. The amendment to Article 108 has been 'fast tracked' through the adoption of Directive (EU) No. 2017/2399 of 12 December 2017 amending the BRRD as regards the ranking of unsecured debt instruments in insolvency hierarchy which was published in the Official Journal of the EU on 27 December 2017. Italian Law No. 205/2017, approved by the Italian Parliament on 27 December 2017, contains the implementing provisions pertaining to "non-preferred" senior debt instruments.

Pursuant to Article 44 (2) of the BRRD, as implemented by Article 49 of Legislative Decree No. 180 of 16 November 2015, resolution authorities shall not exercise the write down or conversion powers in relation to secured liabilities, including covered bonds or their related hedging instruments, save to the extent that these powers may be exercised in relation to any part of a secured liability (including covered bonds and their related hedging instruments) that exceeds the value of the assets, pledges, lien or collateral which it is secured. In addition, because (i) Article 44(2) of the BRRD excludes certain liabilities from the application of the General Bail-In Tool, and (ii) the BRRD provides, in Article 44(3), that the resolution authority may partially or fully exclude certain further liabilities from the application of the General Bail-In Tool, the BRRD specifically contemplates that *pari passu* ranking liabilities may be treated unequally. Accordingly, holders of the Notes may be subject to write-down or conversion upon application of the General Bail-In Tool while other *pari passu* ranking liabilities are partially or fully excluded from such application of the General Bail-In Tool. The safeguard set out in Article 75 of the BRRD would not provide any protection since Article 75 of the BRRD only seeks to achieve compensation for losses incurred by creditors which are in excess of those which would have been incurred in a winding-up under normal insolvency proceedings rather than to address any such possible unequal treatment.

Legislative Decree No. 181/2015 of 16 November 2015 has also introduced strict limitations on the exercise of the statutory rights of set-off which are normally available under insolvency laws, in effect prohibiting set-off by any creditor in the absence of an express agreement to the contrary. Each holder of Subordinated Notes and, in circumstances where the waiver is selected (as applicable in the relevant Final Terms), the Senior Notes will have expressly waived any rights of set-off, netting, counterclaim, abatement or other similar remedies which it might otherwise have had, under the laws of any jurisdiction, in respect of such Senior Notes or Subordinated Notes. Similarly, it is clear that the statutory right of set-off available under Italian insolvency laws will not apply.

The powers set out in the BRRD impact credit institutions and investment firms and how they are managed as well as, in certain circumstances, the rights of creditors. Holders of Senior Notes and Subordinated Notes may be subject to write-down/conversion into equity capital instruments on any application of the General Bail-In Tool and, in the case of Subordinated Notes, non-viability loss absorption, which may result in such holders losing some or all of their investment. The exercise of any

power under the BRRD or any suggestion or perceived suggestion of such exercise could, therefore, materially adversely affect the rights of holders of the Notes, the price or value of their investment in any Notes and/or the ability of the Issuer to satisfy its obligations under any Notes.

The legislative decree to implement the revised Deposit Guarantee Schemes Directive in Italy – namely, Legislative Decree No. 30 of 15 February 2016 – has been published in the Italian Official Gazette No. 56 of 8 March 2016. The Decree came into force on 9 March 2016, except for Article 1 comma 3, let. A), which came into force on 1 July 2018. Amongst other things, the Decree amends the Italian Banking Act and: (i) establishes that the maximum amount of reimbursement to depositors is EUR 100,000 (this level of coverage has been harmonised by the Directive and is applicable to all deposit guarantee schemes); (ii) lays down the minimum financial budget that national guarantee schemes should have; (iii) details intervention methods of the national deposit guarantee scheme; and (iv) harmonises the methods of reimbursement to depositors in case of insolvency of a credit institution.

In addition to the capital requirements under the CRD IV Package, the BRRD introduces requirements for banks to maintain at all times a sufficient aggregate amount of minimum requirement for own funds and eligible liabilities (the "**MREL**"). The aim is that the minimum amount should be proportionate and adapted for each category of bank on the basis of their risk or the composition of their sources of funding and to ensure adequate capitalisation to continue exercising critical functions post resolution.

The Bank of Italy is responsible for managing the crisis by preparing, in cooperation with the Single Resolution Board for significant banks or independently for less significant banks (including the Group), the resolution plans. The resolution plans focus on identifying the critical business units, assessing and addressing any impediments to resolution, defining an adequate MREL level, and determining the strategy and resolution mechanisms and tools to be used in the event of a crisis (pursuant to article 3 of Legislative Decree 72/2015). In the event of a crisis involving a significant bank, the Bank of Italy is also responsible for carrying out the resolution plan drawn up and approved by the Single Resolution Board; while, for Italian less significant banks, the Bank of Italy prepares the resolution plan for approval by the Minister of Economy and Finance (MEF) and implements it."

The BRRD, as amended by the EU Banking Reform, introduces a minimum harmonized MREL requirement (also referred to as a "**Pillar 1 MREL requirement**") applicable to G-SIIs, to be satisfied only with own funds and eligible liabilities subordinated to excluded liabilities (even if, under specific conditions, part of the requirement may be satisfied with non subordinated liabilities). In addition, all EU banks will be required to comply with a bank specific (in terms of calibration) MREL requirement (a "**Pillar 2 MREL requirement**"), which can be satisfied also through the use of non subordinated liabilities, for the amount exceeding a minimum subordination level equal to 8% of TLOF (total liabilities and own funds) and applicable to G-SIBs and "Top Tier" banks (banks with assets exceeding Euro 100 billion) only. However, if a bank is identified among the "riskiest" EU institutions, the Resolution Authority can decide to discretionally raise the applicable subordination requirement beyond the minimum level, in any case subject to the resolution authority assessment and determination.

The Financial Stability Board published the "Total Loss-Absorbing Capacity (TLAC) Term Sheet" on 9 November 2015, applicable to G-SIBs (referred to as G-SIIs in the European Union framework). The EU Banking Reform has introduced amendments aimed at implementing and integrating the TLAC requirements into the general MREL rules, thereby avoiding duplication from the application of two parallel requirements and ensuring that both the TLAC and MREL requirements are met with largely similar instruments. The resolution authorities will also be able, on the basis of bank-specific assessments, to require that G-SIIs comply with an institution-specific supplementary MREL requirement (a 'Pillar 2' add-on requirement). The TLAC requirement is at the moment applied only to the G-SIBs and consequently not applicable to the Group.

Under the BRRD, where an entity fails to meet its combined buffer requirement when considered in addition to its minimum requirement for own funds and eligible liabilities, resolution authorities have the power to prohibit certain distributions in accordance with the restrictions on distributions provisions by reference to the Maximum Distributable Amount. The Relevant Authority may furthermore exercise its supervisory powers under Article 104 of the CRD IV in case of breach of the minimum requirement for own funds and eligible liabilities.

Regulatory measures on NPLs

Article n. 178 of Regulation (EU) No 575/2013 (Capital Requirements Regulation – CRR) specifies the definition of default of an obligor. In this regard, Article 178 of the CRR mandates the EBA to detail guidelines on the application of the definition of "default". Consequently the "*Guidelines on the application of the definition of default under Article 178 of Regulation (EU) No 575/2013*" (the "**Guidelines**" or "**New DoD**") ruled all provisions related to the application of the definition of default of an obligor. The EBA has identified differing practices used by institutions as regards the definition of default and provided detailed clarifications on the application of the definition of default, which includes aspects such as the days past due criterion, indications of unlikeliness to pay, conditions for a return to non-defaulted status, application of the default definition in a banking group and specific aspects related to particular exposures (*e.g.*, public exposures, factoring exposures).

The Bank of Italy subsequently incorporated the guidelines into national regulatory provisions framework (in particular Circular no. 272 of 30 July 2008 and subsequent amendments – "*Matrice dei Conti*"), applicable from 1 of January 2021, as well as having issued some clarifications on the matter.

Moreover, on 14 March 2018, the European Commission (the "**EC**") published certain legislative proposals aimed at addressing the issues connected with the existing stock of NPLs held by European banks – namely (i) a proposal for a Regulation amending the CRR as regards minimum loss coverage for NPLs, which was later enacted through Regulation (EU) 2019/630 of 17 April 2019, as amended by Regulation (EU) 2020/873 (the "**Prudential Backstop Regulation**") (also known as calendar provisioning); (ii) a proposal for a directive on credit servicers, credit purchasers and the recovery of collateral; and (iii) a blueprint on asset management companies, accompanying the EC's "Second Progress Report" on NPLs.

In parallel with the above proposals, on 15 March 2018 the ECB issued an addendum, "Addendum to the Guidance on non-performing loans" (the "**ECB Addendum**") to its "Guidance to banks on NPLs of March 2017" (the "**NPLs Guidance**"). The ECB Addendum details the ECB supervisory expectations as regards the minimum levels of NPLs provisioning by significant credit institutions. These Guidelines (based on a Pillar 2 approach, to be incorporated into SREP decisions) are to be applied to all new non performing exposures (i.e. Past Due, Unlikely to Pay, Bad Loans) classified as such since 1 April 2018. The ECB Addendum sets out an expectation that, as of 1 April 2018, new unsecured NPLs must be fully covered after a period of two years from the date of their classification as NPLs. For example, the supervisor would expect a loan that is classified as an unsecured NPL on 1 May 2018 to be fully provisioned for by May 2020. For new secured NPLs, a certain level of provisioning is expected after three years of classification as an NPL, or "NPL vintage", which then increases over time until year seven. In this case, if a secured loan was classified as an NPL on 1 May 2018, the supervisor would expect these NPLs to be at least 40 per cent. provisioned for by May 2021, and totally provisioned by May 2025. The potential gap between the coverage envisaged by the new rules and the provisions applied at the reference date can be addressed through a Core Tier 1 deduction or an increase of provisions.

The Prudential Backstop Regulation imposes a "Pillar 1" minimum regulatory backstop for the provisioning of NPLs by EU banks. The minimum provisioning level is calculated by multiplying the value of the relevant NPLs within the portfolio by the factors indicated in the Prudential Backstop Regulation, which differ depending on (i) the number of years after the date on which the exposure was classified as non-performing, and (ii) whether the NPL is classified as "secured" or "unsecured" exposure (and if secured, whether the exposure is secured by immovable collateral or residential loan guaranteed by an eligible protection provider or is secured by other funded or unfunded credit protection), in accordance with the criteria set forth in the Prudential Backstop Regulation. In particular, under the Prudential Backstop Regulation the Issuer is required to apply a minimum provisioning level for NPLs equal to 100% after ten years (in case of exposures secured by immovable property or residential loan), eight years (in case of exposures secured by other funded or unfunded credit protection) or four years (in case of unsecured exposures) from the date when the exposure was classified as non-performing. If the aggregate amount of provisions and other eligible items is lower than such minimum provisioning level, any shortfall (so-called "insufficient coverage amount") shall be fully deducted from CET1 items.

The statutory prudential backstop applies only to exposures originated after the date of entry into force of the regulation and not to prior legacy exposures. However, the Prudential Backstop Regulation specifies that where the terms and conditions of an exposure which was incurred prior to the date of entry into force of the regulation are modified by the institution in a way that increases the institution's exposure to

the obligor, the exposure shall be considered as having been incurred on the date of the modification so that such exposure becomes subject to the new regime including the statutory prudential backstop.

On 22 August 2019 the ECB published a revised version of its supervisory expectations for prudential provisioning for NPLs, as set forth in the ECB Addendum, with a view to align such expectations to the regulatory approach followed under the Prudential Backstop Regulation. The main changes introduced by the ECB relate to: (i) the scope of the supervisory expectations for new NPLs, which is now limited to NPLs arising from loans originated before 26 April 2019 (which are not subject to the Pillar 1 treatment provided under the Prudential Backstop Regulation); and (ii) the time frames for the relevant prudential provisioning, the progressive path to full implementation and the split of secured exposures and other guaranteed exposures, which have been aligned to the Prudential Backstop Regulation.

In the context of the actions taken by the supervisory authorities to mitigate the effect of the COVID-19 pandemic on the EU banks' capital requirements, the ECB and the European Banking Authority ("**EBA**") have issued statements in March 2020 aimed at providing clarity on aspects related to (i) the classification of loans in default, (ii) the identification of forborne exposures and (iii) the accounting treatment, with the ultimate goal to support government actions addressing the adverse systemic economic impact of the COVID-19 pandemic, which have mostly taken the form of general moratoria and payment holidays. In this respect, in April 2020 the European Commission has also published (i) a proposal to amend the CRR in order to mitigate the negative effects of the COVID-19 pandemic by adapting the timeline of the application of international accounting standards on EU banks' capital, treating more favourably public guarantees granted during this crisis, postponing the date of application of the leverage ratio buffer and excluding certain exposures from the calculation of the leverage ratio; and (ii) an interpretative communication confirming the flexibility available to EU banks with respect to the classification of loans in connection with public and private moratoria.

Also at a country level, the Italian Government has acted to introduce two reforms that might have impact on the forthcoming NPLs market. In particular:

- the reform of the Italian Bankruptcy Law, published on February 2019, introduced new requirements for business in order to timely identify and prevent financial crisis, with a specific timeline;

- the Decree for Growth (*Decreto Crescita)*, published on April 2019, introduced new measures that could be easily applicable to still active borrowers, such as public guarantees on lending to SMEs, public aid on new financing and new securitization rules.

Payment Services Directive

On 13 November 2007, the European Parliament and the Council adopted Directive 2007/64/EC ("**PSD1**") to harmonize the payment services market and remove legal barriers for payments throughout the EU. PSD1 has, among others, introduced a licensing system for market access by payment service providers and regulated the relationship between payment service providers and consumers. PSD1 was intended to improve competition by opening up payment markets to new entrants, thereby encouraging greater efficiency and cost reduction, and, at the same time, to support the creation of a Single European Market for Retail Payment Services ("**SEPA**").

On 25 November 2015, PSD1 was repealed by Directive (EU) No 2015/2366 of the European Parliament and of the Council ("**PSD2**"), in light of the progress made in the integration of the payments market in the EU and the considerable technical innovations that have occurred since the adoption of PSD1. PSD2 seeks to address the evolution of the payments market and respond to certain shortcomings of the previous regime, including, in particular: (i) the uneven application of the relevant rules in the different EU Member States; (ii) the existence of numerous exemptions from the scope of PSD1; and (iii) the regulatory vacuum in which many operators in the sector have operated under PSD1.

To this end, PSD2 has: (i) broadened the scope of application of the provisions on payment services; (ii) introduced new payment services to cover services previously seen as merely complementary, such as the provision of payment orders and account information; and (iii) strengthened safeguards against operational and security risks related to payment services.

The framework outlined by PSD2 supplemented by the implementing regulations of the European Commission that are directly applicable to recipients and by the guidelines established by the EBA ("**EBA**").

Within the framework set out in PSD2, it is envisaged, among others, that:

- unless the payment service user has acted fraudulently, in the case of an unauthorized payment transaction resulting from the use or misappropriation of a lost or stolen payment instrument, the payment service provider[5] shall reimburse the amount of the unauthorized payment transaction that was executed after the loss, theft or misappropriation was reported to it. Notwithstanding the above, the payer may be obliged to bear the loss relating to unauthorized payment transactions resulting from the use of a lost or stolen payment instrument or from its misappropriation up to a maximum of €50,000; and

- in relation to information security, payment service providers are called upon to establish a framework of mitigation measures and appropriate control mechanisms to manage operational and security risks, relating to the payment services they provide, establish and manage effective incident management procedures, including for the identification and classification of serious operational and security incidents. Payment service providers are also required to initiate a process of archiving, monitoring and controlling access to sensitive payment data and are required to implement Strong Customer Authentication (SCA) when a payment service user accesses his payment account online, or makes an online payment, or carries out any action which may imply a risk of payment fraud or other abuse.

In Italy, the fundamental principles governing the provision of payment services are contained in Legislative Decree no. 11 of January 27, 2010 ("**Decree on Payment Service**s"), which implemented PSD1 and the Consolidated Banking Act. Legislative Decree no. 218 of 15 December 2017 ("**Decree no. 218**") implemented PSD2 in Italy, making significant changes to both the Consolidated Banking Act and the Decree on Payment Services SCA is regulated in Commission Delegated Regulation (EU) 2018/389 of 27 November 2017 supplementing Directive (EU) 2015/2366 of the European Parliament and of the Council with regard to regulatory technical standards for strong customer authentication and common and secure open standards of communication.

Anti-money laundering

The Group is subject to the provisions of law and regulations aimed at preventing money laundering and terrorist financing. These provisions are mainly contained in:

- Legislative Decree no. 231/07, as amended by:

    - Legislative Decree no. 90 of 25 May 2017, which amended Legislative Decree no. 231 of 21 November 2007 ("Decree 231/2007"), implementing Directive (EU) 2015/849 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing, and amending Directives 2005/60/EC and 2006/70/EC and implementing Regulation (EU) no. 2015/847 on information accompanying transfers of funds that repeals Regulation (EC) no. 1781/2006;

    - Legislative Decree no. 125 of 4 October 2019, which amended, inter alia, Legislative Decree no. 90 of 25 May 2017, implementing Directive (EU) 2018/843, amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing and that amends Directives 2009/138/EC and 2013/36/EU;

[5] Credit institutions fall within the definition of "*payment service providers*".

- The provisions adopted by the Bank of Italy, pursuant to Article 7, paragraph 1, letter a) of Decree 231/2007:
    - The provisions adopted on 26 March 2019, regarding the organisation, procedures and internal controls aimed at preventing the use of intermediaries for the purposes of money laundering and terrorist financing;
    - The provisions adopted on 30 July 2019, regarding the adequate verification of clients and for the fight against money laundering and terrorist financing;
- The provisions adopted by the Bank of Italy on 24 March 2020, pursuant to Articles 31, 32 and 34 paragraph 3, regarding the storage and making available of documents, data and information for the fight against money laundering and terrorist financing;
- the provision regarding instructions on objective communications, adopted by the UIF (the Italian Financial Intelligence Unit) on 28 March 2019, pursuant to Article 47 of Decree 231/2007.

The abovementioned regulatory framework determines the requirement for the Issuer and the Group to, among other things, comply with the obligations on: (i) the adequate verification of customers; (ii) retention of data; (iii) reporting of suspicious transactions to the Financial Intelligence Unit set up at the Bank of Italy; (iv) the adequate training of personnel; (v) sending aggregate anti-money laundering reports; and (vi) the implementation of provisions on the limitation of the use of cash and bearer securities; and (vii) carrying out a periodical assessment of the group's exposure to the risk of money laundering and terrorist financing.

Depositary Regulation

In relation to the securities services business carried out by the Issuer, the latter is subject to EU Directive 2011/61/EU on Alternative Investment Fund Managers ("**AIFMD**") and to EU Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities ("**UCITS Directive**") amending by Directive 2014/91/EU. The AIFMD and UCITS Directive seeks to regulate the activities of asset managers ("**AM**") managing alternative investment fund managers ("**AIFMs**") and undertakings collective investment in transferable securities ("**UCITS**") whether or not marketed in the EU. The EU regulatory framework for the depositary is composed also of the provisions of Chapter IV of the European Commission Delegated Regulation No. 231/2013 supplementing AIFMD with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision (the "**Delegated Regulation 231**") and of the provisions of European Commission Delegated Regulation No. 2016/438 supplementing UCITS Directive with regard to obligations of depositaries (the "**Delegated Regulation 438**").

In accordance with article 21 of the AIFMD and article 22 of the UCITS Directive, AIFMs (or, as the case may be, AIFs) are required to appoint a depositary (*i.e.* the custodian bank) to exercise depositary functions with respect to AIFs and UCITSs (all together "**Funds**") the appointment of the depositary shall be evidenced by written agreement under article 83 and ff. of the Delegated Regulation 231 and article 2 of the Delegated Regulation 438, regulating, *inter alia*, the flow of information deemed necessary to allow the depositary to perform its functions for the AIF for which it has been appointed as depositary.

The depositary is responsible for the proper monitoring of the Fund's cash flows, and, in particular, for ensuring that investor money and cash belonging to the Fund, or to the AM acting on behalf of the Fund, is booked correctly on accounts opened in the name of the Fund or in the name of the AM acting on behalf of the Fund or in the name of the depositary acting on behalf of the Fund for the safe-keeping of the assets of the Fund, including the holding in custody of financial instruments that can be registered in a financial instruments account opened in the depositary's books and all financial instruments that can be physically delivered to the depositary, and for the verification of ownership of all other assets by the Fund or the AM on behalf of the Fund. The depositary should act honestly, fairly, professionally, independently and in the interest of the Fund or of the investors of the Fund and, in this regard, the depositary shall not carry out activities with regard to the Fund or the AM that may create conflicts of interest between the Fund, the investors in the Fund, the AM and itself.

The assets of the Fund or the AM acting on behalf of the Fund are entrusted to the depositary for safe-keeping, as follows: (a) for financial instruments that can be held in custody: (i) the depositary shall hold

in custody all financial instruments that can be registered in a financial instruments account opened in the depositary's books and all financial instruments that can be physically delivered to the depositary; (ii) for that purpose, the depositary shall ensure that all those financial instruments that can be registered in a financial instruments account opened in the depositary's books are registered in the depositary's books within segregated accounts; (b) for other assets: (i) the depositary shall verify the ownership of the Fund or the AM acting on behalf of the Fund of such assets and shall maintain a record of those assets for which it is satisfied that the Fund or the AM acting on behalf of the Fund holds the ownership of such assets; (ii) the assessment whether the Fund or the AM acting on behalf of the Fund holds the ownership shall be based on information or documents provided by the Fund or the AM and, where available, on external evidence; (iii) the depositary shall keep its record up-to-date. In addition to the above, the depositary shall: (a) ensure that the sale, issue, re-purchase, redemption and cancellation of units or shares of the Fund are carried out in accordance with the applicable national law and the Fund rules or instruments of incorporation; (b) ensure that the value of the units or shares of the Fund is calculated in accordance with the applicable national law, the Fund rules or instruments of incorporation; (c) carry out the instructions of the AM, unless they conflict with the applicable national law or the Fund rules or instruments of incorporation; (d) ensure that in transactions involving the Fund's assets any consideration is remitted to the Fund within the usual time limits; (e) ensure that an Fund's income is applied in accordance with the applicable national law and the Fund rules or instruments of incorporation.

In Italy, AIFMD, UCITS Directive, Delegated Regulation 231 and Delegated Regulation 438 were implemented by Legislative Decree No. 58 of 24 February 1998 (the "**Consolidated Financial Act**") and the Bank of Italy's regulation on collective asset management of 19 January 2015, as amended and supplemented from time to time. Moreover, as to the role of the Issuer as custodian bank for Pension Funds, also Directive (EU) 2016/2341 on the activities and supervision of institutions for occupational retirement provision (IORPs) and Legislative Decree 252 of 2005 applies. Such Decree provides for additional requirements to be met by the Issuer in providing custodian and securities services to Pension Funds.

MiFID 2 – Directive 2014/65/EU on markets in financial instruments

In relation to the securities services business carried out by the Issuer, the latter is subject to EU **Directive 2014/65/EU on markets in financial instruments** ("**MiFID II**") and **Regulation EU 600/2014** ("**MIFIR**"). It is a cornerstone of the EU's regulation of financial markets seeking to improve their competitiveness by creating a single market for investment services and activities and to ensure a high degree of harmonised protection for investors in financial instruments. MiFID sets out:

- conduct of business and organisational requirements;
- obligation to provide information;
- regulatory reporting;
- trade transparency obligation;
- record keeping obligation.

For the purposes of this Directive and of Regulation (EU) No 600/2014 the Issuer is involved in the investment service of "Dealing on own account".

The Issuer out its business in bonds, money market instruments and foreign exchange instruments by providing quotes, in response to requests from customers (Request for Quote ('RFQ') with customers classified for MiFID purposes as Eligible Counterparties / Professional Customers.

TAXATION

ITALIAN TAXATION

The statements herein regarding taxation are based on the laws and practice in force as at the date of this Base Prospectus and are subject to any changes in law and practice 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. This summary will not be updated to reflect changes in laws and if such a change occurs the information in this summary could become invalid.

Tax treatment of Notes issued by the Issuer

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 ("**Interest**"), from Notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*), issued, *inter alia*, by Italian banks.

Pursuant to Article 44 of Decree No. 917 of 22 December 1986, for securities to qualify as titoli similari alle obbligazioni (securities similar to bonds), they must (i) incorporate an unconditional obligation to pay at maturity an amount not lower than their nominal value or principal amount ("*valore nominale*") and (ii) attribute to the Noteholders no direct or indirect right to control or participate to the 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 laws and regulations in effect since the Issue Date, issued by, inter alia, Italian banks, other than shares and assimilated instruments, as set out by Article 2, paragraphs 22, of Law Decree No. 138 of 13 August 2011, as converted with amendments by Law No. 148 of 14 September 2011.

Italian Resident Noteholders

Where an Italian resident Noteholder is (a) an individual not engaged in an entrepreneurial activity to which the Notes are connected; (b) a non-commercial partnership; (c) a non-commercial private or public institution (other than UCIs as defined below); or (d) an investor exempt from Italian corporate income taxation, unless the Noteholders has opted for the application of the *risparmio gestito* regime – see "*Taxation of Capital Gains*" below, Interest relating to the Notes, accrued during the relevant holding period, are subject to a substitute tax, referred to as "*imposta sostitutiva*", levied at the rate of 26 per cent (either when Interest is paid or when payment thereof is obtained by the holder on a sale of the Notes)

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 and may be deducted from the taxation on income due.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity to which the Notes are connected or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from any income taxation, including the *imposta sostitutiva*, on Interest relating to the Notes accrued after the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1(88-114) of Law No. 232 of 11 December 2016, as subsequently amended and in article 1, (210 - 215) of Law No. 145 of 30 December 2018, as implemented by the Ministerial Decree 30 April 2019, and for long-term savings account established from 1 January 2020, in article 13-bis of Law Decree No. 124, as lastly amended and supplemented by article 136 of Law Decree No. 34, by article 68 of Law Decree No. 104 and by Article 1, paragraph 27 of Law No. 234 of 30 December 2021.

Where a Noteholder is an Italian commercial partnership or an Italian resident corporation or similar commercial entity, or a permanent establishment in Italy of a Non-Italian resident company to which the Notes are effectively connected, and the Notes are deposited in due time, together with the coupons relating to such Notes, with an Intermediary (as defined below), Interest 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 income 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**"), and Article 9, par. 1, Legislative Decree No. 44 of 4 March 2014, payments of Interest in respect of the Notes made to Italian resident real estate investment funds (the "**Real Estate Funds**") established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998 (the "**Financial Services Act**") or pursuant to Article 14-bis of Law No. 86 of 25 January 1994, and Italian real estate investment companies with fixed capital (the "**Real Estate SICAFs**" and, together with the Italian resident real estate investment funds, the "**Real Estate UCIs**") are subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the Real Estate Fund, but subsequent distributions made in favour of unitholders or shareholders will be subject, in certain circumstances, to a withholding tax of 26 per cent.; subject to certain conditions, depending on the status of the investor and percentage of participation, income of the Real Estate UCI is subject to taxation in the hands of the unitholder or shareholder regardless of distribution.

If the Noteholder is resident in Italy and is an open-ended or closed-ended investment fund (other than Real Estate Funds), a SICAF (an investment company with fixed capital other than a Real Estate SICAF) or a SICAV (an investment company with variable capital) established in Italy and either (i) the fund, the SICAF or the SICAV or (ii) their manager is subject to the supervision of a regulatory authority (the "**UCI**"), and the relevant Notes are deposited in due time, together with the coupons relating to such Notes, with an Intermediary (as defined below), Interest accrued during the holding period on such Notes will not be subject to *imposta sostitutiva* nor to any other income tax in the hands of the UCI, but subsequent distributions made in favour of unitholders or shareholders will be subject, in certain circumstances, to a withholding tax of 26 per cent. (the "**Collective Investment Fund Withholding Tax**").

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of Legislative Decree No. 252 of 5 December 2005) and the Notes are deposited in due time, together with the coupons relating to such Notes, with an Intermediary (as defined below), Interest relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period to be subject to a 20 per cent. substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, Interest relating to the Notes may be excluded from the taxable base of the 20 per cent. substitute tax if accrued after the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(88-114) of Law No. 232 of 11 December 2016, as subsequently amended and in article 1, (210 - 215) of Law No. 145 of 30 December 2018, as implemented by the Ministerial Decree 30 April 2019, and for long-term savings account established from 1 January 2020, in article 13-bis of Law Decree No. 124, as lastly amended and supplemented by article 136 of Law Decree No. 34, by article 68 of Law Decree No. 104 and by Article 1, paragraph 27 of Law No. 234 of 30 December 2021.

Pursuant to Decree 239, *imposta sostitutiva* is applied by banks, Italian investment companies (*società di intermediazione mobiliare*) (a "**SIM**"), fiduciary companies, Italian asset management companies (*società di gestione del risparmio*) (a "**SGR**"), stockbrokers and other entities identified by a decree of the Ministry of Finance (each an "**Intermediary**").

An Intermediary must (a) be resident in Italy or be a permanent establishment in Italy of a non-Italian resident bank or investment company and (b) 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 or deposit account where the Notes are deposited.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld:

(a) by any intermediary paying Interest to the Noteholder; or

(b) by the Issuer,

and Noteholders that are Italian resident corporations or permanent establishments in Italy of foreign companies to which the Notes are effectively connected are entitled to deduct any *imposta sostitutiva* suffered from income taxes due.

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 in the tax sector as listed in Ministerial Decree of 4 September 1996, as amended by Ministerial Decree of 23 March 2017 and possibly further amended according 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 allows for a satisfactory exchange of information with Italy, as listed in the White List, even if it does not possess the status of taxpayer therein.

In order to ensure gross payment, non-Italian resident Noteholders must be the beneficial owners of the payments of Interest or an institutional investor and (a) deposit in due time, directly or indirectly, the Notes, together with the coupons relating to such 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 having appointed an Italian representative for the purposes of Decree 239 (which includes Euroclear and Clearstream), which is in contact, via computer, with the Ministry of Economy and Finance and (b) file with the relevant depository, in due time, a statement of the relevant Noteholder, which remains valid until withdrawn or revoked, in which the Noteholder declares to be 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.

Failure of a non-resident Noteholder to comply in due time with the procedures set forth in Decree 239 and in the relevant implementation rules will result in the application of *imposta sostitutiva* on Interest payments to a non-resident Noteholder.

The *imposta sostitutiva* will be applicable at the rate of 26 per cent. (or at the reduced rate provided for by the applicable double tax treaty, if any, subject to timely filing of required documentation provided by Measure of the Director of Italian Revenue Agency No. 2013/84404 of 10 July 2013) to Interest paid to Noteholders who are resident, for tax purposes, in countries not included in the White List.

Further Issues

Pursuant to Article 11, paragraph 2 of Decree 239, where the relevant Issuer issues a new tranche forming part of a single series with a previous tranche of notes, for the purposes of calculating the amount of Interest subject to imposta sostitutiva, the issue price of the new tranche of notes will be deemed to be the same amount as the issue price of the original tranche of notes. This rule applies where (a) the new tranche of notes is issued within twelve months from the issue date of the previous tranche of notes and (b) the difference between the issue price of the new tranche of notes and that of the original tranche of notes does not exceed 1% multiplied by the number of years of the duration of the Notes.

Tax treatment of atypical securities

Interest relating to Notes that are not deemed to fall within neither the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) nor in the category of regulatory capital financial instruments complying with EU and Italian regulatory laws and regulations issued by Italian banks, other than shares and assimilated instruments, as described under the caption "Tax treatment of Notes issued by the Issuer", would qualify as atypical securities and, as a consequence thereof such Notes

fall out of the scope of Decree 239 and may be subject to a withholding tax, levied at the rate of 26 per cent pursuant to Law Decree No. 512 of 30 September 1983.

In the case of Notes issued by an Italian resident issuer, 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.

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 or a pension fund (subject to the regime provided for by Article 17 of the Legislative Decree No. 252 of 5 December 2005) may be exempt from the withholding tax on the proceeds relating to the Notes not falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) and issued by an Italian resident issuer, if such Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1(88-114) of Law No. 232 of 11 December 2016, as subsequently amended and in article 1, (210 - 215) of Law No. 145 of 30 December 2018, as implemented by the Ministerial Decree 30 April 2019, and for long-term savings account established from 1 January 2020, in article 13-bis of Law Decree No. 124, as lastly amended and supplemented by article 136 of Law Decree No. 34, by article 68 of Law Decree No. 104 and by Article 1, paragraph 27 of Law No. 234 of 30 December 2021.

Taxation of capital gains

Any gain obtained from the sale or redemption of the Notes, both whether they fall within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) or in the category of atypical securities, would be subject to the taxation regime described below.

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 an (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 to which the Notes are connected or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from Italian capital gain taxes, including the *imposta sostitutiva*, on capital gains realised upon sale or redemption of the Notes issued by an Italian resident or White List resident Issuer, if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1(88-114) of Law No. 232 of 11 December 2016, as subsequently amended and in article 1, (210 - 215) of Law No. 145 of 30 December 2018, as implemented by the Ministerial Decree 30 April 2019, and for long-term savings account established from 1 January 2020, in article 13-bis of Law Decree No. 124, as lastly amended and supplemented by article 136 of Law Decree No. 34, by article 68 of Law Decree No. 104 and by Article 1, paragraph 27 of Law No. 234 of 30 December 2021.

In respect of the application of *imposta sostitutiva*, taxpayers may choose 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 Noteholder 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 of income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.

As an alternative to the tax declaration regime, Italian resident 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 foreign intermediaries) and (b) an express election for the *risparmio amministrato* regime being timely made in writing by the relevant Noteholder. The depository intermediary 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 Noteholders under (i) to (iii) above 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, together with Interest relating to such Notes, in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a substitute tax at a rate of 26 per cent., to be paid by the managing authorised intermediary. Under the *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the Noteholder is not required to declare the capital gains realised in the annual tax return.

Any capital gains realised by a Noteholder who is a Real Estate UCI will be subject neither to *imposta sostitutiva* nor to any other income tax at the level of the Real Estate UCI, but subsequent distributions made in favour of unitholders or shareholders will be subject, in certain circumstances, to a withholding tax of 26 per cent.; subject to certain conditions, depending on the status of the investor and percentage of participation, income of the Real Estate UCI is subject to taxation in the hands of the unitholder or the shareholder regardless of distribution.

Any capital gains realised by a Noteholder which is a Fund will not be subject to *imposta sostitutiva*. Such result will not be taxed with the UCI, but subsequent distributions in favour of unitholders of shareholders may be subject to the Collective Investment Fund Withholding Tax.

Any capital gains realised by a Noteholder who is an Italian pension fund (subject to the regime provided for by article 17 of the Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 20 per cent. substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, interest, premium and other income relating to the Notes issued by an Italian resident or White List resident Issuer may be excluded from the taxable base of the 20 per cent. substitute tax if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(88-114) of Law No. 232 of 11 December 2016, as subsequently amended and in article 1, (210 - 215) of Law No. 145 of 30 December 2018, as implemented by the Ministerial Decree 30 April 2019, and for long-term savings account established from 1 January 2020, in article 13-bis of Law Decree No. 124, as lastly amended and supplemented by article 136 of Law Decree No. 34, by article 68 of Law Decree No. 104 and by Article 1, paragraph 27 of Law No. 234 of 30 December 2021.

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 issued by an Italian resident

issuer and traded on regulated markets, or not held in Italy, are neither subject to the *imposta sostitutiva* nor to any other Italian income tax.

Where the Notes are held in Italy, capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian resident issuer not traded on regulated markets are not subject to the *imposta sostitutiva*, provided that the effective beneficiary: (a) is resident in a country which allows for a satisfactory exchange of information with Italy in the tax sector, as listed 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 which allows for a satisfactory exchange of information with Italy, as listed in the White List, even if it does not possess the status of taxpayer therein.

If none of the conditions above is met, capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian resident issuer not traded on regulated markets, and held in Italy, are subject to the *imposta sostitutiva* at the current rate of 26 per cent.

In any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes issued by an Italian resident issuer 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 Notes issued by an Italian resident issuer.

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:

transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding, for each beneficiary, €1,000,000;

transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree are subject to an inheritance and gift tax at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding, for each beneficiary, €100,000; and

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 (i), (ii) and (iii) on the value exceeding, for each beneficiary, €1,500,000.

Pursuant to article 6 Law no. 112/2016 ("*Legge sul Dopo di Noi*") as amended by article 89, paragraph 8, Legislative Decree 3 July 2017, no.117, asset or other rights (a) contributed to a trust, or (b) subject to a scope restriction ex article 2645-ter Italian Civil Code, or (c) contributed to a special fund ruled by *contratto di affidamento fiduciario*, in favour of persons with severe disabilities, are exempt from inheritance and gift tax. Upon the death of the person with severe disabilities, inheritance and gift tax will be due by the last beneficiary of the transfer, to be specifically identified within the deed.

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 €200.00; and (ii) private deeds are subject to registration tax only in the case of use or voluntary registration or occurrence of the so-called cross-reference (*enunciazione)*.

Italian financial transaction tax (so-called "Tobin Tax")

Article 1, paragraphs from 491 to 500, of Law No. 228 of 24 December 2012, as implemented by Ministerial Decree 21 February 2013 (the "**IFTT Decree**"), introduced a tax on financial transactions that

applies to (i) the transfer of ownership in shares issued by companies having their registered office ("*sede legale*") located in Italy (the "**Chargeable Equity**"); and (ii) transactions in derivative financial instruments over Chargeable Equity, and (iii) transactions in transferable securities giving the right to acquire or sell mainly one or more Chargeable Equity, or giving rise to a cash settlement determined mainly by reference to one or more Chargeable Equity, and (iv) high frequency trading transactions relating to shares or equity securitised or un-securitised derivatives, effected on the Italian financial market.

Transactions related to financial instruments (other than shares and assimilated instruments pursuant to Article 44 of Decree No. 917), issued by Italian supervised banks, that qualify as bonds or are eligible as Additional Tier 1 Capital at the level of the issuer, under EU and Italian regulatory laws and regulations in effect, since the Issue Date, such as the Notes, are excluded from IFTT pursuant to art. 15(1)(b-bis) of the IFTT Decree.

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 in Italy. The stamp duty applies at a rate of 0.20 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 or in the case the nominal or redemption values cannot be determined, on the purchase value 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) 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) of Decree 201, Italian resident individuals, non-profit entities, including also trust and foundations, *società semplici* and similar partnerships (pursuant to art. 5 of Italian Presidential Decree No. 917 of 22 December 1986) holding the Notes outside the Italian territory are required to pay an additional tax at a rate of 0.20 per cent ("**IVAFE**").

This tax is calculated on the market value of the Notes at the end of the relevant year or, if no market value figure is available, the nominal value or the redemption value or in the case the nominal or redemption values cannot be determined, on the purchase value of such financial assets held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due).

Tax Monitoring Obligations

Pursuant to Italian Law Decree No. 167 of 28 June 1990, converted by Italian Law No. 227 of 4 August 1990, as amended by Italian Law No. 97 of 6 August 2013 and subsequently amended by Italian Law No. 50 of 28 March 2014 and Italian Law No. 225 of 1 December 2016, individuals, non-profit entities and certain partnerships (*società semplici* or similar partnerships) resident in Italy who hold investments abroad or have financial activities abroad must, in certain circumstances, disclose the aforesaid and related transactions to the Italian tax authorities in their income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return). The requirement applies also where the persons above, being not the direct holder of the financial instruments, are the actual owner of the instrument under the Italian money-laundering law.

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 and with respect to foreign investments which are only composed by deposits and/or bank accounts when their aggregate value never exceeds a €15,000 threshold throughout the year.

OECD common reporting standards in Italy

The EU Savings Directive adopted on 3 June 2003, by the EU Council of Economic and Finance Ministers (as subsequently amended) on taxation of savings income in the form of interest payments has been repealed from 1 January 2016 to prevent overlap between the Savings Directive and the new automatic exchange of information regime implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU).

Drawing extensively on the intergovernmental approach to implementing the United States Foreign Account Tax Compliance Act, the OECD developed the Common Reporting Standard ("CRS") to address the issue of offshore tax evasion on a global basis. Aimed at maximizing efficiency and reducing cost for financial institutions, the CRS provides a common standard for due diligence, reporting and exchange of financial account information. Pursuant to the CRS, participating jurisdictions will obtain from reporting financial institutions, and automatically exchange with exchange partners on an annual basis, financial information with respect to all reportable accounts identified by financial institutions on the basis of common due diligence and reporting procedures. The first information exchanges are expected to begin in 2017.

Italy has enacted Italian Law No. 95 of 18 June 2015 ("Law 95/2015"), implementing the CRS (and the amended EU Directive on Administrative Cooperation) Italian Ministerial Decree dated 28 December 2015, which has entered into force on 1 January 2016, implemented Law 95/2015 and provides for the exchange of information in relation to the calendar year 2016 and later.

In the event that the Noteholder holds the Notes through an Italian financial institution (as meant in the Italian Ministerial Decree of 28 December 2015 implementing Law 95/2015), they may be required to provide additional information to such financial institution to enable it to satisfy its obligations under the Italian implementation of the CRS.

The Proposed Financial Transactions Tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has ceased to participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. It may therefore be altered prior to any implementation. Additional EU Member States may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

Foreign Account Tax Compliance Act ("FATCA")

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" ("**FFI**") may be required to withhold on certain payments it makes ("foreign pass-through payments") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes.

A number of jurisdictions, including the Republic of Italy, have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify

the way in which FATCA applies in their jurisdictions. In particular, with the Law 18 July 2015 No. 95, the Republic of Italy ratified and enacted the IGA with the Unites State of America signed on 10 January 2014. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019 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 pass-through payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. However, if additional Notes (as described under Condition 16 (*Further Issues*)) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA.

Whilst the Notes are in global form and held within Euroclear and Clearstream, Luxembourg (together, the "**ICSDs**") in all but the most remote circumstances it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent, the depositary, or to the order of the common depositary or common safe keeper, given that each of the entities in the payment chain between the Issuer and the participants in the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an "IGA" will be unlikely to affect the Notes. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA), provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. In addition, the Programme documentation expressly contemplates the possibility that the Notes may be exchanged into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA withholding. However, definitive notes will only be issued in remote circumstances. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. The Issuer's obligations under the Notes are discharged once it has paid to the order of the common depositary or common safe keeper for the ICSDs (as bearer of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through hands of the ICSDs and custodians or intermediaries. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

The original Dealer has, in a dealer agreement dated 3 October 2023 (the "**Dealer Agreement**"), agreed with the Issuer a basis upon which it or any other Dealer may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*" above. In the Dealer Agreement, the Issuer has agreed to reimburse the relevant Dealer for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the relevant Dealer against certain liabilities incurred by them in connection therewith. The Dealer Agreement makes provision for the resignation or termination of appointment of the existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes. For the purposes of this section, references in this section to "Dealer" and "Dealers" also refers to any Dealer or Dealers appointed subsequently. The Dealers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Notes.

United States

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, except as permitted by the Dealer Agreement, it has not offered, sold or delivered and will not offer, sell or deliver the Notes of any identifiable Tranche, (a) as part of their distribution at any time or (b) otherwise until 40 days after completion of the distribution of such Tranche within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act, if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Prohibition of Sales to EEA Retail Investors

Unless the Final Terms (or the Drawdown Prospectus, as the case may be) in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area.

For the purposes of this provision:

(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 MiFID II; or

(ii) or (ii) a customer within the meaning of Directive (EU) 2016/97 (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; 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 (or the Drawdown Prospectus, as the case may be) in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area (each, a "**Relevant Member State**"), 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 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 (or are the subject of the offering contemplated by a Drawdown Prospectus, as the case may be) to the public in that Relevant Member State except that it may make an offer of such Notes to the public in that Relevant Member State:

(a) ***Qualified investors***: at any time to any legal entity which is a qualified investor as defined in Article 2 of the Prospectus Regulation;

(b) ***Fewer than 150 offerees***: at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) ***Other exempt offers***: at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation.

provided that no such offer of Notes referred to in 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.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) **no deposit-taking**: in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business, and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) **financial promotion**: it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(c) **general compliance**: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Prohibition of sales to UK Retail Investors

Unless the Final Terms (or the Drawdown Prospectus, as the case may be) in respect of any Notes specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

(d) the expression retail investor means a person who is one (or more) of the following:

(i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (EUWA); or

(ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA.

(e) 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 (or the Drawdown Prospectus, as the case may be) in respect of any Notes specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant 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 (or are the subject of the offering contemplated by a Drawdown Prospectus, as the case may be) to the public in the UK except that it may make an offer of such Notes to the public in the UK:

(a) *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

(b) *Fewer than 150 offerees*: at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) *Other exempt offers*: at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

Republic of Italy

The offering of the Notes has not been registered with the CONSOB pursuant to Italian securities legislation and, accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that sales of the Notes in Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulation.

Each Dealer has represented and agreed that, save as set out below, no Notes may be offered, sold or delivered, nor may copies of this Base Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of the Financial Services Act and Article 34-*ter*, first paragraph, letter b) of CONSOB Regulation No. 11971 of 14 May 1999 (as amended from time to time) ("**Regulation No. 11971**").

Any such offer, sale or delivery of the Notes or distribution of copies of this Base Prospectus or any other document relating to the Notes in the Republic of Italy must be:

(a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018 and Legislative Decree No. 385 of 1 September 1993 (the "**Italian Banking Act**") (in each case as amended from time to time);

(b) in compliance with Article 129 of the Italian Banking Act, as amended, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy and the relevant implementing guidelines of the Bank of Italy, issued on 25 August 2015 (as amended from time to time), and

(c) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or any other Italian authority.

France

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France this Base Prospectus or any other offering material relating to the Notes except to (a) qualified investors (*investisseurs qualifiés),* as defined in article 2(e) of the Prospectus Regulation, and/or (b) a limited circle of investors (*cercle restreint)* acting for their own account, in accordance with, Articles L. 411-1, L. 411-2 and D. 411-4 of the French *Code monétaire et financier.*

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948), as amended (the "**FIEA**"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer to sell any Notes in Japan or to, or for the benefit of, a resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other relevant laws and regulations of Japan.

Singapore

Each Dealer has acknowledged that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(II) 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.

General

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Base Prospectus or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Notes) or in a supplement to this Base Prospectus.

GENERAL INFORMATION

Name and Legal Form of the Issuer

The Issuer is incorporated as a joint stock company (*società per azioni*) in the Republic of Italy, is registered with number 07960110158 in the companies' register of Milan and operates in accordance with the Italian Banking Act.

Corporate Purpose

The purpose of the Issuer, pursuant to Article 4 of the By-laws, is to collect savings and provide loans in various forms, both directly and through subsidiaries. In compliance with applicable regulations and after obtaining the necessary authorisations, the Issuer may carry out, directly or through its subsidiaries, all banking, financial and insurance transactions and services, including the establishment and management of open or closed-end pension schemes, and other activities that may be performed by lending institutions, including the issuance of bonds, the exercise of financing activities regulated by special laws and the sale and purchase of company receivables.

The Issuer may carry out any other transaction that is instrumental or in any way related to the achievement of its corporate purpose. To pursue its objectives, the Issuer may adhere to associations and consortia of the banking system, both in Italy and abroad.

In its capacity as parent company of the Group, pursuant to the laws from time to time in force, including Article 61, paragraph 4, of the Italian Banking Act, in exercising the activity of direction and coordination the Issuer issues guidelines to the Group's members, also for the purpose of executing instructions issued by the regulatory authorities and in the interest of the stability of the Group.

Share Capital of the Issuer

Pursuant to Article 5 of the By-laws, as at 30 June 2023 the authorised share capital of the Issuer was Euro € 147,432,307.25, which had been subscribed for and paid in for €143,749,686 and was represented by 186,687,904 ordinary shares without nominal value.

Authorisation

The establishment of the Programme was duly authorised by resolutions of the management board of the Issuer dated 26 July 2018. The update of the Programme was duly authorised on 25 May 2023.

Legal Entity Identifier

The Legal Entity Identifier (LEI) of the Issuer is 815600522538355AE429.

Approval, Listing of Notes and Admission to Trading

The Base Prospectus has been approved by the Central Bank of Ireland, as competent authority under the Prospectus Regulation. The Central Bank of Ireland has only approved the Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or of the quality of the Notes that is the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes. Application has been made to Euronext Dublin for Notes issued under the Programme to be admitted to trading on the regulated market of the Euronext Dublin and to be listed on the Official List. Euronext Dublin's regulated market is a regulated market for the purposes of MiFID II.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

Listing Agent

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List or to trading on the regulated market of Euronext Dublin for the purposes of the Prospectus Regulation.

Documents Available

For as long as this Base Prospectus remains valid, copies of the following documents will, when published, be available for inspection on the website of the Issuer (https://investor.bff.com/en/home) and in physical form from the registered office of the Issuer and by appointment from the specified offices of the Paying Agent for the time being in London:

(a) the Condensed Half-Yearly Consolidated Financial Statements of the Issuer as at and for the six months ended 30 June 2023, prepared in accordance with IFRS applicable to interim financial reporting, International Accounting Standards 34, Interim Financial Reporting, and together with the accompanying notes and auditors' report;

(b) the audited consolidated annual financial statements of the Group as at and for the years ended 31 December 2022 and 2021, prepared in accordance with IFRS and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and article 43 of Legislative decree no. 136/15 and together with the accompanying notes and auditors' reports;

(c) the articles of association (*statuto*) of the Issuer;

(d) the Agency Agreement for the Notes in Physical Form and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;

(e) a copy of this Base Prospectus;

(f) any future base prospectuses, prospectuses, information memoranda, supplements and Final Terms (save that a Final Terms relating to a Note, which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Regulation will only be available for inspection by a holder of such Note upon reasonable request and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its proof of holding of Notes and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference; and

(g) the Issuer's "Social Bond Framework" and any amendment, supplement or replacement thereto that the Issuer may publish in connection with the issuance of Notes classified as "Social Bonds".

In addition copies of this Base Prospectus, any supplements thereto, each Final Terms relating to Notes which are admitted to trading on Euronext Dublin's regulated market are available on Euronext Dublin's website (https://live.euronext.com/).

Clearing Systems

The Notes in Physical Form have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the relevant Final Terms. If the Notes are to be cleared through an additional or alternative clearing system the appropriate information will be specified in the relevant Final Terms. The address of Euroclear is Euroclear Bank S.A./N.V., 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

The Dematerialised Notes have been accepted for clearance by Monte Titoli. The Dematerialised Notes will be in bearer form and held in dematerialised form on behalf of the beneficial owners, until redemption or cancellation thereof, by Monte Titoli S.p.A. (with registered office and principal place of business at Piazza degli Affari 6, 20123 Milan, Italy), for the account of the relevant Monte Titoli Account Holders (including Euroclear and Clearstream, Luxembourg). The relevant Final Terms (or Drawdown Prospectus, as the case may be) shall specify any other clearing system as shall have accepted the relevant Dematerialised Notes for clearance together with any further appropriate information.

Conditions for Determining Price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

Website and Telephone

The website of the Issuer is https://www.bff.com/en/home and its telephone number is +39 02 49905.1. The information on https://www.bff.com/en/home does not form part of this Base Prospectus, except where that information has been incorporated by reference into this Base Prospectus.

Significant or Material Change

Save as described under "*Description of the Issuer and the Group — Recent Developments*", there has been no significant change in the financial performance or position of the Issuer or the Group since 30 June 2023 and there has been no material adverse change in the prospects of the Issuer since 31 December 2022.

Litigation

Save as described under "*Description of the Issuer and the Group – Legal Proceedings*", neither the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the Group.

Material Contracts

The Issuer has no material contracts in place which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations under the Notes, other than those contracts entered into in the ordinary course of business.

Rating Agencies

Each of Moody's France SAS and DBRS Ratings GmbH is established in the European Union and registered in accordance with Regulation No. 1060/2009/EC of the European Parliament and the Council dated 16 September 2009 relating to credit rating agencies, and is included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority at http://www.esma.europa.eu/supervision/credit-rating-agencies/risk.

Independent Auditors

The Shareholders' Meeting of the Issuer held on 2 April 2020 appointed the auditing firm KPMG S.p.A. to audit the financial statements from 2021 to 2029, pursuant to the provisions of article 2409-bis of the Italian Civil Code and Italian Legislative Decree 39/2010.

The audited consolidated annual financial statements of BFF Bank as at and for the years ended, respectively, 31 December 2022 and 31 December 2021 were audited by KPMG S.p.A., while the consolidated interim financial reports of BFF Bank as at and for the six months ended 30 June 2023 and 30 June 2022 have been subject to limited review by KPMG S.p.A.

KPMG S.p.A is registered under No. 70623 in the Register of the Statutory Auditors, in compliance with the provisions of Legislative Decree No. 39/2010 as implemented by the MEF (Decree No. 144 of 20 June 2012). The registered office of KPMG S.p.A. is at Via Vittor Pisani, 25, 20124, Milan, Italy.

Interests of natural and legal persons involved in the issue/offer

Certain of the Dealers and their affiliates may have engaged, and may in the future engage, in financing, in investment banking and/or commercial banking transactions and may perform services for the Issuer and its affiliates in the ordinary course of business and/or for companies involved directly or indirectly in the sector in which the Issuer and/or their affiliates operate, and for which such Dealers have received or may receive customary fees, commissions, reimbursement of expenses and indemnification. Certain of

the Dealers may also have positions, deals or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities. They have received, or may in the future receive, customary fees and commissions for these transactions. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. The Dealers and/or their affiliates may receive allocations of the Notes (subject to customary closing conditions), which could affect future trading of the Notes. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For the avoidance of doubt, for the purpose of this paragraph the term "**affiliates**" also includes a parent company.

In relation to the issue and subscription of any Tranche of Notes, fees and/or commissions may be payable to the relevant Dealers.

In addition, a Calculation Agent may be appointed by the Issuer in connection with specific Series of Notes issued under the Programme, as set forth in the relevant Final Terms. The Calculation Agent will be an agent of the Issuer and not the agent of the Noteholders, therefore potential conflicts of interest may exist between the Calculation Agent (if any) and Noteholders (including where a Dealer acts as a Calculation Agent), including with respect to certain determinations and judgments that such Calculation Agent may make pursuant to the Conditions.

The relevant Final Terms will specify any other interests of natural and legal persons involved in each issue/offer of Notes under the Programme.

THE ISSUER

BFF Bank S.p.A.
Via Domenichino, 5
20149 Milan
Italy

FISCAL AGENT AND PAYING AGENT

Citibank, N.A., London Branch
Citigroup Centre
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Canary Wharf, London E14 5LB
United Kingdom

LEGAL ADVISORS

To the Issuer as to English law and Italian law

White & Case LLP
Piazza Diaz, 2
20123 Milan
Italy

To the Issuer as to Italian tax law

Gatti Pavesi Bianchi Ludovici
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20123 Milan
Italy

To the Sole Arranger and Dealer as to English and Italian law

Clifford Chance Studio Legale Associato
Via Broletto, 16
20121 Milan
Italy

AUDITORS

KPMG S.p.A.
Via Vittor Pisani, 25
20124 Milan
Italy

SOLE ARRANGER AND DEALER

Intesa Sanpaolo S.p.A.
Divisione IMI Corporate & Investment Banking
Via Manzoni 4
20121 Milan
Italy

IRISH LISTING AGENT

Arthur Cox Listing Services Limited
Ten Earlsfort Terrace
Dublin 2
Ireland