BANCA NAZIONALE DEL LAVORO S.P.A.

(*incorporated as a* società per azioni *under the laws of the Republic of Italy*)

€22,000,000,000

COVERED BOND PROGRAMME

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

VELA OBG S.R.L.

(incorporated as a società a responsabilità limitata *under the laws of the Republic of Italy)*

Except where specified otherwise, capitalised words and expressions in this Prospectus have the meaning given to them in the section entitled "*Glossary*".

Under the €22,000,000,000 covered bond programme (the "**Programme**") described in this Prospectus, Banca Nazionale del Lavoro S.p.A. ("**BNL**" or the "**Issuer**"), subject to compliance with all relevant laws and regulations, may from time to time issue covered bonds (*obbligazioni bancarie garantite*) (the "**Covered Bonds**") guaranteed by Vela OBG S.r.l. (the "**Guarantor**") pursuant to Title I-*bis* of Italian law number 130 of 30 April 1999 (as amended and supplemented from time to time, "**Law 130**") which has implemented Directive (EU) 2019/2162 of 29 November 2019 establishing a common framework for covered bonds and regulated by the supervisory guidelines of the Bank of Italy set out in the Part III, Chapter 3 of the "*Disposizioni di Vigilanza per le Banche*" contained in the *Circolare* No. 285 of 17 December 2013 of the Bank of Italy (as amended and supplemented from time to time the "**Prudential Regulations**").

Covered Bonds may be denominated in any currency agreed between the Issuer and the relevant Dealer(s). The maximum aggregate nominal amount of all Covered Bonds from time to time outstanding under the Programme will not exceed €22,000,000,000 (or its equivalent in other currencies, calculated as described herein).

The Covered Bonds will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will rank *pari passu* without preference among themselves and (save for any applicable statutory provisions) at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer from time to time outstanding. In the event of a compulsory winding-up of the Issuer, any funds realised and payable to the Bondholders will be collected by the Guarantor on their behalf provided that, pursuant to article 7-*quaterdecies* of Law 130, further to enforcement of the Guarantee, the Bondholders shall participate in the final distribution of the Issuer's assets in respect of any residual amount due to them with any other unsecured creditor including – pursuant to article 7-*quaterdecies* of Law 130 – any derivative transaction counterparty. Vela OBG S.r.l. (the "**Guarantor**") has guaranteed payments of interest and principal under the Covered Bonds pursuant to a guarantee (the "**Guarantee**") which is collateralised by a pool of assets (the "**Cover Pool**") consisting of Eligible Assets assigned and to be assigned to the Guarantor by the Main Seller and, upon accession to the Programme, the Additional Seller(s). Recourse against the Guarantor under the Guarantee is limited to the Segregated Assets (as defined herein).

Each Series or Tranche (as defined herein) of Covered Bonds may be issued without the consent of the holders of any outstanding Covered Bonds, subject to certain conditions. Covered Bonds of different Series or Tranche may have different terms and conditions, including, without limitation, different maturity dates. Notice of the aggregate nominal amount of Covered Bonds, interest (if any) payable in respect of Covered Bonds, the issue price of Covered Bonds and any other terms and conditions not

contained herein which are applicable to each Series or Tranche will be set out in the relevant final terms (the "**Final Terms**").

From their relevant issue dates, the Covered Bonds will be issued in dematerialised form or in other form as set out in the relevant Final Terms. Covered Bonds issued in dematerialised form will be held on behalf of their ultimate owners by Euronext Securities Milan, the commercial name of Monte Titoli S.p.A. ("**Euronext Securities Milan**") for the account of the relevant Euronext Securities Milan account holders. Euronext Securities Milan may also act as depository for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream**"). The Covered Bonds issued in dematerialised form will at all times be evidenced by book-entries in accordance with the provisions of article 83-*bis* of the Financial Laws Consolidation Act and with the joint regulation of the Commissione Nazionale per le Società e la Borsa ("**CONSOB**") and the Bank of Italy dated 13 August 2018 and published in the Official Gazette number 201 of 30 August 2018, as subsequently amended and supplemented. No physical document of title will be issued in respect of the Covered Bonds issued in dematerialised form.

The Covered Bonds of each Series or Tranche will be subject to mandatory and/or optional redemption in whole or in part in certain circumstances (as set out in Condition 10 (*Redemption and Purchase*)). Unless previously redeemed in full in accordance with the Conditions and the relevant Final Terms, the Covered Bonds of each Series or Tranche will be redeemed at their Final Redemption Amount on the relevant Maturity Date (or, as applicable, the Extended Maturity Date), subject as provided in the relevant Final Terms.

This Prospectus is neither subject to any approval or authorisation of CONSOB or Borsa Italiana S.p.A., nor to any disclosure duties in the Republic of Italy, other than those provided for by Italian Law.

An investment in Covered Bonds issued under the Programme involves certain risks. See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Covered Bonds.

As at the date of this Prospectus, payments of interest and other proceeds in respect of the Covered Bonds may be subject to withholding or deduction for or on account of Italian substitute tax, in accordance with Italian Legislative Decree number 239 of 1 April 1996 (as amended and supplemented from time to time, the "**Decree 239**") and any related regulations. Upon the occurrence of any withholding or deduction for or on account of tax from any payments under any Series or Tranche of Covered Bonds, neither the Issuer nor any other person shall have any obligation to pay any additional amount(s) to any holder of Covered Bonds any Series or Tranche. For further details see the section entitled "*Taxation*".

This Prospectus does not constitute a prospectus with regard to the Issuer and the Covered Bonds for the purposes of Article 3 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (as amended, the "**Prospectus Regulation**") or under the Prospectus Regulation as it forms part of United Kingdom ("**UK**") domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended, the "**EUWA**") (the "**UK Prospectus Regulation**").

This Prospectus is drawn up also for the purposes of, *inter alia*, obtaining, where the relevant Final Terms states so, the admission to trading of the Covered Bonds on the EuroTLX Market ("**EuroTLX**"), which is a multilateral system for the purposes of the Market and Financial Instruments Directive (Directive 2014/65/EC (the "**MIFID II**")), managed by Borsa Italiana S.p.A. ("**Borsa Italiana**").

Each Series or Tranche of Covered Bonds may or may not be assigned a rating by one or more rating agencies.

Each Series or Tranche of Covered Bonds issued under the Programme, if rated, is expected to be assigned, unless otherwise stated in the applicable Final Terms, "AA(low)" by DBRS Ratings GmbH ("**DBRS**" or the "**Rating Agency**"). DBRS is established in the EEA and is registered under Regulation (EU) No 1060/2009, on credit rating agencies (the "**EU CRA Regulation**"). Please refer to the ESMA webpage http://www.esma.europa.eu/page/List-registered-and-certified-CRAs in order to consult the updated

list of registered credit rating agencies. Any websites included in this Prospectus are for information purposes only and do not form part of this Prospectus.

A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by any rating agencies and each rating shall be evaluated independently of any other. The Covered Bonds issued under the Programme may also not be assigned a rating.

Whether or not each credit rating applied for in relation to relevant Series of Covered Bonds will be (1) issued or endorsed by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 on credit rating agencies as amended from time to time (the "**EU CRA Regulation**") or by a credit rating agency which is certified under the EU CRA Regulation and/or (2) issued or endorsed by a credit rating agency established in the United Kingdom ("**UK**") and registered under Regulation (EC) No. 1060/2009, as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (as amended by the European Union (Withdrawal Agreement) Act 2020) (the "**UK CRA Regulation**") or by a credit rating agency which is certified under the UK CRA Regulation will be disclosed in the Final Terms. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the EU CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the European Union but endorsed by a credit rating agency established in the European Union and registered under the EU CRA Regulation or (2) the rating is provided by a credit rating agency not established in the European Union which is certified under the EU CRA Regulation. In general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the UK and registered under the UK CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the UK but is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or (2) the rating is provided by a credit rating agency not established in the UK which is certified under the UK CRA Regulation. The European Securities and Markets Authority (the "**ESMA**") is obliged to maintain on its website, https://www.esma.europa.eu/page/List-registered-and-certified-CRAs, a list of credit rating agencies registered and certified in accordance with the EU CRA Regulation. The Financial Conduct Authority (the "**FCA**") is obliged to maintain on its website, https://www.fca.org.uk/firms/credit-rating-agencies, a list of credit rating agencies registered and certified in accordance with the UK CRA Regulation.

Interest amounts payable under Floating Rate Covered Bonds may be calculated by reference to euro interbank offered rate ("**EURIBOR**") or such other reference rate, as specified in the relevant Final Terms. At the date of this Prospectus, the European Money Markets Institute (as administrator of EURIBOR) is included in the register of administrators maintained by the European Securities and Markets Authority ("**ESMA**") under article 36 of Regulation (EU) No. 2016/1011 (the "**EU Benchmarks Regulation**").

Sole Arranger

BANCA NAZIONALE DEL LAVORO S.P.A.

Dealer

BNP PARIBAS

The date of this Prospectus is 18 April 2024.

RESPONSIBILITY STATEMENT

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

*This Prospectus does not constitute a prospectus with regard to the Issuer and the Covered Bonds for the purposes of Article 3 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (as amended, the "**Prospectus Regulation**") or under the Prospectus Regulation as it forms part of United Kingdom ("**UK**") domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended, the "**EUWA**") in respect of the UK (the "**UK Prospectus Regulation**").*

This Prospectus is to be read and construed in conjunction with any supplements hereto, with all documents which are incorporated herein by reference and, in relation to any Series or Tranche of Covered Bonds (as defined herein), with the relevant Final Terms (as defined herein).

Other than in relation to the documents (if any) which are deemed to be incorporated by reference, the information on the websites to which this Prospectus refers does not form part of this Prospectus.

*The Issuer accepts responsibility for the information contained in this Prospectus other than the information regarding the Guarantor (as set out in the section headed "*Description of the Guarantor*" below) for which the Guarantor accepts responsibility. To the best of the knowledge of the Issuer and the Guarantor (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.*

This Prospectus is to be read and construed in conjunction with any supplements hereto and, in relation to any Series or Tranche of Covered Bonds, with the relevant Final Terms.

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

***PRIIPs / IMPORTANT – EEA RETAIL INVESTORS** – The Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive*

*2014/65/EU of the European Parliament and of the Council on markets in financial instruments (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Covered Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.*

***PRIIPs / IMPORTANT – UK RETAIL INVESTORS** – The Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended by the European Union (Withdrawal Agreement) Act 2020) (the "**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Covered Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.*

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

*A determination will be made at the time of issue about whether, for the purpose of the product governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Covered Bonds is a manufacturer in respect of such Covered Bonds, but otherwise neither any Dealer nor any of its respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.*

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

*"**distributor**") should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the target market assessment) and determining appropriate distribution channels.*

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

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor or the Dealer to subscribe for, or purchase, any Covered Bonds.

The distribution of this Prospectus and the offering or sale of the Covered Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Guarantor and the Dealer to inform themselves about and to observe any such restriction. The Covered Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended. Subject to certain exceptions, Covered Bonds may not be offered, sold or delivered within the United States or to US persons. There are certain restrictions on the distribution of this Prospectus and the offer or sale of Covered Bonds in the European Union, including the Republic of Italy, Austria, Belgium, France, Portugal, Spain, Sweden and the Netherlands, in Japan, in Bahrain, in Canada, in Dubai International Financial Centre, in Hong Kong, in the Republic of Korea, in the People's Republic of China, in Saudi Arabia, in Singapore, in Taiwan, in United Arab Emirates and in the United Kingdom. For a description of certain restrictions on offers and sales of Covered Bonds and on distribution of this Prospectus, see the Section "Subscription and Sale".

The Dealer has not separately verified the information contained in this Prospectus. The Dealer makes no representation, express or implied, or accept any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus. Neither this Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Guarantor, the Representative of the Bondholders or the Dealer that any recipient of this Prospectus or any other financial statements should purchase the Covered Bonds. Each potential purchaser of Covered Bonds should determine for itself the relevance of the information contained in this Prospectus and its purchase of Covered Bonds should be based upon such investigation as it deems necessary. None of the Dealer or the Representative of the Bondholders undertakes to review the financial condition or affairs of the Issuer or the Guarantor during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in Covered Bonds of any information coming to the attention of any of the Dealers or the Representative of the Bondholders.

In this Prospectus, unless otherwise specified or unless the context otherwise requires, all references to "£" or "Sterling" are to the currency of the United Kingdom, "Dollars" are to the currency of the United States of America, and all references to "€", "euro" and "Euro" are to the lawful currency introduced at

the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended from time to time.

Figures included in this Prospectus may have been subject to rounding adjustments; accordingly, figures shown for the same item of information may vary, and figures which are totals may not be the arithmetical aggregate of their components.

Covered Bonds to be issued under the Programme as from the date of this Prospectus, are intended to be eligible to the "European Covered Bond (Premium)" label as set out under article 7-viciesbis of Law 130, provided that they comply with Law 130, the Prudential Regulations and article 129 of the CRR. However, no representation is made or assurance given that any Covered Bonds issued under the Programme will be and will remain allowed to use the "European Covered Bond (Premium)" label until their maturity. Whether the Covered Bonds are intended to benefit, benefit or do not benefit from "European Covered Bond (Premium)" label will be specified in the relevant Final Terms.

INDEX

SUPPLEMENTS, FINAL TERMS AND FURTHER PROSPECTUSES

The Issuer and the Guarantor may agree with the Dealer(s) to issue Covered Bonds in a form not contemplated in the section entitled "*Form of Final Terms*". To the extent that the information relating to that Series or Tranche of Covered Bonds constitutes a significant new factor in relation to the information contained in this Prospectus, a separate prospectus specific to such Series or Tranche (the "**Drawdown Prospectus**") will be made available and will contain such information.

The terms and conditions applicable to any particular Series or Tranche of Covered Bonds will be the conditions set out in the section entitled "*Terms and Conditions of the Covered Bonds*", as amended and/or replaced to the extent described in the relevant Final Terms or Drawdown Prospectus. In the case of a Series or Tranche of Covered Bonds which is the subject of a Drawdown Prospectus, each reference in this 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.

STRUCTURE OVERVIEW

The information in this section is an overview of the structure relating to the Programme and does not purport to be complete. The information is taken from, and is qualified in its entirety by, the remainder of this Prospectus:

- *Programme*: Under the terms of the Programme, the Issuer will issue Covered Bonds to Bondholders on each Issue Date. The Covered Bonds will be direct, unsubordinated, unsecured and unconditional obligations of the Issuer guaranteed by the Guarantor under the Guarantee.

- *Guarantor*: The Guarantor is a corporate entity separate and distinct from the Issuer and maintains corporate records and books of account separate from those of the Issuer. The authorised and issued quota capital of the Guarantor is euro 10,000.00 and is held by Banca Nazionale del Lavoro S.p.A., as to 70 per cent. and SVM Securitisation Vehicles Management S.r.l. as to 30 per cent. The Guarantor has issued no voting securities other than its authorised and issued quota capital. For further details, see section "*The Guarantor*" below.

- *Guarantee*: In accordance with the provisions of Law 130, the Guarantor has provided a first demand, unconditional, autonomous and irrevocable guarantee, for the benefit of the Bondholders in accordance with the Programme Documents, for the purpose of guaranteeing the payments owed by the Issuer to the Bondholders under the Covered Bonds. Under the terms of the Guarantee, the Guarantor has agreed to pay an amount equal to the Guaranteed Amounts when the Guaranteed Amounts become Due for Payment. The obligations of the Guarantor under the Guarantee constitute direct, unconditional, unsubordinated and limited recourse obligations of the Guarantor, collateralised by the Cover Pool as provided under Law 130. The recourse to the Guarantor under the Guarantee will be limited to the Segregated Assets. Payments made by the Guarantor under the Guarantee will be made subject to, and in accordance with, the relevant Priority of Payments, as applicable.

- *Subordinated Loan Agreement(s)*: Under the terms of the relevant Subordinated Loan Agreement, the Main Seller and each Additional Seller (if any), in their capacity, respectively, as Main Subordinated Lender and Additional Subordinated Lender, will from time to time grant to the Guarantor one or more Term Loans, for the purposes of funding the payments described in the paragraph headed "*The proceeds of Term Loans*" below. Prior to the service of a Breach of Tests Notice, an Issuer Default Notice or a Guarantor Default Notice, each Term Loan may be repaid by the Guarantor on each Guarantor Payment Date according to the Pre-Issuer Default Principal Priority of Payments within the limits of the then Guarantor Available Funds. Following the occurrence of a Segregation Event upon service of a Breach of Tests Notice, there shall be no further payments to any Subordinated Lender under any relevant Term Loan(s) as long as a Breach of Tests Cure Notice is delivered in accordance with the Programme Documents, other than when necessary for the purpose of complying with article 129 paragraph 1a. of the CRR as better specified in the Cover Pool Management Agreement (and to the extent that no purchase of Eligible Assets is possible to this effect in accordance with the provisions of the Master Assets Purchase Agreement and the Cover Pool Management Agreement and/or in compliance with the limits set out in the Prudential Regulations). Following the service of an Issuer Default Notice or a

Guarantor Default Notice, the Term Loans shall be repaid within the limits of the then Guarantor Available Funds subject to the repayment in full (or, prior to the service of a Guarantor Default Notice, the accumulation of funds sufficient for the purpose of such repayment) of all Covered Bonds. Each Term Loan that has been repaid pursuant to the terms of a Subordinated Loan Agreement will be available for redrawing during the Subordinated Loan Availability Period within the limits of the Total Commitment. Payments by the Issuer of amounts due under the Covered Bonds are not conditional upon receipt by the Issuer of payments from the Guarantor pursuant to the Subordinated Loan Agreement. Amounts owed by the Guarantor under the Subordinated Loan Agreement will be subordinated to amounts owed by the Guarantor under the Guarantee.

- *Proceeds of Term Loans*: Pursuant to each Subordinated Loan Agreement each Term Loan will be granted for the purpose of (a) funding the purchase price of the Eligible Assets included in the Initial Portfolio; (b) funding, in whole or in part, the purchase price of the Eligible Assets included in any New Portfolios to be transferred to the Guarantor by the relevant Seller in connection with the issue of a Corresponding Series of Covered Bonds under the Programme; (c) funding, in whole or in part, the purchase price of the Eligible Assets to be transferred by the relevant Seller to the Guarantor pursuant to the Master Assets Purchase Agreement and the Cover Pool Management Agreement in order to ensure the compliance of the Cover Pool with the Tests; (d) funding, in whole or in part, the purchase price of any Eligible Assets transferred by the relevant Seller to the Guarantor pursuant to the Master Assets Purchase Agreement, including in order to ensure the compliance of the Cover Pool with the thresholds set out under article 129, paragraph 1a. of the CRR; (e) funding any amount due to as adjusted purchase price of any Receivable to be included in the Portfolio pursuant to the Master Assets Purchase Agreement; or (f) allowing the Guarantor to credit on the Reserve Fund Account an amount, or to establish a cash reserve, sufficient to remedy a breach of the Liquidity Reserve Requirement.

- *Cashflows*: Prior to the service of an Issuer Default Notice on the Issuer and the Guarantor and provided that no Breach of Tests Notice has been served and has not been revoked through the delivery of a Breach of Tests Cure Notice, the Guarantor will:

  - apply Interest Available Funds to pay interest and/or Premium on the relevant Term Loans, but only after payment of the other items ranking higher in the Pre-Issuer Default Interest Priority of Payments (including, but not limited to, certain expenses and any amount due and payable under the Asset Swap Agreement(s)). For further details of the Pre-Issuer Default Interest Priority of Payments, see "*Cashflows*" below; and

  - apply Principal Available Funds to pay, *inter alia*, in whole or in part, the purchase price of any New Portfolios and repay the Term Loans, but only after payment of the other items ranking higher in the relevant Pre-Issuer Default Principal Priority of Payments. For further details of the Pre-Issuer Default Principal Priority of Payments, see "*Cashflows*" below.

After the service of a Breach of Tests Notice, payments due under the Covered Bonds will continue to be made by the Issuer until an Issuer Default Notice has been delivered, and the Guarantor will make payments to the Other Guarantor Creditors in accordance with the Pre-

Issuer Default Interest Priority of Payments and the Pre-Issuer Default Principal Priority of Payments, provided that, until a Breach of Test Cure Notice has been delivered, there shall be no further payments (whether of interest or principal) to the Subordinated Lender(s) under any relevant Term Loan, other than when necessary for the purpose of complying with paragraph 1a. of the CRR as better specified in the Cover Pool Management Agreement (and to the extent that no purchase of Eligible Assets is possible to this effect in accordance with the provisions of the Master Assets Purchase Agreement and the Cover Pool Management Agreement and/or in compliance with the limits set out in the Prudential Regulations) and the purchase price for any New Portfolios to be acquired by the Guarantor shall be paid only by using the proceeds of a new Term Loan or, to the extent necessary to comply with the limits set forth under article 129, paragraph 1a., of the CRR, the Guarantor Available Funds.

Following service on the Issuer and on the Guarantor of an Issuer Default Notice (but prior to a Guarantor Event of Default and service of a Guarantor Default Notice on the Guarantor) the Guarantor will use all Guarantor Available Funds to pay Guaranteed Amounts when the same shall become Due for Payment, subject to paying certain higher ranking obligations of the Guarantor under the Guarantee Priority of Payments. In such circumstances, the Subordinated Lender(s) will only be entitled to receive payment from the Guarantor of interest, Premium (if any) and repayment of principal under the relevant Term Loan(s) after all amounts due under the Guarantee in respect of the Covered Bonds have been paid in full or have otherwise been provided for. The above provisions will apply also following the service of an Issuer Default Notice as a consequence of an Issuer Event of Default consisting of an Article 74 Event, it being understood that the Article 74 Event may be temporary so that, upon delivery of an Article 74 Event Cure Notice (and to the extent that no other Issuer Event of Default or Guarantor Event of Default has occurred and is continuing), the above provisions shall cease to apply until the Guarantee is newly enforced by the Representative of the Bondholders.

Following the occurrence of a Guarantor Event of Default and service of a Guarantor Default Notice on the Guarantor, the Covered Bonds will become immediately due and repayable at their Early Termination Amount and the Representative of the Bondholders, on behalf of the Bondholders, shall have a claim against the Guarantor under the Guarantee for an amount equal to the Early Termination Amounts, together with accrued interest and any other amount due under the Covered Bonds (other than additional amounts payable as gross-up) and any Guarantor Available Funds will be distributed according to the Post-Enforcement Priority of Payments, as to which see section "*Cashflows*" below.

- *Mandatory Tests*: The Programme provides that the Eligible Assets of the Guarantor are subject to certain tests (the "**Mandatory Tests**") intended to ensure that the Guarantor can meet its obligations under the Guarantee as set out under article 7-*undecies* of Law 130. Accordingly, starting from the First Issue Date and until the date on which all Series or Tranches of the Covered Bonds have been cancelled or redeemed in full in accordance with the Terms and Conditions and the relevant Final Terms, the Issuer and any Additional Seller(s) (if any) must ensure that the following tests are satisfied on each Test Reference Date and on each Post-Breach of Tests Reference Date:

(i) *Nominal Value Test*: the aggregate Outstanding Principal Balance of the Cover Pool shall be equal to or higher than the Principal Amount Outstanding of all Series or Tranches of Covered Bonds issued under the Programme and not cancelled or redeemed in full in accordance with the Terms and Conditions and the relevant Final Terms as at the relevant Test Reference Date or Post-Breach of Tests Reference Date, as the case may be, provided that, prior to the delivery of an Issuer Default Notice, such test will always be deemed met to the extent that the Asset Coverage Test (as referred below) is met as of the relevant Test Reference Date or Post-Breach of Tests Reference Date, as the case may be;

(ii) *Net Present Value Test*: the Net Present Value Test is intended to ensure that the net present value of the Cover Pool, net of all the costs to be borne by the Guarantor (including payments of any costs, fees and expenses expected or due with respect to any Swap Agreement which are in compliance with article 7-*decies* of Law 130), shall be higher than or equal to the net present value of all Series or Tranche of Covered Bonds issued under the Programme and not cancelled or redeemed in full in accordance with the Terms and Conditions and the relevant Final Terms as at the relevant Test Reference Date or Post-Breach of Tests Reference Date, as the case may be;

(iii) *Interest Coverage Test*: the Interest Coverage Test is intended to ensure that the amount of interest and other revenues generated by the Eligible Assets included in the Cover Pool, net of all the costs borne by the Guarantor (considering also any Eligible Swap Agreement), shall be higher than or equal to the amount of interest due on all Series or Tranches of Covered Bonds issued under the Programme and not cancelled or redeemed in full in accordance with the Terms and Conditions and the relevant Final Terms as at the relevant Test Reference Date or Post-Breach of Tests Reference Date, as the case may be.

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

- *Liquidity Reserve Requirement*: The Programme provides that the amount of Eligible Assets comprised in the Cover Pool which are in compliance with article 7-duodecies, paragraph 2, of Law 130, including the Reserve Fund Amount (the "**Liquidity Reserve**") is in an amount equal to or greater than the maximum cumulative Net Liquidity Outflows expected in the next following 180 days. Accordingly, until the date on which all Series or Tranches of the Covered Bonds have been cancelled or redeemed in full in accordance with the Terms and Conditions and the relevant Final Terms, the Issuer must ensure that the Liquidity Reserve Requirement is satisfied on each Test Reference Date and on each Post-Breach of Tests Reference Date. For a more detailed description, see section "*Credit structure - Tests*" below.

- *Asset Coverage Test*: In addition to the Mandatory Tests and the Liquidity Reserve Requirement, the Programme provides that until the earlier of (i) the date on which all Series or Tranche of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with the Terms and Conditions and the relevant Final Terms, and (ii) the date on which an Issuer Default Notice is delivered (and, in case the Issuer Event of Default consists of an

Article 74 Event, to the extent that an Article 74 Event Cure Notice has been served), the Issuer, also in its capacity as Main Seller, and any Additional Seller(s) (if any), jointly and severally undertake to procure that the Asset Coverage Test is satisfied on each Test Reference Date and Post-Breach of Tests Reference Date. The Asset Coverage Test is intended to ensure that, on the relevant Test Reference Date and Post-Breach of Tests Reference Date, the Adjusted Aggregate Asset Amount (as defined in section "*Credit Structure*" below) is at least equal to the aggregate Principal Amount Outstanding (or the Euro Equivalent, if applicable) of all Series ot Tranches of Covered Bonds issued under the Programme and not cancelled or redeemed in full in accordance with the Terms and Conditions and the relevant Final Terms at the relevant Test Reference Date or Post-Breach of Tests Reference Date. The Adjusted Aggregate Asset Amount is the amount calculated pursuant to the formula set out in the section "*Credit structure – Tests*" below.

- *Amortisation Test*: Starting from the date on which an Issuer Default Notice is delivered to the Issuer and the Guarantor (provided that, in case the Issuer Event of Default consists of an Article 74 Event, no Article 74 Event Cure Notice has been served) and until the earlier of (a) the date on which all Series or Tranches of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with the Terms and Conditions and the relevant Final Terms; and (b) the date on which a Guarantor Default Notice is delivered, the Amortisation Test is intended to ensure that, on each Test Reference Date, the Amortisation Test Aggregate Asset Amount (as defined in section "*Credit structure – Tests*" below)) is higher than or equal to the Principal Amount Outstanding (or the Euro Equivalent, if applicable) of all Series or Tranches of Covered Bonds issued under the Programme and not cancelled or redeemed in full in accordance with the Terms and Conditions and the relevant Final Terms at the relevant Test Reference Date. For a more detailed description, see section "*Credit structure – Tests*" below.

- *Extendable obligations under the Guarantee*: An Extended Maturity Date may be specified as applying in relation to a Series or Tranche of Covered Bonds (other than Hard Bullet Covered Bonds) in the applicable Final Terms. This means that if the Issuer fails to pay the Final Redemption Amount of the relevant Series or Tranche of Covered Bonds on the relevant Maturity Date and if the Guaranteed Amounts equal to the Final Redemption Amount of the relevant Series or Tranche of Covered Bonds are not paid in full by the Guarantor on or before the Extension Determination Date (for example, because following the service of an Issuer Default Notice on the Issuer and the Guarantor, the Guarantor has or will have insufficient moneys available in accordance with the Guarantee Priority of Payments to pay in full the Guaranteed Amounts corresponding to the Final Redemption Amount of the relevant Series or Tranche of Covered Bonds), then payment of the unpaid amount pursuant to the Guarantee shall be automatically deferred and shall become due and payable one year later on the Extended Maturity Date (subject to any applicable grace period). However, any amount representing the Final Redemption Amount (as defined below) due and remaining unpaid on the Extension Determination Date may be paid by the Guarantor on any Interest Payment Date thereafter, up to (and including) the relevant Extended Maturity Date in accordance with the applicable Priority of Payments. Any extension of the maturity of the Covered Bonds will not affect any order of priority applicable in case of compulsory winding-up (*liquidazione coatta amministrativa*) or liquidation of the Issuer nor any Priority of Payments. Interest will continue to accrue on any unpaid amount during such

extended period and be payable on each Guarantor Payment Date up to the Extended Maturity Date in accordance with Condition 10 (*Redemption and Purchase*).

- *Servicing*: Banca Nazionale del Lavoro S.p.A. (in its capacity as Main Servicer) has entered into the Master Servicing Agreement with the Guarantor, pursuant to which (i) the Main Servicer has agreed to provide administrative services in respect of the Assets transferred by itself as Main Seller and to act as the *soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e di pagamento* pursuant to articles 2, paragraphs 3 and 6-bis of Law 130, and (ii) the parties thereto agreed that, should any Additional Seller enter into the Programme, such Additional Seller will be appointed as Additional Servicer for the administration, management, collection and recovery activities relating to the Assets from time to time assigned by it to the Guarantor.

- *Asset Monitor Engagement Letter*: Pursuant to an engagement letter entered into between the Issuer and the Asset Monitor, pursuant to the Law 130 and the Prudential Regulations the Issuer has appointed the Asset Monitor in order to perform, subject to receipt of the relevant information from the Issuer, specific monitoring activities concerning, *inter alia*, the control of (i) the fulfilment of the eligibility criteria set out under article 7-*novies* of Law 130, the Prudential Regulations and article 129 of the CRR with respect to the Eligible Assets included in the Cover Pool; (ii) the calculation performed by the Issuer in respect of the Mandatory Tests, the Asset Coverage Test, the Amortisation Test and the Liquidity Reserve Requirement and the compliance with the limits set out under articles 7-*undecies* and 7-*duodecies* of Law 130 and article 129, paragraph 1, lettera (a) of the CRR; (iii) the compliance with the limits to the transfer of the Eligible Assets set out under article 7-*novies* of Law 130; (iv) the effectiveness and adequacy of the risk protection provided by any Eligible Swap Agreement entered into in the context of the Programme; (v) the segregation of the Eligible Assets included in the Portfolio according to article 7-*octies* of Law 130; (vi) the correct application and notification of the extension of the maturity of the Covered Bonds issued as required by article 7-*terdecies* of Law 130; and (vii) the completeness, correctness and the timely delivery of the information provided to investors pursuant to article 7-*septiesdecies* of Law 130 and the Prudential Regulations.

- *Asset Monitor Agreement*: Pursuant to an Asset Monitor Agreement entered into on 18 April 2024 between, *inter alios*, the Issuer, the Guarantor, the Representative of the Bondholders, the Test Calculation Agent and the Asset Monitor, the Guarantor has appointed the Asset Monitor to perform certain tests and procedures and carry out certain monitoring and reporting services with respect to the Cover Pool in accordance with the terms provided thereunder.

- *Further Information*: For a more detailed description of the transactions summarised above relating to the Covered Bonds, see, amongst other relevant sections of this Prospectus, "*Overview of the Programme*", "*Terms and Conditions of the Covered Bonds*", "*Description of the Programme Documents*", "*Credit Structure*", and "*Cashflows*", below.

This section constitutes a general description of the Programme. The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus and, in relation to the terms and conditions of any particular Series or Tranche of Covered Bonds, the applicable Final Terms. Words and expressions defined elsewhere in this Prospectus shall have the same meaning in this overview.

1. THE PRINCIPAL PARTIES

Issuer, Main Seller, Main Servicer, Main Subordinated Lender, Principal Paying Agent, Account Bank, Test Calculation Agent, Asset Swap Provider, Cash Manager and Quotaholder	**BANCA NAZIONALE DEL LAVORO S.P.A.**, a bank incorporated under the laws of the Republic of Italy as a *società per azioni*, having its registered office at Viale Altiero Spinelli 30, 00157 Rome, Italy, fiscal code and enrolment with the companies register of Rome number 09339391006, share capital of Euro 2,076,940,000 fully paid up, enrolled under number 1005 in the register of banks held by Bank of Italy pursuant to article 13 of the Consolidated Banking Act, subject to the direction and coordination activities (*soggetta all'attività di direzione e coordinamento*) of its sole shareholder BNP Paribas ("**BNL**" or the "**Issuer**").
Guarantor	**VELA OBG S.R.L.**, a special purpose entity incorporated as limited liability company (*società a responsabilità limitata*) under the laws of the Republic of Italy pursuant to article 7-bis of Law 130, having its registered office at Via V. Alfieri 1, 31015, Conegliano (TV), Italy, fiscal code, VAT number and enrolment with the companies register of Treviso-Belluno 04514090267, quota capital of Euro 10,000, subject to the direction and coordination (*direzione e coordinamento*) activities of BNL, and having as its sole purpose the ownership of the Cover Pool and the granting to holders of the Covered Bonds of the Guarantee.
Additional Seller(s)	Any other bank which is a member of the BNP Paribas Group and wishes to sell Eligible Assets to the Guarantor in the context of the Programme, subject to satisfaction of certain conditions and which, for such purpose, shall accede to, *inter alia*, the Master Assets Purchase Agreement and the Cover Pool Management Agreement.
Additional Servicer(s)	Any Additional Seller that, subject to satisfaction of certain conditions, is appointed to act as Additional Servicer for the administration, management and collection activities relating to the Eligible Assets from time to time assigned by it to the Guarantor and, for such purpose, will accede to the Master Servicing Agreement.

Additional Subordinated Lender	Any Additional Seller that has acceded to the Programme as Additional Seller will also act as Additional Subordinated Lender in respect of the Eligible Assets transferred by itself to the Guarantor and, for such purpose, shall enter into a Subordinated Loan Agreement with the Guarantor.
Guarantor Calculation Agent, Guarantor Corporate Servicer and Representative of the Bondholders	**BANCA FINANZIARIA INTERNAZIONALE S.P.A.,** ***breviter*** **"BANCA FININT S.P.A."** a bank incorporated under the laws of Italy as a joint stock company (*società per azioni*), having its registered office in Via V. Alfieri,1, 31015 Conegliano (TV), Italy, share capital of Euro 91,743,007.00 fully paid up, tax code and enrolment in the Companies' Register of Treviso-Belluno number 04040580963, VAT Group "Gruppo IVA FININT S.P.A." - VAT number 04977190265, registered in the Register of the Banks under number 5580 pursuant to article 13 of the Italian Consolidated Banking Act and in the Register of the Banking groups as Parent Company of the Banca Finanziaria Internazionale Banking Group, member of the "*Fondo Interbancario di Tutela dei Depositi*" and of the "*Fondo Nazionale di Garanzia*".
Asset Monitor	**BDO ITALIA S.P.A.**, a joint stock company (*società per azioni*) incorporated under the laws of the Republic of Italy, having its registered office at Viale Abruzzi 94, 20131, Milan, Italy, fiscal code and enrolment with the companies register of Milan-Monza-Brianza-Lodi No. 07722780967, and enrolled under No. 167911 with the register of statutory auditors held by the Italian Ministry of Economy and Finance pursuant to article 2 of Legislative Decree No. 39 of 27 January 2010.
Quotaholder	**SVM SECURITISATION VEHICLES MANAGEMENT S.R.L.**, a company incorporated under the laws of the Republic of Italy as a limited liability company (*società a responsabilità limitata*), having its registered office in Conegliano (TV), Via V. Alfieri, 1, corporate capital Euro 30,000.00 fully paid up, fiscal code and enrolment in the companies' register of Treviso number 03546650262.
Dealer(s)	**BNP PARIBAS**, a *société anonyme* incorporated under the laws of France, whose registered office is at 16 Boulevard des Italiens 75009 Paris, registered with the Trade and Companies Registry of Paris (*Registre du commerce et des sociétés de Paris*) under number 662 042 449, with a fully paid-up share capital of Euro 2,294,954,818, licensed as a credit institution in France by the *Autorité de Contrôle Prudentiel et de Résolution*, and any other Dealer(s) appointed in accordance with the Programme Agreement.

Rating Agency	**DBRS Ratings GmbH**.

2. THE PROGRAMME

Programme description	Under the terms of the Programme, the Issuer has issued and will issue Covered Bonds (*obbligazioni bancarie garantite*) to Bondholders on each Issue Date. The Covered Bonds will be direct, unsubordinated, unsecured and unconditional obligations of the Issuer guaranteed by the Guarantor under the Guarantee.
Programme Limit	The aggregate nominal amount of the Covered Bonds at any time outstanding will not exceed Euro 22,000,000,000 (or its equivalent in other currencies to be calculated as described in the Programme Agreement subject to any increase thereof). The Issuer may however increase the aggregate nominal amount of the Programme in accordance with the Programme Documents.

3. THE COVERED BONDS

Form of Covered Bonds	Unless otherwise specified in the Terms and Conditions and the relevant Final Terms, the Covered Bonds will be issued in dematerialised form and held on behalf of their ultimate owners by Euronext Securities Milan for the account of Euronext Securities Milan Account Holders and title thereto will be evidenced by book entries. Euronext Securities Milan may also act as depository for Euroclear and Clearstream. No physical document of title will be issued in respect of any such dematerialised Covered Bonds.
Denomination of Covered Bonds	The Covered Bonds will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
Status of the Covered Bonds	The Covered Bonds will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will rank *pari passu* without preference among themselves and (save for any applicable statutory provisions) at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer from time to time outstanding. In the event of a compulsory winding- up (*liquidazione coatta amministrativa*) of the Issuer, any funds realised and payable to the Bondholders will be collected by the Guarantor on their behalf, provided that, pursuant to article 7-*quaterdecies* of Law 130, further to enforcement of the Guarantee, the Bondholders shall participate in the final distribution of the Issuer's assets in respect of any residual amount due to them with any other unsecured creditor

	including – pursuant to article 7-*quaterdecies* of Law 130 – any derivative transaction counterparty.
Specified Currency	Subject to any applicable legal or regulatory restrictions or central bank requirements, each Series or Tranche of Covered Bonds will be issued in such currency or currencies as may be agreed from time to time by the Issuer, the relevant Dealer(s) and the Principal Paying Agent, subject to compliance with all applicable legal, regulatory and/or central bank requirements.
Maturities	The Covered Bonds will have such Maturity Date as may be agreed between the Issuer and the relevant Dealer(s) and indicated in the applicable Final Terms, subject to such minimum or maximum maturities as may be allowed or required from time to time by any relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Redemption	The applicable Final Terms relating to each Series or Tranche of Covered Bonds will indicate either that the Covered Bonds of such Series or Tranche cannot be redeemed prior to their stated maturity (other than in specified instalments if applicable, or for taxation reasons or if it becomes unlawful for any Covered Bond to remain outstanding or following a Guarantor Event of Default) or that such Covered Bonds will be redeemable at the option of the Issuer upon giving notice to the Bondholders on a date or dates specified prior to the specified Maturity Date and at a price and on other terms as may be agreed between the Issuer and the Dealer(s) as set out in the applicable Final Terms. The applicable Final Terms may provide that the Covered Bonds may be redeemable in two or more instalments for such amounts and on the dates indicated in the Final Terms. For further details, see Condition 10 (*Redemption and purchase*).
Redemption at the option of Bondholders	If the relevant Final Terms of the Covered Bonds provide for a put option to be exercised by the Bondholders prior to an Issuer Event of Default, the Issuer shall, at the option of any Bondholder, redeem such Covered Bonds held by it on the date which is specified in the relevant put option notice at a price (including any interest (if any) accrued to such date) and on other terms as may specified in, and determined in accordance with, the relevant Final Terms.
Extended Maturity Date	The applicable Final Terms relating to each Series or Tranche of

	Covered Bonds (other than a Hard Bullet Covered Bond) issued may indicate, in the interest of the Guarantor, that the Guarantor's obligations under the Guarantee to pay Guaranteed Amounts equal to the Final Redemption Amount of the applicable Series or Tranche of Covered Bonds on their Maturity Date may be deferred until the Extended Maturity Date. The deferral will occur automatically if an Issuer Default Notice has been delivered, having the Issuer failed to pay the Final Redemption Amount on the Maturity Date for such Series or Tranche of Covered Bonds and if the Guarantor does not pay the Final Redemption Amount in respect of the relevant Series or Tranche of Covered Bonds (for example, because the Guarantor has insufficient funds) by the Extension Determination Date. Payment of all unpaid amounts shall be deferred automatically until the applicable Extended Maturity Date, provided that, any amount representing the Final Redemption Amount due and remaining unpaid on the Maturity Date may be paid, in accordance with the applicable Priority of Payments, by the Guarantor on any Interest Payment Date thereafter according to the relevant Final Terms, up to (and including) the relevant Extended Maturity Date. Any extension of the maturity of the Covered Bonds will not affect any order of priority applicable in case of compulsory winding-up (liquidazione coatta amministrativa) or liquidation of the Issuer nor any Priority of Payments. Interest will continue to accrue and be payable on the unpaid amount at a floating rate as shall be indicated in the relevant Final Terms up to the Extended Maturity Date, subject to and in accordance with the provisions of the relevant Final Terms. If the duration of the Covered Bond is extended, the Extended Maturity Date shall be the date falling one calendar year after the relevant Maturity Date. The Issuer shall notify the Bank of Italy of the deferral until the Extended Maturity Date in accordance with the terms of the Prudential Regulations. For further details, see Condition 10 (*Redemption and Purchase*).
Issue Price	Covered Bonds may be issued at par or at a premium or discount to par on a fully-paid or partly-paid basis.
Interest	Covered Bonds may be interest-bearing or non-interest bearing.

Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate or be index-linked, credit-linked or equity-linked and the method of calculating interest may vary between the Issue Date and the Maturity Date of the relevant Series or Tranche. Covered Bonds may also have a maximum rate of interest, a minimum rate of interest or both (as indicated in the applicable Final Terms). Interest on Covered Bonds in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer(s), will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, in each case as may be agreed between the Issuer and the relevant Dealer(s).

Fixed Rate Covered Bonds

Fixed Rate Covered Bonds will bear interest at a fixed rate, which will be payable on the date or dates as may be agreed between the Issuer and the relevant Dealer(s) 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(s) (as set out in the applicable Final Terms).

Floating Rate Covered Bonds

Floating Rate Covered Bonds 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 the ISDA Definitions; or

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

(c) on such other basis as may be agreed between the Issuer and the relevant Dealer(s),

in each case, as set out in the applicable Final Terms.

The CB Margin (if any, as defined in the Terms and Conditions) relating to such floating rate will be agreed between the Issuer and the relevant Dealer(s) for each issue of Floating Rate Covered Bonds, as set out in the applicable Final Terms.

Bullet Covered Bonds

Covered Bonds which will be redeemed in full on the relevant Maturity Date without any provision for scheduled redemption other than on the Maturity Date and in relation to which an Extended Maturity Date may or may not apply.

Hard Bullet Covered Bonds	Covered Bonds which will be redeemed in full on the relevant Maturity Date without any provision for scheduled redemption other than on the Maturity Date and in relation to which no Extended Maturity Date provisions shall apply.
Index-Linked and Other Variable-Linked Interest Covered Bonds	Payments of interest in respect of Index-Linked and Other Variable-Linked Interest Covered Bonds (including Covered Bonds bearing credit- or equity-linked interest) will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer(s) may agree, as set out in the applicable Final Terms.
Dual Currency Interest Covered Bonds	Payments of interest, whether at maturity or otherwise, in respect of Dual Currency Interest Covered Bonds will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer(s) may agree as set out in the applicable Final Terms.
Zero Coupon Covered Bonds	Zero Coupon Covered Bonds, bearing no interest, may be offered and sold at a discount to their nominal amount, as specified in the applicable Final Terms.
Amortising Covered Bonds	Covered Bonds may be issued with a predefined, prescheduled amortisation schedule where, in addition to interest, the Issuer will pay, on each relevant Interest Payment Date, a portion of principal up to the relevant Maturity Date (as set out in the applicable Final Terms) in instalments.
Partly-Paid Covered Bonds	Covered Bonds may be issued on a partly-paid basis in which case interest will accrue on the paid-up amount of such Covered Bonds or on such other basis as may be agreed between the Issuer and the relevant Dealer(s) and set out in the applicable Final Terms.
Taxation	All payments in relation to Covered Bonds will be made without tax deduction or withholding except where required by law. If any tax deduction is made, the Issuer shall be required to pay additional amounts in respect of the amounts so deducted or withheld, subject to a number of exceptions including deductions on account of Italian substitute tax pursuant to Decree 239. Under the Guarantee, the Guarantor will not be liable to pay any such additional amounts to any Bondholders in respect of the amount of such withholding or deduction. For further details, see Condition 12 (*Taxation*).

Cross default provisions	Each Series or Tranche of Covered Bonds will cross-accelerate as against each other Series or Tranches, but will not otherwise contain a cross default provision. Accordingly, neither an event of default under any other indebtedness of the Issuer (including other debt securities of the Issuer) nor any acceleration of such indebtedness will itself give rise to an Issuer Event of Default (except where such events constitute an Insolvency Event in respect of the Issuer). In addition, an Issuer Event of Default will not automatically give rise to a Guarantor Event of Default, provided however that, where a Guarantor Event of Default occurs and the Representative of the Bondholders serves a Guarantor Default Notice upon the Guarantor, such Guarantor Default Notice will accelerate each Series or Tranche of outstanding Covered Bonds issued under the Programme. For further details, see Condition 13 (*Segregation Event and Events of Default*).
Issue Rating	Each Series or Tranche of Covered Bonds may or may not be assigned a rating by one or more rating agencies. Each Series or Tranche of Covered Bonds, if rated, is expected to be assigned a rating on the relevant Issue Date as stated in the applicable Final Terms. The issuance of any Series or Tranche of Covered Bonds (including any unrated Covered Bonds) shall be subject to prior notice to the Rating Agency.
Governing Law	The Covered Bonds, the related Programme Documents and any non-contractual obligations arising out thereof will be governed by Italian law, except for the Swap Agreement(s) which will be governed by English law.

4. BREACH OF TESTS, SEGREGATION EVENTS, ISSUER EVENTS OF DEFAULT AND GUARANTOR EVENTS OF DEFAULT

Breach of Tests	If any Test Performance Report specifies the breach of any of the Tests on any Test Reference Date, then, within the Test Grace Period, the Main Seller (and/or, if any, any Additional Seller) will either (i) sell additional Eligible Assets (it being understood that, in case of breach of the Liquidity Reserve Requirement, the relevant Eligible Asset(s) can be replaced only with Liquidity Assets), to the Guarantor for an amount sufficient to allow the relevant Test(s) to be met at the end of the Test Grace Period, in accordance with the Master Assets Purchase Agreement and the Cover Pool

Management Agreement, to be financed through the proceeds of Term Loans to be granted by the Main Seller (and/or any Additional Seller, if any), or (ii) substitute any relevant assets in respect of which the right of repurchase can be exercised under the terms of the Master Assets Purchase Agreement with new Eligible Assets (it being understood that, in case of breach of the Liquidity Reserve Requirement, the relevant Eligible Asset(s) can be replaced only with Liquidity Assets), for an amount sufficient to allow the relevant Test(s) to be met at the end of the Test Grace Period. For the purpose of allowing the Guarantor to fund the purchase of Eligible Assets, each Seller, in its capacity as Subordinated Lender, undertakes to advance to the Guarantor a Term Loan in accordance with the relevant Subordinated Loan Agreement and the Cover Pool Management Agreement.

If, within the Test Grace Period, the breach of the Mandatory Tests and/or the Asset Coverage Test is not remedied in accordance with the terms of the Cover Pool Management Agreement, the Representative of the Bondholders will deliver a Breach of Tests Notice and a Segregation Event will occur.

If, after the delivery of a Breach of Tests Notice, the breach of the Mandatory Tests and/or the Asset Coverage Test is not remedied within the Test Remedy Period, an Issuer Event of Default will occur and the Representative of the Bondholders will deliver an Issuer Default Notice to the Issuer and the Guarantor.

If, after the delivery of a Breach of Tests Notice, but prior to the delivery of an Issuer Default Notice, the Mandatory Tests and/or the Asset Coverage Test is/are newly met at the end of the Test Remedy Period according to the information included in the relevant Test Performance Report (unless any other Segregation Event has occurred and is outstanding and without prejudice to the obligation of the Representative of the Bondholders to deliver a subsequent Breach of Tests Notice at any time thereafter to the extent a further Segregation Event occurs), the Representative of the Bondholders will deliver to the Issuer and the Guarantor a Breach of Tests Cure Notice, informing such parties that the Breach of Tests Notice then outstanding has been revoked.

Breach of Amortisation Test

If, after the delivery of an Issuer Default Notice (provided that, should such Issuer Default Notice consists of an Article 74 Event, an Article 74 Event Cure Notice has not been served), a breach of the Amortisation Test occurs, a Guarantor Event of Default will occur and the Representative of the Bondholders will deliver a

Guarantor Default Notice (unless the Representative of the Bondholders, having exercised its discretion, resolves otherwise or a Programme Resolution of the Bondholders is passed resolving otherwise).

Upon receipt of an Issuer Default Notice or a Guarantor Default Notice, the Guarantor shall dispose of the Assets included in the Cover Pool.

Eligible Assets Limits

The aggregate amount of Eligible Assets which are in compliance with article 7-*duodecies*, paragraph 2, letters (a) and (b), of Law 130 (the "**Liquidity Assets**") included in the Cover Pool may not exceed the threshold set out under article 129, paragraph 1(a) of the CRR or any other limit set out in accordance with any relevant law, regulation or interpretation of any authority (including, for the avoidance of doubts, the Bank of Italy) which may be enacted with respect to Law 130 and the Prudential Regulations

In this respect, on each Test Calculation Date, the relevant Test Calculation Agent shall determine the amount of such Liquidity Assets forming part of the Cover Pool and the result of such calculation will be set out in each Investor Report to be prepared and delivered in accordance with the provisions of the Cover Pool Management Agreement and the Cash Allocation, Management and Payments Agreement.

Should the result from any Investor Report show that the aggregate amount of Eligible Assets other than the Mortgage Loans included in the Cover Pool is in excess of any of the thresholds set out under article 129, paragraph 1a., of the CRR, the Main Seller and/or any Additional Seller(s) may, but shall not be obliged to, transfer to the Guarantor new Portfolio(s) of Eligible Assets in order to cure such excess or, alternatively, the Main Seller and/or any Additional Seller(s) may, but shall not be obliged to, repurchase Liquidity Assets (including by means of repayment of the Subordinated Loan) to comply with such limits.

In the meantime, the Eligible Assets other than the Mortgage Loan in excess of the limits set out in article 129, paragraph 1a., of the CRR, will not be computed for the purposes of the Tests.

Any breach of the limits under article 129, paragraph 1a., of the CRR, shall constitute neither an Issuer Event of Default nor a Guarantor Event of Default.

The Tests

For an overview of the Tests, see paragraphs "*Mandatory Tests*", "*Liquidity Reserve Requirement*", "*Asset Coverage Test*" and "*Amortisation Test*" of section "*Structure Overview*" above.

For a detailed description of the Tests, see paragraph "*Tests*" of section "*Credit Structure*" below.

Segregation Events

In case of the occurrence of a breach of any of the Mandatory Tests and/or the Asset Coverage Test on the relevant Test Reference Date, which in either case has not been remedied within the applicable Test Grace Period, the Representative of the Bondholders will serve a Breach of Tests Notice on the Issuer and the Guarantor.

Upon delivery of a Breach of Tests Notice, a Segregation Event will occur and:

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

(b) there shall be no further payments to the Subordinated Lender under any relevant Term Loan other than when necessary for the purpose of complying with article 129, paragraph 1(a) of the CRR as better specified in the Cover Pool Management Agreement (and to the extent that no purchase of Eligible Assets is possible to this effect in accordance with the provisions of the Master Assets Purchase Agreement and the Cover Pool Management Agreement and/or in compliance with the limits set out in the Prudential Regulations);

(c) the Purchase Price for any Eligible Assets to be acquired by the Guarantor shall be paid only using the proceeds of a Term Loan, except where the breach referred to in the Breach of Tests Notice may be cured by using the Guarantor Available Funds;

(d) the Main Servicer (and any Additional Servicer, if any) will be prevented from carrying out renegotiations of the Loans pursuant to the Master Servicing Agreement; and

(e) payments due under the Covered Bonds will continue to be made by the Issuer until an Issuer Default Notice has been delivered.

For further details, see section "*Description of the Programme*

Documents – Cover Pool Management Agreement".

Issuer Events of Default

An Issuer Event of Default will occur if:

(i) *Non-payment:* the Issuer fails to pay any amount of interest and/or principal due and payable on any Series or Tranche of Covered Bonds and such breach is not remedied within 15 Business Days, in case of amounts of interest, or 20 Business Days, in case of amounts of principal, as the case may be;

(ii) *Breach of other obligations:* a material breach by the Issuer of any obligation under the Programme Documents occurs (other than payment obligations referred to in item (i) (*Non-payment*) above) and such breach is not remedied within 30 days after the Representative of the Bondholders has given written notice thereof to the Issuer; or

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

(iv) A*rticle 74 Event*: a resolution pursuant to Article 74 of the Consolidated Banking Act is issued in respect of the Issuer; or

(v) *Breach of Mandatory Tests or Asset Coverage Test*: following the delivery of a Breach of Tests Notice, any of the Mandatory Tests or the Asset Coverage Test is not met at the end of the Test Remedy Period, unless a Programme Resolution of the Bondholders is passed resolving to extend the Test Remedy Period.

If any of the events set out in points from (i) to (v) above (each, an "**Issuer Event of Default**") occurs and is continuing, then the Representative of the Bondholders shall, or, in the case of the event under item (ii) (*Breach of other obligations*) above shall, if so directed by a Programme Resolution, serve an Issuer Default Notice on the Issuer and the Guarantor demanding payment under the Guarantee, and specifying, in case of the Issuer Event of Default referred to under item (iv) (*Article 74 Event*) above, that the Issuer Event of Default may be temporary.

Upon the service of an Issuer Default Notice:

(a) *Application of the Segregation Event provisions*: the provisions governing the Segregation Event from items (a)

to (d) shall apply; and

(b) *Guarantee*: (i) interest and principal falling due on the Covered Bonds will be payable by the Guarantor at the time and in the manner provided under the Terms and Conditions and the Final Terms of the relevant Series or Tranche of Covered Bonds, subject to and in accordance with the terms of the Guarantee and the relevant Priority of Payment. In this respect, the payment of any Guaranteed Amounts which are Due for Payment in respect of a Series or Tranche of Covered Bonds whose Interest Payment Date or Maturity Date (or Extended Maturity Date, if applicable) falls within two Business Days immediately after delivery of an Issuer Default Notice, will be made by the Guarantor within the date falling five Business Days following such delivery, it being understood that the above provision will apply only (A) in respect of the First Interest Payment Date of the relevant Series or Tranche of Covered Bonds and (B) in respect of the Maturity Date (or Extended Maturity Date, if applicable) of the Earliest Maturing Covered Bonds; (ii) the Guarantor (or the Representative of the Bondholders pursuant to the Intercreditor Agreement) shall be entitled to request from the Issuer an amount up to the Guaranteed Amounts and any sum so received or recovered from the Issuer will be used to make payments in accordance with the Guarantee; and

(c) *Disposal of Eligible Assets*: if necessary in order to make timely payments under the Covered Bonds, the Guarantor shall sell, or otherwise liquidate, the Eligible Assets included in the Cover Pool in accordance with the provisions of the Cover Pool Management Agreement,

provided that, in case of the Issuer Event of Default determined by a resolution issued in respect of the Issuer pursuant to article 74 of the Consolidated Banking Act (referred to under item (iv) (*Article 74 Event*) above) (the "**Article 74 Event**"), the effects listed in items (a) (*Application of the Segregation Event provisions*), (b) (*Guarantee*) and (c) (*Disposal of Eligible Assets*) above will only apply for as long as the suspension of payments pursuant to Article 74 of the Consolidated Banking Act will be in force and effect (the "**Suspension Period**"). Accordingly (A) during the Suspension Period, the Guarantor, shall be responsible for the payments of the amounts due and payable under the Covered

Bonds, in accordance with Law 130; and (B) at the end of the Suspension Period, the Issuer shall be again responsible for meeting the payment obligations under the Covered Bonds.

Please also see Condition 13.2 (*Issuer Events of Default*).

Guarantor Event of Default

Following the delivery of an Issuer Default Notice, a Guarantor Event of Default will occur if:

(i) *Non-payment:* the Guarantor fails to pay any Guaranteed Amount under the Guarantee and such breach is not remedied within the next following 15 Business Days, in case of amounts of interests, or 20 Business Days, in case of amounts of principal, as the case may be; or

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

(iii) *Breach of other obligations:* a material breach of any obligation under the Programme Documents by the Guarantor occurs (other than payment obligations referred to in item (i) (*Non-payment*) above) which is not remedied within 30 days after the Representative of the Bondholders has given written notice thereof to the Guarantor; or

(iv) *Breach of the Amortisation Tests:* the Amortisation Tests is breached on any Test Reference Date.

If any of the events set out in points from (i) to (iv) above (each, a "**Guarantor Event of Default**") occurs and is continuing then the Representative of the Bondholders shall serve a Guarantor Default Notice, unless the Representative of the Bondholders, having exercised its discretion, resolves otherwise or a Programme Resolution of the Bondholders is passed resolving otherwise.

Upon the delivery of a Guarantor Default Notice:

(i) *Acceleration of Covered Bonds*: the Covered Bonds shall become immediately due and payable at their Early Termination Amount together, if appropriate, with any accrued interest and will rank *pari passu* among themselves in accordance with the Post-Enforcement Priority of Payments;

(ii) *Guarantee*: subject to and in accordance with the terms of the Guarantee, the Representative of the Bondholders, on behalf of the Bondholders, shall have a claim against the

Guarantor for an amount equal to the Early Termination Amount, together with accrued interest and any other amount due under the Covered Bonds (other than additional amounts payable as gross-up) in accordance with the Post-Enforcement Priority of Payments;

(iii) *Disposal of Eligible Assets*: the Guarantor shall immediately sell, or otherwise liquidate, all Assets included in the Cover Pool in accordance with the provisions of the Cover Pool Management Agreement; and

(iv) *Enforcement*: the Representative of the Bondholders may, at its discretion and without further notice, take such steps and/or institute such proceedings against the Issuer or the Guarantor (as the case may be) as it may think fit to enforce such payments, but it shall not be bound to take any such proceedings or steps unless requested or authorised by a resolution of the Bondholders.

Please also see Condition 13.3 (*Guarantor Events of Default*).

5. THE GUARANTOR AND THE GUARANTEE

Guarantee

Payments of Guaranteed Amounts in respect of the Covered Bonds when Due for Payment will be unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor to make payments in respect of such Guaranteed Amounts when Due for Payment are subject to the conditions that a Resolution Event has occurred unless the Issuer has fulfilled its payment obligations under the Covered Bonds by the relevant payment date or an Issuer Event of Default has occurred, and an Issuer Default Notice has been served on the Issuer and on the Guarantor, provided that, to the extent the Issuer Event of Default consists of an Article 74 Event, no Article 74 Event Cure Notice has been delivered.

The obligations of the Guarantor will accelerate once a Guarantor Default Notice has been delivered to the Guarantor. The obligations of the Guarantor under the Guarantee constitute direct, unconditional and unsubordinated obligations collateralised by the Cover Pool and recourse against the Guarantor is limited to such assets.

For further details, see "*Description of the Programme Documents - Guarantee*".

Cover Pool

The Guarantee will be:

(a) collateralised by the Cover Pool constituted by the Portfolio comprised of (i) Receivables and (ii) any other Eligible Asset held by the Guarantor with respect to the Covered Bonds, including any of the proceeds thereof which will, *inter alia*, comprise the funds generated by the Portfolio, the other Eligible Assets including, without limitation, funds generated by the sale of assets from the Cover Pool and funds paid in the context of a liquidation of the Issuer), and

(b) limited to the Segregated Assets, consisting of (i) the Cover Pool, (ii) any amounts paid by the relevant Debtors and/or the Swap Providers and (iii) any amount paid to the Guarantor deriving from any other Programme Documents.

For further details, see "*Description of the Cover Pool*".

Limited recourse

The obligations of the Guarantor to the Bondholders and, in general, to the Main Seller (and/or any Additional Seller(s), if any) and other creditors will be limited recourse obligations of the Guarantor. The Bondholders, the Seller (and /or any Additional Seller(s), if any) and such other creditors will have a claim against the Guarantor only within the limits of the Guarantor Available Funds and subject to the relevant Priorities of Payments, in each case subject to, and as provided for in, the Guarantee and the other Programme Documents.

Term Loans

Under the terms of the relevant Subordinated Loan Agreement, the Main Seller and each Additional Seller, if any, in their capacity, respectively, as Main Subordinated Lender and Additional Subordinated Lender(s), will from time to time grant to the Guarantor Term Loans.

Each Term Loan will be granted for the purpose of (a) funding the purchase price of the Eligible Assets included in the Initial Portfolio; (b) funding, in whole or in part, the purchase price of the Eligible Assets included in any New Portfolios to be transferred to the Guarantor by the relevant Seller in connection with the issue of a Corresponding Series of Covered Bonds under the Programme; (c) funding, in whole or in part, the purchase price of the Eligible Assets to be transferred by the relevant Seller to the Guarantor pursuant to the Master Assets Purchase Agreement and the Cover Pool Management Agreement in order to ensure the compliance of the Cover Pool with the Tests; (d) funding, in whole or in part, the purchase price of any Eligible Assets transferred by the relevant Seller to the Guarantor pursuant to the Master Assets Purchase

Agreement, including in order to ensure the compliance of the Cover Pool with the thresholds set out under article 129, paragraph 1a. of the CRR; (e) funding any amount due to as adjusted purchase price of any Receivable to be included in the Portfolio pursuant to the Master Assets Purchase Agreement; or (f) allowing the Guarantor to credit on the Reserve Fund Account an amount, or to establish a cash reserve, sufficient to remedy a breach of the Liquidity Reserve Requirement.

Amounts owed to each Subordinated Lender by the Guarantor under the Subordinated Loan Agreements will be subordinated to amounts owed by the Guarantor under the Covered Bond Guarantee.

For further details, see "*Description of the Programme Documents – Subordinated Loan Agreement*".

Excess Assets and support for further issues

Any Eligible Assets forming part of the Cover Pool which are in excess of the value of the Eligible Assets required to satisfy the Tests may be (i) purchased by the Seller in accordance with the provisions of the Cover Pool Management Agreement and the Master Assets Purchase Agreement or (ii) retained in the Cover Pool, also to be applied to support the issue of new Series or Tranche of Covered Bonds or ensure compliance with the Tests, provided that in each case any such disposal or retention shall occur in accordance with any relevant law, regulation or interpretation of any authority (including, for the avoidance of doubts, the Bank of Italy or the Minister of Economy and Finance) which may be enacted with respect to Law 130 and the Prudential Regulations and no disposal under item (i) above may occur if it would cause any of the Tests to be breached.

For further details, see "*Description of the Programme Documents – The Cover Pool Management Agreement*".

Segregation of Guarantor's rights and collateral

The Covered Bonds benefit from the provisions of article 7-*octies* of Law 130, pursuant to which the Cover Pool is segregated by operation of law from the Guarantor's other assets.

In accordance with article 7-*octies* of Law 130, prior to and following an Issuer Event of Default causing the Guarantee to be enforced, proceeds of the Cover Pool paid to the Guarantor will be exclusively available for the purpose of satisfying the obligations owed to (i) the Swap Providers under the Swap Agreement, (ii) any other creditors exclusively in satisfaction of the transaction costs

	of the Programme, and (iii) upon delivery of an Issuer Default Notice, the Bondholders. The Cover Pool may not be seized or attached in any form by creditors of the Guarantor other than the entities referred to above, until full discharge by the Guarantor of its payment obligations under the Guarantee or cancellation thereof.
Cross-collateralisation	All Eligible Assets transferred from the Seller(s) to the Guarantor from time to time or otherwise acquired by the Guarantor and the proceeds thereof, any proceeds arising from the Asset Swap Agreement and any funds generated by the sale of assets included in the Cover Pool form the collateral supporting the Guarantee in respect of all Series or Tranche of Covered Bonds.
Claims under Covered Bonds	The Representative of the Bondholders, for and on behalf of the Bondholders, may submit a claim to the Guarantor and make a demand under the Guarantee in case of an Issuer Event of Default or Guarantor Event of Default.
Disposal of the Eligible Assets included in the Cover Pool following the delivery of an Issuer Default Notice (but prior to the service of a Guarantor Default Notice)	After the service of an Issuer Default Notice on the Guarantor, but prior to the service of a Guarantor Default Notice, the Guarantor (or the Main Servicer on behalf of the Guarantor) shall, to the extent necessary to pay any amounts due in relation to the Covered Bonds, sell the Eligible Assets in the Cover Pool in accordance with the Cover Pool Management Agreement, subject to the right of pre-emption in favour of the Issuer, as Main Seller, or any Additional Seller(s), if any (as the case may be), in respect of the Eligible Assets transferred by each of them. The proceeds from any such sale will be credited to the BNL Collection Account and applied as set out in the applicable Priority of Payments, provided that in case of an Issuer Default Notice specifying that the relevant Issuer Event of Default consists of an Article 74 Event, such provisions will only apply for as long as the Representative of the Bondholders will have delivered an Article 74 Event Cure Notice to the Issuer, the Guarantor and the Asset Monitor, informing such parties that the Article 74 Event has been cured. The Eligible Assets to be sold will be selected from the Cover Pool on a random basis by the Main Servicer on behalf of the Guarantor (any such Eligible Assets, the "**Selected Assets**").
Disposal of the Eligible Assets included in the Cover Pool following the	After the service of a Guarantor Default Notice, the Guarantor shall immediately sell all Eligible Assets included in the Cover Pool in accordance with the procedures described in the Cover Pool

delivery of a Guarantor Default Notice	Management Agreement, subject to the right of preemption in favour of the Issuer, as Main Seller, or any Additional Seller(s), if any (as the case may be), provided that the Guarantor will instruct the Portfolio Manager to use all reasonable endeavours to procure that such sale is carried out as quickly as reasonably practicable taking into account the market conditions at that time. For further details, see Condition 13.3 (*Guarantor Events of Default*).

6. SALE AND DISTRIBUTION

Purchase of Covered Bonds by the Issuer	The Issuer or any such subsidiary may at any time purchase any Covered Bonds in the open market or otherwise and at any price.
Certain restrictions	Each Series or Tranche of Covered Bonds issued will be denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements may apply and will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time. For further details, see "*Subscription and Sale*".

This section describes the principal risk factors associated with an investment in the Covered Bonds. Prospective purchasers of Covered Bonds should consider carefully all the information contained in this document, including the considerations set out below, before making any investment decision. All of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor are in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which the Issuer and the Guarantor believe may be material for the purpose of assessing the market risks associated with Covered Bonds issued under the Programme are also described below. Each of the Issuer and the Guarantor believes that the factors described below represent the principal risks inherent in investing in the Covered Bonds issued under the Programme, but the inability of the Issuer or the Guarantor to pay interest, principal or other amounts on or in connection with any Covered Bonds may occur for other reasons which may not be considered significant risks by the Issuer and the Guarantor based on the information currently available to them or which they may not currently be able to anticipate. Neither the Issuer nor the Guarantor represents that the statements below regarding the risks of holding any Covered Bonds are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any document incorporated by reference) and reach their own views prior to making any investment decision.

1. FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE COVERED BOND

The risk below have been classified into the following sub-categories:

-Risks relating to the Issuer's financial position, business activity and industry

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

Risks relating to the Issuer's financial position, business activity and industry

Risks relating to the Issuer's business

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

Credit risk

The Issuer is exposed to essentially the same credit risks as in traditional lending activities. Accordingly – even though, the Issuer's credit policies are addressed to efficiently select customers in order to reduce the risk of insolvency, to diversify portfolios and to monitor market developments and trends, by carefully conducting a monitoring and supervisory activity on risk – the breach of contracts by customers or their inability to honour their obligations, or the lack of information or the improper information customers are provided with in connection with the respective financial and credit position, may trigger negative effects on economic, capital and/or financial conditions of the Issuer.

Generally speaking, counterparts may not fulfil their obligations towards the Issuer due to a default event, lack of liquidity, operational malfunctioning or other reasons. The default of a relevant market

operator or also a perception as to the non-fulfilment of its obligations, could raise concerns about liquidity, losses or defaults of other institutions, that may in turn adversely affect the Issuer. Moreover, in certain circumstances, the Issuer could face the risk that credits towards third parties will not be payable. Furthermore, a decrease of the credit ratings related to third parties, whose securities and debt securities are held by the Issuer, may result in a loss and/or negatively affect the Issuer's ability to use again or differently such securities and debt securities for the purpose of increasing the level of liquidity. Hence, a significant decrease of the credit ratings of the Issuer's counterparts could cause the Issuer's results to adversely differ from those anticipated. In several cases the Issuer may call upon further guarantees from counterparts that are facing financial distress, whereas complaints may be filed as to the amount of guarantees the Issuer has the right to obtain and to the value pertaining the assets involved in such guarantees. The default rates, decreases and complaints in relation to counterparts about the assessment of the guarantee significantly increase during periods of economic stress and market illiquidity.

In particular, considering the current economic situation and the pressure determined by sovereign debts, it should be noted that the Issuer is exposed only to the risks relating to the Italian sovereign debt. Therefore, the Issuer is not materially exposed to sovereign debts pertaining to other countries.

Risks relating to pending legal proceedings

In the ordinary course of business, the Issuer and its subsidiaries are involved in various legal civil proceedings (including proceedings concerning the capitalization of interests, offer of investment services derivatives, operational errors and negotiation and/or payment of checks) and administrative proceedings, the result potentially being the compensation against the BNL Group.

The BNL Group establishes in its balance sheet an accrued liability for litigation matters when these matters present loss contingencies that may arise from pending proceedings, also taking into account the evaluation of any outside counsel handling the matter. As of 31 December 2022, the accrued liability amounted to Euro 120,600,000.

Liquidity risk relating to the Issuer

Liquidity risk is the potential inability of the Bank to meet its contractual obligations as they become due.

The Issuer's liquidity – since the Issuer conducts its business operations within an international BNL Group of primary standing and is endowed with policies and procedures to manage the liquidity risk – could be adversely affected due to the inability to enter into the capital markets through the issue of debt securities (secured or not), and to sell specific assets or to redeem its own investments, and due to unexpected negative cash flows or the duty to grant further guarantees.

Risk relating to the potential deterioration of the Issuer's credit worthiness (rating)

Credit ratings are an assessment of the Issuer's ability to pay its obligations, including those on the financial instruments.

A potential deterioration of the Issuer's creditworthiness may indicate a reduced ability for the Issuer to fulfil its obligations, compared to previous years. The Issuer's credit rating is affected by the fact that

the Issuer belongs to the BNP Paribas Group. Thus, as a result, the potential deterioration – whether actual or expected – of credit ratings relating to the BNP Paribas Group could cause a deterioration of the Issuer's rating. The potential deterioration of the Republic of Italy sovereign rating may adversely impact on the Issuer's rating as well.

Operational risk

The Issuer is exposed to the operational risk in the same way as any other banking institutions. The operational risk is a risk of losses a company undertakes when it attempts to conduct its business, resulting from breakdowns in internal procedures or external deliberate, unintentional or natural events.

To this end, the purpose of the Risk Area of BNL, as part of its ongoing mission, is to assist the bank in managing operational risks, by closely cooperating with business functions, in order to identify the mitigation actions to be taken, by monitoring the business-level of implementation and ensuring a coordination of the permanent control activities.

At the end of the process which has begun in April 2008, and considering the affiliation to an European banking group, in June 2011, the A.C.P. – Autorité de Contrôle Prudentiel – (the former Commission Bancaire) – authorised BNP Paribas to allow also BNL, from July 1, 2011, to calculate the required capital for operational risk on the basis of its empirical model – the so called "Advanced measurement approach" ("**AMA**") under Basel II. Under AMA the Issuer is allowed to quantify the required capital for operational risk with its empirical method, plus an "add-on" factor in the amount of 50% of the capital absorption capacity, to be calculated pursuant to the internal model.

Market risk

Market risk is the risk that the value of financial instruments held by the Issuer will be adversely affected by changes in market factors (including, without limitation, interest rates, the price of the securities, exchange rates) which may determine a deterioration of the capital stability of the Issuer.

The Issuer – whose businesses are rather limited and which set up specific policies and procedures aimed at reducing the market risk, applying the same measuring and controlling model using a VaR approach adopted by BNP Paribas – in thus exposed to potential changes in the value of the financial instruments, due to the volatility of interest rates, exchange and currency rates, price of shares and of commodities and of the credit spread, and/or other risk factors.

Such fluctuations may arise from factors such as changes in the general economic situation, the investors' appetite for investing, monetary and fiscal policies, market liquidity on a global scale, availability and cost of capital, interventions targeted by rating agencies, political occurrences, both on a local and International scale, armed conflicts and terrorist attacks.

Considering the current economic situation and the pressure determined by sovereign debts, it should be noted that the Issuer is exposed, in a limited way, to the risks relating to the Italian sovereign debt.

Risks connected with the creditworthiness of customers

The Issuer's business depends to a substantial degree on the creditworthiness of its customers. Notwithstanding its risk management framework and detailed controls including customer credit

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

Competition

The Issuer is subject to competition from a large number of companies who may offer the same financial products and services and other forms of alternative and/or novel forms of borrowing or investment. Such competitors include banks and other financial intermediaries. In addition, the formation of increasingly large banking groups, and the entry of foreign financial institutions into the Italian banking market, may allow such companies to offer products and services on terms that are more financially advantageous than those which it is able to offer as a result of their possible economies of scale.

This competitive environment may affect the rate at which the Issuer originates new Mortgage Loans and the Issuer may not be able to attract and retain new clients or sustain the rate of growth that it has experienced to date, which may adversely affect its market share and results of operations.

The Issuer may be unable to maintain capital adequacy requirements

The rules on capital adequacy for banks define the prudential minimum capital requirements, the quality of capital resources, and risk mitigation instruments. Such rules are complex and evolve regularly. In addition, the European Central Bank (**ECB**), as well as the Bank of Italy, can and do impose on the Issuer, as permitted by such rules, additional requirements with respect to its capital, which may restrict the Issuer's operational flexibility and may, should it fail to meet such requirements, require the Issuer to additional measures imposed by the ECB or other regulators. Capital adequacy requirements include – in addition to the capital ratios and buffer provided by the CRR – also the following main requirements: (a) the requirement to maintain a Minimum Requirement for Own Funds and Eligible Liabilities (**MREL**), expressed as a percentage of the total liabilities and own funds of the institution, in view of facilitating a smooth resolution of the bank, in the event of a resolution decision; (b) a Liquidity Coverage Ratio (**LCR**), aimed at ensuring the ongoing ability of the bank to meet its short-term obligations. Since June 2021, the banks will also have to meet a binding leverage ratio of 3 per cent, which is aimed at preventing banks from excessively increasing their leverage levels, and a binding Net Stable Funding Ratio (**NSFR**), designed to ensure that banks finance their long-term activities with stable sources of funding in order to increase banks' resilience to funding constraints.

On 23 November 2016, the European Commission proposed a comprehensive package of reforms to further strengthen the resilience of EU banks and investment firms (the **EU Banking Reform Package**). The EU Banking Reform Package amends many existing provisions set out in the CRD IV Package, the BRRD and the Single Resolution Mechanism (the **SRM Regulation**).

These proposals were published in the Official Journal of the European Union on 7 June 2019 entering into force 20 days after, even though most of the provisions apply as of 28 June 2021, allowing for smooth implementation of the new provisions.

On 26 October 2021, the European Commission published a review of CRR and CRD IV to strengthen the resilience of the EU banking sector (**EU Banking Package 2021**) simplifying the risk-based framework. The key points are (a) implementation of the Basel III reforms; (b) introduction of specific rules on the management of ESG risks within the banking sector; (c) harmonization of rules related to supervision, together with the introduction of stronger tools for supervisors overseeing EU banks.

On 29 November 2021, the Legislative Decree No. 182, of 8 November 2021, implementing CRD V and CRR II was published in the Official Gazette. It delegates the Bank of Italy to adopt the secondary implementing provisions within 180 days of its entry into force.

On 22 February 2022 Bank of Italy issued the 38th amendment to Circular No. 285 introducing the possibility for the Bank of Italy to impose a systematic risk buffer (SyRB), pursuant to Article 133 of the CRD V, consisting of CET1, with the aim of preventing and mitigating macro-prudential or systemic risks not otherwise covered by the macro-prudential tools provided by the CRR, the countercyclical capital buffer and the capital buffers for G-SIIs or O-SIIs.

On 13 July 2022, the Bank of Italy issued the 39th amendment to Circular No. 285 introducing – *inter alia* – a clear differentiation between components of 'Pillar 2 Requirements' estimated from an ordinary perspective and the 'Pillar 2 Guidance' determined from a stressed perspective which supervisory authorities may require banks to hold. The possibility for supervisory authorities to require additional capital in the presence of excessive leverage risk, under both ordinary and stressed conditions ('Pillar 2 Requirement Leverage Ratio' and 'Pillar 2 Guidance Leverage Ratio') has also been envisaged.

The final capital framework to be established in the European Union under CRD V / CRR II differs from Basel III in certain areas. In December 2017, the Basel Committee finalized further changes to the Basel III framework which include amendments to the standardized approaches to credit risk and operational risk and the introduction of a capital floor. In January 2019, the Basel Committee published revised final standards on minimum capital requirements for market risk. These proposals will need to be transposed into EU law before coming into force. The Council agreed on its General Approach for the proposals on 8 November 2022. Interinstitutional negotiations (known as "trilogues") with the European Parliament started on 9 March 2023 and ended in the provisional agreement reached on 27 June 2023. Once the approval process is completed, transposition of the directive will have to be carried out within 18 months from the date of publication in the EU Official Journal, while the new CRR provisions are expected to come into force from 1 January 2025 (with a five-year transitional arrangement), *i.e.* two years beyond the Basel-agreed deadline, which has already been deferred by one year in response to the pandemic crisis.

The Issuer may be subject to the provisions of the EU Recovery and Resolution Directive

The Issuer – as a bank – is subject to the Bank Recovery and Resolution Directive (**BRRD**), an EU Directive intended to enable a range of actions to be taken in relation to institutions considered to be at risk of failing (*i.e.* the sale of business, the asset separation, the bail in and the bridge bank). The BRRD gives resolution authorities the power to write down certain claims of unsecured creditors of a failing a relevant entity and to convert certain unsecured debt claims into shares or other instruments of ownership (i.e. other instruments that confer ownership, instruments that are convertible into or give the right to acquire shares or other instruments of ownership, and instruments representing

interests in shares or other instruments of ownership) (the **General Bail-In Tool**).

The taking of any action under the BRRD in relation to BNL could materially affect the value of, or any repayments linked to the Covered Bonds.

Article 44, paragraph 2 of the BRRD excludes secured liabilities (including covered bonds and liabilities in the form of financial instruments used for hedging purposes which form an integral part of the cover pool and which, according to national law, are secured in a way similar to covered bonds) from the application of the General Bail-In Tool.

Although the bail-in powers are not intended to apply to secured debt (such as the rights of Covered Bondholders in respect of the Covered Bond Guarantee), the determination that securities issued by the Issuer will be subject to write-down, conversion or bail-in is likely to be inherently unpredictable and may depend on a number of factors which may be outside of the Issuer's control. This determination will also be made by the relevant Italian resolution authority and there may be many factors, including factors not directly related to the bank or the Issuer, which could result in such a determination. Because of this inherent uncertainty, it will be difficult to predict when, if at all, the exercise of a bail-in power may occur which would result in a principal write off or conversion to other securities, including equity. Moreover, as the criteria that the relevant Italian resolution authority will be obliged to consider in exercising any bail-in power provide it with considerable discretion, holders of the securities issued by the Issuer may not be able to refer to publicly available criteria in order to anticipate a potential exercise of any such power and consequently its potential effect on the Issuer and the securities issued by the Issuer. Potential investors in the securities issued by the Issuer should consider the risk that a holder may lose all or part of its investment, including the principal amount plus any accrued interest, if such statutory loss absorption measures are acted upon.

With specific reference to the Covered Bonds, to the extent that claims in relation to the Covered Bonds are not met out of the assets of the Cover Pool or the proceeds arising from it (and the Covered Bonds subsequently rank *pari passu* with senior debt), the Covered Bonds may be subject to write-down or conversion into equity on any application of the General Bail-in Tool, which may result in Covered Bondholders losing some or all of their investment. In the limited circumstances described above, the exercise of any power under the BRRD or any suggestion of such exercise could, therefore, materially adversely affect the rights of Covered Bondholders, the price or value of their investment in any relevant Covered Bonds and/or the ability of the Issuer to satisfy its obligations under any relevant Covered Bonds.

Forthcoming regulatory changes

The Issuer is subject to extensive regulation and supervision by, among others, the Bank of Italy, CONSOB, the ECB and the SRB. In addition, the Issuer must comply with financial service laws that govern its marketing and selling practices.

Changes in the regulatory framework and in how such regulations are interpreted and/or applied by the supervisory authorities may have a material effect on the Issuer's business and operations. The manner in which the new framework of banking laws and regulations will be applied to the operations of financial institutions is still evolving. No assurance can be given that laws and regulations will be adopted, enforced or interpreted in a manner that will not have an adverse effect on the business,

financial condition, cash flows and results of operations of the Issuer.

Prospective investors in the Covered Bonds should consult their own advisors as to the consequences for them of the application of the above regulations as implemented by each Member State.

The Issuer may be affected by new accounting standards

The Issuer may be affected by new accounting standards or amendments to the current accounting standards. Following the entry into force and subsequent application of new accounting standards, regulatory rules and/or the amendment of existing standards and rules, the Issuer may have to revise the accounting and regulatory treatment of certain outstanding assets, liabilities, and transactions (and the related income and expense). This may have potentially negative effects, also significant, on the estimates contained in the financial plans for future years and may cause the Issuer to have to restate previously published financial information.

The values recorded on the balance sheet and income statement, as well as on the reporting of contingent assets and liabilities are significantly affected by the above factors and, accordingly, even if the estimates and assumptions adopted are subject to periodic review in order to take into account changes in the relevant period, it cannot be ruled out that a worsening performance will have an adverse effect on the items subject to valuation and, ultimately, on the financial condition and results of operations of the Issuer.

Risks connected with information technology

The Issuer's business relies upon integrated information technology systems, including an offsite back-up system. It relies on the correct functioning and reliability of such system and on its ability to protect the Issuer's network infrastructure, information technology equipment and customer information from losses caused by technical failure, human error, natural disaster, sabotage, power failures and other losses of function to the system. The loss of information regarding customers or other information central to the Issuer's business, such as credit risk control, or material interruption in the service could have a material adverse effect on its results of operations.

Among the risks that the Issuer faces relating to the management of IT systems are the possible violations of their systems due to unauthorised access to the Issuer corporate network, or IT resources, the introduction of viruses into computers or any other form of abuse committed via the internet. Like attempted hacking, such violations have become more frequent over the years throughout the world. Both the aggregation of new services for members and clients and the exposure of online services are becoming increasingly complex and gradually extending to more and more areas and products. In addition, the authors of cyber threats are using increasingly sophisticated methods and strategies for criminal purposes.

Although the Issuer has adopted business continuity and disaster recovery plans, and implemented other IT risk policies, its IT systems may experience outages, delays or other failures or malfunctions due to design flaws, malicious attacks, hacking or other reasons.

The possible destruction, damage or loss of customer, employee or third party data, as well as its removal, unauthorised processing or disclosure, would have a negative impact on the Issuer's business

and reputation and could subject the Issuer to fines, with consequent negative effects on the Issuer's business, results of operations or financial condition.

In addition, changes to relevant regulation could impose more stringent sanctions for violations, and could have a negative impact on the Issuer's business insofar as they lead the Issuer to incur additional compliance costs.

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

Risks related to the European sovereign debt crisis

The continued deterioration of the creditworthiness of various countries, together with the potential for contagion to spread to other countries in Europe, has exacerbated the severity of the global financial crisis. Such developments have posed a significant risk to the stability and status quo of the Economic and Monetary Union (EMU), and have raised concerns about its long-term sustainability. Furthermore, the ECB's unconventional monetary policy tools have contributed to ease market tensions, limiting the refinancing risk for the banking system and leading to a tightening of credit spreads of sovereign risk. Moreover, the earning capacity and stability of the Issuer are affected by the general state of the economy, the dynamics of financial markets and, in particular, the strength and growth prospects of the economy in Italy (and the creditworthiness of its sovereign debt), as well as that of the Eurozone as a whole. In addition, the risk remains that a default of one or more countries in the Eurozone, the extent and precise nature of which is impossible to predict, could lead to the expulsion or voluntary withdrawal of one or more countries from the Eurozone or a disorderly break-up of the Eurozone, either of which could significantly disrupt financial markets and possibly trigger another global recession.

Indeed, the performance of the Issuer is influenced by the general economic situation, both nationally and in the euro area as a whole, and by the dynamics of the financial markets and, in particular, by the solidity and growth prospects of the economy in the geographical areas in which the Issuer operates. In particular, the profitability and solvency of the Issuer are influenced by the performance of factors such as investor expectations and confidence, the level and volatility of short and long-term interest rates, exchange rates, the liquidity of financial markets, the availability and cost of capital, the sustainability of sovereign debt, household income and consumer spending, unemployment levels, inflation and house prices.

Adverse changes in these factors, particularly in periods of economic and financial crisis, could lead to the Issuer suffering losses, increases in funding costs and reductions in the value of assets held, with a potential negative impact on the Issuer.

Risks related to a downgrade of the Italian sovereign credit rating

A further downgrade of the Italian sovereign credit rating or the perception that such a downgrade may occur would be likely to have a material effect in depressing consumer confidence, restricting the availability, increasing the cost of funding for individuals and companies, depressing economic activity, increasing unemployment, reducing asset prices and consequently increasing the risk of a "double dip" recession.

Any further downgrade of the Italian sovereign credit rating or the perception that such a downgrade may occur may severely destabilise the markets and have a material adverse effect on the Issuer's operating results, financial condition, prospects as well as on the marketability of the Covered Bonds. This might also impact on the Issuer's credit ratings, borrowing costs and access to liquidity.

Risks associated with the general economic, financial and other business conditions

The results of the BNL Group are affected by global economic and financial conditions. During recessionary periods, there may be less demand for loan products and a greater number of the BNL Group's customers may default on their loans or other obligations. Interest rate rises may also have an impact on the demand for mortgages and other loan products. Fluctuations in interest rates in Italy and in the Euro-zone and in the other markets in which the Issuer operates may influence its performance.

In February 2022, a military conflict erupted between Russia and Ukraine. This military conflict was followed by tensions between Russia and Ukraine, as well as certain western countries. As a result, the United States, Canada, the European Union and other countries and multinational organizations have announced and implemented sanctions of various types against Russia, such as the designation of a number of persons and entities, including major Russian banks, in "blocked person" lists, the removal of certain Russian banks from the SWIFT system that facilitates the transfer of money between banks, a prohibition on providing certain types of financing and financial services to certain companies or banks that are under public control or publicly owned, a prohibition on transactions with certain Russian counterparties, and the imposition of restrictions on the export to Russia of certain goods and technologies. In response to the foregoing sanctions, Russia replied with countersanctions on so-called "unfriendly" states (which specifically include countries of the European Union). Countersanctions imposed by Russia have led to a reduction in supply volumes or even a suspension of gas and oil deliveries. Should economic sanctions escalate further, Russia could take further legal action, which could affect European businesses (with their domicile in an "unfriendly State" from a Russian perspective).

The continuation of the conflict between Russia and Ukraine could negatively affect Italian, European and global macroeconomic conditions. Moreover, starting from October 2023, the economic growth may also be impacted by the effects of the Israel-Palestine conflict.

With reference to the exit of the United Kingdom from the single market on 1 January 2021, changes in the relationship between the UK and the EU may affect the business of the Issuer. The Treaty on the European Union and the Treaty on the Functioning of the European Union have ceased to apply to the UK. The European Union (Withdrawal) Act 2018 (as amended by the European Union (Withdrawal Agreement) Act 2020) and secondary legislation made under it ensure there is a functioning statute book in the UK. The EU-UK Trade and Cooperation Agreement (the Trade and Cooperation Agreement), which governs relations between the EU and UK following the end of the Brexit transition period and which had provisional application pending completion of ratification procedures, entered into force on 1 May 2021. The Trade and Cooperation Agreement does not create a detailed framework to govern the cross-border provision of regulated financial services from the UK into the EU and from the EU into the UK.

Inflation, increase in interest rates and a potential recession

Mismatches between the supply and demand of goods and services, partially as a result of the COVID-19 pandemic and, more recently, the Russia-Ukraine conflict, have contributed to a rise in global inflation. In Italy, the annual Harmonized Indices of Consumer Prices, which is used to measure consumer price inflation in the euro area ("**HICP**"), as recorded in 2020, 2021 and 2022, was -0.15%, 1.94% and 8.7%, respectively (source: Istat). The annual inflation rate in Italy in 2022 was the highest since 1985. With respect to the European Union, the HICP, as recorded in 2020, 2021 and 2022, was 0.5%, 2.6% and 9.2%, respectively (source: World Bank). As for the United States, the Consumer Price Index, which is the most widely used measure of inflation in the United States, as recorded in 2020, 2021 and 2022, was 1.2%, 4.7% and 8.0%, respectively (source: World Data).

To counter inflation, central banks have raised interest rates during 2022-2023. In the U.S., the Federal Reserve System terminated its large-scale asset purchases, popularly known as "quantitative easing", and announced a plan to reduce its bond holdings. In addition, the Federal Reserve System has implemented benchmark interest rate increases and has announced further increases to counteract inflationary pressures. The European Central Bank has implemented interest rate increases and discontinued its asset purchases. In addition, restrictive monetary policies and high inflation driven, in large part, by supply chain disruptions and higher energy costs from the war in Ukraine and, potentially, the Israel-Palestine conflict may lead to a market or general economic downturn or recession. All of these factors may adversely affect the Issuer. Uncertainty surrounding the pace of future interest rate increases by major central banks has already resulted in significant volatility in financial markets around the world and such volatility may continue for a prolonged period of time. Any increase of inflation and/or interest rates or a potential recession or other periods of declining economic conditions, could adversely affect Issuer's business, results of operations and financial condition and have a negative effect on the securities markets generally. As of the date of this Prospectus, no direct or indirect effects were recorded as a result of the collapse of Silicon Valley Bank, Signature Bank or of Credit Suisse (which resulted in its acquisition by UBS), all of which occurred in March 2023. However, such situations could prove to be a signal of mounting tensions in the financial markets and such tensions could adversely affect the Issuer's business, results of operations and financial condition and have a negative effect on the securities markets generally.

The Issuer's financial performance is affected by borrower credit quality and general economic conditions, in particular in Italy and Europe

The Issuer monitors credit quality and manages the specific risk of each counterparty and the overall risk of the respective loan portfolios, and the Issuer will continue to do so, but there can be no assurance that such monitoring and risk management will suffice to keep the Issuer's exposure to credit risk at acceptable levels. Any deterioration of the creditworthiness of significant individual customers or counterparties, or of the performance of loans and other receivables, as well as wrong assessments of creditworthiness or country risks may have a material adverse effect on the Issuer's business, financial condition and results of operations.

Interest rate rises may also have an impact on the demand for mortgages and other loan products. The risk arising from the impact of the economy and business climate on the credit quality of the Issuer's debtors and counterparties can affect the overall credit quality and the recoverability of loans and amounts due from counterparties.

As discussed above, these risks are exacerbated by concerns over the levels of the public debt of certain Euro-zone countries and their relative weaknesses. A rating downgrade in one of the countries in which the Issuer operates might restrict the availability of funding or increase its cost for individuals and companies at a local level. This might have a material adverse effect on the Issuer's operating results, financial conditions and business outlook.

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 BNL Group's business, financial condition and results of operations.

The Issuer's financial performance is affected by "systemic risk"

In recent years, the global credit environment has been adversely affected by significant instances of default, and there can be no certainty that such instances will not occur in the future. Concerns about, or a default by, one institution could lead to significant liquidity problems, losses or defaults by other institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships between institutions. This risk is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with which the Issuer interacts on a daily basis and therefore could adversely affect the Issuer.

Catastrophic events, terrorist attacks and similar events could have a negative impact on the business and results of the Issuer

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

2. RISKS RELATED TO THE COVERED BONDS

The risks below have been classified into the following categories:

-General Investment Considerations

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

General Investment Considerations

Issuer liable to make payments when due on the Covered Bonds

The Issuer is liable to make payments when due on the Covered Bonds. The obligations of the Issuer under the Covered Bonds are direct, unsecured, unconditional and unsubordinated obligations, ranking *pari passu* without any preference amongst themselves and equally with its other direct, unsecured, unconditional and unsubordinated obligations.

The Guarantor has no obligation to pay the Guaranteed Amounts payable under the Guarantee until the occurrence of an Issuer Event of Default and the service by the Representative of the Bondholders on the Issuer and on the Guarantor of an Issuer Default Notice. The occurrence of an Issuer Event of Default does not automatically give rise to a Guarantor Event of Default. However, failure by the Guarantor to pay amounts due under the Guarantee would constitute a Guarantor Event of Default which would entitle the Representative of the Bondholders to accelerate the obligations under the Covered Bonds (if they have not already become due and payable) and the obligations of the Guarantor under the Guarantee.

Obligations under the Covered Bonds

The Covered Bonds will not represent an obligation or be the responsibility of any of the Dealer, the Representative of the Bondholders or any other party to the Programme, their officers, members, directors, employees, security holders or incorporators, other than the Issuer and, after the service by the Representative of the Bondholders of an Issuer Default Notice, the Guarantor. The Issuer and the Guarantor will be liable solely in their corporate capacity (and, in respect of the Guarantor, within the limits of the Segregated Assets) for their obligations in respect of the Covered Bonds and such obligations will not be the obligations of their respective officers, members, directors, employees, security holders or incorporators.

Bondholders are bound by Extraordinary Resolutions and Programme Resolutions

A meeting of Bondholders may be called to consider matters which affect the rights and interests of Bondholders. These include (but are not limited to): instructing the Representative of the Bondholders to take enforcement action against the Issuer and/or the Guarantor; waiving an Issuer Event of Default or a Guarantor Event of Default; cancelling, reducing or otherwise varying interest payments or repayment of principal or rescheduling payment dates; extending the Test Remedy Period; altering the priority of payments of interest and principal on the Covered Bonds; and any other amendments to the Programme Documents. Certain resolutions are required to be passed as Programme Resolutions, passed at a single Meeting of all holders of Covered Bonds, regardless of Series. A Programme Resolution will bind all Bondholders, irrespective of whether they attended the Meeting or voted in favour of the Programme Resolution. No Resolution, other than a Programme Resolution, passed by the holders of one Series of Covered Bonds will be effective in respect of another Series unless it is sanctioned by an Ordinary Resolution or an Extraordinary Resolution, as the case may require, of the holders of that other Series. Any Resolution passed at a Meeting of the holders of the Covered Bonds of a Series shall bind all other holders of that Series, irrespective of whether they attended the Meeting

and whether they voted in favour of the relevant Resolution. In addition, the Representative of the Bondholders may agree to the modification of the Programme Documents without consulting the Bondholders to correct a manifest error or an error established as such to the satisfaction of the Representative of the Bondholders or where such modification (i) is of a formal, minor, administrative or technical nature or to comply with mandatory provisions of law, including Law 130 and the Bank of Italy Regulations, as amended and supplemented from time to time, and the relevant implementation, or (ii) in the sole opinion of the Representative of the Bondholders, is expedient to make, is not or will not be materially prejudicial to Bondholders of any Series or Tranche.

It shall also be noted that after the delivery of an Issuer Default Notice, the protection and exercise of the Bondholders' rights against the Issuer will be exercised by the Guarantor (or the Representative of the Bondholders on its behalf). The rights and powers of the Bondholders may only be exercised in accordance with the Rules of the Organisation of the Bondholders. In addition, after the delivery of a Guarantor Default Notice, the protection and exercise of the Bondholders' rights against the Guarantor and the security under the Guarantee is one of the duties of the Representative of the Bondholders. The Terms and Conditions limit the ability of each individual Bondholder to commence proceedings against the Guarantor by conferring on the Meeting of the Bondholders the power to determine in accordance with the Rules of Organisation of the Bondholders, whether any Bondholder may commence any such individual actions.

Representative of the Bondholders' powers may affect the interests of the holders of the Covered Bonds

In the exercise of its powers, trusts, authorities and discretions the Representative of the Bondholders shall only have regard to the interests of the holders of the Covered Bonds and the Other Guarantor Creditors but if, in the opinion of the Representative of the Bondholders, there is a conflict between these interests the Representative of the Bondholders shall have regard solely to the interests of the Bondholders. In the exercise of its powers, trusts, authorities and discretions, the Representative of the Bondholders may not act on behalf of the Issuer.

If, in connection with the exercise of its powers, trusts, authorities or discretions, the Representative of the Bondholders is of the opinion that the interests of the holders of the Covered Bonds of any one or more Series or Tranche would be materially prejudiced thereby, the Representative of the Bondholders shall not exercise such power, trust, authority or discretion without the approval of holders of the Covered Bonds of the relevant Series by Extraordinary Resolution or by a direction in writing of holders of the Covered Bonds of the relevant Series representing at least 75 per cent. of the Principal Amount Outstanding of Covered Bonds of the relevant Series or Tranche.

Extendible obligations under the Guarantee

Following the failure by the Issuer to pay the Final Redemption Amount of a Series or Tranche of Covered Bonds on their Maturity Date and if payment of the Guaranteed Amounts corresponding to the Final Redemption Amount in respect of such Series or Tranche of Covered Bonds are not paid in full by the Guarantor on or before the Extension Determination Date, then payment of such Guaranteed Amounts shall be automatically deferred. This will occur if the Final Terms for a relevant Series and Tranche of Covered Bonds (other than Hard Bullet Covered Bonds) provides that such Covered Bonds are subject to an extended final maturity date (the "**Extended Maturity Date**") on which the payment of

all or (as applicable) part of the Final Redemption Amount payable on the Maturity Date will be deferred in the event that the Final Redemption Amount is not paid in full on the Extension Determination Date.

To the extent that the Guarantor has received an Issuer Default Notice in sufficient time and has sufficient moneys available to pay in part the Guaranteed Amounts corresponding to the relevant Final Redemption Amount in respect of the relevant Series or Tranche of Covered Bonds, the Guarantor shall make partial payment of the relevant Final Redemption Amount in accordance with the Guarantee Priority of Payments and as described in Condition 10 (*Redemption and Purchase*). If the Final Terms for a relevant Series or Tranche of Covered Bonds provides that such Covered Bonds are subject to an Extended Maturity Date, payment of all unpaid amounts shall be deferred automatically until the applicable Extended Maturity Date, **provided that** any amount representing the Final Redemption Amount due and remaining unpaid on the Extension Determination Date may be paid by the Guarantor on any Interest Payment Date thereafter, up to (and including) the relevant Extended Maturity Date, in accordance with the applicable Priority of Payments. The Extended Maturity Date will fall one year after the Maturity Date. Interest will continue to accrue and be payable on the unpaid amount in accordance with Condition 10 (*Redemption and Purchase*) and the Guarantor will pay Guaranteed Amounts, constituting interest due on each Guarantor Payment Date and on the Extended Maturity Date. In these circumstances, except where the Guarantor has failed to apply money in accordance with the Guarantee Priority of Payments, failure by the Guarantor to make payment in respect of the Final Redemption Amount on the Maturity Date (or such later date within the applicable grace period) shall not constitute a Guarantor Event of Default. However, failure by the Guarantor to pay the Guaranteed Amounts corresponding to the Final Redemption Amount on the Extended Maturity Date and/or Guaranteed Amounts constituting interest on any Guarantor Payment Date will (subject to any applicable grace periods) be a Guarantor Event of Default.

Limited secondary market

There is, at present, a secondary market for the Covered Bonds but it is neither active nor liquid, and there can be no assurance that an active or liquid secondary market for the Covered Bonds will develop. The Covered Bonds have not been, and will not be, offered to any persons or entities in the United States of America or registered under any securities laws and are subject to certain restrictions on the resale and other transfer thereof as set forth in the Programme Agreement. If an active or liquid secondary market develops, it may not continue for the life of the Covered Bonds or it may not provide Bondholders with liquidity of investment with the result that a Bondholder may not be able to find a buyer to buy its Covered Bonds readily or at prices that will enable the Bondholder to realise a desired yield or a yield comparable to similar investments that have a developed secondary market. This is particularly the case for bonds 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 bonds generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of the Covered Bonds.

Exchange Rate Risk Factor

Changes in interest rates, foreign exchange rates, equity prices and other market factors affect the Issuer's business. The most significant market risks which the Issuer faces are interest rate, foreign

exchange and bond and equity price risks. Changes in interest rate levels, yield curves and spreads may affect the interest rate margin realised between lending and borrowing costs. Changes in currency rates affect the value of assets and liabilities denominated in foreign currencies and may affect income from foreign exchange dealing. The performance of financial markets may cause changes in the value of the Issuer's investment and trading portfolios. The Issuer has implemented risk management methods to mitigate and control these and other market risks to which the Issuer is exposed. However, it is difficult to predict with accuracy changes in economic or market conditions and to anticipate the effects that such changes could have on the Issuer's financial performance and business operations.

Covered Bonds issued under the Programme

Covered Bonds issued under the Programme will either be fungible with an existing Series of Covered Bonds (in which case one or more Tranche of Covered Bonds will form part of such Series) or have different terms to an existing Series of Covered Bonds (in which case they will constitute a new Series).

All Covered Bonds issued from time to time will rank *pari passu* with each other in all respects and will share the guarantee granted by the Guarantor under the Guarantee. Following the service on the Issuer and on the Guarantor of an Issuer Default Notice (but prior to a Guarantor Event of Default and service of a Guarantor Default Notice on the Guarantor), and provided that, to the extent the Issuer Event of Default consists of an Article 74 Event, no Article 74 Event Cure Notice has been delivered, the Guarantor will use all monies to pay Guaranteed Amounts in respect of the Covered Bonds when the same shall become Due for Payment subject to paying certain higher ranking obligations of the Guarantor in the Guarantee Priority of Payments. In such circumstances, the Issuer will only be entitled to receive payment from the Guarantor of interest, Premium and repayment of principal under the Term Loans granted, from time to time, pursuant to the Subordinated Loan Agreement, after all amounts due under the Guarantee in respect of the Covered Bonds have been paid in full or have otherwise been provided for. Following the occurrence of a Guarantor Event of Default and service of a Guarantor Default Notice on the Guarantor, the Covered Bonds will become immediately due and repayable and Bondholders will then have a claim against the Guarantor under the Guarantee for an amount equal to the Principal Amount Outstanding plus any interest accrued in respect of each Covered Bond, together with accrued interest and any other amounts due under the Covered Bonds, and any Guarantor Available Funds will be distributed according to the Post-Enforcement Priority of Payments.

In order to ensure that any further issue of Covered Bonds under the Programme does not adversely affect existing holders of the Covered Bonds, the Issuer must always ensure that the relevant Tests are satisfied on each Test Reference Date and on each Post-Breach of Tests Reference Date for the purpose of ensuring that the Guarantor can meet its obligations under the Guarantee.

Controls over the transaction

The Prudential Regulations require that certain controls be performed by the Issuer aimed at, *inter alia*, mitigating the risk that any obligation of the Issuer or the Guarantor under the Covered Bonds is not complied with. Whilst the Issuer believes it has implemented the appropriate policies and controls in compliance with the relevant requirements, investors should note that there is no assurance that such compliance ensures that the aforesaid controls are actually performed and that any failure to properly implement the respective policies and controls could have an adverse effect on the Issuers' or the

Guarantor's ability to perform their obligations under the Covered Bonds. However, specific monitoring activities to be performed by the Asset Monitor are provided under the Programme in order to verify the compliance by the Issuer with such Prudential Regulations.

Integration of Eligible Assets

The integration of the Cover Pool, through Eligible Assets, shall be carried out in accordance with the methods, and subject to the limits, set out in the Prudential Regulations. More specifically, integration is allowed exclusively for the purpose of complying with (a) the Tests in accordance with the Law 130; (b) the overcollateralisation requirements as set forth by the Prudential Regulations in accordance with article 129 of CRR. Investors should note that integration is not allowed in circumstances other than as set out in the Prudential Regulations and specified above: therefore no assurance can be given on the potential negative impact that the need to integrate the Cover Pool outside the circumstances set out in the Prudential Regulations and specified above may have on the interests of the Covered Bondholders.

Tax consequences of holding the Covered Bonds – No Gross-up for Taxes

Potential investors should consider the tax consequences of investing in the Covered Bonds and consult their tax adviser about their own tax situation. Notwithstanding anything to the contrary in this Prospectus, if withholding of, or deduction of any present or future taxes, duties, assessments or charges of whatever nature is imposed by or on behalf of Italy, any authority therein or thereof having power to tax, the Issuer or, as the case may be, the Guarantor will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Covered Bondholders, as the case may be. The Issuer shall be obliged to pay an additional amount pursuant to Condition 12 (Taxation) subject to customary exceptions including Decree No. 239 withholdings. Neither the Issuer nor the Guarantor shall be obliged to pay any additional amounts to the Covered Bondholders or to gross up in relation to withholdings or deductions on payments made by the Guarantor. As a result, investors may receive amounts that are less than expected. Investors should therefore be aware of the potential negative results of such lack of gross-up or compensation by the Issuer and the Guarantor on the expected amounts to be received by the Covered Bondholders.

Prospectus to be read together with applicable Final Terms

This Prospectus, to be read together with applicable Final Terms of Covered Bonds, applies to the different types of Covered Bonds which may be issued under the Programme. The full terms and conditions applicable to each Series or Tranche of Covered Bonds can be reviewed by reading the Terms and Conditions as set out in full in this Prospectus, which constitute the basis of all Covered Bonds to be offered under the Programme, together with the applicable Final Terms which apply and/or disapply, supplement and/or amend the Terms and Conditions of the Programme in the manner required to reflect the particular terms and conditions applicable to the relevant Series or Tranche of Covered Bonds.

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

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a foreign financial institution (as defined by FATCA) may be required to withhold on certain payments it

makes (foreign passthru payments) to persons that fail to meet certain certification, reporting or related requirements. The issuer is a foreign financial institution for these purposes. A number of jurisdictions (including the Republic of Italy) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (IGAs), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Covered Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Covered Bonds, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Covered Bonds, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Covered Bonds characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the issuer). However, if additional Covered Bonds (as described under "Terms and Conditions - Further Issues") that are not distinguishable from previously issued Covered Bonds are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Covered Bonds, including the Covered Bonds offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Covered Bonds. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Covered Bonds, no person will be required to pay additional amounts as a result of the withholding.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to 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) it can legally invest in Covered Bonds (ii) Covered Bonds can be used as collateral for various types of borrowing and "repurchase" arrangements and (iii) other restrictions apply to its purchase or pledge of any Covered Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Covered Bonds under any applicable risk-based capital or similar rules.

Changes of law

The structure of the issue of the Covered Bonds is based on Italian law (and, in the case of the Swap Agreement(s), English law) in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible change to Italian or English law or administrative practice or to the law applicable to any Programme Document and to administrative practices in the relevant jurisdiction.

Law 130

Law 130 was enacted in Italy in April 1999 and further amended to allow for the issuance of covered bonds in 2005. As at the date of this Prospectus, no interpretation of the application of the Law 130 as it relates to covered bonds has been issued by any Italian court or governmental or regulatory authority, except for Part III, Chapter 3 of the "*Disposizioni di Vigilanza per le Banche*" (Circolare No. 285 of 17 December 2013) as amended and supplemented from time to time (the "**Prudential Regulations**") concerning guidelines on, among others, the valuation of assets, controls required to ensure compliance with the legislation, the liquidity reserve and the requirements for applying for the "*European Covered Bond (Premium)*" label.

Consequently, it is possible that such or different authorities may issue further regulations relating to the Law 130 or the interpretation thereof, the impact of which cannot be predicted by the Issuer as at the date of this Prospectus. Any changes of the rules and/or changes of the interpretation and/or implementation of the same by the competent authorities could give rise to new burdens and obligations for the Issuer, with possible negative impacts on the operational results and the economic and financial situation of the Issuer and of the Programme.

Furthermore, the Law 130 has been amended by legislative decree No. 190 of 5 November 2021 (the "**Decree 190/2021**"), which transposed into the Italian legal framework Directive (EU) 2019/2162 and designated the Bank of Italy as the competent authority for the public supervision of the covered bonds, which was entrusted with the issuing of the implementing regulations of the Title I-bis of the Law 130, as amended, in accordance with article 3, paragraph 2, of Decree 190/2021. In this respect, the provisions of Law 130, as amended by Decree 190/2021, apply to covered bonds issued starting from 8 July 2022.

Moreover, following a public consultation launched by the Bank of Italy on 12 January 2023 and ended on 11 February 2023, on 30 March 2023 Bank of Italy issued the 42nd amendment to the Prudential Regulations, providing for the implementing measures referred to under article 3, paragraph 2, of Decree 190/2021. Such amendment to the Prudential Regulations provided for, inter alia, the definition of (i) the criteria for the assessment of the eligible assets and the conditions for including derivative contracts with hedging purposes among eligible assets for covered bonds; (ii) the procedures for calculating hedging requirements; (iii) the conditions for issuing new issuance programmes and the interim discipline regarding new issues under issuance programmes already existing as of 30 March 2023; (iv) the possibility also to banks with credit rating 3 to act as counterparties of a derivative contract with hedging purposes.

In accordance with the Prudential Regulations, as amended on 30 March 2023, the Bank of Italy did not exercise the option provided for in the Directive (EU) 2019/2162 that allows Member States to lower the threshold of the minimum level of overcollateralization.

Consequently, given the novelty recent amendments to the Prudential Regulations and the Law 130, it is possible that the issuance of further guidelines or implementing regulations relating to the Law 130 and the Prudential Regulations, or the interpretation thereof, may have an impact which cannot be predicted by the Issuer as at the date of this Prospectus. Furthermore, with respect to any Series of Covered Bonds issued under the Programme before the publication of the Decree 190/2021, it is uncertain to assess the possible impacts which the Law 130 and the Prudential Regulations, as recently amended, may have.

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

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

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

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

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

(d) understand thoroughly the terms of the Covered Bonds and be familiar with the behaviour of any relevant indices and financial markets; and

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

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

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

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

Covered Bonds subject to optional redemption by the Issuer

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

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

being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Index Linked Interest Covered Bonds, Index Linked Redemption Covered Bonds and Dual Currency Interest Covered Bonds

The Issuer may issue Covered Bonds with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a "**Relevant Factor**"). In addition, the Issuer may issue Covered Bonds with principal or interest payable in one or more currencies which may be different from the currency in which the Covered Bonds are denominated. Potential investors should be aware that:

(a) the market price of such Covered Bonds may be volatile;

(b) they may receive no interest;

(c) payment of principal or interest may occur at a different time or in a different currency from that expected;

(d) they may lose all or a substantial portion of their principal;

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

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

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

Partly-paid Covered Bonds

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

Zero Coupon Covered Bonds

The Issuer may issue Covered Bonds bearing no interest, which may be offered and sold at a discount to their nominal amount.

Variable Interest rate Covered Bonds with a multiplier or other leverage factor

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

Fixed/Floating Rate Covered Bonds

Fixed/Floating Rate Covered Bonds 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 Covered Bonds since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Covered Bonds may be less favourable than then prevailing spreads on comparable Floating Rate Covered Bonds tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Covered Bonds. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Covered Bonds.

Interest rate risks

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

Floating rate risks

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

Reform of EURIBOR and other interest rate index and equity, commodity and foreign exchange rate index "benchmarks"

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

Regulation (EU) 2016/1011 (the **EU Benchmarks Regulation**) applies, subject to certain transitional provisions, to the provision of "benchmarks", the contribution of input data to a "benchmark" and the use of a "benchmark" within the EU and it, among other things, (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities (such as the Issuer) of "benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the EUWA (the **UK Benchmarks Regulation**) among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

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

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a

material impact on any Covered Bonds linked to or referencing a rate or index deemed to be a benchmark, including any Floating Rate Covered Bonds linked to or referencing EURIBOR, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

Key international reforms of "benchmarks" also include IOSCO's proposed Principles for Financial Market Benchmarks (July 2013) (the **IOSCO Benchmark Principles**).

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

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or participate in certain "benchmarks", (ii) triggering changes in the rules or methodologies used in certain "benchmarks", and/or (iii) leading to the discontinuance, unavailability or disappearance of certain "benchmarks".

Separately, the euro risk free-rate working group for the euro area has also published a set of guiding principles and high level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system. On 11 May 2021, the euro risk-free rate working group published its recommendations on EURIBOR fallback trigger events and fallback rates.

Furthermore, in order to address systemic risk, on 2 February 2021 the Council of the European Union approved the final text of the Regulation (EU) 2021/168 amending the Regulation (EU) 2016/1011 as regards the exemption of certain third-country spot foreign exchange benchmarks and the designation of replacements for certain benchmarks in cessation, and amending Regulation (EU) No 648/2012. The new framework delegates the Commission to designate a replacement for benchmarks qualified as critical under the Regulation 2016/2011, where the cessation or wind-down of such a benchmark might significantly disrupt the functioning of financial markets within the European Union. In particular, the designation of a replacement for a benchmark should apply to any contract and any financial instrument as defined in Directive 2014/65/EU that is subject to the law of a Member State. In addition, with respect to supervised entities, Regulation (EU) 2021/168 extends the transitional period for the use of third-country benchmarks until 2023 and the Commission may further extend this period until 2025 by a delegated act to be passed before 15 July 2023. On 10 February 2021 the Council of the European Union adopted the Regulation (EU) 2021/168 that was published in the Official Journal on 12 February 2021 and entered into force on the following day.

Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark, (ii) triggering changes

in the rules or methodologies used in the benchmarks, and/or (iii) leading to the disappearance of the benchmark.

The Terms and Conditions of the Covered Bonds provide that, if the Issuer jointly with the Test Calculation Agent, determines at any time prior to any Interest Determination Date (as defined in the Terms and Conditions and in the applicable Final Terms), that the Relevant Screen Page (as defined in the Terms and Conditions and in the applicable Final Terms) has been discontinued or a Reference Rate Fallback Event (as defined in the Terms and Conditions) has occurred, the Test Calculation Agent, as applicable, will use, as a substitute for the Reference Rate, an alternative reference rate determined by the Issuer jointly with the Test Calculation Agent, to be the alternative reference rate selected by the Relevant Nominating Body (as defined in the Terms and Conditions) that is consistent with industry accepted standards (as further described in Condition 6.5 (*Replacement of Reference Rate*). If the Issuer jointly with the Test Calculation Agent, is unable to determine such an alternative reference rate, the Issuer jointly with the Calculation Agent, will as soon as reasonably practicable appoint a Reference Rate Determination Agent (as defined in the Terms and Conditions), which will determine whether a substitute or successor rate, which is substantially comparable to the Reference Rate, is available on each Interest Determination Date falling on or after the date of such determination. If the Reference Rate Determination Agent determines that there is an industry accepted successor rate, the Reference Rate Determination Agent will notify the Issuer and, if applicable, the Test Calculation Agent, of such Replacement Reference Rate (as defined in the Terms and Conditions) to be used by the Test Calculation Agent, as applicable, to determine the Rate of Interest. If the Issuer or the Reference Rate Determination Agent, as applicable, determines at a later date that the Replacement Reference Rate is no longer substantially comparable to the Reference Rate or does not constitute an industry accepted successor rate, in which case the Issuer (jointly with the Test Calculation Agent), shall appoint or re-appoint a Reference Rate Determination Agent for the purpose of confirming the Replacement Reference Rate or determining a substitute Replacement Reference Rate (as further described in Condition 6.5 (*Replacement of Reference Rate*). If the Reference Rate Determination Agent is unable to or otherwise does not determine a substitute Replacement Reference Rate, then the Replacement Reference Rate will remain unchanged.

Due to the uncertainty concerning the availability of a Replacement Reference Rate and the involvement of a Reference Rate Determination Agent, the relevant fallback provisions may not operate as intended at the relevant time. The use of a Replacement Reference Rate may result in interest payments that are substantially lower than or that do not otherwise correlate over time with the payments that could have been made on the Covered Bonds if the relevant benchmark remained available in its current form.

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

Credit Linked Interest Covered Bonds and Equity Linked Interest Covered Bonds

The Issuer may issue Covered Bonds with interest determined by reference to the price, value, performance or some other factor relating to one or more reference assets and/or the creditworthiness of, performance of obligations by or some other factor relating to one or more reference entities.

Covered Bonds issued at a substantial discount or premium

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

Investment Considerations relating to the Guarantor

Guarantor only obliged to pay Guaranteed Amounts when they are Due for Payment

The Guarantor has no obligation to pay any Guaranteed Amounts payable under the Guarantee until the delivery of an Issuer Default Notice, unless the Issuer has not fulfilled its payment obligations under the Covered Bonds by the relevant payment date. Such provision complies with Article 5 of the Directive (EU) 2019/2162, pursuant to which the payment obligations attached to Covered Bonds are not subject to automatic acceleration (which would be the case if a Guarantor Default Notice is delivered) upon the insolvency or resolution of the Issuer. Following service of an Issuer Default Notice on the Issuer and the Guarantor and provided that, to the extent the Issuer Event of Default consists of an Article 74 Event, no Article 74 Event Cure Notice has been delivered, under the terms of the Guarantee the Guarantor will only be obliged to pay Guaranteed Amounts as and when the same are Due for Payment, **provided that**, in the case of any amounts representing the Final Redemption Amount due and remaining unpaid as at the original Maturity Date, the Guarantor may pay such amounts in accordance with the applicable Priority of Payments on any Guarantor Payment Date thereafter, up to (and including) the Extended Maturity Date. Such Guaranteed Amounts will be paid subject to and in accordance with the Guarantee Priority of Payments or the Post-Enforcement Priority of Payments, as applicable. In such circumstances, the Guarantor will not be obliged to pay any other amounts in respect of the Covered Bonds which become payable for any other reason.

Subject to any grace period, if the Guarantor fails to make a payment when Due for Payment under the Guarantee or any other Guarantor Event of Default occurs, then the Representative of the Bondholders will accelerate the obligations of the Guarantor under the Guarantee by service of a Guarantor Default Notice, whereupon the Representative of the Bondholders will have a claim under the Guarantee for an amount equal to the Guaranteed Amounts. Following service of a Guarantor Default Notice, the amounts due from the Guarantor shall be applied by the Representative of the Bondholders in accordance with the Post-Enforcement Priority of Payments, and Bondholders will receive amounts from the Guarantor on an accelerated basis. If a Guarantor Default Notice is served on the Guarantor then the Covered Bonds may be repaid sooner or later than expected or not at all.

Limited resources available to the Guarantor

Following the service of an Issuer Default Notice on the Issuer and on the Guarantor, the Guarantor will be under an obligation to pay the Bondholders and shall procure the payment of the Guaranteed

Amounts when they are Due for Payment. The Guarantor's ability to meet its obligations under the Guarantee will depend on (a) the amount of interest and principal generated by the Cover Pool and the timing thereof, (b) amounts received from the Swap Providers (if any) and (c) the proceeds of any Eligible Investments. The Guarantor will not have any other source of funds available to meet its obligations under the Guarantee.

If a Guarantor Event of Default occurs and the Guarantee is enforced, the proceeds of enforcement may not be sufficient to meet the claims of all the secured creditors, including the Bondholders. If, following enforcement and realisation of the assets in the Cover Pool, creditors have not received the full amount due to them pursuant to the terms of the Programme Documents, then they may still have an unsecured claim against the Issuer for the shortfall. There is no guarantee that the Issuer will have sufficient funds to pay that shortfall.

Each Other Guarantor Creditor has undertaken in the Intercreditor Agreement not to petition or commence proceedings for a declaration of insolvency (nor join any such petition or proceedings) against the Guarantor at least until two years and one day after the date on which all Series and Tranches of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with the Terms and Conditions and the relevant final Terms.

Reliance of the Guarantor on third parties

The Guarantor has entered into agreements with a number of third parties, which have agreed to perform services for the Guarantor. In particular, but without limitation, the Main Servicer has been appointed, and upon accession to the Programme, each Additional Servicer will be appointed, to carry out the administration, management, collection and recoveries activities relating to the Assets comprised in the relevant Portfolios sold to the Guarantor and upon delivery of an Issuer Default Notice a substitute Test Calculation Agent will be appointed by the Servicer to carry out the Amortisation Test.

In the event that any of these parties fails to perform its obligations under the relevant agreement to which it is a party, the realisable value of the Cover Pool or any part thereof or pending such realisation (if the Cover Pool or any part thereof cannot be sold) the ability of the Guarantor to make payments under the Guarantee may be affected. For instance, if the Main Servicer and/or any Additional Servicer has failed to administer the relevant Assets adequately, this may lead to higher incidences of non-payment or default by the Debtors. The Guarantor is also reliant on the Swap Providers to provide it with the funds matching its obligations under the Guarantee, as described below.

If a Servicer Termination Event occurs pursuant to the terms of the Master Servicing Agreement, then the Guarantor and/or the Representative of the Bondholders will be entitled to terminate the appointment of the relevant Servicer and appoint a Substitute Servicer in its place. In addition, each Servicer may resign from the Master Servicing Agreement, within 12 months from the relevant Execution Date, by giving not less than a 6 months prior written notice to the Guarantor, the Representative of the Bondholders, the Main Servicer and the Asset Swap Provider. There can be no assurance that a substitute servicer with sufficient experience of administering mortgages of residential or commercial properties who would be willing and able to carry out the administration, management, collection and recovery activities relating to the Assets on the terms of the Master Servicing Agreement could be found. The ability of a substitute servicer to perform fully the required services would depend, *inter alia*, on the information, software and records available at the time of the

appointment. Any delay or inability to appoint a substitute servicer may affect the realisable value of the Cover Pool or any part thereof, and/or the ability of the Guarantor to make payments under the Guarantee.

The Servicer has no obligation to advance payments if the Debtors fail to make any payments in a timely fashion. Bondholders will have no right to consent to or approve of any actions taken by the Servicer under the Master Servicing Agreement.

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

Reliance on Swap Providers

To provide a hedge against possible variations in the performance of the Cover Pool, on 25 July 2012 the Guarantor has entered into the Asset Swap Agreement with the Asset Swap Provider. In addition, to provide a hedge against interest rate, currency and/or other risks in respect of each Series or Tranche of Covered Bonds issued under the Programme, the Guarantor is expected to enter into one or more Swap Agreements with one or more Swap Providers in respect of each Series or Tranche of Covered Bonds.

A Swap Provider is (unless otherwise stated in the relevant Swap Agreement) only obliged to make payments to the Guarantor as long as the Guarantor complies with its payment obligations under the relevant Swap Agreement. In circumstances where non-payment by the Guarantor under a Swap Agreement does not result in a default under that Swap Agreement, the Swap Provider may be obliged to make payments to the Guarantor pursuant to the Swap Agreement as if payment had been made by the Guarantor.

If a Swap Provider is not obliged to make payments or if it defaults in its obligations to make payments of under the relevant Swap Agreement, the Guarantor may be exposed to changes in the relevant currency exchange rates to Euro and to any changes in the relevant rates of interest and/or to the performance of the Cover Pool. In addition, the Guarantor may hedge only part of the possible risk and, in such circumstances, may have insufficient funds to meet its payment obligations, including under the Covered Bonds or the Guarantee.

If a Swap Agreement terminates, then the Guarantor may be obliged to make a termination payment to the relevant Swap Provider. There can be no assurance that the Guarantor will have sufficient funds available to make a termination payment under the relevant Asset Swap Agreement, nor can there be any assurance that the Guarantor will be able to enter into a replacement swap agreement with an adequate counterparty.

Following the service of an Issuer Default Notice, payments (other than principal payments) by the Guarantor (including any termination payment) under the Swap Agreements will rank *pari passu* and *pro rata* to interest amounts due on the Covered Bonds under the Guarantee. Accordingly, the obligation to pay a termination payment may adversely affect the ability of the Guarantor to meet its obligations under the Covered Bonds or the Guarantee.

No gross-up on withholding tax

In respect of payments made by the Guarantor under the Guarantee, to the extent that the Guarantor is required by law to withhold or deduct any present or future taxes of any kind imposed or levied by or

on behalf of the Republic of Italy from such payments, the Guarantor will not be under an obligation to pay any additional amounts to Covered Bondholders, irrespective of whether such withholding or deduction arises from existing legislation or its application or interpretation as at the relevant Issue Date or from changes in such legislation, application or official interpretation after the Issue Date.

Limited description of the Cover Pool

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

- the Main Seller and/or any Additional Seller selling further Assets (or types of Assets, which are of a type that have not previously been comprised in the Cover Pool) to the Guarantor; and
- the Main Seller and/or any Additional Seller repurchasing or substituting Assets in accordance with the Master Assets Purchase Agreement.

However, each Eligible Asset Loan will be required to meet the Eligibility Criteria and to conform with the representations and warranties set out in the Warranty and Indemnity Agreement — see "*Description of the Programme Documents — Warranty and Indemnity Agreement*". In addition, the Asset Coverage Test is intended to ensure that the Adjusted Aggregate Asset Amount is an amount at least equal to the aggregate Principal Amount Outstanding of the Covered Bonds for so long as Covered Bonds remain outstanding and the Test Calculation Agent will provide quarterly reports that will set out certain information in relation to the Asset Coverage Test.

No due diligence on the Cover Pool

None of the Dealer, the Guarantor or the Representative of the Bondholders has undertaken or will undertake any investigations, searches or other actions in respect of any of the Eligible Assets or other Receivables. Instead, the Guarantor will rely on the Common Criteria, the Specific Criteria and the relevant representations and warranties given by the Main Seller and, upon accession to the Programme, each Additional Seller, in the Warranty and Indemnity Agreement. The remedy provided for in the Warranty and Indemnity Agreement for breach of representation or warranty is for the relevant Seller(s) to indemnify and hold harmless the Guarantor in respect of losses arising from such breach. Such obligations are not guaranteed by nor will they be the responsibility of any person other than the relevant Seller and neither the Guarantor nor the Representative of the Bondholders will have recourse to any other person in the event that the relevant Seller, for whatever reason, fails to meet such obligations.

Maintenance of the Cover Pool

Pursuant to the terms of the Master Assets Purchase Agreement, the Main Seller has agreed (and the Additional Seller(s), if any, will agree upon accession to the Master Assets Purchase Agreement) to transfer New Portfolios to the Guarantor and the Guarantor has agreed to purchase New Portfolios in order to ensure that the Cover Pool is in compliance with the Tests. The Initial Portfolio Purchase Price was funded through the proceeds of the Term Loan granted by the Main Subordinated Lender under the BNL Subordinated Loan Agreement and each New Portfolio Purchase Price will be funded through (i) any Guarantor Available Funds available in accordance with the Pre-Issuer Default Principal Priority of

Payments; and/or (ii) the proceeds of a Term Loan granted by the relevant Seller as Subordinated Lender under the Subordinated Loan Agreement; and (iii) in certain circumstances, entirely by means of a Term Loan granted by the relevant Seller as Subordinated Lender under the relevant Subordinated Loan Agreement.

Under the terms of the Cover Pool Management Agreement, the Issuer has undertaken (and the Additional Seller(s), if any, will undertake once acceded to the Programme), to ensure that on each Test Reference Date the Cover Pool is in compliance with the Mandatory Tests and the Asset Coverage Test. If on any Test Reference Date the Cover Pool is not in compliance with the above Tests, then, within the Test Grace Period, the Main Seller, (and/or, if any, any Additional Seller) will sell additional Eligible Assets to the Guarantor for an amount sufficient to allow the relevant Test(s) to be met at the end of the Test Grace Period, to be financed through the proceeds of Term Loans to be granted by the Main Seller (and/or any Additional Seller, if any). If the Cover Pool is not in compliance with the above Tests at the end of the Test Grace Period, the Representative of the Bondholders will serve a Breach of Tests Notice on the Issuer and the Guarantor. The Representative of the Bondholders shall revoke the Breach of Tests Notice if at the end of the Test Grace Period the Tests are subsequently satisfied, unless any other Segregation Event has occurred and is outstanding and without prejudice to the obligation of the Representative of the Bondholders to serve a Breach of Tests Notice in the future. If, following the delivery of a Breach of Tests Notice, the Tests are not met at the end of the Test Remedy Period, the Representative of the Bondholders will serve an Issuer Default Notice on the Issuer and the Guarantor, unless a Programme Resolution is passed resolving to extend the Test Remedy Period.

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

Subject to receipt of the relevant information from the Issuer, the Asset Monitor will perform specific agreed upon procedures set out in the Asset Monitor Engagement Letter entered into with the Issuer on 20 July 2023, *inter alia*, to (i) the fulfilment of the eligibility criteria set out under the Prudential Regulations with respect to the Eligible Assets included in the Cover Pool; (ii) the calculation performed by the Issuer in respect of the Mandatory Tests and the Liquidity Reserve Requirement; (iii) the compliance with the limits to the transfer of the Eligible Assets set out under the Prudential Regulations; and (iv) the effectiveness and adequacy of the risk protection provided by any Eligible Swap Agreement entered into in the context of the Programme.

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

Following an Issuer Default Notice, the Guarantor shall, if necessary in order to effect timely payments under the Covered Bonds, sell the Eligible Assets (selected on a random basis) included in the Cover

Pool in order to make payments to the Guarantor's creditors including making payments under the Guarantee, see "*Description of the Programme Documents – Cover Pool Management Agreement*".

There is no assurance that a buyer will be found to acquire the Eligible Assets at the times required and there can be no guarantee or assurance as to the price which may be obtained for such Eligible Assets, which may affect payments under the Guarantee. However, the Eligible Assets may not be sold by the Guarantor for less than an amount equal to the Adjusted Required Outstanding Principal Balance Amount (for the definition, see section "*Description of the Programme Documents – The Cover Pool Management Agreement*" below) for the relevant Series or Tranche of Covered Bonds until six months prior to the Maturity Date in respect of such Series or Tranche of Covered Bonds or (if the same is specified as applicable in the relevant Final Terms) the Extended Maturity Date, if applicable, under the Guarantee in respect of such Series or Tranche of Covered Bonds. In the six months prior to, as applicable, the Maturity Date or Extended Maturity Date, the Guarantor is obliged to sell the Eligible Assets for the best price reasonably available on the market, notwithstanding that such price may be less than the Adjusted Required Outstanding Principal Balance Amount.

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

If a Guarantor Event of Default occurs and a Guarantor Default Notice is served on the Guarantor, then the Representative of the Bondholders will be entitled to enforce the Guarantee and use the proceeds from the liquidation of the Cover Pool towards payment of all secured obligations in accordance with the "Post-Enforcement Priority of Payments" described in the section entitled "*Cashflows*" below.

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

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

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

- default by the Debtors in the payment of amounts due on their Loans;
- an insolvency event or another event contractually indicated as event of default has occurred in respect to the issuer of any Securities comprised in the Cover Pool pursuant to the relevant terms and conditions;
- changes to the lending criteria of the Issuer;
- set-off risks in relation to some types of Loans in the Cover Pool;
- limited recourse to the Guarantor;
- possible regulatory changes by the Bank of Italy, CONSOB and other regulatory authorities;
- timing of a relevant sale of assets;

- regulations in Italy that could lead to some terms of the Loans being unenforceable; and
- status of real estate market in the areas of operation of the Issuer.

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

Value of the Cover Pool

The Guarantee granted by the Guarantor in respect of the Covered Bonds will be backed by the Cover Pool and the recourse against the Guarantor will be limited to the Segregated Assets. Since the economic value of the Cover Pool may increase or decrease, the value of the Guarantor's assets may decrease (for example if there is a general decline in property values). The Issuer makes no representation, warranty or guarantee that the value of a Real Estate Asset or any other Security Interest assisting a Loan will remain at the same level as it was on the date of the origination of the related Loan or at any other time. In particular, if the residential property market in Italy experiences an overall decline in property values, the value of the Mortgage Loan could be significantly reduced and, ultimately, may result in losses to the Bondholders if such security is required to be enforced.

Claw-back of the sales of the Receivables

Assignments executed under Law 130 are subject to revocation on bankruptcy under article 166 of the Business Crisis and Insolvency.

Default by debtors in paying amounts due on their Mortgage Loans

Debtors may default on their obligations due under the Mortgage Loans for a variety of reasons. The Mortgage Loans are affected by credit, liquidity and interest rate risks. Various factors influence mortgage delinquency rates, prepayment rates, repossession frequency and the ultimate payment of interest and principal, such as changes in the national or international economic climate, regional economic or housing conditions, changes in tax laws, interest rates, inflation, the availability of financing, yields on alternative investments, political developments and government policies. Other factors in borrowers' individual, personal or financial circumstances may affect the ability of borrowers to repay the Mortgage Loans. Loss of earnings, illness, divorce and other similar factors may lead to an increase in default by and bankruptcies of borrowers, and could ultimately have an adverse impact on the ability of borrowers to repay the Mortgage Loans. In addition, the ability of a borrower to sell a property given as security for a Mortgage Loan at a price sufficient to repay the amounts outstanding under that Mortgage Loan will depend upon a number of factors, including the availability of buyers for that property, the value of that property and property values in general at the time.

The recovery of amounts due in relation to Defaulted Receivables will be subject to the effectiveness of enforcement proceedings in respect of the Cover Pool which in Italy can take a considerable time depending on the type of action required and where such action is taken and on several other factors,

including the following: proceedings in certain courts involved in the enforcement of the Mortgage Loans and Mortgages may take longer than the national average; obtaining title deeds from land registries which are in process of computerising their records can take up to two or three years; further time is required if it is necessary to obtain an injunction decree (*decreto ingiuntivo*) and if the relevant Debtor raises a defence to or counterclaim in the proceedings; and it takes an average of six to eight years from the time lawyers commence enforcement proceedings until the time an auction date is set for the forced sale of any Real Estate Asset.

Insurance coverage

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

Legal risks relating to the Mortgage Loans

The ability of the Guarantor to recover payments of interest and principal from the Mortgage Loans is subject to a number of legal risks. These include the risks set out below.

Set-off risks

The assignment of receivables under the Law 130 is governed by article 58, paragraph 2, 3 and 4, of the Consolidated Banking Act. According to the prevailing interpretation of such provision, such assignment becomes enforceable against the relevant debtors as of the later of (i) the date of the publication of the notice of assignment in the Official Gazette of the Republic of Italy (*La Gazzetta Ufficiale della Repubblica Italiana*), and (ii) the date of registration of the notice of assignment in the local Companies' Registry. Consequently, the rights of the Guarantor may be subject to the direct rights of the Debtors against the Seller or, as applicable the relevant Originator, including rights of set-off on claims arising existing prior to notification in the Official Gazette and registration at the local Companies' Registry. In addition, the exercise of set-off rights by Debtors may adversely affect any sale proceeds of the Cover Pool and, ultimately, the ability of the Guarantor to make payments under the Covered Bond Guarantee.

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

Usury Law

Italian Law number 108 of 7 March 1996, as amended by law decree No. 70 of 13 May 2011 (the "**Usury Law**") introduced legislation preventing lenders from applying interest rates equal to or higher than

rates (the "**Usury Rates**") set every three months on the basis of a Decree issued by the Italian Treasury. In addition, even where the applicable Usury Rates are not exceeded, interest and other advantages and/or remuneration may be held to be usurious if: (i) they are disproportionate to the amount lent (taking into account the specific circumstances of the transaction and the average rate usually applied for similar transactions) and (ii) the person who paid or agreed to pay was in financial and economic difficulties. The provision of usurious interest, advantages or remuneration has the same consequences as non-compliance with the Usury Rates. In certain judgements issued during 2000, the Italian Supreme Court (*Corte di Cassazione*) ruled that the Usury Law applied both to loans advanced prior to and after the entry into force of the Usury Law.

On 29 December 2000, the Italian Government issued law decree No. 394 (the "**Decree 394**"), converted into law by the Italian Parliament on 28 February 2001, which clarified the uncertainty about the interpretation of the Usury Law and provided, *inter alia*, that interest will be deemed to be usurious only if the interest rate agreed by the parties exceeded the Usury Rates at the time when the loan agreement was entered into or the interest rate was agreed. The Decree 394, as interpreted by the Italian Constitutional Court by decision No. 29 of 14 February 2002, also provided that as an extraordinary measure due to the exceptional fall in interest rates in 1998 and 1999, interest rates due on instalments payable after 31 December 2000 on fixed rate loans (other than subsidised loans) already entered into on the date such decree came into force (such date being 31 December 2000) are to be substituted, except where the parties have agreed to more favourable terms, with a lower interest rate set in accordance with parameters fixed by such decree by reference to the average gross yield of multiannual treasury bonds (*Buoni Tesoro Poliennali*) in the period from January 1986 to October 2000.

According to recent court precedents of the Italian Supreme Court (*Corte di Cassazione*), the remuneration of any given financing must be below the applicable Usury Rate from time to time applicable. Based on this recent evolution of case law on the matter, it will constitute a breach of the Usury Law if the remuneration of a financing is lower than the applicable Usury Rate at the time the terms of the financing were agreed but becomes higher than the applicable Usury Rate at any point in time thereafter. Furthermore, those court precedents have also stated that default interest rates are relevant and must be taken into account when calculating the aggregate remuneration of any given financing for the purposes of determining its compliance with the applicable Usury Rate. That interpretation is in contradiction with the current methodology for determining the Usury Rates, considering that the relevant surveys aimed at calculating the applicable average rate never took into account the default interest rates. On 3 July 2013, also the Bank of Italy has confirmed in an official document that default interest rates should be taken into account for the purposes of the Statutory Usury Rates and has acknowledged that there is a discrepancy between the methods utilised to determine the remuneration of any given financing (which must include default rates) and the applicable Statutory Usury Rates against which the former must be compared.

To solve such a contrast between different Italian Supreme Court (Corte di Cassazione) decisions, a recent decision by the Italian Supreme Court (Corte di Cassazione) joint sections (Sezioni Unite) (n. 24675 dated 18 July 2017) finally stated that interest rates which were compliant with the Usury Rate as at the time of the signature of the financing agreements, are lawful also from a civil law perspective even subsequently, as long as they do not exceed the Usury Rate in force at the time of signature of the financing agreement.

In addition, the Italian Supreme Court (Corte di Cassazione) joint sections (Sezioni Unite) (n. 19597 dated 18 September 2020) stated, inter alia, that, in order to assess whether a loan complies with the Usury Law, also default interest rates shall be taken into account, checking if default interest rates exceed a specific increased threshold, linked to the statistical survey by Bank of Italy on default interest rates applied from time to time. In this respect, should the default remuneration be higher than the abovementioned specific threshold, that 'type' of rate (default rate) which determined the breach shall be deemed as null and void. As a consequence, the entire amount referable to that default rate shall be deemed as unenforceable according to the last recent interpretation of the Supreme Court.

If the Usury Law were to be applied to the Receivables and the Residential Mortgage Loan Agreements, the amount payable by the Issuer to the Covered Bondholders may be subject to reduction, renegotiation or repayment. The occurrence of such event shall reduce the amount of collections and recoveries of the Issuer with a negative impact of its ability to pay interest and repay principal under the Covered Bonds.

Compound of interest

Pursuant to article 1283 of the Italian Civil Code, in respect of a monetary claim or receivable, accrued interest may be capitalised after a period of not less than six months or from the date when any legal proceedings are commenced in respect of that monetary claim or receivable. Article 1283 of the Italian Civil Code allows derogation from this provision in the event that there are recognised customary practices to the contrary. Banks and other financial institutions in the Republic of Italy have traditionally capitalised accrued interest on a quarterly basis on the grounds that such practice could be characterised as a customary practice. However, a number of recent judgements from Italian courts (including judgements from the Italian Supreme Court (*Corte di Cassazione*) have held that such practices may not be defined as customary practices. Consequently if Debtors were to challenge this practice, it is possible that such interpretation of the Italian Civil Code would be upheld before other courts in the Republic of Italy and that the returns generated from the relevant Mortgage Loans may be prejudiced. Therefore, potential investors should be aware of the potential negative impact of application by the merits courts of such interpretation of the Italian Civil Code on the recoveries and cash flows of the Issuer.

In this respect, it should be noted that Article 25, paragraph 3, of legislative decree No. 342 of 4 August 1999 ("**Decree No. 342**"), enacted by the Italian Government under a delegation granted pursuant to law No. 142 of 19 February 1992, has considered the capitalisation of accrued interest (*anatocismo*) made by banks prior to the date on which it came into force (19 October 1999) to be valid. After such date, the capitalisation of accrued interest is no longer possible upon the terms established by a resolution of the CICR issued on 22 February 2000. Law No. 342 has been challenged and decision No. 425 of 17 October 2000 of the Italian Constitutional Court has declared as unconstitutional under the provisions of Law No. 342 regarding the validity of the capitalisation of accrued interest made by banks prior to the date on which Law No. 342 came into force.

Article 17 bis of law decree 18 of 14 February 2016 as converted into Law no. 49 of 8 April 2016 amended article 120, paragraph 2, of the Consolidated Banking Act, providing that the accrued interest shall not produce further interests, except for default interests, and are calculated exclusively on the principal amount. On 8 August 2016, the decree no. 343 of 3 August 2016 issued by the Minister of

Economy and Finance, in his quality of President of the CICR, implementing article 120, paragraph 2, of the of the Consolidated Banking Act, has been published. Given the novelty of this new legislation and the absence of any consolidated jurisprudential interpretation, the impact of such new legislation may not be predicted as at the date of this Prospectus and may have a potential negative impact on the Portfolio. Indeed, if Debtors were to challenge this practice, it is possible that such interpretation of the Italian civil code would be upheld before other courts in the Republic of Italy and that the returns generated from the relevant Mortgage Loans may be prejudiced. The occurrence of such event shall reduce the amount of collections and recoveries of the Guarantor with a negative impact of its ability to fulfil its obligations under the Guarantee.

*The following is the text of the terms and conditions of the Covered Bonds (the "**Terms and Conditions**" and, each of them, a "**Condition**"). In these Terms and Conditions, references to the "holder" of Covered Bonds and to the "Bondholders" are to the ultimate owners of the Covered Bonds, dematerialised and evidenced by book entries with Euronext Securities Milan in accordance with the provisions of (i) article 83-*bis *of the Financial Laws Consolidation Act, and (ii) the regulation issued jointly by the Bank of Italy and CONSOB on 13 August 2018 and published in the Official Gazette of the Republic of Italy number 201 of 30 August 2018, as subsequently amended and supplemented from time to time.*

The Bondholders are deemed to have notice of and are bound by, and shall have the benefit of, inter alia*, the terms of the Rules of the Organisation of the Bondholders attached to, and forming part of, these Terms and Conditions. In addition, the applicable Final Terms in relation to any Series or Tranche of Covered Bonds may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Terms and Conditions, replace or modify the Terms and Conditions for the purpose of such Series or Tranche.*

1. INTRODUCTION

1.1 *Programme*

Banca Nazionale del Lavoro S.p.A. ("**BNL**" or the "**Issuer**") has established a covered bond programme (the "**Programme**") for the issuance of up to euro 22,000,000,000 in aggregate principal amount of covered bonds (*obbligazioni bancarie garantite*) (the "**Covered Bonds**") guaranteed by Vela OBG S.r.l. (the "**Guarantor**"). Covered Bonds are issued pursuant to Title I-*bis* of Law number 130 of 30 April 1999 (as amended and supplemented form time to time, the "**Law 130**") and Part III, Chapter 3 of the "*Disposizioni di Vigilanza per le Banche*" (*Circolare* No. 285 of 17 December 2013), as amended and supplemented form time to time (the "**Prudential Regulations**").

1.2 *Final Terms*

Covered Bonds are issued in series or tranches (each, respectively, a "**Series**" or "**Tranche**"). Each Series or Tranche is the subject of final terms (the "**Final Terms**") which supplement, amend and replace these Terms and Conditions. The terms and conditions applicable to any particular Series or Tranche of Covered Bonds are these Terms and Conditions as supplemented, amended and/or replaced by the relevant Final Terms. In the event of any inconsistency between these Terms and Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.

1.3 *Guarantee*

Each Series or Tranche of Covered Bonds is the subject of a guarantee dated 25 July 2012 (as amended, supplemented or replaced from time to time, the "**Guarantee**") entered into between the Guarantor and the Representative of the Bondholders for the purpose of guaranteeing the payments due by the Issuer in respect of the Covered Bonds of all Series or Tranches issued under the Programme. The Guarantee will be backed by the Cover Pool (as defined below). The recourse of the Bondholders to the Guarantor under the Guarantee will be limited to the

Segregated Assets. Payments made by the Guarantor under the Guarantee will be made subject to, and in accordance with, the relevant Priority of Payments.

1.4 *Programme Agreement and Subscription Agreements*

The Issuer and the Dealer(s) have agreed that any Covered Bonds of any Series or Tranche which may from time to time be agreed between the Issuer and the Dealer(s) to be issued by the Issuer and subscribed for by such Dealer(s) shall be issued and subscribed for on the basis of, and in reliance upon, the representations, warranties, undertakings and indemnities made or given or provided to be made or given pursuant to the terms of a programme agreement (as amended, supplemented or replaced from time to time, the "**Programme Agreement**") entered into on 25 July 2012, between the Issuer, the Guarantor, the Representative of the Bondholders and the Dealer. In addition, in relation to each Series or Tranche of Covered Bonds the Issuer, and the relevant Dealer(s) will enter into a subscription agreement on or about the date of the relevant Final Terms (the "**Subscription Agreement**"). According to the terms of the Programme Agreement, the Issuer has the power to appoint any institution as a new Dealer in respect of the Programme or appoint any institution as a new Dealer only in relation to a particular Series or Tranche of Covered Bonds upon satisfaction of certain conditions set out in the Programme Agreement.

1.5 *Euronext Securities Milan Mandate Agreement*

In a mandate agreement with Euronext Securities Milan (as defined below) (the "**Euronext Securities Milan Mandate Agreement**"), Euronext Securities Milan has agreed to provide the Issuer with certain depository and administration services in relation to the Covered Bonds issued in dematerialised form.

1.6 *Master Definitions Agreement*

In a master definitions agreement (as amended, supplemented or replaced from time to time, the "**Master Definitions Agreement**") entered into on 25 July 2012 between, *inter alios*, the Issuer, the Guarantor, the Representative of the Bondholders and the Other Guarantor Creditors (as defined below), the definitions of certain terms used in the Programme Documents have been agreed.

1.7 *The Covered Bonds*

Except where stated otherwise, all subsequent references in these Terms and Conditions to "**Covered Bonds**" are to the Covered Bonds which are the subject of the relevant Final Terms, but all references to "**each Series or Tranche of Covered Bonds**" are to (i) the Covered Bonds which are the subject of the relevant Final Terms and (ii) each other Series or Tranche of Covered Bonds issued under the Programme which remains outstanding from time to time.

1.8 *Rules of the Organisation of the Bondholders*

The rules of the organisation of bondholders (as amended, supplemented or replaced from time to time, the "**Rules**") are attached to, and form an integral part of, these Terms and Conditions. References in these Terms and Conditions to the Rules include such rules as from time to time

modified in accordance with the provisions contained therein and any agreement or other document expressed to be supplemental thereto.

1.9 *Summaries*

Certain provisions of these Terms and Conditions are summaries of the Programme Documents and are subject to their detailed provisions. Bondholders are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Programme Documents applicable to them. Copies of the Programme Documents are available for inspection by Bondholders during normal business hours at the registered office of the Representative of the Bondholders from time to time and, where applicable, at the Specified Office(s) of the Paying Agents.

2. DEFINITIONS AND INTERPRETATION

2.1 *Definitions*

In addition to the definitions set out in Condition 1 (*Introduction*), in these Terms and Conditions the following expressions have the following meanings:

"**Account Bank**" means BNL in its capacity as Account Bank pursuant to the Cash Allocation, Management and Payments Agreement**,** or any other entity acting in such capacity pursuant to the terms of the Cash Allocation, Management and Payments Agreement.

"**Accrual Yield**" has the meaning ascribed to such term in the relevant Final Terms.

"**Accrued Interest**" means, as of any Valuation Date and in relation to any Eligible Asset to be assigned as at that date, the portion of the Interest Instalment accrued, but not yet due, as at the calendar day immediately following such Valuation Date.

"**Additional Financial Centre**" has the meaning set out in the relevant Final Terms.

"**Additional Seller**" means any eligible bank (i) having its registered office in the Republic of Italy and (ii) part of the BNP Paribas Group, that may transfer one or more New Portfolios to the Guarantor following the accession to the Programme pursuant to the Programme Documents.

"**Additional Servicer**" means each Additional Seller (if any) which has been appointed as servicer in relation to the Eligible Assets transferred by it to the Guarantor, following the accession to the Programme and to the Master Servicing Agreement, pursuant to the Programme Documents.

"**Additional Subordinated Lender**" means each Additional Seller in its capacity as additional subordinated lender, pursuant to the relevant Subordinated Loan Agreement.

"**Amortisation Test**" means the Test as described in the Cover Pool Management Agreement.

"**Article 74 Event**" has the meaning given to it in these Terms and Conditions.

"**Article 74 Event Cure Notice**" has the meaning given to it in these Terms and Conditions.

"**Asset Coverage Test**" means the Test as described in Cover Pool Management Agreement.

"**Asset Monitor**" means BDO Italia S.p.A., acting in its capacity as asset monitor, or any other entity that may be appointed as such, pursuant to the engagement letter entered into with the Issuer on 20 July 2023 and to the Asset Monitor Agreement.

"**Asset Monitor Agreement**" means the asset monitor agreement entered into on 18 April 2024 between, *inter alios*, the Asset Monitor and the Issuer, as amended, supplemented or replaced from time to time.

"**Asset Swap Agreement**" means (i) the asset swap agreement entered into on 25 July 2012, between the Main Seller, in its capacity as Asset Swap Provider, and the Guarantor, and (ii) each other asset swap agreement which may be entered into between an Asset Swap Provider and the Guarantor.

"**Asset Swap Provider**" means the Main Seller as swap counterparty to the Guarantor pursuant to the Asset Swap Agreement and/or any other entity entering into an Asset Swap Agreement with the Guarantor.

"**Base Interest**" has the meaning given to the term "*Interesse Base*" pursuant to the Subordinated Loan Agreement.

"**BNL Collection Account**" means the account denominated in Euro (IBAN: IT 70 Z 01005 03200 000000010163) opened in the name of the Guarantor and held by the Account Bank for the deposit of any Collections of the Portfolios (including the Portfolios assigned to the Guarantor by Seller(s) other than BNL) or any other substitutive account which may be opened by the Guarantor pursuant to the Cash Allocation, Management and Payments Agreement.

"**BNL Securities Account**" means the account denominated in Euro to be opened in the name of the Guarantor and held by the Account Bank for the deposit of any Securities (if any) transferred to the Guarantor by BNL, or any other substitutive account which may be opened by the Guarantor pursuant to the Cash Allocation, Management and Payments Agreement.

"**BNL Subordinated Loan Agreement**" means the subordinated loan agreement entered into on 9 July 2012 between the Main Subordinated Lender and the Guarantor, as amended, supplemented or replaced from time to time.

"**BNL Term Loan**" means a subordinated loan made or to be made by BNL to the Guarantor on each Drawdown Date under the BNL Subordinated Loan Agreement or the principal amount outstanding for the time being of that loan.

"**BNP Paribas Group**" means, together, the banks and other companies belonging from time to time to the banking group "*Gruppo BNP Paribas*".

"**Bondholders**" or "**Covered Bondholders**" means the holders from time to time of the Covered Bonds included in each Series or Tranche of Covered Bonds.

"**Breach of Tests Cure Notice**" means the notice delivered by the Representative of the Bondholders in case, following the delivery of a Breach of Tests Notice, the Mandatory Tests

and/or the Asset Coverage Test are newly met within the Test Remedy Period, in accordance with these Terms and Conditions.

"**Breach of Tests Notice**" means the notice to be delivered by the Representative of the Bondholders in accordance with these Terms and Conditions following the infringement of any of the Mandatory Tests and/or the Asset Coverage Test prior to an Issuer Event of Default and/or a Guarantor Event of Default.

"**Business Crisis and Insolvency Code**" means the Legislative Decree no. 14 of 12 January 2019 (as amended and supplemented from time to time), containing the regulations of the "Business Crisis and Insolvency Code" (*Codice della Crisi d'Impresa e dell'Insolvenza*).

"**Business Day**" means any day (other than a Saturday or Sunday) on which the T2 (or any successor thereto) is open for settlement of payments in Euro.

"**Business Day Convention**", in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

(i) "**Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day;

(ii) "**Modified Following Business Day Convention**" or "**Modified Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;

(iii) "**Preceding Business Day Convention**" means that the relevant date shall be brought forward to the first preceding day that is a Business Day;

(iv) "**FRN Convention**", "**Floating Rate Convention**" or "**Eurodollar Convention**" means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred provided, however, that:

(a) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;

(b) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and

(c) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a

Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and

(v) "**No Adjustment**" means that the relevant date shall not be adjusted in accordance with any Business Day Convention.

"**Calculation Amount**" has the meaning given to that term in the relevant Final Terms.

"**Call Option**" means the right, which the Issuer may reserve to itself, to redeem Covered Bonds in whole or in part at its option, as specified in the relevant Final Terms.

"**Cash Allocation, Management and Payments Agreement**" means the cash allocation, management and payments agreement entered into on 25 July 2012 between, *inter alios*, the Guarantor, the Representative of the Bondholders, the Guarantor Calculation Agent, the Cash Manager and the Account Bank, as amended, supplemented or replaced from time to time.

"**Cash Manager**" means BNL or any other entity acting as cash manager pursuant to the Cash Allocation, Management and Payments Agreement.

"**CB Margin**" means the margin which applies to the Floating Rate Covered Bonds issued from time to time, as specified in the relevant Final Terms.

"**CB Payments Account**" means the account denominated in Euro that will be opened – for the purpose of making payments of interest and principal to the Bondholders – in the name of the Guarantor and held with the Principal Paying Agent following the delivery of an Issuer Default Notice or a Guarantor Default Notice, or any other substitutive account which may be opened pursuant to the Cash Allocation, Management and Payments Agreement.

"**Clearstream**" means Clearstream Banking *société anonyme*, Luxembourg with offices at 42 avenue JF Kennedy, L-1855 Luxembourg.

"**Collateral Security**" means any security (including any loan mortgage insurance but excluding Mortgages) granted to the Main Seller (or any Additional Seller(s), if any) by any Debtor in order to guarantee the payment and/or redemption of any amounts due under the relevant Loan Agreement.

"**Collection Account**" means, as the case may be, the BNL Collection Account and/or any other account which may be opened by the Guarantor with the Account Bank if a bank part of the BNP Paribas Group will accede the Programme in its capacity as Additional Seller and Additional Servicer, for the deposit of the collections of the Portfolios transferred by such bank, in its capacity as Additional Seller, to the Guarantor, or any other substitutive account which may be opened by the Guarantor pursuant to the Cash Allocation, Management and Payments Agreement.

"**Collection Date**" means (i) prior to the service of a Guarantor Default Notice, the last calendar day of each month; and (ii) following the service of a Guarantor Default Notice, each date determined as such by the Representative of the Bondholders.

"**Collections**" means all amounts received or recovered by each Servicer in respect of the relevant Eligible Assets included in the Cover Pool.

"**Commercial Mortgage Loan**" means a loan secured by a mortgage meeting the requirements of article 129, paragraph 1, lett. (f) of CRR and article 7-*novies*, paragraph 2, of Law 130.

"**Commercial Mortgage Loan Agreement**" means each of the agreements entered into with the relevant Debtor, pursuant to which a Commercial Mortgage Loan is disbursed, as well as each deed, contract, agreement or supplement thereto or amendment thereof, or any document pertaining thereto (such as "*atti di accollo*").

"**Commercial Mortgage Receivable**" means a Receivable arising from a loan secured by commercial mortgage meeting the requirements of article 129, paragraph 1, lett. (f) of CRR and article 7-*novies*, paragraph 2, of Law 130.

"**CONSOB**" means *Commissione Nazionale per le Società e la Borsa*.

"**Consolidated Banking Act**" means Legislative Decree number 385 of 1 September 1993, as subsequently amended and supplemented.

"**Corporate Servicer**" means Banca Finanziaria Internazionale S.p.A., or any other person for the time being acting as corporate servicer pursuant to the Corporate Services Agreement.

"**Corporate Services Agreement**" means the corporate services agreement entered into on 25 July 2012 between the Guarantor and the Guarantor Corporate Servicer, as amended, supplemented or replaced from time to time.

"**Corresponding Series of Covered Bonds**" means, in respect of a Term Loan, the Series or Tranche of Covered Bonds issued or to be issued pursuant to the Programme and notified by the Subordinated Lender to the Guarantor in the relevant Term Loan Proposal.

"**Cover Pool**" means the cover pool constituted by (i) Receivables and (ii) any other Eligible Assets.

"**Cover Pool Management Agreement**" means the Cover Pool management agreement entered into on 25 July 2012 between, *inter alios*, the Issuer, the Guarantor, the Main Seller, the Test Calculation Agent, the Guarantor Calculation Agent, the Representative of the Bondholders and the Asset Monitor, as amended, supplemented or replaced from time to time.

"**Day Count Fraction**" means, in respect of the calculation of an amount for any period of time (the "**Calculation Period**"), such day count fraction as may be specified in the Terms and Conditions or the relevant Final Terms and:

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

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

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

(1) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (a) the actual number of days in such Regular Period and (b) the number of Regular Periods in any year; and

(2) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (b) the number of Regular Periods in any year;

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

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

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

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

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

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

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

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

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

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

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

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

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

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

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

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

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

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

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

"**Dealers**" means the Initial Dealer and any other entity that will be appointed as dealer by the Issuer pursuant to the Programme Agreement.

"**Debtor**" means any borrower and any other person who entered into a Loan Agreement as principal debtor or guarantor or who is liable for the payment or repayment of amounts due in respect of a Loan, as a consequence, *inter alia*, of having granted any Collateral Security or having assumed the borrower's obligation under an *accollo*, or otherwise.

"**Decree 239**" means the Italian Legislative Decree number 239 of 1 April 1996, as subsequently amended and supplemented.

"**Deed of Pledge**" means the Italian law deed of pledge entered into on 25 July 2012 between the Guarantor and the Representative of the Bondholders, as amended, supplemented or replaced from time to time.

"**Defaulted Receivables**" means any Receivables which:

(a) have been classified as Delinquent Receivables for more than 180 calendar days, except when, in relation to such Receivables, there are 7 unpaid Instalments (in respect of Receivables deriving from Loans with monthly instalments) or 2 unpaid Instalments (in respect of Receivables deriving from Loans with semi-annual instalments) and the unpaid amount under the first Instalment does not exceed Euro 50.00; or

(b) classified by the relevant Seller as "defaulted" (*credito in sofferenza*) pursuant to the Istruzioni di Vigilanza; or

(c) classified by the relevant Seller as "*inadempienze probabili*" pursuant to the Istruzioni di Vigilanza.

"**Delinquent Receivables**" means any Receivables in relation to which, on any Collection Date, there are unpaid Instalments for (a) an amount higher than Euro 20.00 and (b) at least 30 calendar days from the relevant due date, provided that such Receivables have not been classified as Defaulted Receivables.

"**Drawdown Date**" means the date indicated in each Term Loan Proposal on which a Term Loan is granted pursuant to each Subordinated Loan Agreement (during the Subordinated Loan Availability Period.

"**Dual Currency Interest Covered Bonds**" means Covered Bonds with principal or interest payable in one or more currencies which may be different from the currency in which the Covered Bonds are denominated.

"**Dual Currency Provisions**" means the provisions applying to the Dual Currency Interest Covered Bonds, as may be specified in the relevant Final Terms.

"**Due for Payment**" means the requirement for the Guarantor to pay any Guaranteed Amounts following the delivery of an Issuer Default Notice after the occurrence of an Issuer Event of Default, such requirement arising: (i) prior to the occurrence of a Guarantor Event of Default, on the date on which the Guaranteed Amounts are due and payable in accordance with the Terms and Conditions and the Final Terms of the relevant Series or Tranche of Covered Bonds; and (ii) following the occurrence of a Guarantor Event of Default, the date on which the Guarantor Default Notice is served on the Guarantor.

"**Earliest Maturing Covered Bonds**" means, at any time, the Series or Tranche of Covered Bonds that has or have the earliest Maturity Date (if the relevant Series or Tranche of Covered Bonds is not subject to an Extended Maturity Date) or Extended Maturity Date (if the relevant Series or Tranche of Covered Bonds is subject to an Extended Maturity Date) as specified in the relevant Final Terms.

"**Early Redemption Amount (Tax)**" means, in respect of any Series or Tranche of Covered Bonds, the principal amount of such Series or Tranche or such other amounts as may be specified in, or determined in accordance with, the relevant Final Terms.

"**Early Termination Amount**" means, in respect of any Series or Tranche of Covered Bonds, the principal amount of such Series or Tranche or such other amount as may be specified in, or determined in accordance with, the Terms and Conditions or the relevant Final Terms.

"**Eligible Assets**" means the assets contemplated under article 7-*novies* of Law 130.

"**Eligible Investments**" means any debt security, bank account, commercial paper, deposit or other debt instruments with a maturity not lower than the Eligible Investment Maturity Date.

"**Eligible Investment Date**" means, in respect of any investment in Eligible Investments made or to be made in accordance with the Programme Documents, any Business Day immediately after a Guarantor Payment Date.

"**Eligible Investment Maturity Date**" means, in relation to any Eligible Investments made or to be made in accordance with the Programme Documents, the date falling no later than three Business Days before the Guarantor Payment Date immediately following the relevant Eligible Investment Date.

"**Eligible Investments Securities Account**" means the securities account which may be opened in the name of the Guarantor with the Account Bank for the deposit of any Eligible Investments represented by securities or any other substitutive account which may be opened by the Guarantor pursuant to the Cash Allocation, Management and Payments Agreement.

"**EURIBOR**" (1) with respect to the Covered Bonds, has the meaning ascribed to it in the relevant Final Terms; and (2) with reference to each Loan Interest Period, means the rate denominated "Euro Interbank Offered Rate":

(i) at 1 (one, 3 (three) or 6 (six) months, as may be selected by the relevant Subordinated Lender, published on Reuters' page "Euribor01" on the menu "Euribor" or (A) in the different page which may substitute the Reuters' page "Euribor01" on the menu "Euribor", or (B) in the event such page or such system is not available, on the page of a different system containing the same information that can substitute Reuters' page "Euribor01" on the menu "Euribor" (or, in the event such page is available from more than one system, in the one selected by the Representative of the Bondholders) (hereinafter, the "**Screen Rate**") at 11.00 a.m. (Brussels time) of the date of determination of the Base Interest falling immediately before the beginning of such Loan Interest Period; or

(ii) in the event that on any date of determination of the Base Interest the Screen Rate is not published, the reference rate will be the arithmetic average (rounded off to three decimals) of the rates communicated to the Guarantor Calculation Agent, upon its request, by the Reference Banks at 11.00 a.m. (Brussels time) on the relevant date of determination of the Base Interest and offered to other financial institutions of similar standing for a reference period similar to such Loan Interest Period; or

(iii) in the event the Screen Rate is not available and only two or three Reference Banks communicate the relevant rate quotations to the Guarantor Calculation Agent, the relevant rate shall be determined, as described above, on the basis of the rate quotations provided by the Reference Banks; or

(iv) in the event that the Screen Rate is not available and only one or no Reference Banks communicate such quotation to the Guarantor Calculation Agent, the relevant rate shall be the rate applicable to the immediately preceding period under sub-paragraphs (i) or (ii) above, provided that if the definition of Euribor is agreed differently in the context of the Asset Swap Agreement entered into by and between the Guarantor and the Asset Swap Provider in the context of the Programme, such definition will replace this definition.

"**Euro**", "**€**" and "**EUR**" refer to the single currency of member states of the European Union which adopt the single currency introduced in accordance with the Treaty.

"**Euroclear**" means Euroclear Bank S.A./N.V., with offices at 1 boulevard du Roi Albert II, B-1210 Brussels.

"**Euronext Securities Milan**" means the commercial name of Monte Titoli S.p.A., having its registered office at Piazza degli Affari, 6, 20123 Milan, Italy.

"**European Economic Area**" means the region comprised of member states of the European Union which adopt the Euro currency in accordance with the Treaty.

"**Expenses Account**" means the account denominated in Euro and opened on behalf of the Guarantor with Banca Antonveneta, Conegliano branch, IBAN IT 06 S 05040 61621 000001295514, or any other substitutive account that may be opened pursuant to the Cash Allocation, Management and Payments Agreement.

"**Extended Maturity Date**" means the date when final redemption payments in relation to a specific Series or Tranche of Covered Bonds (different from any Hard Bullet Covered Bonds) become due and payable pursuant to the extension of the relevant Maturity Date.

"**Extension Determination Date**" means, with respect to each Series or Tranche of Covered Bonds, the date falling 4 days after the Maturity Date of the relevant Series.

"**Final Redemption Amount**" means, in respect of any Series or Tranche of Covered Bonds, the principal amount of such Series or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms.

"**Financial Laws Consolidation Act**" means Italian Legislative Decree number 58 of 24 February 1998, as amended and supplemented from time to time.

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

"**First Issue Date**" means the Issue Date of the First Series of Covered Bonds or First Tranche of Covered Bonds.

"**First Loan Interest Period**" means the period starting on (and including) the relevant Drawdown Date and ending on (but excluding) the first following Guarantor Payment Date.

"**First Series of Covered Bonds**" means the first Series of Covered Bonds issued by the Issuer in the context of the Programme.

"**First Tranche of Covered Bonds**" means if applicable the first Tranche of Covered Bonds issued by the Issuer in the context of the issuance of the First Series of Covered Bonds.

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

"**Fixed Rate Covered Bonds**" means the Covered Bonds which will bear interest at a fixed rate.

"**Fixed Rate Provisions**" means the provisions applying to the Fixed Rate Covered Bonds, as may be specified in the relevant Final Terms.

"**Floating Rate Covered Bonds**" means the Covered Bonds which will bear interest at a floating rate.

"**Floating Rate Provisions**" means the provisions applying to the Floating Rate Covered Bonds, as may be specified in the relevant Final Terms.

"**Guarantee Priority of Payments**" has the meaning ascribed to such term in the Intercreditor Agreement.

"**Guaranteed Amounts**" means the amounts due from time to time by the Issuer to Bondholders with respect to each Series or Tranche of Covered Bonds.

"**Guaranteed Obligations**" means the payment obligations with respect to the Guaranteed Amounts.

"**Guarantor's Accounts**" means, collectively, each Collection Account, each Securities Account (if any), the CB Payments Account (if any), the Expenses Account, the Eligible Investments Securities Account, the Reserve Fund Account and any other account opened in the context of the Programme, with the exception of the Quota Capital Account.

"**Guarantor Available Funds**" means, collectively, the Interest Available Funds and the Principal Available Funds.

"**Guarantor Calculation Agent**" means Banca Finanziaria Internazionale S.p.A. or any other entity acting in such capacity pursuant to the terms of the Cash Allocation, Management and Payments Agreement.

"**Guarantor Calculation Date**" means the date falling 3 Business Days prior to each Guarantor Payment Date.

"**Guarantor Corporate Servicer**" means Banca Finanziaria Internazionale S.p.A. or any other entity acting in such capacity pursuant to the terms of the Corporate Services Agreement.

"**Guarantor Default Notice**" means the notice which may be served by the Representative of the Bondholders upon occurrence of a Guarantor Event of Default, in accordance with these Term and Conditions.

"**Guarantor Event of Default**" has the meaning given to it in these Terms and Conditions.

"**Guarantor Payment Date**" means (a) prior to the delivery of a Guarantor Default Notice, the 28th calendar day of each January, April, July and October of each year or, if any such day is not a Business Day, the immediately following Business Day, provided that the first Guarantor Payment Date falls on 28 October 2012; and (b) following the delivery of a Guarantor Default Notice, any day on which any payment is required to be made by the Representative of the Bondholders in accordance with the Post-Enforcement Priority of Payments, the Terms and Conditions and the Intercreditor Agreement.

"**Hard Bullet Covered Bond**" means a Covered Bond which will be redeemed in full on the relevant Maturity Date without any provision for scheduled redemption other than on the Maturity Date and in relation to which no Extended Maturity Date provisions shall apply.

"**Index-Linked and Other Variable-Linked Interest Covered Bonds**" means the Covered Bonds in respect of which the relevant payments of interest will be calculated by reference to an index

and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer(s) may agree, as set out in the applicable Final Terms.

"**Index-Linked or Other Variable-Linked Interest Provisions**" means the provisions applying to the Index-Linked and Other Variable-Linked Interest Covered Bonds, as may be specified in the relevant Final Terms.

"**Individual Purchase Price**" means:

(a) with respect to each Receivable transferred pursuant to the Master Assets Purchase Agreements, the aggregate amount deriving from the sum of the Principal Instalments of such Receivable not yet due and the Accrued Interest as at the calendar day immediately following the relevant Valuation Date and corresponds to the book value (*ultimo valore di iscrizione in bilancio*) of the relevant Receivable as at the financial year closed the year immediately preceding the relevant Valuation Date as rectified consistently with the normal finance dynamics of the relevant Receivable for the period starting between 1st January of the year in which the relevant Valuation Date falls and such Valuation Date; and

(b) with respect to each other Eligible Asset (including the Receivables), such other value, pursuant to article 7-*viciester* of Law 130, as indicated by the relevant Seller in the relevant Transfer Proposal.

"**Initial Dealer**" means BNP Paribas.

"**Initial Portfolio**" means the first portfolio of Mortgage Receivables and related Security Interests purchased by the Guarantor from the Main Seller pursuant to the Master Assets Purchase Agreement.

"**Initial Portfolio Purchase Price**" means the consideration paid by the Guarantor to the Main Seller for the transfer of the Initial Portfolio, calculated in accordance with the Master Assets Purchase Agreement.

"**Insolvency Event**" means:

(A) in respect of the Issuer, that the Issuer is subject to *liquidazione coatta amministrativa* as defined in the Consolidated Banking Act; and

(B) in respect of any company, entity or corporation other than the Issuer, that:

(i) such company, entity or corporation has become subject to any applicable procedure of judicial liquidation, administrative compulsory liquidation, any insolvency proceedings pursuant to the legislation applicable from time to time (including, *inter alia* and by way of example, pursuant to and for the purposes of the Business Crisis and Insolvency Code), instrument or measure for the regulation of crisis and insolvency (including, without limitation and merely by way of example, the "*concordato preventivo*", "*piano di ristrutturazione soggetto a omologazione*", "*accordi di ristrutturazione dei debiti*", as well as the "*piano attestato di risanamento*" pursuant to the Business Crisis and Insolvency Code),

insolvency and/or restructuring procedures or procedures or similar instruments/measures pursuant to the legislation applicable from time to time (including, but not limited to, application for liquidation, restructuring, dissolution procedures, access to any of the measures set forth in the Business Crisis and Insolvency Code) or the whole or any substantial part of the undertaking or assets of such company, entity or corporation are subject to a *pignoramento* or any procedure having a similar effect (other than in the case of the Guarantor, any portfolio of assets purchased by the Guarantor for the purposes of further programme of issuance of Covered Bonds), unless in the opinion of the Representative of the Bondholders, (who may in this respect rely on the advice of a legal adviser selected by it), such proceedings are being disputed in good faith with a reasonable prospect of success; or

(ii) an application for the commencement (and/or access to) of any of the proceedings under (i) above is made in respect of or by such company, entity or corporation or such proceedings are otherwise initiated against such company, entity or corporation and, in the opinion of the Representative of the Bondholders (who may in this respect rely on the advice of a legal adviser selected by it), the commencement of such proceedings are not being disputed in good faith with a reasonable prospect of success; or

(iii) such company, entity or corporation takes any action for a re-adjustment of deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors (other than, in case of the Guarantor, the creditors under the Programme Documents) or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it or applies for suspension of payments; or

(iv) an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution in any form of such company, entity or corporation or any of the events under article 2448 of the Italian civil code occurs with respect to such company, entity or corporation (except in any such case a winding-up, corporate reorganization or other proceeding for the purposes of or pursuant to a solvent amalgamation or reconstruction, the terms of which have been previously approved in writing by the Representative of the Bondholders); or

(v) such company, entity or corporation becomes subject to any proceedings equivalent or analogous to those above under the law of any jurisdiction in which such company or corporation is deemed to carry on business.

"**Instalment**" means with respect to each Loan Agreement, each instalment due by the relevant Debtor thereunder and which consists of an Interest Instalment and a Principal Instalment.

"**Insurance Policies**" means (i) each insurance policy taken out with the insurance companies in relation to each Real Estate Asset subject to a Mortgage or (ii) any possible "umbrella" insurance

policy in relation to the Real Estate Assets which have lost their previous relevant insurance coverage.

"**Intercreditor Agreement**" means the intercreditor agreement entered into on 25 July 2012 between the Guarantor and the Other Guarantor Creditors, as amended, supplemented or replaced from time to time.

"**Interest Amount**" means, in relation to any Series or Tranche of Covered Bonds and an Interest Period, the amount of interest payable in respect of that Series or Tranche for that Interest Period.

"**Interest Available Funds**" means in respect of any Guarantor Payment Date, the aggregate of:

(i) any interest amounts and/or yield collected by the relevant Servicer in respect of the Cover Pool and credited into the BNL Collection Account during the immediately preceding Quarterly Collection Period;

(ii) all Recoveries in the nature of interest received by the relevant Servicer and credited to the BNL Collection Account during the immediately preceding Quarterly Collection Period;

(iii) all amounts of interest accrued (net of any withholding or expenses, if due) and paid on the Guarantor's Accounts (other than the Expenses Account) during the immediately preceding Quarterly Collection Period;

(iv) any amounts standing to the credit of the Reserve Fund Account in excess of the Reserve Amount, and following the service of an Issuer Default Notice, any amounts standing to the credit of the Reserve Fund Account;

(v) all amounts in respect of interest and/or yield received from the Eligible Investments (if any) during the immediately preceding Quarterly Collection Period;

(vi) any amounts received under the Swap Agreement(s) during the immediately preceding Quarterly Collection Period;

(vii) all interest amounts received from the relevant Seller by the Guarantor pursuant to the Master Assets Purchase Agreement during the immediately preceding Quarterly Collection Period;

(viii) any amounts paid as Interest Shortfall Amount out of item (First) of the Pre-Issuer Default Principal Priority of Payments on the same Guarantor Payment Date; and

(ix) any amounts (other than the amounts already allocated under other items of the Guarantor Available Funds) received by the Guarantor from any party to the Programme Documents during the immediately preceding Quarterly Collection Period,

net of (i) in relation to the first Guarantor Payment Date, the Retention Amount paid out of the BNL Collection Account to credit the Expenses Account on or about the First Issue Date; and (ii) in relation to each Guarantor Payment Date, any amounts paid out of the BNL Collection Account

and/or the Payments Account during the relevant Quarterly Collection Period in favour of a creditor of the Guarantor who is not an Other Guarantor Creditor, to the extent that such payment may not remain outstanding until the next Guarantor Payment Date without prejudice to the Guarantor and to the extent that funds to the credit of the Expenses Account are not sufficient for that purpose.

"**Interest Commencement Date**" means the Issue Date of the relevant Series or Tranche of Covered Bonds or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms.

"**Interest Coverage Test**" means the Test as described in the Cover Pool Management Agreement.

"**Interest Determination Date**" has the meaning ascribed to such term in the relevant Final Terms.

"**Interest Instalment**" means the interest component of each Instalment.

"**Interest Payment Date**" means, in relation to each Series or Tranche of Covered Bonds, any date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms.

"**Interest Period**" means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date.

"**Interest Shortfall Amount**" means, on any Guarantor Payment Date, an amount equal to the difference, if positive, between (a) the aggregate amounts payable (but for the operation of clause 15 (*Enforcement of Security, Non Petition and Limited Recourse*) of the Intercreditor Agreement) under items (*First*) to (*Fifth*) of the Pre-Issuer Default Interest Priority of Payments; and (b) the Interest Available Funds (net of such Interest Shortfall Amount) on such Guarantor Payment Date.

"**ISDA Definitions**" means the 2006 ISDA Definitions and 2021 ISDA Definitions, each as amended and updated as the date of the issue of the first Series of Floating Rate Covered Bonds, as published by the International Swaps and Derivatives Association, Inc..

"**ISDA Determination**" means, in relation to the Floating Rate Covered Bonds, the option which may be selected in the relevant Final Terms as the manner in which the Rate of Interest of such Covered Bonds is to be determined.

"**ISDA Rate**" has the meaning ascribed to such term under Condition 6.4 (*ISDA Determination*).

"**Issue Date**" means each date on which a Series or Tranche of Covered Bonds is issued, as set out in the applicable Final Terms.

"**Issuer Event of Default**" has the meaning given to it in the Terms and Conditions.

"**Issuer Default Notice**" means the notice which may be served by the Representative of the Bondholders to the Issuer and the Guarantor upon occurrence of an Issuer Event of Default in accordance with the Terms and Conditions.

"***Istruzioni di Vigilanza***" means the regulations for banks issued by the Bank of Italy on 17 December 2013 with Circular number 285, as subsequently amended and supplemented.

"**Liquidity Assets**" means the Eligible Assets compliant with article 7-*duodecies*, paragraph 2, letters (a) and (b) of the Law 130.

"**Liquidity Reserve**" means the amount of Eligible Assets comprised in the Cover Pool which are in compliance with article 7-*duodecies*, paragraph 2, of Law 130.

"**Liquidity Reserve Requirement**" has the meaning ascribed to such term in clause 3.5 (*Liquidity Reserve Requirement*) of the Cover Pool Management Agreement.

"**Loan**" means each Mortgage Loan or Public Loan, as the case may be.

"**Loan Agreement**" means each Mortgage Loan Agreement or Public Loan Agreement, as the case may be.

"**Loan Interest Period**" means (i) the relevant First Loan Interest Period; and thereafter (ii) each period starting on (and including) a Guarantor Payment Date and ending on (but excluding) the following Guarantor Payment Date.

"**Main Seller**" means BNL.

"**Main Servicer**" means BNL.

"**Main Subordinated Lender**" means BNL in its capacity as Subordinated Lender pursuant to the BNL Subordinated Loan Agreement.

"**Mandate Agreement**" means the mandate agreement entered into on 25 July 2012 between the Guarantor and the Representative of the Bondholders, as amended, supplemented or replaced from time to time.

"**Mandatory Tests**" means, collectively, the Nominal Value Test, the Net Present Value Test and the Interest Coverage test, each as provided for under article 7-*undecies* of Law 130 and calculated pursuant to clause 3 (*Mandatory Tests and Liquidity Reserve Requirement*) of the Cover Pool Management Agreement.

"**Margin**" has the meaning ascribed to the term "*Margine*" in each Subordinated Loan Agreement.

"**Master Assets Purchase Agreement**" means the master assets purchase agreement entered into on 9 July 2012 between the Guarantor, the Main Seller and, following accession to the Programme, each Additional Seller, as amended, supplemented or replaced from time to time.

"**Master Definitions Agreement**" means the master definitions agreement entered into on 25 July 2012 between the parties of the Programme Documents, as amended, supplemented or replaced from time to time.

"**Master Servicing Agreement**" means the master servicing agreement entered into on 9 July 2012 between the Guarantor, the Main Servicer and, following accession to the Programme, each Additional Servicer, as amended, supplemented or replaced from time to time.

"**Maturity Date**" means each date on which final redemption payments for a Series or Tranche of Covered Bonds become due in accordance with the Final Terms but subject to it being extended to the Extended Maturity Date.

"**Maximum Rate of Interest**" has the meaning ascribed to such term in the relevant Final Terms.

"**Maximum Redemption Amount**" has the meaning ascribed to such term in the relevant Final Terms.

"**Meeting**" has the meaning ascribed to such term in the Rules of the Organisation of the Bondholders.

"**Minimum Rate of Interest**" has the meaning ascribed to such term in the relevant Final Terms.

"**Minimum Redemption Amount**" has the meaning ascribed to such term in the relevant Final Terms.

"**Mortgage**" means the mortgage security interests (*ipoteche*) created on the Real Estate Assets pursuant to Italian law in order to secure claims in respect of the Receivables.

"**Mortgage Loan**" means each Residential Mortgage Loan or Commercial Mortgage Loan.

"**Mortgage Loan Agreement**" means any Residential Mortgage Loan Agreement or Commercial Mortgage Loan Agreement.

"**Mortgage Receivable**" means each Residential Mortgage Receivable or Commercial Mortgage Receivable.

"**Net Present Value Test**" means the Test as described in the Cover Pool Management Agreement.

"**New Portfolio**" means each portfolio of Eligible Assets (other than the Initial Portfolio) which may be purchased by the Guarantor pursuant to the terms and subject to the conditions of the Master Assets Purchase Agreement.

"**New Portfolio Purchase Price**" means the consideration which the Guarantor shall pay to the relevant Seller for the transfer of each New Portfolio in accordance with the Master Assets Purchase Agreement and equal to the aggregate amount of the Individual Purchase Price of all the relevant Eligible Assets included in the relevant New Portfolio, without prejudice for the provisions set out under clause 6 (*Corrispettivo per i Nuovi Portafogli*) of the Master Assets Purchase Agreement.

"**Nominal Value Test**" means the Test as described in the Cover Pool Management Agreement.

"**Official Gazette of the Republic of Italy**" means the *Gazzetta Ufficiale della Repubblica Italiana*.

"**Optional Redemption Amount (Call)**" means, in respect of any Series or Tranche of Covered Bonds, the principal amount of such Series or Tranche or such other amounts as may be specified in, or determined in accordance with, the relevant Final Terms.

"**Optional Redemption Amount (Put)**" means, in respect of any Series or Tranche of Covered Bonds, the principal amount of such Series or Tranche or such other amounts as may be specified in, or determined in accordance with, the relevant Final Terms.

"**Optional Redemption Date (Call)**" has the meaning ascribed to such term in the relevant Final Terms.

"**Optional Redemption Date (Put)**" has the meaning ascribed to such term in the relevant Final Terms.

"**Organisation of the Bondholders**" means the association of the Bondholders, organised pursuant to the Rules of the Organisation of the Bondholders.

"**Other Guarantor Creditors**" means the Main Seller and each Additional Seller, if any, the Main Servicer and each Additional Servicer, if any, the Main Subordinated Lender and each Additional Subordinated Lender, if any, the Guarantor Calculation Agent, the Test Calculation Agent (where appointed in substitution of BNL), the Dealer(s), the Representative of the Bondholders, each Swap Provider, the Account Bank, the Asset Monitor, the Cash Manager, the Principal Paying Agent (where appointed in substitution of BNL), the Paying Agent(s) (if any), the Guarantor Corporate Servicer and the Portfolio Manager (if any).

"**Paying Agent**" means, together, the Principal Paying Agent and each other paying agent appointed from time to time under the terms of the Cash Allocation, Management and Payments Agreement.

"**Payment Business Day**" means a day on which banks in the relevant Place of Payment are open for payment of amounts due in respect of debt securities and for dealings in foreign currencies and any day which is:

(i) if the currency of payment is euro, a T2 Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or

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

"**Payments Account**" means the account denominated in Euro (IBAN: IT 14 K 01005 03200 000000010479) opened in the name of the Guarantor and held by the Account Bank or any other substitutive account which may be opened by the Guarantor pursuant to the Cash Allocation, Management and Payments Agreement.

"**Partly-Paid Provisions**" means the provisions which may apply to the Covered Bonds, to the extent so specified in the relevant Final Terms.

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality.

"**Place of Payment**" means, in respect of any Bondholders, the place at which such Bondholder receives payment of interest or principal on the Covered Bonds.

"**Principal Financial Centre**" has the meaning set out in the relevant Final Terms.

"**Portfolio**" means collectively the Initial Portfolio and any other New Portfolios which has been purchased and which will be purchased by the Guarantor in accordance with the terms of the Master Assets Purchase Agreement.

"**Portfolio Manager**" means the subject which may be appointed as portfolio manager pursuant to the Cover Pool Management Agreement.

"**Post-Breach of Tests Reference Date**" means, following the delivery of a Breach of Test Notice, the last calendar day of the second calendar month following the delivery of such Breach of Test Notice.

"**Post-Enforcement Priority of Payments**" has the meaning ascribed to such term in the Intercreditor Agreement.

"**Post-Issuer Default Test Performance Report**" means the report to be delivered by the Test Calculation Agent on each Test Performance Report Date falling after the service of an Issuer Default Notice, setting out the calculations carried out by it at the immediately preceding Test Reference Date with respect to the Amortisation Test and specifying whether such Test was not met.

"**Pre-Issuer Default Interest Priority of Payments**" has the meaning ascribed to such term in the Intercreditor Agreement.

"**Pre-Issuer Default Principal Priority of Payments**" has the meaning ascribed to such term in the Intercreditor Agreement.

"**Pre-Issuer Default Test Performance Report**" means the report to be delivered by the Test Calculation Agent on each Test Performance Report Date prior to the service of an Issuer Default Notice, setting out the calculations carried out by it at the immediately preceding Test Reference Date or Post-Breach of Tests Reference Date, as the case may be, with respect to the Tests and specifying whether any of such Tests was not met.

"**Premium**" has the meaning ascribed to that term in each Subordinated Loan Agreement.

"**Principal Amount Outstanding**" means, on any day: (a) in relation to a Covered Bond, the principal amount of that Covered Bond upon issue less the aggregate amount of any principal payments in respect of that Covered Bond which have become due and payable (and been paid) on or prior to that day; and (b) in relation to the Covered Bonds outstanding at any time, the

aggregate of the amount referred to in letter (a) above in respect of all Covered Bonds outstanding.

"**Principal Available Funds**" means, in respect of any Guarantor Payment Date, the aggregate of:

(i) all principal amounts collected by each Servicer in respect of the Cover Pool and credited to the BNL Collection Account during the immediately preceding Quarterly Collection Period;

(ii) all other Recoveries in respect of principal received by each Servicer and credited to the BNL Collection Account during the immediately preceding Quarterly Collection Period;

(iii) all principal amounts received by the Guarantor from each Seller pursuant to the Master Assets Purchase Agreement during the immediately preceding Quarterly Collection Period;

(iv) the proceeds of any disposal of Eligible Assets and any disinvestment of Eligible Assets during the immediately preceding Quarterly Collection Period;

(v) any amounts granted by each Subordinated Lender under the relevant Subordinated Loan Agreement and not used to fund the payment of the Purchase Price for any Eligible Assets during the immediately preceding Quarterly Collection Period;

(vi) all amounts other than in respect of interest received under any Swap Agreement during the immediately preceding Quarterly Collection Period;

(vii) any amounts paid out of item *Ninth* of the Pre-Issuer Default Interest Priority of Payments at the immediately preceding Guarantor Payment Date;

(viii) any amount paid to the Guarantor by the Issuer during the immediately preceding Quarterly Collection Period upon exercise by or on behalf of the Guarantor of the rights of subrogation (*surrogazione*) or recourse (*regresso*) against the Issuer pursuant to article 4, paragraphs7-quaterdecies, paragraph 3 of Law 130;

(ix) any principal amounts standing (other than amounts already allocated under other items of the Principal Available Funds) received by the Guarantor from any party to the Programme Documents during the immediately preceding Quarterly Collection Period; and

(x) any principal amount still deposited on the Guarantor's Accounts (other than the Retention Amount) upon payments made at the immediately preceding Guarantor Payment Date.

"**Principal Instalment**" means the principal component of each Instalment.

"**Principal Paying Agent**" means BNL or any other entity acting in such capacity pursuant to the Cash Allocation, Management and Payments Agreement.

"**Priority of Payments**" means each of the orders in which the Guarantor Available Funds shall be applied on each Guarantor Payment Date in accordance with the Intercreditor Agreement.

"**Programme Documents**" means the Master Assets Purchase Agreement, the Master Servicing Agreement, the Warranty and Indemnity Agreement, the Cash Allocation, Management and Payments Agreement, the Asset Monitor Agreement, the Cover Pool Management Agreement, the Programme Agreement, the Intercreditor Agreement, each Subordinated Loan Agreement, the Guarantee, the Corporate Services Agreement, the Swap Agreements, the Mandate Agreement, the Quotaholders' Agreement, the Prospectus, the Terms and Conditions, the Deed of Pledge, the Master Definitions Agreement, any Final Terms agreed in the context of the issuance of each Series or Tranche of Covered Bonds and any other agreement entered into in connection with the Programme.

"**Prospectus**" means means the prospectus prepared in connection with the establishment of the Programme, as eventually amended and supplemented from time to time.

"**Public Entities Receivable**" means a Receivable meeting the requirements of article 129, paragraph 1, lett. (b) of CRR and article 7-*novies*, paragraph 2, of Law 130.

"**Public Loan**" means each public loan disbursed to the relevant Debtor pursuant to a Public Loan Agreement and from which a Public Entities Receivable arises.

"**Public Loan Agreement**" means any agreement entered with the relevant Debtor from which a Public Loan is disbursed, as well as each deed, contract, agreement or supplement thereto or amendment thereof, or any document pertaining thereto.

"**Purchase Price**" means, as applicable, the Initial Portfolio Purchase Price or each New Portfolio Purchase Price pursuant to the Master Assets Purchase Agreement.

"**Put Option**" means the right, which may be given or not by the Issuer to the Bondholders of any Series, to redeem the Covered Bonds at their option, as specified in the relevant Final Terms.

"**Put Option Notice**" means the notice, in the form which may be obtaine by each Bondholder from the Principal Paying Agent, that shall be delivered by any Bondholder intending to exercise the Put Option.

"**Put Option Receipt**" means a receipt to be issued by the Principal Paying Agent to a Bondholder upon deposit of Covered Bonds with the Principal Paying Agent in connection with the exercise of a Put Option.

"**Quarterly Collection Period**" means (a) prior to the service of a Guarantor Default Notice, each period commencing on (but excluding) the Collection Dates of December, March, June and September of each year and ending on (and including), respectively, the Collection Dates of March, June, September and December; and (b) in the case of the first Quarterly Collection Period, the period commencing on (and including) the Valuation Date and ending on (and including) the Collection Date falling in September 2012.

"**Quota Capital**" means the quota capital of the Guarantor.

"**Quota Capital Account**" means the account denominated in Euro opened in the name of the Guarantor with Banca Antonveneta, Conegliano, Agenzia 1, IBAN: IT 07 Z 05040 61621 000001288240 for the deposit of the Quota Capital.

"**Quotaholders**" means BNL and SVM Securitisation Vehicles Management S.r.l., as quotaholders of the Guarantor.

"**Quotaholders' Agreement**" means the Quotaholders' agreement entered into on 25 July 2012 between the Guarantor and the Quotaholders, as amended, supplemented or replaced from time to time.

"**Rate of Interest**" means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Series or Tranche of Covered Bonds specified in the relevant Final Terms or calculated or determined in accordance with the provisions of the Terms and Conditions and/or the relevant Final Terms.

"**Real Estate Assets**" means the real estate properties which have been mortgaged in order to secure the Receivables.

"**Receivables**" means each Mortgage Receivable and/or Public Entities Receivable and every right arising under the relevant Loans pursuant to the law and the Loan Agreements, including but not limited to:

(i) all rights and claims in respect of the repayment of the Principal Instalments due and not paid at the relevant Valuation Date (excluded);

(ii) all rights and claims in respect of the payment of interest (including the default interest) accruing on the Loans, which are due from (but excluding) the relevant Valuation Date;

(iii) the Accrued Interest;

(iv) all rights and claims in respect of each Mortgage and any Collateral Security (if any) relating to the relevant Loan Agreement;

(v) all rights and claims under and in respect of the Insurance Policies (if any); and

(vi) any privileges and priority rights (*diritti di prelazione*) transferable pursuant to the law, as well as any other right, claim or action (including any legal proceeding for the recovery of suffered damages, the remedy of termination (*risoluzione per inadempimento*) and the declaration of acceleration of the debt (*decadenza dal beneficio del termine*) with respect to the Debtors) and any substantial and procedural action and defence, including the remedy of termination (*risoluzione per inadempimento*) and the declaration of acceleration of the debt (*decadenza dal beneficio del termine*) with respect to the Debtors, inherent in or ancillary to the aforesaid rights and claims,

excluding any expenses for the correspondence and any expenses connected to the ancillary services requested by the relevant Debtor.

"**Recoveries**" means any amounts received or recovered by a Servicer in relation to any Defaulted Receivables and/or any Delinquent Receivables.

"**Redemption Amount**" means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount (as any such terms are defined herein) or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Final Terms.

"**Reference Banks**" (A) with respect to the Covered Bonds, has the meaning ascribed to it in the relevant Final Terms or, if none, four major banks selected by the Principal Paying Agent in the market that is most closely connected with the Reference Rate; and, (B) with respect to each Subordinated Loan Agreement, means four financial institutions of the greatest importance, acting on the interbank market of the member states of the European Union, as selected by the relevant Subordinated Lender and notified to the Guarantor Calculation Agent.

"**Reference Price**" has the meaning ascribed to such term in the relevant Final Terms.

"**Reference Rate**" has the meaning ascribed to it in the relevant Final Terms.

"**Reference Rate Fallback Event**" means, in relation to a Reference Rate any of the following, as determined by the Issuer: (a) the Reference Rate ceasing to exist or ceasing to be published for a period of at least six consecutive Business Days or having been permanently or indefinitely discontinued; (b) the making of a public statement or publication of information (provided that, at the time of any such event, there is no successor administrator that will provide the Reference Rate) by or on behalf of (i) the administrator of the Reference Rate, or (ii) the supervisor, insolvency official, resolution authority, central bank or competent court having jurisdiction over such administrator stating that (x) the administrator has ceased or will cease permanently or indefinitely to provide the Reference Rate (y) the Reference Rate has been or will be permanently or indefinitely discontinued, or (z) the Reference Rate has been or will be prohibited from being used or that its use has been or will be subject to restrictions or adverse consequences, either generally, or in respect of the Covered Bonds, provided that, if such public statement or publication mentions that the event or circumstance referred to in (x), (y) or (z) above will occur on a date falling later than three months after the relevant public statement or publication, the Reference Rate Fallback Event shall be deemed to occur on the date falling three months prior to such specified date (and not the date of the relevant public statement); (c) it has or will prior to the next Interest Determination Date (as applicable), become unlawful for the Principal Paying Agent or any other party responsible for determining the Reference Rate, to calculate any payments due to be made to any Covered Bondholder using the Reference Rate (including, without limitation, under BMR, if applicable); or (d) the making of a public statement or publication of information that any authorisation, registration, recognition, endorsement, equivalence decision, approval or inclusion in any official register in respect of the Reference Rate, or the administrator of the Reference Rate, has not been, or will not be, obtained or has been, or will be, rejected, refused, suspended or withdrawn by the relevant competent authority or other relevant official body, in each case with the effect that the use of the Reference Rate, is

not or will not be permitted under any applicable law or regulation, such that the Principal Paying Agent or any other party responsible for determining the Reference Rate, is unable to perform its obligations in respect of the Covered Bonds. A change in the methodology of the Reference Rate, shall not, where absent the occurrence of one of the above, be deemed a Reference Rate Fallback Event.

"**Regular Period**" means:

(i) in the case of Covered Bonds where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the First Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;

(ii) in the case of Covered Bonds where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "Regular Date" means the day and month (but not the year) on which any Interest Payment Date falls; and

(iii) in the case of Covered Bonds where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "Regular Date" means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period.

"**Relevant Clearing System**" means any clearing system other than Euronext Securities Milan specified in the relevant Final Terms as the clearing system through which payments under the Covered Bonds may be made.

"**Relevant Financial Centre**" has the meaning ascribed to such term in the relevant Final Terms.

"**Relevant Screen Page**" has the meaning ascribed to such term in the relevant Final Terms.

"**Relevant Time**" has the meaning ascribed to such term in the relevant Final Terms.

"**Representative of the Bondholders**" means Banca Finanziaria Internazionale S.p.A. or any other entity acting in such capacity pursuant to the Programme Documents.

"**Reserve Amount**" means the aggregate of the amounts – which are in compliance with article 7-*duodecies*, paragraph 2, of Law 130 and necessary to ensure compliance with the Liquidity Reserve Requirement pursuant to clause 3.5 (*Liquidity Reserve Requirement*) of the Cover Pool Management Agreement.

"**Reserve Fund Account**" means the account denominated in Euro (IBAN: IT03P0100503200000000022677) opened in the name of the Guarantor and held by BNL or any other substitutive account which may be opened by the Guarantor pursuant to the Cash Allocation, Management and Payments Agreement.

"**Residential Mortgage Loan**" means each loan secured by a Mortgage meeting the requirements of article 129, paragraph 1, letter (d) of the CRR and article 7-novies, paragraph 2, of Law 130 (as amended and supplemented from time to time).

"**Residential Mortgage Loan Agreement**" means each of the agreements entered into with the relevant Debtor, pursuant to which a Residential Mortgage Loan is disbursed, as well as each deed, contract, agreement or supplement thereto or amendment thereof, or any document pertaining thereto (such as "*atti di accollo*").

"**Residential Mortgage Receivable**" means a Receivable arising from a loan secured by commercial mortgage meeting the requirements of article 129, paragraph 1, lett. (d) of CRR and article 7-*novies*, paragraph 2, of Law 130.

"**Retention Amount**" means an amount equal to euro 40,000.00.

"**Screen Rate Determination**" means, in relation to Floating Rate Covered Bonds and Index-Linked and Other Variable-Linked Interest Covered Bonds, the option which may be selected in the relevant Final Terms as the manner in which the Rate of Interest of such Covered Bonds is to be determined.

"**Securities Account**" means the BNL Securities Account and/or any other account to be opened by the Guarantor for the deposit of the Securities (if any) transferred by the relevant Seller to the Guarantor pursuant to the Cash Allocation, Management and Payments Agreement, or any other substitutive account which may be opened pursuant to the Cash Allocation, Management and Payments Agreement.

"**Security**" means the security created pursuant to the Deed of Pledge.

"**Security Interest**" means:

(i) any mortgage, charge, pledge, lien or other encumbrance securing any obligation of any person;

(ii) any arrangement under which money or claims to money, or the benefit of, a bank or other account may be applied, set off or made subject to a combination of accounts so as to effect discharge of any sum owed or payable to any person; or

(iii) any other type of preferential arrangement (including any title transfer and retention arrangement) having a similar effect.

"**Segregated Assets**" means the Guarantor's assets consisting of (a) the Cover Pool, (b) any amounts paid by the relevant Debtors and/or the Swap Providers and/or (c) any amounts received by the Guarantor pursuant to any other Programme Documents.

"**Segregation Event**" means the event occurring upon delivery of a Breach Test Notice pursuant to Condition 13 (*Segregation Event and Events of Default*).

"**Seller**" means any of the Main Seller and any Additional Seller pursuant to the Master Assets Purchase Agreement.

"**Servicer**" means any of the Main Servicer and any Additional Servicer pursuant to the Master Servicing Agreement.

"**Specified Currency**" means the currency as may be agreed from time to time by the Issuer, the relevant Dealer(s), the Principal Paying Agent and the Representative of the Bondholders (as set out in the applicable Final Terms).

"**Specified Denomination**" has the meaning ascribed to such term in the relevant Final Terms.

"**Specified Office**" means (i) in relation to BNL acting as Principal Paying Agent, Viale Altiero Spinelli 30, 00157 Rome, Italy or such other office as may be specified in accordance with the Cash Allocation, Management and Payments Agreement; and (ii) in relation to each Paying Agent, such office as may be specified in accordance with the Cash Allocation, Management and Payments Agreement.

"**Specified Period**" has the meaning set out in the relevant Final Terms.

"**Subordinated Lender**" means any of the Main Subordinated Lender and any Additional Subordinated Lender pursuant to the relevant Subordinated Loan Agreement.

"**Subordinated Loan Agreement**" means, as the case may be, the BNL Subordinated Loan Agreement or any other subordinated loan agreement entered between an Additional Subordinated Lender and the Guarantor.

"**Subordinated Loan Availability Period**" means the period starting from the date of execution of the relevant Subordinated Loan Agreement and ending on the date on which all the Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full pursuant to the Terms and Conditions and the applicable Final Terms, in which the relevant Subordinated Lender may disburse to the Guarantor, on each Drawdown Date, a Term Loan.

"**Subsidiary**" has the meaning ascribed to the term "*società controllata*" by article 2359 of the Italian civil coce.

"**Swap Agreements**" means, collectively, the Asset Swap Agreement and any other swap agreement which may be entered into by the Guarantor in the context of the Programme.

"**Swap Providers**" means, as applicable, the Asset Swap Provider(s) and any other entity which may act as swap counterparty to the Guarantor by entering into a Swap Agreement in the context of the Programme.

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

"**Tax**" means any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or any political subdivision thereof or any authority thereof or therein.

"**Term Loan**" means, as appropriate, a BNL Term Loan or any subordinated loan granted or to be granted by an Additional Subordinated Lender to the Guarantor on each Drawdown Date under and for the purposes specified in the relevant Subordinated Loan Agreement or the principal amount outstanding for the time being of that subordinated loan.

"**Term Loan Proposal**" means an "*Offerta di Finanziamento Subordinato*" as such term is defined in the relevant Subordinated Loan Agreement.

"**Test Calculation Agent**" means BNL or any other entity acting in such capacity pursuant to the Cover Pool Management Agreement.

"**Test Grace Period**" means the period starting on the Test Performance Report Date on which a Test Performance Report notifying the breach of any of the Mandatory Tests and/or of the Asset Coverage Test is delivered by the Test Calculation Agent and ending on the following Test Performance Report Date.

"**Test Performance Report**" means the Pre-Issuer Default Test Performance Report or the Post-Issuer Default Test Performance Report, as the case may be.

"**Test Performance Report Date**" means the date falling 5 Business Days prior to each Guarantor Payment Date.

"**Test Reference Date**" means the last calendar day of each December, March, June and September of each year.

"**Test Remedy Period**" means the period starting on the date on which a Breach of Tests Notice is delivered by the Test Calculation Agent and ending on the immediately following Test Performance Report Date.

"**Tests**" means, collectively, the Mandatory Tests, the Asset Coverage Test, the Amortisation Test and the Liquidity Reserve Requirement, and "**Test**" means any of them.

"**Transfer Proposal**" means, in respect to each New Portfolio, the transfer proposal which will be sent by the relevant Seller and addressed to the Guarantor substantially in the form set out in the Master Assets Purchase Agreement.

"**Treaty**" means the treaty establishing the European Community.

"**Valuation Date**" means (i) with respect to the Initial Portfolio, 7 July 2012 and (ii) with respect to any New Portfolios, the date that will be agreed between the relevant Seller and the Guarantor.

"**Warranty and Indemnity Agreement**" means the warranty and indemnity agreement entered into on 9 July 2012 between the Main Seller and the Guarantor, and, following accession to the Programme, each Additional Seller, as amended, supplemented or replaced from time to time.

"**Zero Coupon Covered Bonds**" means the Covered Bonds, bearing no interest, which may be offered and sold at a discount to their nominal amount, as specified in the applicable Final Terms

"**Zero Coupon Provisions**" means the provisions applying to the Zero Coupon Covered Bonds, as may be specified in the relevant Final Terms.

2.2 *Interpretation*

In these Terms and Conditions:

2.2.1 any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 12 (*Taxation*), any premium payable in respect of a Series or Tranche of Covered Bonds and any other amount in the nature of principal payable pursuant to these Terms and Conditions;

2.2.2 any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 12 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Terms and Conditions;

2.2.3 if an expression is stated in Condition 2.1 (*Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms give no such meaning or specify that such expression is "not applicable" then such expression is not applicable to the relevant Covered Bonds;

2.2.4 any reference to a Programme Document shall be construed as a reference to such Programme Document, as amended and/or supplemented up to and including the Issue Date of the relevant Covered Bonds;

2.2.5 any reference to a party to a Programme Document (other than the Issuer and the Guarantor) shall, where the context permits, include any Person who, in accordance with the terms of such Programme Document, becomes a party thereto subsequent to the date thereof, whether by appointment as a successor to an existing party or by appointment or otherwise as an additional party to such document and whether in respect of the Programme generally or in respect of a single Series or Tranche only; and

2.2.6 any reference in any legislation (whether primary legislation or regulations or other subsidiary legislation made pursuant to primary legislation) shall be construed as a reference to such legislation as the same may have been, or may from time to time be, amended or re-enacted.

3. DENOMINATION, FORM AND TITLE

The Covered Bonds are in the Specified Denomination or Specified Denominations which will be specified in the relevant Final Terms. The Covered Bonds will be issued in dematerialised form or in any other form as set out in the relevant Final Terms. The Covered Bonds issued in dematerialised form will be held on behalf of their ultimate owners by Euronext Securities Milan for the account of Euronext Securities Milan Account Holders and title thereto will be evidenced

by book entries in accordance with the provisions of (i) article 83-*bis* of the Financial Laws Consolidation Act, and (ii) the regulation issued jointly by the Bank of Italy and CONSOB on 13 August 2018 and published in the Official Gazette of the Republic of Italy number 201 of 30 August 2018, as subsequently amended and supplemented from time to time. The Covered Bonds issued in dematerialised form will be held by Euronext Securities Milan on behalf of the Bondholders until redemption or cancellation thereof for the account of the relevant Euronext Securities Milan Account Holder. No physical document of title will be issued in respect of the Covered Bonds issued in dematerialised form. The rights and powers of the Bondholders may only be exercised in accordance with these Terms and Conditions and the Rules.

4. STATUS AND GUARANTEE

4.1 *Status of the Covered Bonds*

The Covered Bonds constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will rank *pari passu* without preference among themselves and (save for any applicable statutory provisions) at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer from time to time outstanding. In the event of a compulsory winding-up (*liquidazione coatta amministrativa*) of the Issuer, any funds realised and payable to the Bondholders will be collected by the Guarantor on their behalf, provided that, pursuant to article 7-*quaterdecies* of Law 130, further to enforcement of the Guarantee, the Bondholders shall participate to the final distribution of the Issuer's assets in respect of any residual amount due to them with any other unsecured creditor including – pursuant to article 7-*quaterdecies* of Law 130 – any derivative transaction counterparty.

4.2 *Status of the Guarantee*

The payment of Guaranteed Amounts in respect of each Series or Tranche of Covered Bonds when Due for Payment will be unconditionally and irrevocably guaranteed by the Guarantor in the Guarantee. The recourse of the Bondholders to the Guarantor under the Guarantee will be limited to the Segregated Assets. Payments made by the Guarantor under the Guarantee will be made subject to, and in accordance with, the relevant Priority of Payments pursuant to which specified payments will be made to other parties prior to payments to the Bondholders.

5. FIXED RATE PROVISIONS

5.1 *Application*

This Condition 5 (*Fixed Rate Provisions*) is applicable to the Covered Bonds only if the Fixed Rate Provisions are specified in the relevant Final Terms as being applicable.

5.2 *Accrual of interest*

The Covered Bonds bear interest from the Interest Commencement Date at the Rate of Interest payable in arrears on each Interest Payment Date, subject as provided in Condition 11 (*Payments*). Each Covered Bond will cease to bear interest from the due date for final redemption unless payment of the Redemption Amount is improperly withheld or refused, in which case it

will continue to bear interest in accordance with this Condition 5 (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Covered Bond up to that day are received by or on behalf of the relevant Bondholder and (ii) the day which is seven days after the Principal Paying Agent has notified the Bondholders that it has received all sums due in respect of the Covered Bonds up to such seventh day (except to the extent that there is any subsequent default in payment).

5.3 *Fixed Coupon Amount*

The amount of interest payable in respect of each Covered Bond for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Covered Bonds are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

5.4 *Calculation of interest amount*

The amount of interest payable in respect of each Covered Bond for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Covered Bond divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

6. FLOATING RATE AND INDEX-LINKED OR OTHER VARIABLE-LINKED INTEREST PROVISIONS

6.1 *Application*

This Condition 6 is applicable to the Covered Bonds only if the Floating Rate Provisions or the Index-Linked or Other Variable-Linked Interest Provisions are specified in the relevant Final Terms as being applicable.

6.2 *Accrual of interest*

The Covered Bonds bear interest from the Interest Commencement Date at the Rate of Interest payable in arrears on each Interest Payment Date, subject as provided in Condition 11 (*Payments*). Each Covered Bond will cease to bear interest from the due date for final redemption unless payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Covered Bond up to that day are received by or on behalf of the relevant Bondholder and (ii) the day which is seven days after the Principal Paying Agent has notified the Bondholders that it has received all sums due in respect of the Covered Bonds up to such seventh day (except to the extent that there is any subsequent default in payment).

6.3 *Screen Rate Determination*

If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Covered Bonds for each Interest Period will be determined by the Principal Paying Agent on the following basis:

(i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Principal Paying Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(ii) in any other case, the Principal Paying Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Principal Paying Agent will:

(A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and

(B) determine the arithmetic mean of such quotations; and

(iv) if fewer than two such quotations are provided as requested, the Principal Paying Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Principal Paying Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Principal Paying Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the CB Margin and the rate or (as the case may be) the arithmetic mean so determined; **provided**, **however**, **that** if the Principal Paying Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Covered Bonds during such Interest Period will be the sum of the CB Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Covered Bonds in respect of a preceding Interest Period.

6.4 *ISDA Determination*

If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Floating Rate Covered Bonds for each Interest Period will be the sum of the CB Margin and the relevant ISDA Rate where "**ISDA Rate**" in relation to any Interest Period means a rate equal to the Floating Rate (as defined

in the ISDA Definitions) that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent were acting as Principal Paying Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

6.4.1 the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;

6.4.2 the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and

6.4.3 the relevant Reset Date (as defined in the ISDA Definitions) is the day as specified in the relevant Final Terms.

6.5 *Replacement of Reference Rate*

Notwithstanding the other provisions of this Condition 6 (*Floating rate and index-linked or other variable-linked interest provisions*), and unless otherwise set forth in the applicable Final Terms, if the Issuer jointly with the Test Calculation Agent, determines at any time prior to any Interest Determination Date, that the Relevant Screen Page has been discontinued or a Reference Rate Fallback Event has occurred, the Test Calculation Agent, as applicable, will use, as a substitute for the Reference Rate, an alternative reference rate determined by the Issuer jointly with the Test Calculation Agent, to be the alternative reference rate selected by the central bank, reserve bank, monetary authority or any similar institution (including any committee or working group thereof) in the euro-zone (each a "**Relevant Nominating Body**") that is consistent with industry accepted standards, provided that, if two or more alternative reference rates are selected by any Relevant Nominating Body, the Issuer jointly with the Test Calculation Agent, shall determine which of those alternative reference rates is most appropriate to preserve the economic features of the relevant Covered Bonds. If the Issuer jointly with the Test Calculation Agent, is unable to determine such an alternative reference rate, the Issuer jointly with the Test Calculation Agent, will as soon as reasonably practicable (and in any event before the Business Day prior to the applicable Interest Determination Date) appoint an agent (the "**Reference Rate Determination Agent**"), which will determine whether a substitute or successor rate, which is substantially comparable to the Reference Rate, is available on each Interest Determination Date falling on or after the date of such determination. If the Reference Rate Determination Agent determines that there is an industry accepted successor rate, the Reference Rate Determination Agent will notify the Issuer and, if applicable, the Test Calculation Agent, of such successor rate to be used by the Test Calculation Agent, as applicable, to determine the Rate of Interest.

If the Reference Rate Determination Agent or the Issuer, has determined a substitute or successor rate in accordance with the foregoing paragraph (such rate, the "**Replacement Reference Rate**"), for the purpose of determining the Reference Rate on each Interest Determination Date falling on or after such determination:

(a) the Reference Rate Determination Agent or the Issuer (jointly with the Test Calculation Agent), as applicable, will also determine the changes (if any) required to the applicable

business day convention, the definition of Business Day, the Interest Determination Date, the day count fraction, and any method for obtaining the Replacement Reference Rate, including any adjustment needed to make such Replacement Reference Rate comparable to the Reference Rate, in each case acting in good faith and in a commercially reasonable manner that is consistent with industry-accepted practices for such Replacement Reference Rate;

(b) references to the Reference Rate in these Conditions will be deemed to be references to the relevant Replacement Reference Rate, including any alternative method for determining such rate as described in (a) above;

(c) the Reference Rate Determination Agent, will notify the Issuer of the Replacement Reference Rate and the details described in (a) above, as soon as reasonably practicable; and

(d) the Issuer will give notice to the Covered Bondholders in accordance with these Conditions of the Replacement Reference Rate and of the details described in (a) above as soon as reasonably practicable but in any event no later than 5:00 p.m. (London time) on the Business Day prior to the applicable Interest Determination Date.

The determination of the Replacement Reference Rate and the other matters referred to above by the Reference Rate Determination Agent, the Issuer, will (in the absence of manifest error) be final and binding on the Issuer, the Test Calculation Agent and the Covered Bondholders, unless the Issuer or the Reference Rate Determination Agent, as applicable, determines at a later date that the Replacement Reference Rate is no longer substantially comparable to the Reference Rate or does not constitute an industry accepted successor rate, in which case the Issuer (jointly with the Test Calculation Agent), shall appoint or re-appoint a Reference Rate Determination Agent (which may or may not be the same entity as the original Reference Rate Determination Agent) for the purpose of confirming the Replacement Reference Rate or determining a substitute Replacement Reference Rate in an identical manner as described in this paragraph (c). If the Replacement Reference Rate Determination Agent, the Issuer, is unable to or otherwise does not determine a substitute Replacement Reference Rate, then the Replacement Reference Rate will remain unchanged.

The Reference Rate Determination Agent may be (i) a leading bank, broker-dealer or benchmark agent in the euro-zone as appointed by the Issuer or the Test Calculation Agent, as applicable; (ii) such other entity that the Issuer in its sole and absolute discretion determines to be competent to carry out such role; or (iii) an affiliate of the Issuer or the Test Calculation Agent, as applicable. Such person may not be the Issuer or an affiliate of the Issuer or the Test Calculation Agent, unless such affiliate is a regulated investment services provider.

6.6 *Index-Linked or Other Variable-Linked Interest*

If the Index-Linked or Other Variable-Linked Interest Provisions are specified in the relevant Final Terms as being applicable, the Rate(s) of Interest applicable to the Covered Bonds for each Interest Period will be determined in the manner specified in the relevant Final Terms.

6.7 *Maximum or Minimum Rate of Interest*

If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be lower than the minimum so specified.

6.8 *Calculation of Interest Amount*

The Principal Paying Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Covered Bond for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period, multiplied by the relevant Day Count Fraction and rounded to the fifth decimal (half a sub-unit being rounded upwards), to the Calculation Amount and multiplying such figure by a fraction equal to the Specified Denomination of the relevant Covered Bond divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

6.9 *Calculation of other amounts*

If the relevant Final Terms specifies that any other amount is to be calculated by the Principal Paying Agent, then the Principal Paying Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Principal Paying Agent in the manner specified in the relevant Final Terms.

6.10 *Publication*

The Principal Paying Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agent(s) and each competent authority, stock exchange and/or quotation system (if any) by which the Covered Bonds have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Bondholders. The Principal Paying Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination, the Principal Paying Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Covered Bond having the minimum Specified Denomination.

6.11 *Notifications etc*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions

given, expressed, made or obtained for the purposes of this Condition by the Principal Paying Agent will (in the absence of manifest error) be binding on the Issuer, the Guarantor, the Paying Agent(s), the Bondholders and (subject as aforesaid) no liability to any such Person will attach to the Principal Paying Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

7. ZERO COUPON PROVISIONS

7.1 *Application*

This Condition 7 (*Zero Coupon Provisions*) is applicable to the Covered Bonds only if the Zero Coupon Provisions are specified in the relevant Final Terms as being applicable.

7.2 *Late payment on Zero Coupon Covered Bonds*

If the Redemption Amount payable in respect of any Zero Coupon Covered Bond is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

7.2.1 the Reference Price; and

7.2.2 the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Covered Bond up to that day are received by or on behalf of the relevant Bondholder and (ii) the day which is seven days after the Principal Paying Agent has notified the Bondholders that it has received all sums due in respect of the Covered Bonds up to such seventh day (except to the extent that there is any sub sequent default in payment).

8. PARTLY-PAID PROVISIONS

8.1 *Application*

This Condition 8 is applicable to the Covered Bonds only if the Partly-Paid Provisions are specified in the relevant Final Terms as being applicable.

8.2 *Rate of Interest*

Interest will accrue on the paid up nominal amount of such Covered Bonds or as otherwise specified in the applicable Final Terms.

9. DUAL CURRENCY PROVISIONS

9.1 *Application*

This Condition 9 is applicable to the Covered Bonds only if the Dual Currency Provisions are specified in the relevant Final Terms as being applicable.

9.2 *Rate of Interest*

If the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the relevant Final Terms.

10. REDEMPTION AND PURCHASE

10.1 *Scheduled redemption*

Unless previously redeemed or cancelled and subject as otherwise specified in the relevant Final Terms, the Covered Bonds will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 10.2 (*Extension of maturity*) and Condition 11 (*Payments*).

10.2 *Extension of maturity*

10.2.1 Without prejudice to Condition 13 (*Segregation Event and Events of Default*), if an Extended Maturity Date is specified as applicable in the relevant Final Terms for a Series or Tranche of Covered Bonds (other than Hard Bullet Covered Bonds) and the Issuer has failed to pay the Final Redemption Amount on the Maturity Date specified in the relevant Final Terms and the Guarantor or the Guarantor Calculation Agent on its behalf determines that the Guarantor has insufficient moneys available under the relevant Priority of Payments to pay the Guaranteed Amounts corresponding to the Final Redemption Amount in full in respect of the relevant Series or Tranche of Covered Bonds on the date falling on the Extension Determination Date, then (subject as provided below and article 7-*terdecies*, paragraph 2, of Law 130), payment of the unpaid amount by the Guarantor under the Guarantee shall be deferred until the Extended Maturity Date **provided that** any amount representing the Final Redemption Amount due and remaining unpaid after the Extension Determination Date may be paid by the Guarantor on any Interest Payment Date thereafter up to (and including) the relevant Extended Maturity Date in accordance with the applicable Priority of Payments.

10.2.2 The Issuer shall confirm to the Principal Paying Agent as soon as reasonably practicable and in any event at least four Business Days prior to the Maturity Date as to whether payment of the Final Redemption Amount in respect of the Covered Bonds will or will not be made in full on that Maturity Date. Any failure by the Issuer to notify the Principal Paying Agent shall not affect the validity or effectiveness of the extension.

10.2.3 The Guarantor shall notify the relevant holders of the Covered Bonds, the Representative of the Bondholders, any relevant Swap Provider(s), and the Principal Paying Agent as soon as reasonably practicable and in any event at least one Business Day prior to the Maturity Date as specified in the preceding paragraph of any inability of the Guarantor to pay in full the Guaranteed Amounts corresponding to the Final Redemption Amount in respect of the Covered Bonds pursuant to the Guarantee. Any failure by the Guarantor to notify such parties shall not affect the validity or effectiveness of the extension nor give rise to any rights in any such party.

10.2.4 Any extension of the maturity of the Covered Bonds will not affect any order of priority

applicable in case of compulsory winding-up (*liquidazione coatta amministrativa*) or liquidation of the Issuer nor any Priority of Payments.

10.2.5 The Issuer shall notify the Bank of Italy of the deferral of the Maturity Date until the Extended Maturity Date.

10.2.6 In the circumstances outlined above, the Guarantor shall on the Extension Determination Date, pursuant to the Guarantee, apply the moneys (if any) available (after paying or providing for payment of higher ranking or *pari passu* amounts in accordance with the relevant Priority of Payments) *pro rata* as payment of an amount equal to the Final Redemption Amount in respect of the Covered Bonds and shall pay Guaranteed Amounts constituting interest in respect of each such Covered Bond on such date. The obligation of the Guarantor to pay any amounts in respect of the balance of the Final Redemption Amount not so paid shall be deferred as described above.

10.2.7 Interest will continue to accrue on any unpaid amount during such extended period and be payable on the Maturity Date and on each Interest Payment Date up to and on the Extended Maturity Date.

10.3 *Redemption for tax reasons*

10.3.1 The Covered Bonds may be redeemed at the option of the Issuer in whole, but not in part:

(i) at any time (if neither the Floating Rate Provisions nor the Index-Linked or Other VariableLinked Interest Provisions are specified in the relevant Final Terms as being applicable); or

(ii) on any Interest Payment Date (if the Floating Rate Provisions or the Index-Linked or Other Variable-Linked Interest Provisions are specified in the relevant Final Terms as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Bondholders (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if:

(A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 12 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of Italy or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the First Issue Date; and

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

provided, however, that no such notice of redemption shall be given earlier than:

(I) where the Covered Bonds may be redeemed at any time, 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Covered Bonds were then due; or

(II) where the Covered Bonds may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Covered Bonds were then due.

10.3.2 Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Principal Paying Agent (A) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred of and (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 10.3 (*Redemption for tax reasons*), the Issuer shall be bound to redeem the Covered Bonds in accordance with this Condition 10.3 (*Redemption for tax reasons*).

10.4 *Redemption at the option of the Issuer*

If the Call Option is specified in the relevant Final Terms as being applicable, the Covered Bonds may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 15 nor more than 30 days' notice to the Bondholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Covered Bonds on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).

10.5 *Redemption at the option of Bondholders*

If the Put Option is specified in the relevant Final Terms as being applicable, prior to an Issuer Event of Default, the Issuer shall, at the option of any Bondholder redeem such Covered Bonds held by it on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 10.5 (*Redemption at the option of the Bondholders*), the Bondholder must, not less than 30 nor more than 45 days before the relevant Optional Redemption Date (Put), deposit with the Principal Paying Agent a duly completed Put Option Notice in the form obtainable from the Principal Paying Agent. The Principal Paying Agent with which a Put Option Notice is so deposited shall deliver a duly completed Put Option Receipt to the deposit in Bondholder. Once deposited in accordance with this Condition 10.5 (*Redemption at the option of the Bondholders*), no duly completed Put Option Notice may be withdrawn; provided, however, that if, prior to the relevant Optional Redemption Date (Put), any Covered Bonds become immediately due and payable or, upon due presentation of any such Covered Bonds on the relevant Optional Redemption Date (Put),

payment of the redemption moneys is improperly withheld or refused, the Principal Paying Agent shall mail notification thereof to the Bondholder at such address as may have been given by such Bondholder in the relevant Put Option Notice and shall hold such Covered Bond against surrender of the relevant Put Option Receipt. For so long as any outstanding Covered Bonds are held by the Principal Paying Agent in accordance with this Condition 10.5 (*Redemption at the option of the Bondholders*), the Bondholder and not the Principal Paying Agent shall be deemed to be the holder of such Covered Bonds for all purposes.

10.6 *Partial redemption*

If the Covered Bonds are to be redeemed in part only, on any date in accordance with Condition 10.4 (*Redemption at the option of the Issuer*), the Covered Bonds to be redeemed in part shall be redeemed in the principal amount specified by the Issuer and the Covered Bonds issued in dematerialised form will be so redeemed in accordance with the rules and procedures of Euronext Securities Milan and/or any other Relevant Clearing System (to be reflected in the records of such clearing systems as a pool factor or a reduction in principal amount, at their discretion), subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Covered Bonds have then been admitted to listing, trading and/or quotation. The notice to Bondholders referred to in Condition 10.4 (*Redemption at the option of the Issuer*) shall specify the proportion of the Covered Bonds so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

10.7 *Early redemption of Zero Coupon Covered Bonds*

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

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Covered Bonds become due and payable.

10.7.2 Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 10.7 (*Early redemption of Zero Coupon Covered Bonds*) or, if none is so specified, a Day Count Fraction of 30E/360.

10.8 *Redemption by instalments*

If the Covered Bonds are specified in the relevant Final Terms as being amortising and redeemable in instalments they will be redeemed in such number of instalments, in such

amounts ("**Instalment Amounts**") and on such dates as may be specified in or determined in accordance with the relevant Final Terms and upon each partial redemption as provided by this Condition 10.8 (*Redemption by instalments*) the outstanding principal amount of each such Covered Bonds shall be reduced by the relevant Instalment Amount for all purposes.

10.9 *No other redemption*

The Issuer shall not be entitled to redeem the Covered Bonds otherwise than as provided in Condition 10.1 (*Scheduled redemption*) to 10.8 (*Redemption by instalments*) above or as specified in the relevant Final Terms.

10.10 *Purchase*

The Issuer or any of its Subsidiaries (other than the Guarantor) may at any time purchase Covered Bonds in the open market or otherwise and at any price. The Guarantor shall not purchase any Covered Bonds at any time.

10.11 *Cancellation*

All Covered Bonds which are redeemed shall be cancelled and may not be reissued or resold.

11. PAYMENTS

11.1 *Payments through clearing systems*

Payment of interest and repayment of principal in respect of the Covered Bonds issued in dematerialised form will be credited, in accordance with the instructions of Euronext Securities Milan, by the Principal Paying Agent on behalf of the Issuer or the Guarantor (as the case may be) to the accounts of those banks and authorised brokers whose accounts with Euronext Securities Milan are credited with those Covered Bonds and thereafter credited by such banks and authorised brokers from such aforementioned accounts to the accounts of the beneficial owners of those Covered Bonds or through the Relevant Clearing Systems to the accounts with the Relevant Clearing Systems of the beneficial owners of those Covered Bonds, in accordance with the rules and procedures of Euronext Securities Milan and of the Relevant Clearing Systems, as the case may be.

11.2 *Other modalities of payments*

Payment of interest and repayment of principal in respect of the Covered Bonds issued in a form other than dematerialised will be made through the agent or registrar and pursuant to the modalities provided for in the relevant Final Terms.

11.3 *Payments subject to fiscal laws*

All payments in respect of the Covered Bonds are subject in all cases to any applicable fiscal or other laws and regulations in the Place of Payment, but without prejudice to the provisions of Condition 12 (*Taxation*). No commissions or expenses shall be charged to Bondholders in respect of such payments.

11.4 *Payments on Business Days*

If the due date for payment of any amount in respect of any Covered Bond is not a Business Day in the Place of Payment, the Bondholder shall not be entitled to payment in such place of the amount due until the next succeeding Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

12. TAXATION

12.1 *Gross-up by Issuer*

All payments of principal and interest in respect of the Covered Bonds by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Italy or any political subdivision therein or any authority therein or thereof having power to tax unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Covered Bondholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Covered Bond:

(i) in respect of any payment or deduction of any interest or principal on account of imposta sostitutiva (at the then applicable rate of tax) pursuant to Decree 239 with respect to any Covered Bonds and in all circumstances in which the procedures set forth in Decree 239 have not been met or complied with except where such procedures have not been met or complied with due to the actions or omissions of the Issuer or its agents; or

(ii) in the event of payment to a non-Italian resident legal entity or a non-Italian resident individual, to the extent that interest or any other amount is paid to a non-Italian resident legal entity or a non-Italian resident individual which is resident in a country which does not allow for a satisfactory exchange of information with the Italian authorities; or

(iii) held by or on behalf of a Covered Bondholder which is liable to such taxes, duties, assessments or governmental charges in respect of such Covered Bonds by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Covered Bonds; or

(iv) where the Bondholder would have been able to lawfully avoid (but has not so avoided) such deduction or withholding by complying, or procuring that any third party complies, with any statutory requirements; or

(v) where such withholding or deduction is required pursuant to Law Decree No. 512 of 30 September 1983, as amended or supplemented from time to time; or

(vi) presented for payment by or on behalf of a Covered Bondholder which would have been able to avoid such withholding or deduction by presenting the relevant Covered Bond to another Paying Agent in a Member State of the European Union; or

(vii) held by or on behalf of a Bondholder who is entitled to avoid such withholding or deduction in respect of such Covered Bonds by making a declaration or any other statement to the relevant tax authority, including, but not limited to, a declaration of residence or non/residence or other similar claim for exemption.

In addition, if an amount were to be deducted or withheld from interest, principal or other payments on the Covered Bonds as a result of an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code and any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto ("**FATCA**"), none of the Issuer, the Guarantor, any paying agent or any other person would be required to pay additional amounts as a result of the deduction or withholding.

12.2 *Taxing jurisdiction*

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

12.3 *No Gross-up by the Guarantor*

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

13. SEGREGATION EVENT AND EVENTS OF DEFAULT

13.1 *Segregation Event*

13.1.1 In case (i) a Test Performance Report evidences the breach of any of the Mandatory Tests and/or the Asset Coverage Test occurred at the relevant Test Reference Date, and (ii) such breach is not remedied within the Test Grace Period, the Representative of the Bondholders shall deliver to the Issuer, the Test Calculation Agent and the Guarantor a Breach of Tests Notice within 5 Business Days following the end of the Test Grace Period.

13.1.2 Upon delivery of a Breach of Tests Notice, a Segregation Event will occur and:

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

(b) there shall be no further payments to the Subordinated Lender under any relevant

Term Loan other than when necessary for the purpose of complying with article 129 paragraph 1a. of the CRR as better specified in the Cover Pool Management Agreement (and to the extent that no purchase of Eligible Assets is possible to this effect in accordance with the provisions of the Master Assets Purchase Agreement and the Cover Pool Management Agreement and/or in compliance with the limits set out in the Prudential Regulations);

(c) the Purchase Price for any Eligible Assets to be acquired by the Guarantor shall be paid only using the proceeds of a Term Loan, except where the breach referred to in the Breach of Tests Notice may be cured by using the Guarantor Available Funds;

(d) the Main Servicer (and any Additional Servicer, if any) will be prevented from carrying out renegotiations of the Loans pursuant to the Master Servicing Agreement; and

(e) payments due under the Covered Bonds will continue to be made by the Issuer until an Issuer Default Notice has been delivered.

13.1.3 Following the delivery of a Breach of Tests Notice, but prior to the delivery of an Issuer Default Notice, if the relevant Test(s) is/are then newly met within the Test Remedy Period, the Representative of the Bondholders will promptly deliver to the Issuer and the Guarantor a Breach of Tests Cure Notice informing such parties that the Breach of Tests Notice then outstanding has been revoked.

13.2 *Issuer Events of Default*

13.2.1 If any of the following events (each, an "**Issuer Event of Default**") occurs and is continuing:

(i) *Non-payment*: the Issuer fails to pay any amount of interest and/or principal due and payable on any Series or Tranche of Covered Bonds and such breach is not remedied within 15 Business Days, in case of amounts of interest, or 20 Business Days, in case of amounts of principal, as the case may be; or

(ii) *Breach of other obligations:* a material breach by the Issuer of any obligation under the Programme Documents occurs (other than payment obligations referred to in item (i) (*Non-payment*) above) and such breach is not remedied within 30 days after the Representative of the Bondholders has given written notice thereof to the Issuer requiring remedy; or

(iii) *Insolvency*: an Insolvency Event occurs with respect to the Issuer; or

(iv) *Article 74 Event*: a resolution pursuant to article 74 of the Consolidated Banking Act is issued in respect of the Issuer; or

(v) *Breach of Mandatory Tests or Asset Coverage Test*: following the delivery of a Breach of Tests Notice, any of the Mandatory Tests or the Asset Coverage Test is

not met at the end of the Test Remedy Period, unless a Programme Resolution of the Bondholders is passed resolving to extend the Test Remedy Period,

then the Representative of the Bondholders shall, or, in the case of the event under item (ii) (*Breach of other obligations*) above shall, if so directed by a Programme Resolution, serve an Issuer Default Notice on the Issuer and the Guarantor demanding payment under the Guarantee, and specifying, in case of the Issuer Event of Default referred to under item (iv) (*Article 74 Event*) above, that the Issuer Event of Default may be temporary.

13.2.2 Upon the service of an Issuer Default Notice:

(a) *Application of the Segregation Event provisions*: the provisions governing the Segregation Event referred to in Condition 13.1.2 shall apply; and

(b) *Guarantee*: (i) interest and principal falling due on the Covered Bonds will be payable by the Guarantor at the time and in the manner provided under these Terms and Conditions and the Final Terms of the relevant Series or Tranche of Covered Bonds, subject to and in accordance with the terms of the Guarantee and the Guarantee Priority of Payment. In this respect, the payment of any Guaranteed Amounts which are Due for Payment in respect of a Series or Tranche of Covered Bonds whose Interest Payment Date or Maturity Date (or Extended Maturity Date, if applicable) falls within two Business Days immediately after delivery of an Issuer Default Notice, will be made by the Guarantor within the date falling five Business Days following such delivery, it being understood that the above provision will apply only (A) in respect of the First Interest Payment Date of the relevant Series or Tranche of Covered Bonds and (B) in respect of the Maturity Date (or Extended Maturity Date, if applicable) of the Earliest Maturing Covered Bonds; (ii) the Guarantor (or the Representative of the Bondholders pursuant to the Intercreditor Agreement) shall be entitled to request from the Issuer an amount up to the Guaranteed Amounts and any sum so received or recovered from the Issuer will be used to make payments in accordance with the Guarantee; and

(c) *Disposal of Eligible Assets*: if necessary in order to make payments under the Covered Bonds, the Guarantor shall sell, or otherwise liquidate, the Eligible Assets included in the Cover Pool in accordance with the provisions of the Cover Pool Management Agreement,

provided that, in case of the Issuer Event of Default determined by a resolution issued in respect of the Issuer pursuant to article 74 of the Consolidated Banking Act (referred to under item (iv) (Article 74 Event) above) (the "**Article 74 Event**"), the effects listed in items (a) (*Application of the Segregation Event provisions*), (b) (*Guarantee*) and (c) (*Disposal of Eligible Assets*) above will only apply for as long as the suspension of payments pursuant to article 74 of the Consolidated Banking Act will be in force and effect (the "**Suspension Period**"). Accordingly (A) during the Suspension Period, the Guarantor shall be responsible for the payments of the amounts due and payable under

the Covered Bonds , in accordance with Law 130; and (B) at the end of the Suspension Period, the Issuer shall be again responsible for meeting the payment obligations under the Covered Bonds.

13.3 *Guarantor Events of Default*

13.3.1 If any of the following events (each, a "**Guarantor Event of Default**") occurs and is continuing:

(i) *Non-payment*: the Guarantor fails to pay any Guaranteed Amount under the Guarantee and such breach is not remedied within the next following 15 Business Days, in case of amounts of interests, or 20 Business Days, in case of amounts of principal, as the case may be; or

(ii) *Insolvency*: an Insolvency Event occurs with respect to the Guarantor; or

(iii) *Breach of other obligations:* a material breach of any obligation under the Programme Documents by the Guarantor occurs (other than payment obligations referred to in item (i) (*Non-payment*) above) which is not remedied within 30 days after the Representative of the Bondholders has given written notice thereof to the Guarantor; or

(iv) *Breach of the Amortisation Tests:* the Amortisation Tests is breached on any Test Reference Date,

then the Representative of the Bondholders shall serve a Guarantor Default Notice, unless the Representative of the Bondholders, having exercised its discretion, resolves otherwise or a Programme Resolution of the Bondholders is passed resolving otherwise.

13.3.2 Upon the delivery of a Guarantor Default Notice, unless a Programme Resolution is passed resolving otherwise:

(a) *Acceleration of Covered Bonds:* the Covered Bonds shall become immediately due and payable at their Early Termination Amount together, if appropriate, with any accrued interest and will rank *pari passu* among themselves in accordance with the Post-Enforcement Priority of Payments;

(b) *Guarantee*: subject to and in accordance with the terms of the Guarantee, the Representative of the Bondholders, on behalf of the Bondholders, shall have a claim against the Guarantor for an amount equal to the Early Termination Amount, together with accrued interest and any other amount due under the Covered Bonds (other than additional amounts payable under Condition 12.1 (*Gross-up by Issuer*) in accordance with the Priority of Payments;

(c) *Disposal of Eligible Assets*: the Guarantor shall immediately sell, or otherwise liquidate, all Eligible Assets included in the Cover Pool in accordance with the provisions of the Cover Pool Management Agreement; and

(d) *Enforcement*: the Representative of the Bondholders may, at its discretion and without further notice, subject to adequate satisfaction before doing so, take such steps and/or institute such proceedings against the Issuer or the Guarantor (as the case may be) as it may think fit to enforce such payments, but it shall not be bound to take any such proceedings or steps unless requested or authorised by a resolution of the Bondholders.

13.4 *Determinations, etc*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 13 by the Representative of the Bondholders shall (in the absence of wilful default (*dolo*), gross negligence (*colpa grave*) or manifest error) be binding on the Issuer, the Guarantor and all Bondholders and (in such absence as aforesaid) no liability to the Bondholders, the Issuer or the Guarantor shall attach to the Representative of the Bondholders in connection with the exercise or non-exercise by it of its powers, duties and discretions hereunder.

14. LIMITED RECOURSE AND NON PETITION

14.1 *Limited recourse*

The obligations of the Guarantor under the Guarantee constitute direct and unconditional, unsubordinated and limited recourse obligations of the Guarantor, collateralised by the Cover Pool as provided under Law 130 and the Prudential Regulations. The recourse of the Bondholders to the Guarantor under the Guarantee will be limited to the Segregated Assets subject to, and in accordance with, the relevant Priority of Payments pursuant to which specified payments will be made to other parties prior to payments to the Bondholders.

14.2 *Non petition*

Only the Representative of the Bondholders may pursue the remedies available under the general law or under the Programme Documents to obtain payment of the Guaranteed Obligations or enforce the Guarantee and/or the Security and no Bondholder shall be entitled to proceed directly against the Guarantor to obtain payment of the Guaranteed Obligations or to enforce the Guarantee and/or the Security. In particular:

14.2.1 no Bondholder (nor any person on its behalf, except the Representative of the Bondholders) is entitled, otherwise than as permitted by the Programme Documents, to direct the Representative of the Bondholders to enforce the Guarantee and/or Security or take any proceedings against the Guarantor to enforce the Guarantee and/or the Security;

14.2.2 no Bondholder (nor any person on its behalf, except the Representative of the Bondholders) shall have the right to take or join any person in taking any steps against the Guarantor for the purpose of obtaining payment of any amount due from the Guarantor;

14.2.3 until the date falling two years and one day after the date on which all Series and Tranches of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with the Terms and Conditions and the relevant final Terms no Bondholder (nor any person on its behalf, except the Representative of the Bondholders) shall initiate or join any person in initiating an Insolvency Event in relation to the Guarantor; and

14.2.4 no Bondholder shall be entitled to take or join in the taking of any corporate action, legal proceedings or other procedure or step which would result in the Priority of Payments not being complied with.

15. PRESCRIPTION

Claims for payment under the Covered Bonds shall become void unless made within ten years (in respect of principal) or five years (in respect of interest) from the due date thereof.

16. REPRESENTATIVE OF THE BONDHOLDERS

16.1 *Organisation of the Bondholders*

The Organisation of the Bondholders shall be established upon, and by virtue of, the issue of the First Series of Covered Bonds under the Programme and shall remain in force and in effect until repayment in full or cancellation of all the Covered Bonds of whatever Series or Tranche. Pursuant to the Rules, for as long as any Covered Bonds of any Series or Tranche are outstanding, there shall at all times be a Representative of the Bondholders. The appointment of the Representative of the Bondholders as representative of the Organisation of the Bondholders is made by the Bondholders subject to and in accordance with the Rules.

16.2 *Initial appointment*

In the Programme Agreement, the Initial Dealer has appointed the Representative of the Bondholders to perform the activities described in the Mandate Agreement, in the Programme Agreement, in these Terms and Conditions (including the Rules) and in the other Programme Documents and the Representative of the Bondholders has accepted such appointment for the period commencing on the First Issue Date and ending (subject to early termination of its appointment) on the date on which all of the Covered Bonds of whatever Series and Tranche have been cancelled or redeemed in accordance with these Terms and Conditions and the applicable Final Terms.

16.3 *Acknowledgment by Bondholders*

Each Bondholder, by reason of holding Covered Bonds:

(i) recognises the Representative of the Bondholders as its representative and (to the fullest extent permitted by law) agrees to be bound by the Programme Documents; and

(ii) acknowledges and accepts that no Dealer shall be liable in respect of any loss, liability, claim, expenses or damage suffered or incurred by any of the Bondholders as a result of

the performance by the Representative of the Bondholders of its duties or the exercise of any of its rights under the Programme Documents.

17. AGENTS

17.1 In acting under the Cash Allocation, Management and Payments Agreement and in connection with the Covered Bonds, the Issuer will act as Principal Paying Agent and, within 30 Business Days following delivery of an Issuer Default Notice or a Guarantor Default Notice, the Guarantor will appoint, subject to the prior consent of the Representative of the Bondholders, a substitute Principal Paying Agent.

17.2 The Principal Paying Agent and its initial Specified Office is set out in these Terms and Conditions. Any additional Paying Agents and their Specified Offices are specified in the relevant Final Terms. The Issuer and, upon delivery of an Issuer Default Notice, the Guarantor, reserve the right at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor principal paying agent and additional or successor paying agents; *provided, however, that*:

(a) there shall always be a principal paying agent; and

(b) the Issuer and the Guarantor shall at all times maintain a paying agent in an EU member state that will not be obliged to withhold or deduct tax; and

(c) if and for so long as the Covered Bonds are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Issuer and the Guarantor shall maintain a Paying Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

17.3 Notice of any change in any of the Paying Agents or in their Specified Offices shall promptly be given to the Bondholders.

17.4 If any Paying Agent does not at any time for any reason make the determinations referred to in these Terms and Conditions, then the Representative of the Bondholders, as representative of the Organisation of the Bondholders, shall make such determinations and any such determination shall be deemed to have been made by the relevant Paying Agent, which shall be responsible for it.

18. FURTHER ISSUES

The Issuer may from time to time, without the consent of the Bondholders, create and issue further Covered Bonds, as set out in the relevant Final Terms, having the same terms and conditions as the Covered Bonds in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Covered Bonds.

19. NOTICES

19.1 *Notices given through Euronext Securities Milan or any other clearing system*

Any notice regarding the Covered Bonds issued in dematerialised form, as long as the Covered Bonds are held through Euronext Securities Milan or any other clearing system, shall be deemed to have been duly given if given through the systems of Euronext Securities Milan or any other clearing system.

19.2 *Other publication*

The Representative of the Bondholders shall be at liberty to sanction any other method of giving notice to Bondholders if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the rules of the competent authority, stock exchange and/or quotation system by which the Covered Bonds are then admitted to listing, trading and/or quotation and **provided that** notice of such other method is given to the holders of the Covered Bonds in such manner as the Representative of the Bondholders shall require.

20. ROUNDING

For the purposes of any calculations referred to in these Terms and Conditions (unless otherwise specified in these Terms and Conditions or the relevant Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

21. GOVERNING LAW AND JURISDICTION

21.1 *Governing law*

The Covered Bonds, and any non-contractual obligations arising out of, or in connection with them, will be governed by Italian law, or with reference to a specific Series or Tranche of Covered Bonds, any other law set out in the relevant Final Terms. These Terms and Conditions and the related Programme Documents will be governed by Italian law, except for the Swap Agreement(s), which will be governed by English law.

21.2 *Jurisdiction*

The courts of Rome have exclusive competence for the resolution of any dispute that may arise in relation to the Covered Bonds or their validity, interpretation or performance.

21.3 *Relevant legislation*

Anything not expressly provided for in these Terms and Conditions will be governed by the provisions of Law 130 and, if applicable, article 58 of the Consolidated Banking Act and the Prudential Regulations.

RULES OF THE ORGANISATION OF THE BONDHOLDERS

TITLE I
GENERAL PROVISIONS

1. GENERAL

1.1 The Organisation of the Bondholders in respect of all Covered Bonds of whatever Series or Tranche issued under the Programme by Banca Nazionale del Lavoro S.p.A. is created concurrently with the issue of and subscription of the First Series of Covered Bonds to be issued and is governed by the Rules of the Organisation of the Bondholders set out therein ("**Rules**").

1.2 These Rules shall remain in force and effect until full repayment or cancellation of all the Covered Bonds of whatever Series or Tranche.

1.3 The contents of these Rules are deemed to be an integral part of the Terms and Conditions of the Covered Bonds of each Series or Tranche issued by the Issuer.

2. DEFINITIONS AND INTERPRETATION

2.1 Definitions

2.1.1 In these Rules, the terms set out below have the following meanings:

"**Block Voting Instruction**" means, in relation to a Meeting, a document issued by a Paying Agent:

(a) certifying that specified Covered Bonds are held to the order of a Paying Agent or under its control or have been blocked in an account with a clearing system and will not be released until the earlier of:

(i) a specified date which falls after the conclusion of the Meeting; and

(ii) the surrender to the Paying Agent which issued the same not less than 48 hours before the time fixed for the Meeting (or, if the meeting has been adjourned, the time fixed for its resumption) of confirmation that the Covered Bonds are Blocked Covered Bonds and notification of the release thereof by such Paying Agent to the Issuer and Representative of the Bondholders;

(b) certifying that the Holder of the relevant Blocked Covered Bonds or a duly authorised person on its behalf has notified the relevant Paying Agent that the votes attributable to such Covered Bonds are to be cast in a particular way on each resolution to be put to the Meeting and that during the period of 48 hours before the time fixed for the Meeting such instructions may not be amended or revoked;

(c) listing the aggregate principal amount of such specified Blocked Covered Bonds, distinguishing between those in respect of which instructions have been given to

vote for, and against, each resolution; and

(d) authorising a named individual to vote in accordance with such instructions.

"**Blocked Covered Bonds**" means Covered Bonds which have been blocked in an account with a clearing system or otherwise are held to the order of or under the control of a Paying Agent for the purpose of obtaining from that Paying Agent a Block Voting Instruction or a Voting Certificate on terms that they will not be released until after the conclusion of the Meeting in respect of which the Block Voting Instruction or Voting Certificate is required.

"**Chairman**" means, in relation to any Meeting, the individual who takes the chair in accordance with Article 8 (*Chairman of the Meeting*) of the Rules.

"**Euronext Securities Milan Account Holder**" means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Euronext Securities Milan (*as intermediari aderenti*) in accordance with article 83-*quater* of the Financial Laws Consolidation Act and includes any depositary banks approved by Clearstream and Euroclear.

"**Event of Default**" means an Issuer Event of Default or a Guarantor Event of Default.

"**Extraordinary Resolution**" means a resolution passed at a Meeting, duly convened and held in accordance with the provisions contained in these Rules by a majority of not less than three quarters of the votes cast.

"**Holder**" in respect of a Covered Bond means the ultimate owner of such Covered Bond.

"**Liabilities**" means all costs, charges, damages, expenses, liabilities and losses.

"**Meeting**" means a meeting of Bondholders (whether originally convened or resumed following an adjournment).

"**Ordinary Resolution**" means any resolution passed at a Meeting duly convened and held in accordance with the provisions contained in these Rules by a majority of more than 50% of the votes cast.

"**Programme Resolution**" means an Extraordinary Resolution passed at a single meeting of, or by means of a Written Resolution adopted by, the Bondholders of all Series and or Tranches, resolving to (i) direct the Representative of the Bondholders to take any action pursuant to Condition 13.2 (*Issuer Events of Default*), Condition 13.3 (*Guarantor Events of Default*) or to appoint or remove the Representative of the Bondholders pursuant to Article 26 (*Appointment, Removal and Remuneration*); or (ii) take any other action stipulated in the Terms and Conditions or Programme Documents as requiring a Programme Resolution.

"**Proxy**" means a person appointed to vote under a Voting Certificate as a proxy or the person appointed to vote under a Block Voting Instruction, in each case, other than:

(a) any person whose appointment has been revoked and in relation to whom the relevant Paying Agent, or, in the case of a proxy appointed under a Voting Certificate, the Issuer, has been notified in writing of such revocation by the time which is 48 hours before the time fixed for the relevant Meeting; and

(b) any person appointed to vote at a Meeting which has been adjourned for want of a quorum and who has not been reappointed to vote at the Meeting when it is resumed.

"**Resolutions**" means Ordinary Resolutions, the Extraordinary Resolutions and the Programme Resolution, collectively.

"**Swap Rate**" means, in relation to a Covered Bond, Series or Tranche of Covered Bonds, the rate specified in any Swap Agreement relating to such Covered Bond, Series or Tranche of Covered Bonds or, if there is no rate specified or if the Swap Agreements have terminated, the applicable spot rate.

"**Transaction Party**" means any person who is a party to a Programme Document.

"**Voter**" means, in relation to any Meeting, the Holder or a Proxy named in a Voting Certificate, the bearer of a Voting Certificate issued by a Paying Agent or a Proxy named in a Block Voting Instruction.

"**Voting Certificate**" means, in relation to any Meeting:

(a) a certificate issued by a Euronext Securities Milan Account Holder in accordance with the regulation issued jointly by the Bank of Italy and CONSOB on 13 August 2018, as amended from time to time; or

(b) a certificate issued by a Paying Agent stating that:

(i) Blocked Covered Bonds will not be released until the earlier of:

(1) a specified date which falls after the conclusion of the Meeting; and

(2) the surrender of such certificate to such Paying Agent; and

(ii) the bearer of the certificate is entitled to attend and vote at such Meeting in respect of such Blocked Covered Bonds.

"**Written Resolution**" means a resolution in writing signed by or on behalf of one or more persons being or representing at least 75 per cent of all the Bondholders who at any relevant time are entitled to participate in a Meeting in accordance with the provisions of these Rules, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more of such Bondholders.

"**24 hours**" means a period of 24 hours including all or part of a day on which banks are open for business both in the place where any relevant Meeting is to be held and in the place where the Paying Agents have their Specified Office.

"**48 hours**" means 2 consecutive periods of 24 hours.

2.1.2 Unless otherwise provided in these Rules, or the context requires otherwise, words and expressions used in the Rules shall have the meanings and the constructions ascribed to them in the Terms and Conditions to which the Rules are attached.

2.2 Interpretation

2.2.1 Any reference herein to an "**Article**" shall, except where expressly provided to the contrary, be a reference to an article of these Rules.

2.2.2 A "**successor**" of any party shall be construed so as to include an assignee or successor in title of such party and any person who under the laws of the jurisdiction of incorporation or domicile of such party has assumed the rights and obligations of such party under any Programme Document or to which, under such laws, such rights and obligations have been transferred.

2.2.3 Any reference to any Transaction Party in these Rules shall be construed so as to include its and any subsequent successors and transferees in accordance with their respective interests.

2.3 Separate Series or Tranches

Subject to the provisions of the next sentence, the Covered Bonds of each Series or Tranche shall form a separate Series or Tranche of Covered Bonds and accordingly, unless for any purpose the Representative of the Bondholders in its absolute discretion shall otherwise determine, the provisions of this sentence and of Articles 3 (*Purpose of the Organisation*) to 25 (*Meetings and Separate Series or Tranches*) and 28 (*Duties and Powers of the Representative of the Bondholders*) to 36 (*Powers to Act on behalf of the Guarantor*) shall apply *mutatis mutandis* separately and independently to the Covered Bonds of each Series or Tranche. However, for the purposes of this Article 2.3:

2.3.1 Articles 26 (Appointment, removal and remuneration) and 27 (Resignation of the Representative of the Bondholders); and

2.3.2 insofar as they relate to a Programme Resolution, Articles 3 (Purpose of the Organisation) to 24 (Meetings and Separate Series or Tranches) and 28 (Duties and Powers of the Representative of the Bondholders) to 36 (Powers to Act on behalf of the Guarantor),

the Covered Bonds shall be deemed to constitute a single Series or Tranche and the provisions of such Articles shall apply to all the Covered Bonds together as if they constituted a single Series or Tranche and, in such Articles, the expressions "Covered Bonds" and "Bondholders" shall be construed accordingly.

3. PURPOSE OF THE ORGANISATION

3.1 Each Bondholder, whatever Series or Tranche of Covered Bonds he holds, is a member of the Organisation of the Bondholders.

3.2 The purpose of the Organisation of the Bondholders is to co-ordinate the exercise of the rights of the Bondholders and, more generally, to take any action necessary or desirable to protect the interest of the Bondholders.

TITLE II

MEETINGS OF THE BONDHOLDERS

4. VOTING CERTIFICATES AND BLOCK VOTING INSTRUCTIONS

4.1 Issue

4.1.1 A Bondholder may obtain a Voting Certificate in respect of a Meeting by requesting its Euronext Securities Milan Account Holder to issue a certificate in accordance with the regulation issued jointly by the Bank of Italy and CONSOB on 13 August 2018, as amended from time to time.

4.1.2 A Bondholder may also obtain a Voting Certificate from a Paying Agent or require a Paying Agent to issue a Block Voting Instruction by arranging for Covered Bonds to be (to the satisfaction of the Paying Agent) held to its order or under its control or blocked in an account in a clearing system (other than Euronext Securities Milan) not later than 48 hours before the time fixed for the relevant Meeting.

4.2 Expiry of validity

A Voting Certificate or Block Voting Instruction shall be valid until the release of the Blocked Covered Bonds to which it relates.

4.3 Deemed Holder

So long as a Voting Certificate or Block Voting Instruction is valid, the party named therein as Holder or Proxy, in the case of a Voting Certificate issued by a Euronext Securities Milan Account Holder, the bearer thereof, in the case of a Voting Certificate issued by a Paying Agent, and any Proxy named therein in the case of a Block Voting Instruction issued by a Paying Agent shall be deemed to be the Holder of the Covered Bonds to which it refers for all purposes in connection with the Meeting to which such Voting Certificate or Block Voting Instruction relates.

4.4 Mutually exclusive

A Voting Certificate and a Block Voting Instruction cannot be outstanding simultaneously in respect of the same Covered Bond.

4.5 References to the blocking or release

Reference to the blocking or release of Covered Bonds shall be construed in accordance with the usual practices (including blocking the relevant account) of any relevant clearing system.

5. VALIDITY OF BLOCK VOTING INSTRUCTIONS AND VOTING CERTIFICATES

A Block Voting Instruction or a Voting Certificate issued by a Euronext Securities Milan Account Holder shall be valid for the purpose of the relevant Meeting only if it is deposited at the Specified Office of the Principal Paying Agent, or at any other place approved by the Representative of the Bondholders, at least 24 hours before the time of the relevant Meeting. If a Block Voting Instruction or a Voting Certificate is not deposited before such deadline, it shall not be valid. If the Representative of the Bondholders so requires, a notarised (or otherwise acceptable) copy of each Block Voting Instruction and satisfactory evidence of the identity of each Proxy named in a Block Voting Instruction or of each Holder or Proxy named in a Voting Certificate issued by a Euronext Securities Milan Account Holder shall be produced at the Meeting but the Representative of the Bondholders shall not be obliged to investigate the validity of a Block Voting Instruction or a Voting Certificate or the identity of any Proxy or any holder of the Covered Bonds named in a Voting Certificate or a Block Voting Instruction.

6. CONVENING A MEETING

6.1 Convening a Meeting

The Representative of the Bondholders, the Gauarantor or the Issuer may and (in relation to a meeting for the passing of a Programme Resolution) the Issuer shall upon a requisition in writing signed by the holders of not less than five per cent. of the Principal Amount Outstanding of the Covered Bonds for the time being outstanding convene a Meetings of the Bondholders and if the Issuer makes default for a period of seven days in convening such a meeting requisitioned by the Bondholders the same may be convened by the Representative of the Bondholders or the requisitionists. The Representative of the Bondholders may convene a single meeting of the holders of Covered Bonds of more than one Series or Tranche if in the opinion of the Representative of the Bondholders there is no conflict between the holders of the Covered Bonds of the relevant Series or Tranche, in which event the provisions of this Schedule shall aplly thereto *mutatis mutandis*.

6.2 Meetings convened by Issuer

Whenever the Issuer is about to convene a Meeting, it shall immediately give notice in writing to the Representative of the Bondholders specifying the proposed day, time and place of the Meeting, and the items to be included in the agenda.

6.3 Time and place of Meetings

Every Meeting will be held on a date and at a time and place selected or approved by the Representative of the Bondholders.

7. NOTICE

7.1 Notice of meeting

At least 21, or 5 in case of a Meeting convened in order to resolve to extend the Test Remedy Period pursuant to Condition 13.2 (*Issuer Events of Default*), days' notice (exclusive of the day notice is delivered and of the day on which the relevant Meeting is to be held), specifying the day, time and place of the Meeting, must be given to the relevant Bondholders and the Paying Agent, with a copy to the Issuer and the Guarantor, where the Meeting is convened by the Representative of the Bondholders, or with a copy to the Representative of the Bondholders, where the Meeting is convened by the Issuer, subject to Article 6.3 (*Time and place of Meetings*).

7.2 Content of notice

The notice shall set out the full text of any resolution to be proposed at the Meeting unless the Representative of the Bondholders agrees that the notice shall instead specify the nature of the resolution without including the full text and shall state that Voting Certificate for the purpose of such Meeting may be obtained from a Euronext Securities Milan Account Holder in accordance with the provisions of the regulation issued jointly by the Bank of Italy and CONSOB on 13 August 2018, as amended from time to time and that for the purpose of obtaining Voting Certificates from a Paying Agent or appointing Proxies under a Block Voting Instruction, Covered Bonds must (to the satisfaction of such Paying Agent) be held to the order of or placed under the control of such Paying Agent or blocked in an account with a clearing system not later than 48 hours before the relevant Meeting.

7.3 Validity notwithstanding lack of notice

A Meeting is valid notwithstanding that the formalities required by this Article 7 are not complied with if the Holders of the Covered Bonds constituting all the Principal Amount Outstanding of the Covered Bonds, the Holders of which are entitled to attend and vote, are represented at such Meeting and the Issuer and the Representative of the Bondholders are present.

8. CHAIRMAN OF THE MEETING

8.1 Appointment of Chairman

An individual (who may, but need not be, a Covered Bondholder), nominated by the Representative of the Bondholders may take the chair at any Meeting, but if:

8.1.1 the Representative of the Bondholders fails to make a nomination; or

8.1.2 the individual nominated declines to act or is not present within 15 minutes after the time fixed for the Meeting,

the Meeting shall be chaired by the person elected by the majority of the Voters present, failing which, the Issuer shall appoint a Chairman. The Chairman of an adjourned Meeting need not be the same person as was Chairman at the original Meeting.

8.2 Duties of Chairman

The Chairman ascertains that the Meeting has been duly convened and validly constituted, manages the business of the Meeting, monitors the fairness of proceedings, leads and moderates the debate, and defines the terms for voting.

8.3 Assistance to Chairman

The Chairman may be assisted by outside experts or technical consultants, specifically invited to assist in any given matter, and may appoint one or more vote-counters, who are not required to be Bondholders.

9. QUORUM

9.1 The quorum at any Meeting will be:

9.1.1 in the case of an Ordinary Resolution, one or more persons holding or representing at least 50 per cent of the Principal Amount Outstanding of the Covered Bonds the holders of which are entitled to attend and vote or, at an adjourned Meeting, one or more persons being or representing Bondholders entitled to attend and vote, whatever the Principal Amount Outstanding of the Covered Bonds so held or represented;

9.1.2 in the case of an Extraordinary Resolution or a Programme Resolution, one or more persons holding or representing at least 50 per cent of the Principal Amount Outstanding of the Covered Bonds the holders of which are entitled to attend and vote or, at an adjourned Meeting, one or more persons being or representing Bondholders entitled to attend and vote, whatever the Principal Amount Outstanding of the Covered Bonds so held or represented;

9.1.3 at any meeting the business of which includes any of the following matters (other than in relation to a Programme Resolution) (each of which shall, subject only to Article 32.4 (*Obligation to act*), only be capable of being effected after having been approved by Extraordinary Resolution) namely:

9.1.4 reduction or cancellation of the amount payable or, where applicable, modification of the method of calculating the amount payable or modification of the date of payment or, where applicable, modification of the method of calculating the date of payment in respect of any principal or interest in respect of the Covered Bonds;

9.1.5 alteration of the currency in which payments under the Covered Bonds are to be made;

9.1.6 alteration of the majority required to pass an Extraordinary Resolution;

9.1.7 any amendment to the Guarantee or the Deed of Pledge (except in a manner determined by the Representative of the Bondholders not to be materially prejudicial to the interests of the Bondholders of any Series or Tranche);

9.1.8 except in accordance with Articles 31 (Amendments and Modifications) and 32 (Waiver), the sanctioning of any such scheme or proposal to effect the exchange, conversion or substitution of the Covered Bonds for, or the conversion of such Covered Bonds into,

shares, bonds or other obligations or securities of the Issuer or the Guarantor or any other person or body corporate, formed or to be formed; and

9.1.9 alteration of this Article 9.1.3;

(each a "**Series or Tranche Reserved Matter**"), the quorum shall be one or more persons being or representing holders of not less two-thirds of the aggregate Principal Amount Outstanding of the Covered Bonds of such Series or Tranche for the time being outstanding or, at any adjourned meeting, one or more persons being or representing not less than onethird of the aggregate Principal Amount Outstanding of the Covered Bonds of such Series or Tranche for the time being outstanding.

10. ADJOURNMENT FOR WANT OF QUORUM

If a quorum is not present for the transaction of any particular business within 15 minutes after the time fixed for any Meeting, the, without prejudice to the transaction of the business (if any) for which a quorum is present:

10.1 if such Meeting was requested by Bondholders, the Meeting shall be dissolved; and

10.2 in any other case, the Meeting (unless the Issuer and the Representative of the Bondholders otherwise agree) shall, subject to paragraphs 10.2.1 and 10.2.2 below, be adjourned to a new date no earlier than 14 days and no later than 42 days after the original date of such Meeting, and to such place as the Chairman determines with the approval of the Representative of the Bondholders **provided that**:

10.2.1 no Meeting may be adjourned more than once for want of a quorum; and

10.2.2 the Meeting shall be dissolved if the Issuer and the Representative of the Bondholders together so decide.

11. ADJOURNED MEETING

Except as provided in Article 10 (*Adjournment for want of a quorum*), the Chairman may, with the prior consent of any Meeting, and shall if so directed by any Meeting, adjourn such Meeting to another time and place. No business shall be transacted at any adjourned Meeting except business which might have been transacted at the Meeting from which the adjournment took place.

12. NOTICE FOLLOWING ADJOURNMENT

12.1 Notice required

Article 7 (*Notice*) shall apply to any Meeting which is to be resumed after adjournment for lack of a quorum except that:

12.1.1 10-days' notice (exclusive of the day on which the notice is delivered and of the day on which the Meeting is to be resumed) shall be sufficient; and

12.1.2 the notice shall specifically set out the quorum requirements which will apply when the Meeting resumes.

12.2 Notice not required

It shall not be necessary to give notice of resumption of any Meeting adjourned for reasons other than those described in Article 10 (*Adjournment for want of a quorum*).

13. PARTICIPATION

The following categories of persons may attend and speak at a Meeting:

13.1 Voters;

13.2 the directors and the auditors of the Issuer and the Guarantor;

13.3 representatives of the Issuer, the Guarantor and the Representative of the Bondholders ;

13.4 financial advisers to the Issuer, the Guarantor and the Representative of the Bondholders ;

13.5 legal advisers to the Issuer, the Guarantor and the Representative of the Bondholders ;

13.6 any other person authorised by virtue of a resolution of such Meeting or by the Representative of the Bondholders.

14. VOTING BY SHOW OF HANDS

14.1 Every question submitted to a Meeting shall be decided in the first instance by a vote by a show of hands.

14.2 Unless a poll is validly demanded before or at the time that the result is declared, the Chairman's declaration that on a show of hands a resolution has been passed or passed by a particular majority or rejected, or rejected by a particular majority, shall be conclusive without proof of the number of votes cast for, or against, the resolution.

15. VOTING BY POLL

15.1 Demand for a poll

A demand for a poll shall be valid if it is made by the Chairman, the Issuer, the Guarantor, the Representative of the Bondholders or one or more Voters whatever the Principal Amount Outstanding of the Covered Bonds held or represented by such Voter(s). A poll may be taken immediately or after such adjournment as is decided by the Chairman but any poll demanded on the election of a Chairman or on any question of adjournment shall be taken immediately. A valid demand for a poll shall not prevent the continuation of the relevant Meeting for any other business. The result of a poll shall be deemed to be the resolution of the Meeting at which the poll was demanded.

15.2 The Chairman and a poll

The Chairman sets the conditions for the voting, including for counting and calculating the votes, and may set a time limit by which all votes must be cast. Any vote which is not cast in compliance with the terms specified by the Chairman shall be null and void. After voting ends, the votes shall be counted and, after the counting, the Chairman shall announce to the Meeting the outcome of the vote.

16. VOTES

16.1 Voting

Each Voter shall have:

16.1.1 on a show of hands, one vote; and

16.1.2 on a poll every Vote who is so present shall have one vote in respect of each euro 1,000 or such other amount as the Representative of the Bondholders may in its absolute discretion stipulate (or, in the case of meetings of holders of Covered Bonds denominated in another currency, such amount in such other currency as the Representative of the Bondholders in its absolute discretion may stipulate) in the Principal Amount Outstanding of the Covered Bonds it holds or represents.

16.2 Block Voting Instruction

Unless the terms of any Block Voting Instruction or Voting Certificate state otherwise in the case of a Proxy, a Voter shall not be obliged to exercise all the votes to which such Voter is entitled or to cast all the votes he exercises the same way.

16.3 Voting tie

In the case of a voting tie, the relevant resolution shall be deemed to have been rejected.

17. VOTING BY PROXY

17.1 Validity

Any vote by a Proxy in accordance with the relevant Block Voting Instruction or Voting Certificate appointing a Proxy shall be valid even if such Block Voting Instruction or any instruction pursuant to which it has been given had been amended or revoked **provided that** none of the Issuer, the Representative of the Bondholders or the Chairman has been notified in writing of such amendment or revocation at least 24 hours prior to the time set for the relevant Meeting.

17.2 Adjournment

Unless revoked, the appointment of a Proxy under a Block Voting Instruction or Voting Certificate in relation to a Meeting shall remain in force in relation to any resumption of such Meeting following an adjournment save that no such appointment of a Proxy in relation to a Meeting originally convened which has been adjourned for want of a quorum shall remain in force in relation to such Meeting when it is resumed. Any person appointed to vote at such Meeting must

be re-appointed under a Block Voting Instruction or Voting Certificate to vote at the Meeting when it is resumed.

18. RESOLUTIONS

18.1 Powers exercisable by Ordinary Resolution

Subject to Article 18.2 (*Extraordinary Resolutions*), a Meeting shall have the following powers exercisable by Ordinary Resolution, to:

18.1.1 grant any authority, order or sanction which, under the provisions of the Rules or of the Terms and Conditions, is required to be the subject of an Ordinary Resolution or required to be the subject of a resolution or determined by a Meeting and not required to be the subject of an Extraordinary Resolution; and

18.1.2 to authorise the Representative of the Bondholders or any other person to execute all documents and do all things necessary to give effect to any Ordinary Resolution.

18.2 Extraordinary Resolutions

A Meeting, in addition to any powers assigned to it in the Terms and Conditions, shall have power exercisable by Extraordinary Resolution to:

18.2.1 sanction any compromise or arrangement proposed to be made between the Issuer, the Guarantor, the Representative of the Bondholders, the Bondholders or any of them;

18.2.2 approve any modification, abrogation, variation or compromise in respect of (a) the rights of the Representative of the Bondholders, the Issuer, the Guarantor, the Bondholders or any of them, whether such rights arise under the Programme Documents or otherwise, and (b) these Rules, the Terms and Conditions or of any Programme Document or any arrangement in respect of the obligations of the Issuer under or in respect of the Covered Bonds, which, in any such case, shall be proposed by the Issuer, the Representative of the Bondholders and/or any other party thereto;

18.2.3 assent to any modification of the provisions of this these Rules or the Programme Documents which shall be proposed by the Issuer, the Guarantor, the Representative of the Bondholders or of any Bondholder;

18.2.4 in accordance with Article 26 (*Appointment, Removal and Remuneration*), appoint and remove the Representative of the Bondholders;

18.2.5 discharge or exonerate, whether retrospectively or otherwise, the Representative of the Bondholders from any liability in relation to any act or omission for which the Representative of the Bondholders has or may become liable pursuant or in relation to these Rules, the Terms and Conditions or any other Programme Document;

18.2.6 waive any breach or authorise any proposed breach by the Issuer, the Guarantor or (if relevant) any other Transaction Party of its obligations under or in respect of these

Rules, the Covered Bonds or any other Programme Document or any act or omission which might otherwise constitute an Event of Default;

18.2.7 grant any authority, order or sanction which, under the provisions of these Rules or of the Terms and Conditions, must be granted by an Extraordinary Resolution;

18.2.8 authorise and ratify the actions of the Representative of the Bondholders in compliance with these Rules, the Intercreditor Agreement and any other Programme Document;

18.2.9 appoint any persons (whether Bondholders or not) as a committee to represent the interests of the Bondholders and to confer on any such committee any powers which the Bondholders could themselves exercise by Extraordinary Resolution;

18.2.10 authorise the Representative of the Bondholders or any other person to execute all documents and do all things necessary to give effect to any Extraordinary Resolution; and

18.2.11 direct the Representative of the Bondholders to take any action pursuant to Condition 13.2.1 (ii) (*Issuer Events of Default – Breach of other obligations*) and Condition 13.3.1 (iii) (*Guarantor Events of Default – Breach of other obligations*) or to appoint or remove the Representative of the Bondholders pursuant to Article 26 (*Appointment, Removal and Remuneration*).

18.3 Programme Resolutions

A Meeting shall have power exercisable by a Programme Resolution to direct the Representative of the Bondholders to take any action pursuant to Condition 13.2.1 (ii) (*Issuer Events of Default – Breach of other obligations*) and Condition 13.3.1 (iii) (*Guarantor Events of Default – Breach of other obligations*) or to appoint or remove the Representative of the Bondholders pursuant to Article 26 (*Appointment, Removal and Remuneration*) or to take any other action required by the Terms and Conditions or any Programme Document to be taken by Programme Resolution. For the avoidance of doubts, two or more Extraordinary Resolutions taken by the Bondholders of different Series or Tranche at separate meetings and resolving upn the matters referred to above in the same way shall deemed to be considered as a sole Programme Resolution.

18.4 Other Series or Tranches of Covered Bonds

No Ordinary Resolution or Extraordinary Resolution (other than a Programme Resolution) that is passed by the Holders of one Series of Covered Bonds shall be effective in respect of another Series or Tranche of Covered Bonds unless it is sanctioned by an Ordinary Resolution or Extraordinary Resolution (as the case may be) of the Holders of Covered Bonds then outstanding of that other Series or Tranches.

19. EFFECT OF RESOLUTIONS

19.1 Binding Nature

Subject to Article 18.4 (*Other Series or Tranches of Covered Bonds*), any resolution passed at a Meeting of the Bondholders duly convened and held in accordance with these Rules shall be binding upon all Bondholders, whether or not present at such Meeting and or not voting. A Programme Resolution passed at any Meeting of the holders of the Covered Bonds of all Series and Tranches shall be binding on all holders of the Covered Bonds of all Series and Tranches, whether or not present at the meeting.

19.2 Notice of Voting Results

Notice of the results of every vote on a Resolution duly considered by Bondholders shall be published (at the cost of the Issuer) in accordance with the Terms and Conditions and given to the Paying Agents (with a copy to the Issuer, the Guarantor and the Representative of the Bondholders within 14 days of the conclusion of each Meeting).

20. CHALLENGE TO RESOLUTIONS

Any absent or dissenting Bondholder has the right to challenge Resolutions which are not passed in compliance with the provisions of the Rules.

21. MINUTES

Minutes shall be made of all resolutions and proceedings of each Meeting. The Minutes shall be signed by the Chairman and shall be *prima facie* evidence of the proceedings therein recorded. Unless and until the contrary is proved, every Meeting in respect of which minutes have been signed by the Chairman shall be regarded as having been duly convened and held and all resolutions passed or proceedings transacted at such Meeting shall be regarded as having been duly passed and transacted.

22. WRITTEN RESOLUTION

A Written Resolution shall take effect as if it were an Extraordinary Resolution (including a Programme Resolution) or, in respect of matters required to be determined by Ordinary Resolution, as if it were an Ordinary Resolution.

23. INDIVIDUAL ACTIONS AND REMEDIES

Each Bondholder has accepted and is bound by the provisions of Condition 14 (*Limited Recourse and Non Petition*) and clause 10 (*Limited Recourse*) of the Guarantee, accordingly, if any Bondholder is considering bringing individual actions or using other individual remedies to enforce his/her rights under the Guarantee (hereinafter, a "**Claiming Bondholder**"), then such Claiming Bondholder intending to enforce his/her rights under the Covered Bonds will notify the Representative of the Bondholders of his/her intention. The Representative of the Bondholders shall inform the other Bondholders of such prospective individual actions and remedies of which the Representative of the Bondholders has been informed by the Claiming Bondholder or otherwise and invite them to raise, in writing, any objection that they may have by a specific date not more than 30 days after the date of the Representative of the Bondholders notification and not less than 15 days after such notification. If Bondholders representing 5% or more of the aggregate Principal Amount Outstanding of the Covered Bonds then outstanding object to such

prospective individual actions and remedies, then the Claiming Bondholder will be prevented from taking any individual action or remedy (without prejudice to the fact that after a reasonable period of time, the same matter may be resubmitted to the Representative of the Bondholders pursuant to the terms of this Article).

24. MEETINGS AND SEPARATE SERIES OR TRANCHES

24.1 Choice of Meeting

If and whenever the Issuer shall have issued and have outstanding Covered Bonds of more than one Series or Tranche the foregoing provisions of this Schedule shall have effect subject to the following modifications:

24.1.1 a resolution which in the opinion of the Representative of the Bondholders affects the Covered Bonds of only one Series or Tranche shall be deemed to have been duly passed if passed at a separate meeting of the holders of the Covered Bonds of that Series or Tranches;

24.1.2 a resolution which in the opinion of the Representative of the Bondholders affects the Covered Bonds of more than one Series or Tranche but does not give rise to a conflict of interest between the holders of Covered Bonds of any of the Series or Tranche so affected shall be deemed to have been duly passed if passed at a single meeting of the holders of the Covered Bonds of all the Series or Tranches so affected;

24.1.3 a resolution which in the opinion of the Representative of the Bondholders affects the Covered Bonds of more than one Series or Tranche and gives or may give rise to a conflict of interest between the holders of the Covered Bonds of one Series or Tranche or group of Series or Tranches so affected and the holders of the Covered Bonds of another Series or Tranche or group of Series or Tranches so affected shall be deemed to have been duly passed only if passed at separate meetings of the holders of the Covered Bonds of each Series or Tranche or group of Series or Tranches so affected;

24.1.4 a Programme Resolution shall be deemed to have been duly passed only if passed at a single meeting of the Bondholders of all Series or Tranches; and

24.1.5 to all such meetings all the preceding provisions of these Rules shall *mutatis mutandis* apply as though references therein to Covered Bonds and Bondholders were references to the Covered Bonds of the Series or Tranche or group of Series or Tranches in question or to the holders of such Covered Bonds, as the case may be.

24.2 Denominations other than euro

If the Issuer has issued and has outstanding Covered Bonds which are not denominated in euro in the case of any meeting or request in writing or Written Resolution of holders of Covered Bonds of more than one currency (whether in respect of a meeting or any adjourned such meeting or any poll resulting therefrom or any such request or Written Resolution) the Principal Amount Outstanding of such Covered Bonds shall be the equivalent in euro at the relevant Swap

Rate. In such circumstances, on any poll each person present shall have one vote for each 1.00 (or such other euro amount as the Representative of the Bondholders may in its absolute discretion stipulate) of the Principal Amount Outstanding of the Covered Bonds (converted as above) which he holds or represents.

25. FURTHER REGULATIONS

Subject to all other provisions contained in the Rules, the Representative of the Bondholders may, without the consent of the Issuer, prescribe such further regulations regarding the holding of Meetings and attendance and voting at them and/or the provisions of a Written Resolution as the Representative of the Bondholders in its sole discretion may decide.

TITLE III

THE REPRESENTATIVE OF THE BONDHOLDERS

26. APPOINTMENT, REMOVAL AND REMUNERATION

26.1 Appointment

The appointment of the Representative of the Bondholders takes place by Extraordinary Resolution or Programme Resolution of the Bondholders in accordance with the provisions of this Article 26, except for the appointment of the first Representative of the Bondholders which will be Banca Finanziaria Internazionale S.p.A.

26.2 Identity of Representative of the Bondholders

The Representative of the Bondholders shall be:

26.2.1 a bank incorporated in any jurisdiction of the European Union, or a bank incorporated in any other jurisdiction acting through an Italian branch; or

26.2.2 a company or financial institution enrolled with the register held by the Bank of Italy pursuant to article 106 of the Consolidated Banking Act and the relevant implementing regulations applicable to it as a financial intermediary; or

26.2.3 any other entity which is not prohibited from acting in the capacity of Representative of the Bondholders pursuant to the law.

The directors and auditors of the Issuer and those who fall within the conditions set out in article 2399 of the Italian civil code cannot be appointed as Representative of the Bondholders, and, if appointed as such, they shall be automatically removed.

26.3 Duration of appointment

Unless the Representative of the Bondholders is removed by Extraordinary Resolution or Programme Resolution of the Bondholders pursuant to Article 18.2 (*Extraordinary Resolutions*) or Article 18.3 (*Programme Resolutions*) or resigns pursuant to Article 27 (*Resignation of the Representative of the Bondholders*), it shall remain in office until full repayment or cancellation of all the Covered Bonds.

26.4 After termination

In the event of a termination of the appointment of the Representative of the Bondholders for any reason whatsoever, such representative shall remain in office until the substitute Representative of the Bondholders, which shall be an entity specified in Article 26.2 (*Identity of Representative of the Bondholders*), accepts its appointment, and the powers and authority of the Representative of the Bondholders the appointment of which has been terminated shall, pending the acceptance of its appointment by the substitute, be limited to those necessary to perform the essential functions required in connection with the Covered Bonds.

26.5 Remuneration

The Guarantor shall pay to the Representative of the Bondholders an initial fee and reimburse and pay any costs and expenses (including legal fees) incurred by it in the context of the Programme, as agreed either in the initial agreement(s) for the issue of and subscription for the Covered Bonds or in a separate fee letter. The Guarantor shall also pay to the Representative of the Bondholders an on-going annual fee and pay and reimburse any costs and expenses (including legal fees) incurred and documented by it in the context of the Programme in accordance with the relevant Priority of Payments.

27. RESIGNATION OF THE REPRESENTATIVE OF THE BONDHOLDERS

The Representative of the Bondholders may resign at any time by giving at least three calendar months' written notice to the Issuer, without needing to provide any specific reason for the resignation and without being responsible for any costs incurred as a result of such resignation. The resignation of the Representative of the Bondholders shall not become effective until a new Representative of the Bondholders has been appointed in accordance with Article 26.1 (*Appointment*) and such new Representative of the Bondholders has accepted its appointment **provided that** if Bondholders fail to select a new Representative of the Bondholders within three months of written notice of resignation delivered by the Representative of the Bondholders, the Representative of the Bondholders may appoint a successor which is a qualifying entity pursuant to Article 26.2 (*Identity of the Representative of the Bondholders*).

28. DUTIES AND POWERS OF THE REPRESENTATIVE OF THE BONDHOLDERS

28.1 Representative of the Bondholders is representative

The Representative of the Bondholders is the representative of the Organisation of the Bondholders and has the power to exercise the rights conferred on it by the Programme Documents in order to protect the interests of the Bondholders.

28.2 Meetings and Resolutions

Unless any Resolution provides to the contrary, the Representative of the Bondholders is responsible for implementing all Resolutions of the Bondholders. The Representative of the Bondholders has the right to convene and attend Meetings (together with its adviser) to propose any course of action which it considers from time to time necessary or desirable.

28.3 Delegation

The Representative of the Bondholders may, in the exercise of the powers, discretions and authorities vested in it by these Rules and the Programme Documents:

28.3.1 act by responsible officers or a responsible officer for the time being of the Representative of the Bondholders;

28.3.2 whenever it considers it expedient and in the interest of the Bondholders, whether by power of attorney or otherwise, delegate to any person or persons or fluctuating body of persons some, but not all, of the powers, discretions or authorities vested in it as aforesaid.

Any such delegation pursuant to Article 28.3.1 may be made upon such conditions and subject to such regulations (including power to sub-delegate) as the Representative of the Bondholders may think fit in the interest of the Bondholders. The Representative of the Bondholders shall not be bound to supervise the acts or proceedings of such delegate or sub-delegate and shall not in any way or to any extent be responsible for any loss incurred by reason of any misconduct, omission or default on the part of such delegate or sub-delegate, **provided that** the Representative of the Bondholders shall use all reasonable care in the appointment of any such delegate and shall be responsible for the instructions given by it to such delegate. The Representative of the Bondholders shall, as soon as reasonably practicable, give notice to the Issuer and the Guarantor of the appointment of any delegate and any renewal, extension and termination of such appointment, and shall procure that any delegate shall give notice to the Issuer and the Guarantor of the appointment of any sub-delegate as soon as reasonably practicable.

28.4 Judicial Proceedings

The Representative of the Bondholders is authorised to initiate and to represent the Organisation of the Bondholders in any judicial proceedings including any Insolvency Event in respect of the Issuer and/or the Guarantor.

28.5 Consents given by Representative of Bondholders

Any consent or approval given by the Representative of the Bondholders under these Rules and any other Programme Document may be given on such terms and subject to such conditions (if any) as the Representative of the Bondholders deems appropriate and, notwithstanding anything to the contrary contained in these Rules or in the Programme Documents, such consent or approval may be given retrospectively.

28.6 Discretions

Save as expressly otherwise provided herein, the Representative of the Bondholders shall have absolute discretion as to the exercise or non-exercise of any right, power and discretion vested in the Representative of the Bondholders by these Rules or by operation of law.

28.7 Obtaining instructions

In connection with matters in respect of which the Representative of the Bondholders is entitled to exercise its discretion hereunder, the Representative of the Bondholders has the right (but not the obligation) to convene a Meeting or Meetings in order to obtain the Bondholders' instructions as to how it should act. Prior to undertaking any action, the Representative of the Bondholders shall be entitled to request that the Bondholders indemnify it and/or provide it with security as specified in Article 29.2 (*Specific limitations*).

28.8 Remedy

The Representative of the Bondholders may determine whether or not a default in the performance by the Issuer or the Guarantor of any obligation under the provisions of these Rules, the Covered Bonds or any other Programme Documents may be remedied, and if the Representative of the Bondholders certifies that any such default is, in its opinion, not capable of being remedied, such certificate shall be conclusive and binding upon the Issuer, the Bondholders, the other creditors of the Guarantor and any other party to the Programme Documents.

29. EXONERATION OF THE REPRESENTATIVE OF THE BONDHOLDERS

29.1 Limited obligations

The Representative of the Bondholders shall not assume any obligations or responsibilities in addition to those expressly provided herein and in the Programme Documents.

29.2 Specific limitations

Without limiting the generality of Article 29.1 (*Limited obligations*), the Representative of the Bondholders:

29.2.1 shall not be under any obligation to take any steps to ascertain whether an Event of Default, Segregation Event or any other event, condition or act, the occurrence of which would cause a right or remedy to become exercisable by the Representative of the Bondholders hereunder or under any other Programme Document, has occurred and, until the Representative of the Bondholders has actual knowledge or express notice to the contrary, it shall be entitled to assume that no Segregation Event, Event of Default or such other event, condition or act has occurred;

29.2.2 shall not be under any obligation to monitor or supervise the observance and performance by the Issuer or the Guarantor or any other parties of their obligations contained in these Rules, the Programme Documents or the Terms and Conditions and, until it shall have actual knowledge or express notice to the contrary, the Representative of the Bondholders shall be entitled to assume that the Issuer or the Guarantor and each other party to the Programme Documents are duly observing and performing all their respective obligations;

29.2.3 except as expressly required in these Rules or any Programme Document, shall not be under any obligation to give notice to any person of its activities in performance of the provisions of these Rules or any other Programme Document;

29.2.4 shall not be responsible for investigating the legality, validity, effectiveness, adequacy, suitability or genuineness of these Rules or of any Programme Document, or of any other document or any obligation or right created or purported to be created hereby or thereby or pursuant hereto or thereto, and (without prejudice to the generality of the foregoing) it shall not have any responsibility for or have any duty to make any investigation in respect of or in any way be liable whatsoever for:

(a) the nature, status, creditworthiness or solvency of the Issuer;

(b) the existence, accuracy or sufficiency of any legal or other opinion, search, report, certificate, valuation or investigation delivered or obtained or required to be delivered or obtained at any time in connection with the Programme;

(c) the suitability, adequacy or sufficiency of any collection procedure operated by the Servicer or compliance therewith;

(d) the failure by the Issuer to obtain or comply with any licence, consent or other authority in connection with the administration of the assets contained in the Cover Pool; and

(e) any accounts, books, records or files maintained by the Issuer, the Guarantor, the Servicer and the Paying Agent or any other person in respect of the Cover Pool or the Covered Bonds;

29.2.5 shall not be responsible for the receipt or application by the Issuer of the proceeds of the issue of the Covered Bonds or the distribution of any of such proceeds to the persons entitled thereto;

29.2.6 shall not be responsible for or for investigating any matter which is the subject of any recital, statement, warranty, representation or covenant by any party other than the Representative of the Bondholders contained herein or in any Programme Document or any certificate, document or agreement relating thereto or for the execution, legality, validity, effectiveness, enforceability or admissibility in evidence thereof;

29.2.7 shall not be liable for any failure, omission or defect in registering or filing or procuring registration or filing of or otherwise protecting or perfecting these Rules or any Programme Document;

29.2.8 shall not be bound or concerned to examine or enquire into or be liable for any defect or failure in the right or title of the Issuer in relation to the assets contained in the Cover Pool or any part thereof, whether such defect or failure was known to the Representative of the Bondholders or might have been discovered upon examination or enquiry or whether capable of being remedied or not;

29.2.9 shall not be under any obligation to guarantee or procure the repayment of the assets contained in the Cover Pool or any part thereof;

29.2.10 shall not be responsible for reviewing or investigating any report relating to the Cover Pool or any part thereof provided by any person, with the exception of the Test Performance Report for the purposes of delivery of the notice;

29.2.11 shall not be responsible for or have any liability with respect to any loss or damage arising from the realisation of the Cover Pool or any part thereof;

29.2.12 shall not be responsible (except as expressly provided in the Terms and Conditions) for making or verifying any determination or calculation in respect of the Covered Bonds, the Cover Pool or any Programme Document;

29.2.13 shall not be under any obligation to insure the Cover Pool or any part thereof;

29.2.14 shall, when in these Rules or any Programme Document it is required in connection with the exercise of its powers, trusts, authorities or discretions to have regard to the interests of the Bondholders, have regard to the overall interests of the Bondholders of each Series or Tranche as a class of persons and shall not be obliged to have regard to any interests arising from circumstances particular to individual Bondholders whatever their number and, in particular but without limitation, shall not have regard to the consequences of such exercise for individual Bondholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or taxing authority;

29.2.15 shall not, if in connection with the exercise of its powers, trusts, authorities or discretions, it is of the opinion that the interest of the holders of the Covered Bonds of any one or more Series or Tranche would be materially prejudiced thereby, exercise such power, trust, authority or discretion without the approval of such Bondholders by Extraordinary Resolution or by a written resolution of such Bondholders of not less than 75 per cent. of the Principal Amount Outstanding of the Covered Bonds of the relevant Series or Tranche then outstanding;

29.2.16 shall, with respect to the powers, trusts, authorities and discretions vested in it by the Programme Documents, except where expressly provided therein, have regard to the interests of both the Bondholders and the other creditors of the Issuer or the Guarantor but if, in the opinion of the Representative of the Bondholders, there is a conflict between their interests the Representative of the Bondholders will have regard solely to the interest of the Bondholders

29.2.17 may refrain from taking any action or exercising any right, power, authority or discretion vested in it under these Rules or any Programme Document or any other agreement relating to the transactions herein or therein contemplated until it has been indemnified and/or secured to its satisfaction against any and all actions, proceedings,

claims and demands which might be brought or made against it and against all Liabilities suffered, incurred or sustained by it as a result. Nothing contained in these Rules or any of the other Programme Documents shall require the Representative of the Bondholders to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties or the exercise of any right, power, authority or discretion hereunder; and

29.2.18 shall not have any liability for any loss, liability, damages claim or expense directly or indirectly suffered or incurred by the Issuer, the Guarantor, any Bondholder, any Other Guarantor Creditor or any other person as a result of (a) the delivery by the Representative of the Bondholders of the certificate of incapability of remedy relating any material default of obligations pursuant to Condition 13.2 (Issuer Events of Default) and Condition 13.3 (Guarantor Events of Default) on the basis of an opinion formed by it in good faith; or (b) any determination, any act, matter or thing that will not be materially prejudicial to the interests of the Bondholders as a whole or the interests of the Bondholders of any Series or Tranche; and

29.2.19 shall have no responsibility for procuring or maintaining any rating or listing of the Notes (where applicable) by any credit or rating agency or any other person.

29.3 Illegality

No provision of the Rules shall require the Representative of the Bondholders to do anything which may be illegal or contrary to applicable law or regulations or to expend moneys or otherwise take risks in the performance of any of its duties, or in the exercise of any of its powers or discretion. The Representative of the Bondholders may refrain from taking any action which would or might, in its sole opinion, be contrary to any law of any jurisdiction or any regulation or directive of any agency of any state, or if it has reasonable grounds to believe that it will not be reimbursed for any funds it expends, or that it will not be indemnified against any loss or liability which it may incur as a consequence of such action. The Representative of the Bondholders may do anything which, in its sole opinion, is necessary to comply with any such law, regulation or directive as aforesaid.

30. RELIANCE ON INFORMATION

30.1 Advice

The Representative of the Bondholders may act on the advice of a certificate or opinion of, or any written information obtained from, any lawyer, accountant, banker, broker, credit or rating agency or other expert, whether obtained by the Issuer, the Guarantor, the Representative of the Bondholders or otherwise, and shall not be liable for any loss occasioned by so acting. Any such opinion, advice, certificate or information may be sent or obtained by letter, telegram, e-mail or PEC and the Representative of the Bondholders shall not be liable for acting on any opinion, advice, certificate or information purporting to be so conveyed although the same contains some error or is not authentic and, when in the opinion of the Representative of the Bondholders to

obtain such advice on any other basis is not viable notwithstanding any limitation or cap on Liability in respect thereof.

30.2 Certificates of Issuer

The Representative of the Bondholders may call for, and shall be at liberty to accept as sufficient evidence:

30.2.1 as to any fact or matter *prima facie* within the Issuer's knowledge, a certificate duly signed by an authorised representative of the Issuer on its behalf;

30.2.2 that such is the case, a certificate of an authorised representative of the Issuer on its behalf to the effect that any particular dealing, transaction, step or thing is expedient,

and the Representative of the Bondholders shall not be bound in any such case to call for further evidence or be responsible for any loss that may be incurred as a result of acting on such certificate unless any of its officers in charge of the administration of these Rules shall have actual knowledge or express notice of the untruthfulness of the matters contained in the certificate.

30.3 Resolution or direction of Bondholders

The Representative of the Bondholders shall not be responsible for acting upon any resolution purporting to be a Written Resolution or to have been passed at any Meeting in respect whereof minutes have been made and signed or a direction of the requisite percentage of Bondholders, even though it may subsequently be found that there was some defect in the constitution of the Meeting or the passing of the Written Resolution or the giving of such directions or that for any reason the resolution purporting to be a Written Resolution or to have been passed at any Meeting or the giving of the direction was not valid or binding upon the Bondholders.

30.4 Certificates of Euronext Securities Milan Account Holders

The Representative of the Bondholders, in order to ascertain ownership of the Covered Bonds, may fully rely on the certificates issued by any Euronext Securities Milan Account Holder in accordance with the regulation issued jointly by the Bank of Italy and CONSOB on 13 August 2018, as amended from time to time, which certificates are to be conclusive proof of the matters certified therein.

30.5 Clearing Systems

The Representative of the Bondholders shall be at liberty to call for and to rely on as sufficient evidence of the facts stated therein, a certificate, letter or confirmation certified as true and accurate and signed on behalf of such clearing system as the Representative of the Bondholders considers appropriate, or any form of record made by any clearing system, to the effect that at any particular time or throughout any particular period any particular person is, or was, or will be, shown its records as entitled to a particular number of Covered Bonds.

30.6 Certificates of Parties to Programme Document

The Representative of the Bondholders shall have the right to call for or require the Issuer or the Guarantor to call for and to rely on written certificates issued by any party (other than the Issuer or the Guarantor) to the Intercreditor Agreement or any other Programme Document,

30.6.1 in respect of every matter and circumstance for which a certificate is expressly provided for under the Terms and Conditions or any Programme Document;

30.6.2 as any matter or fact *prima facie* within the knowledge of such party; or

30.6.3 as to such party's opinion with respect to any issue

and the Representative of the Bondholders shall not be required to seek additional evidence in respect of the relevant fact, matter or circumstances and shall not be held responsible for any Liability incurred as a result of having failed to do so unless any of its officers has actual knowledge or express notice of the untruthfulness of the matter contained in the certificate.

30.7 Auditors

The Representative of the Bondholders shall not be responsible for reviewing or investigating any Auditors' report or certificate and may rely on the contents of any such report or certificate.

30.8 Rating agencies

The Representative of the Bondholders shall be entitled to assume, for the purposes of exercising any power, trust, authority, duty or discretion under or in relation to these Rules and the Programme Documents, that such exercise will not be materially prejudicial to the interests of the Bondholders if, along with other factors, it has accessed the view of, and, in any case, with prior written notice to, DBRS, and as ground to believe that the then current rating of the Covered Bonds would not be adversely affected by such exercise. If the Representative of the Noteholders, in order properly to exercise its rights or fulfil its obligations, deems it necessary to obtain the views or rating confirmation of DBRS as to how a specific act would affect any outstanding rating of the Covered Bonds, the Representative of the Bondholders shall inform the Issuer, which will have to obtain the valuation at its expense on behalf of the Representative of the Bondholders unless the Representative of the Noteholders wishes to seek and obtain such valuation itself at the cost of the Issuer.

31. AMENDMENTS AND MODIFICATIONS

31.1 Modifications

The Representative of the Bondholders may at any time and from time to time and without the consent or sanction of the Bondholders of any Series or Tranche concur with the Issuer and/or the Guarantor and any other relevant parties in making any modification (and for this purpose the Representative of the Bondholders may disregard whether any such modification relates to a Series or Tranche reserved matter) as follows:

31.1.1 to these Rules, the Terms and Conditions and/or the other Programme Documents which, in the opinion of the Representative of the Bondholders, it may be expedient to

make provided that the Representative of the Bondholders is of the opinion that such modification will not be materially prejudicial to the interests of any of the Bondholders of any Series or Tranche and the fact that the execution of the relevant amendment or modification would not adversely affect the then current ratings of the Covered Bonds of any Series or Tranche shall be conclusive evidence that the requested amendment or modification is not materially prejudicial to the interests of the Holders of the Most Senior Class of Notes; and

31.1.2 to these Rules, the Terms and Conditions and/or the other Programme Documents which is of a formal, minor, administrative or technical nature or to comply with mandatory provisions of law, including Law 130 and the Prudential Regulations, as amended and supplemented from time to time, and the relevant implementation;

31.1.3 to these Rules, the Terms and Conditions and/or the other Programme Documents which, in the opinion of the Representative of the Bondholders, is to correct a manifest error or an error established as such to the satisfaction of the Representative of the Bondholders; and

31.1.4 to the Rules, the Terms and Conditions and/or the other Programme Documents which may reasonably deemed necessary in order to ensure that the Programme, the Covered Bonds, the Terms and Conditions and the Programme Documents comply and will continue to comply with the provisions referred to under article 7-*viciesbis* of Law 130 and the relevant implementing regulation in order to use the "European Covered Bond (Premium)" label.

31.2 Binding Nature

Any such modification may be made on such terms and subject to such conditions (if any) as the Representative of the Bondholders may determine, shall be binding upon the Bondholders and, unless the Representative of the Bondholders otherwise agrees, shall be notified by the Issuer or the Guarantor (as the case may be) to the Bondholders in accordance with Condition 19 (*Notices*) as soon as practicable thereafter.

31.3 Establishing an error

In establishing whether an error is established as such, the Representative of the Bondholders may have regard to any evidence on which the Representative of the Bondholders considers it appropriate to rely.

31.4 Obligation to act

The Representative of the Bondholders shall be bound to concur with the Issuer and the Guarantor and any other party in making any modifications to these Rules, the Terms and Conditions and/or the other Programme Documents if it is so directed by an Extraordinary Resolution and then only if it is indemnified and/or secured to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing.

32. WAIVER

32.1 Waiver of Breach

The Representative of the Bondholders may at any time and from time to time without the consent or sanction of the Bondholders of any Series or Tranche and, without prejudice to its rights in respect of any subsequent breach, condition or event but only if, and in so far as, in its opinion the interests of the Holders of the Covered Bonds of any Series or Tranche then outstanding shall not be materially prejudiced thereby:

32.1.1 authorise or waive any proposed breach or breach by the Issuer or the Guarantor of any of the covenants or provisions contained in the Guarantee, these Rules, the Terms and Conditions or the other Programme Documents; or

32.1.2 determine that any Event of Default shall not be treated as such for the purposes of the Programme Documents,

without any consent or sanction of the Bondholders.

32.2 Binding Nature

Any such authorisation or waiver or determination may be given on such terms and subject to such conditions (if any) as the Representative of the Bondholders may determine, shall be binding on all Bondholders and, if the Representative of the Bondholders so requires, shall be notified to the Bondholders and the Other Guarantor Creditors by the Issuer or the Guarantor, as soon as practicable after it has been given or made in accordance with the provisions of the conditions relating to Notices and the relevant Programme Documents.

32.3 Restriction on powers

The Representative of the Bondholders shall not exercise any powers conferred upon it by this Article 32 (*Waiver*) in contravention of any express direction by an Extraordinary Resolution, but so that no such direction shall affect any authorisation, waiver or determination previously given or made.

32.4 Obligation to act

The Representative of the Bondholders shall be bound to waive or authorise any breach or proposed breach by the Issuer or the Guarantor of any of the covenants or provisions contained in by Guarantee, these Rules or any of the other Programme Documents or determine that any Event of Default shall not be treated as such if it is so directed by a Programme Resolution and then only if it is indemnified and/or secured to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing.

33. INDEMNITY

Pursuant to the Programme Agreement, all documented costs, expenses, liabilities and claims incurred by or made against the Representative of the Bondholders (or by any persons appointed by it to whom any power, authority or discretion may be delegated by it) in relation to the

preparation and execution of the Programme Documents, the exercise or purported exercise of, the Representative of the Bondholder's powers, authorities and discretions and performance of its duties under and in any other manner in relation to the Programme Documents (including, but not limited to, legal and travelling expenses and any stamp, issue, registration, documentary and other taxes or duties paid by or due from the Representative of the Bondholders in connection with any action and/or legal proceedings brought or contemplated by the Representative of the Bondholders pursuant to the Programme Documents, against the Issuer or the Guarantor for enforcing any obligations under the Covered Bonds or the Programme Documents), except insofar as the same are incurred as a result of fraud (*frode*), gross negligence (*colpa grave*) or wilful default (*dolo*) of the Representative of the Bondholders, shall be reimbursed, paid or discharged (on full indemnity basis), on demand, to the extent not already reimbursed, paid or discharged by the Bondholders, by the Guarantor and the Issuer on the Guarantor Payment Date immediately succeeding the date of request from funds available thereof in accordance with the relevant Priority of Payments.

34. LIABILITY

Notwithstanding any other provision of these Rules and save as otherwise provided in the Programme Documents, the Representative of the Bondholders shall not be liable for any act, matter or thing done or omitted in any way in connection with the Programme Documents, the Covered Bonds or these Rules except in relation to its own fraud (*frode*), gross negligence (*colpa grave*) or wilful default (*dolo*).

TITLE IV

THE ORGANISATION OF THE BONDHOLDERS AFTER SERVICE OF A NOTICE

35. POWERS TO ACT ON BEHALF OF THE GUARANTOR

It is hereby acknowledged that, upon service of a Guarantor Default Notice or, prior to the service of a Guarantor Default Notice, following the failure of the Guarantor to exercise any right to which it is entitled, pursuant to the Mandate Agreement the Representative of the Bondholders, in its capacity as representative of the Bondholders, shall be entitled (also in the interests of the Other Guarantor Creditors) pursuant to articles 1411 and 1723 of the Italian civil code, to exercise certain rights in relation to the Cover Pool. Therefore, the Representative of the Bondholders, in its capacity as representative of the Bondholders, will be authorised, pursuant to the terms of the Mandate Agreement, to exercise, in the name and on behalf of the Guarantor and as *mandatario in rem propriam* of the Guarantor, any and all of the Guarantor's rights under certain Programme Documents, including the right to give directions and instructions to the relevant parties to the relevant Programme Documents.

TITLE V

GOVERNING LAW AND JURISDICTION

36. GOVERNING LAW

These Rules and any non-contractual obligations arising out of or in connection with it are governed by, and will be construed in accordance with, the laws of the Republic of Italy.

37. JURISDICTION

The Courts of Rome will have jurisdiction to hear and determine any suit, action or proceedings and to settle any disputes which may arise out of or in connection with the Rules and any non-contractual obligations arising out thereof or in connection therewith.

FORM OF FINAL TERMS

The form of Final Terms which, subject to any necessary amendments, will be completed for each Series or Tranche of Covered Bonds issued under the Programme is set out below. Text in this section appearing in italics does not form part of the Final Terms but denotes directions for completing the Final Terms.

PRIIPs / IMPORTANT – EEA RETAIL INVESTORS – The Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended or superseded, the "**PRIIPs Regulation**") for offering or selling the Covered Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PRIIPs / IMPORTANT – UK RETAIL INVESTORS – The Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended by the European Union (Withdrawal Agreement) Act 2020) ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Covered Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

[**MIFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Covered Bonds has led to the conclusion that: (i) the target market for the Covered Bonds is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, **MiFID II**)][MiFID II]; and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Covered Bonds (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in

respect of the Covered Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[**UK MIFIR product governance / target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Covered Bonds has led to the conclusion that: (i) the target market for the Covered Bonds is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (COBS), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**UK MiFIR**); and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Covered Bonds (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

Final Terms dated [•]

Banca Nazionale del Lavoro S.p.A.

Issue of [*Aggregate Nominal Amount of Tranche*] [*Description*] **Covered Bonds (*Obbligazioni Bancarie Garantite*) due** [*Maturity*] **(the "Covered Bonds")**

Guaranteed by
VELA OBG S.r.l.
under the €22,000,000,000 Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the "**Conditions**") set forth in the prospectus dated 18 April 2024, [and the supplement[s] to the prospectus dated [•] 2024] which [together] constitute[s] a prospectus] (the "**Prospectus**"). These Final Terms contain the final terms of the Covered Bonds and must be read in conjunction with the Conditions and the Prospectus [as so supplemented] in order to obtain all the relevant information. Full information on the Issuer, the Guarantor and the offer of the Covered Bonds (*Obbligazioni Bancarie Garantite*) described herein is only available on the basis of the combination of these Final Terms, the Conditions and the Prospectus [as so supplemented]. The Prospectus [including the supplement[s]] [is/are] available for viewing on the website of the Issuer at [•].

[*Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.*]

[*When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus.*]

1.	(i)	Issuer:	Banca Nazionale del Lavoro S.p.A.
	(ii)	Guarantor:	Vela OBG S.r.l.
	(iii)	Series Number:	[•]
	(iv)	Tranche Number:	[•] / [The Covered Bonds will be consolidated, form a single Series and be interchangeable for trading purposes with the [Series [•] Tranche [•] Covered Bonds due [•] issued on [•], ISIN Code [•]] on the Issue Date]/[Not Applicable]] (*If fungible with an existing Series, details of that Series, including the date on which the Covered Bonds become fungible*)
	(v)	Date on which the Covered Bonds will be consolidated and form a singles Series	[•] / [Not Applicable]
2.	**Specified Currency or Currencies**:		[•]
3.	**Aggregate Nominal Amount**:		
	(i)	Series:	[•]
	(ii)	Tranche:	[•]
4.	**Issue Price**:		[•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (*in the case of fungible issues only, if applicable*)]
5.	(i)	Specified Denominations:	[•] [plus integral multiples of [•] in addition to the said sum of [•]] (*Include the wording in square brackets where the Specified Denomination is €[100,000] or equivalent plus multiples of a lower principal amount.*)
	(ii)	Calculation Amount:	[•]
	(iv)	Issue Date:	[•]
	(v)	Interest Commencement Date:	[*Specify*/Issue Date/Not Applicable]
6.	**[Dematerialised Form/Registered Form/Other Form]**:		[•]
7.	**Maturity Date**:		[*Specify date or (for Floating Rate Covered Bonds) Interest Payment Date falling in or nearest to the relevant month and year.*] [*If the Maturity Date is less than one year from the*

		Issue Date and either (a) the issue proceeds are received by the Issuer in the United Kingdom, or (b) the activity of issuing the Covered Bonds is carried on from an establishment maintained by the Issuer in the United Kingdom, (i) the Covered Bonds must have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be sold only to "professional investors" or (ii) another applicable exemption from section 19 of the Financial Services and Markets Act 2000 must be available.]
8.	**Extended Maturity Date of Guaranteed Amounts corresponding to Final Redemption Amount under the Guarantee**:	[*Specify date or (for Floating Rate Covered Bonds) Interest Payment Date falling in or nearest to the relevant month and year*]
9.	**Interest Basis**:	[[•] per cent. Fixed Rate][[*Specify reference rate*] +/- [*CB Margin*] per cent. Floating Rate] [Zero Coupon] [Index-Linked or Other Variable-Linked Interest] [Other (*Specify*)] (*further particulars specified below*)
10.	**Redemption/Payment Basis:**	[Redemption at par] [Index Linked or Other Variable-Linked Redemption] [Dual Currency] [Partly Paid] [Instalment] [Other (*Specify*)]
11.	**Change of Interest or Redemption/Payment Basis**:	[•] / [Not Applicable] [Change of interest rate may be applicable in case an Extended Maturity Date is specified as applicable, as provided for in Condition 9.2]
12.	**Put Option /Call Option**:	[Not Applicable] [Investor Put] [Issuer Call]

		[(*further particulars specified below*)]
13.	**[Date [Board] approval for issuance of Covered Bonds [and Guarantee] [respectively]] obtained:**	[•] [and [•], respectively (*N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Covered Bonds or related Guarantee*)]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	**Fixed Rate Provisions**		[Applicable/Not Applicable]
	(i)	Rate(s) of Interest:	(*If not applicable, delete the remaining sub-paragraphs of this paragraph*) [•] per cent. per annum [payable [annually/semi annually/quarterly/monthly/other (*specify*)] in arrear] on each Interest Payment Date
	(ii)	Interest Payment Date(s):	[•] in each year [adjusted in accordance with [*specify Business Day Convention [Following Business Day Convention/ Modified Following Business Day Convention or Modified Business Day Convention/Preceding Business Day Convention/FRN Convention or Floating Rate Convention or Eurodollar Convention] [and any applicable Business Centre(s) for the definition of "Business Day"] / [not adjusted]*
	(iii)	Fixed Coupon Amount[(s)]:	[•] per Calculation Amount
	(iv)	Broken Amount[(s)]:	[•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•] / [Not Applicable]
	(v)	Day Count Fraction:	[Actual/Actual (ICMA)/ Actual/Actual (ISDA) / Actual/365 (Fixed) / Actual/360 / 30/360 / 30E/360 or Eurobond Basis / 30E/360 (ISDA)] [adjusted] /[not adjusted]]
	(vi)	[Determination Date(s)	[[●] in each year / Not Applicable]] (*Only relevant where Day Count Fraction is Actual/Actual (ICMA)*)
	(vii)	Other terms relating to the method of calculating interest for Fixed Rate Covered Bonds:	[Not Applicable/*give details*]
15.	**Floating Rate Provisions**		[Applicable/Not Applicable] [Applicable in respect

		of Extended Maturity Period] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i)	Interest Period(s):	[•][*adjusted*] / [*unadjusted*]
(ii)	Specified Period:	[•] (*Specified Period and Interest Payment Dates are alternatives. A Specified Period, rather than Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable"*)
(iii)	Interest Payment Dates:	[•] (*Specified Period and Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable"*)
(iv)	First Interest Payment Dates:	[•]
(v)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/FRN Convention/Other (*give details*)]
(vi)	Additional Business Centre(s):	[Not Applicable/*give details*]
(vii)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination/Other (*give details*)]
(viii)	Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Principal Paying Agent):	[[*Name*] shall be the relevant Calculation Agent]
(ix)	Screen Rate Determination:	
	• Reference Rate:	Reference Rate: [•] month [EURIBOR]
	• Reference Banks	[[•] / Not Applicable]
	• Interest Determination Dates:	[•]
	• Relevant Screen Page:	[*For example, Reuters EURIBOR 01*]
	• Relevant Time:	[*For example, 11.00 a.m. Italian time*]

	• Relevant Financial Centre	[*For example, Euro -zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro*]
(x)	ISDA Determination:	
	• ISDA Definitions	[2006 ISDA Definitions] / [2021 ISDA Definitions]
	• Floating Rate Option:	*(Ensure this is a Floating Rate Option included in the Floating Rate Matrix (as defined in the 2021 ISDA Definitions))*
	• Designated Maturity:	[•]/[Not Applicable] *(A Designated Maturity period is not relevant where the relevant Floating Rate Option is a riskfree rate)*
	• Reset Date:	[•][*the first day of the Interest Period*]
(xi)	CB Margin(s):	[+/-][•] per cent. per annum
(xii)	Minimum Rate of Interest:	[•] per cent. per annum
(xiii)	Maximum Rate of Interest:	[•] per cent. per annum
(xiv)	Day Count Fraction:	[Actual/Actual (ICMA)/ Actual/Actual (ISDA)/ Actual/365 (Fixed)/ Actual/360/ 30/360/ 30E/360/ Eurobond Basis/ 30E/360 (ISDA)] [adjusted] /[not adjusted]
16.	**Zero Coupon Provisions**:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i)	[Amortisation/Accrual Yield]:	[•] per cent. per annum
(ii)	Reference Price:	[•]
(iii)	Any other formula/basis of determining amount payable:	[*Consider whether it is necessary to specify a Day Count Fraction for the purposes of Condition* 10.7 *(Early redemption of Zero Coupon Covered Bonds)*]
17.	**Index-Linked or Other Variable-Linked Interest Provisions**:	[Applicable/Not Applicable*] (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(i)	Index/Formula/other variable:	*[Give or annex details]*
(ii)	Party responsible for calculating	[•]

	the Rate(s) of Interest and/or Interest Amount(s) due (if not the Principal Paying Agent):	
(iii)	Provisions for determining Interest Amount where calculated by reference to Index and/or Formula and/or other variable:	[•]
(iv)	Interest Determination Date(s):	[•]
(v)	Provisions for determining Interest Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:	[•]
(vi)	Interest or calculation period(s):	[•]
(vii)	Specified Period:	[•]
(viii)	Interest Payment Dates:	[•] *(Specified Period and Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable ")*
(ix)	Business Day Convention:	[Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ Other (*give details*)]
(x)	Additional Business Centre(s)	[•]
(xi)	Minimum Rate/Amount of Interest:	[•] per cent. per annum
(xii)	Maximum Rate/Amount of Interest:	[•] per cent. per annum
(xiii)	Day Count Fraction	[•]
18.	**Dual Currency Provisions**	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-*

paragraphs of this paragraph)

(i)	Rate of Exchange/method of calculating Rate of Exchange:	[*give details*]
(ii)	Party, if any, responsible for calculating the principal and/or Interest Amount due (if not the Principal Paying Agent):	[•]
(iii)	Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[•]
(iv)	Person at whose option Specified Currency(ies) is/are payable:	[•]

PROVISIONS RELATING TO REDEMPTION

19.	**Call Option**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(i)	Optional Redemption Date(s):	[•]
(ii)	Optional Redemption Amount(s) of Covered Bonds and method, if any, of calculation of such amount(s):	[•] per Calculation Amount
(iii)	If redeemable in part:	
	(a) Minimum Redemption Amount:	[[•] per Calculation Amount / Not Applicable]
	(b) Maximum Redemption Amount:	[[•] per Calculation Amount / Not Applicable]
(iii)	Notice Period:	[•]
20.	**Put Option**	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(i)	Optional Redemption Date(s):	[•]
(ii)	Optional Redemption Amount(s) of each Covered Bonds and method, if any, of calculation of	[•] per Calculation Amount

		such amount(s):	
	(iii)	Notice Period:	[•]
21.	**Final Redemption Amount of Covered Bonds**		[•] per Calculation Amount
	In cases where the Final Redemption Amount is Index-Linked or other variable-linked:		
	(i)	Index/Formula/variable	*[give or annex details]*
	(ii)	Party responsible for calculating the Final Redemption Amount (if not the Principal Paying Agent):	[•]
	(iii)	Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable:	[•]
	(iv)	Date for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable:	[•]
	(v)	Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:	[•]
	(vi)	Interest Payment Date:	[•]
	(vii)	Minimum Final Redemption Amount:	[•]
	(viii)	Maximum Final Redemption Amount:	[•]
22.	**Early Redemption Amount**		
	Early redemption amount(s) per Calculation Amount payable on redemption for taxation reasons or on acceleration		*[Not Applicable (If both the Early Redemption Amount (Tax) and the Early Termination Amount are the principal amount of the Covered*

	following a Guarantor Event of Default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions):	*Bonds)/specify the Early Redemption Amount (Tax) and/or the Early Termination Amount if different from the principal amount of the Covered Bonds]*

GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

23.	Additional Financial Centre(s) or other special provisions relating to payment dates:	[Not Applicable/*give details*] [*Note that this paragraph relates to the date and place of payment, and not interest period and dates, to which such paragraphs 17(ii), 18(vi) and 20(x) relate*]
24.	Details relating to Covered Bonds issued on a partly paid basis: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Covered Bonds and interest due on late payment:	[Not Applicable/*give details*]
25.	Details relating to Covered Bonds which are amortising and for which principal is repayable in instalments: amount of each instalment, date on which each payment is to be made:	[Not Applicable/*give details*]
26.	Redenomination provisions:	[Redenomination [not] applicable *(If Redenomination is applicable, specify the terms of the redenomination in an annex to the Final Terms)*]
27.	Other final terms:	[Not Applicable/*give details*]

RESPONSIBILITY

The Issuer and the Guarantor accept responsibility for the information contained in these Final Terms.

THIRD PARTY INFORMATION

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

Signed on behalf of Banca Nazionale del Lavoro S.p.A.

By: .....

Duly authorised

Signed on behalf of Vela OBG S.r.l.

By: .....

Duly authorised

PART B – OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING**

(i)	Listing	[(*specify listing*) / None]
(ii)	Admission to trading	[Application [is expected to be/has been] made by the Issuer (or on its behalf) for the Covered Bonds (*Obbligazioni Bancarie Garantite*) to be admitted to trading on [*EuroTLX*][*specify market*] with effect from [*the later of the Issue Date and the admission to trading from EuroTLX*]/[•].] [Not Applicable.] *(Where documenting a fungible issue, need to indicate that original Covered Bonds are already admitted to trading.)*
(iii)	Estimate of total expenses related to admission to trading	[•]
(iv)	Specialist / Market maker	[•]

2. **RATING**

Ratings:	The Covered Bonds *(Obbligazioni Bancarie Garantite)* to be issued [[have been rated]/[are expected to be]] rated: [DBRS: [•]] [[Other]: [•]] (*The above disclosure should reflect the rating allocated to Covered Bonds of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.*) *(Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.)* [DBRS] / [Others] *are established in the EEA and are* registered under Regulation (EU) No 1060/2009, as amended (the "**EU CRA Regulation**"). [DBRS] / [Others] appears on the latest update of the list of registered credit rating agencies on the ESMA website http://www.esma.europa.eu/page/List-

registeredand-certified-CRAs.

[The rating [•] has given to the Covered Bonds is endorsed by [•], which is established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (as amended by the European Union (Withdrawal Agreement) Act 2020 (the "**UK CRA Regulation**").]

[[•] has been certified under Regulation (EU) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (as amended by the European Union (Withdrawal Agreement) Act 2020 (the "**UK CRA Regulation** ").] / [[•] has not been certified under Regulation (EU) No 1060/2009, as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**") and the rating it has given to the Covered Bonds is not endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation.]

[Not applicable *(if not rated)*]

3. **USE OF PROCEEDS**

(i)	Use of proceeds	General funding purposes of BNL. (See "*Use of Proceeds*" wording in Prospectus)
(ii)	Estimated net amount of the proceeds	[•] / [Not Applicable]

4. **[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]**

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

5. **[Fixed Rate Covered Bonds only – YIELD**

Indication of yield: [•] / [Not Applicable]

6. **[Floating *Rate Covered Bonds only* – HISTORIC INTEREST RATES**

Details of historic [*EURIBOR* / *specify other Reference Rate*] rates can be obtained from [Reuters]/[•]/[Not Applicable]

7. ***Index-Linked or Other Variable-Linked Covered Bonds only* – PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING**

[*(Need to include:*

(i) *details of the exercise price or the final reference price of the underlying;*

(ii) *details of where past and future performance and volatility of the index/formula/other variable can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident;*

(iii) *description of any market disruption or settlement disruption events that affect the underlying;*

(iv) *adjustment rules in relation to events concerning the underlying;*

(v) *where the underlying is a security, the name of the issuer of the security and its ISIN or other such security identification code;*

(vi) *where the underlying is an index, the name of the index and a description if composed by the Issuer and, if the index is not composed by the Issuer, details of where the information about the index can be obtained;*

(vii) *where the underlying is not an index, equivalent information;*

(viii) *where the underlying is an interest rate, a description of the interest rate; and*

(ix) *where the underlying is a basket of underlyings, disclosure of the relevant weightings of each underlying in the basket.*

The Issuer [intends to provide post-issuance information [*specify what information will be reported and where it can be obtained*]] [does not intend to provide post-issuance information, except if required by any applicable laws and regulations].]] / [Not Applicable]

8. ***Dual Currency Interest Covered Bonds only* – PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT**

[*(Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained)*] / [Not Applicable]

9. **EUROPEAN COVERED BOND (PREMIUM) LABEL**

European Covered Bond (Premium) Label in accordance with Article 129 of the CRR:	[Applicable]/[Not Applicable]

10. **OPERATIONAL INFORMATION**

ISIN Code:	[•]
[Common Code:]	[*Specify code* / Not Applicable]
CFI:	[•], [as published on the website of the Association of National Numbering Agencies ("**ANNA**") or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN] / [*Not Applicable*]
FISN:	[•], [as published on the website of the Association of National Numbering Agencies ("**ANNA**") or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN] / [*Not Applicable*]
Any Relevant Clearing System(s) [other than Euronext Securities Milan] and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
Delivery:	Delivery [against/free of] payment
Names and Specified Offices of additional Paying Agent(s) (if any)	[[•] / Not Applicable]
Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes]/[No]/[Not Applicable] [*Note that the designation "yes" simply means that the Covered Bonds are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Covered Bonds will be recognized as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.*]
Deemed delivery of clearing system notices for the purposes of Condition 19 (*Notices*):	[Any notice delivered to Bondholders through the clearing systems will be deemed to have been given on the [second] [business] day after the day

	on which it was given to [Euroclear]/[Clearstream]/[Euronext Securities Milan].]/[Not Applicable]
Any Relevant Clearing System(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* and the relevant identification number(s):	[Not Applicable/give name(s), address(es) and number(s)

11. **DISTRIBUTION**

Method of distribution:	[Syndicated/Non-syndicated]
If syndicated, names of Managers:	[Not Applicable/give names and business address]
Stabilising Manager(s) (if any):	[Not Applicable/give names and business address]
If non-syndicated, name of Arranger:	[Not Applicable/give names and business address]
U.S. Selling Restrictions:	[Not Applicable/ Compliant with Regulation S under the U.S. Securities Act of 1993]
Prohibition of Sales to EEA Retail Investors:	Applicable
Prohibition of Sales to UK Retail Investors:	Applicable

USE OF PROCEEDS

The net proceeds of the sale of each Tranche of Covered Bonds will be used by the Issuer, as indicated in the applicable Final Terms relating to the relevant Tranche of Covered Bonds, for general funding purposes of BNL.

BANCA NAZIONALE DEL LAVORO S.P.A.

1. INFORMATION ABOUT THE ISSUER

1.1 History and development of the Issuer

The Issuer, an Italian banking corporation was founded as "*BNL Progetto SpA*" on February 1, 2007, and it was named "*Banca Nazionale del Lavoro SpA*" after the transfer of a line of business "commercial bank", with effect from October 1, 2007, from "*Banca Nazionale del Lavoro SpA*".

The latter, founded in 1913 as "*Istituto di Credito per la Cooperazione*", with the main mission consisting in financing Italian cooperative companies, was renamed as "*Banca nazionale del Lavoro*" on March 18, 1929, and, on July 25, 1992, it became a stock corporation, pursuant to the resolution of the Shareholders' meeting as of 30 April 1992. On October 1, 2007, following the aforementioned transfer of the line of business, BNL entered the large International group BNP Paribas.

The statutory capital of the Issuer, subscribed in full and wholly paid up, is equal to Euro 2,076,940,000, with no. 2,076,940,000 ordinary shares with a nominal amount of Euro 1 each, which are held as a whole by BNP Paribas.

1.2 Legal and commercial name of the Issuer

The Issuer's name is "*Banca Nazionale del Lavoro SpA*" and, in its corresponding contracted form, "BNL SpA" (as referred to in art. 1 of the Articles of Incorporation). The commercial name is "BNL".

1.3 Place of registration and registration number of the Issuer

BNL SpA is registered with the Register of Enterprises in Rome and has been assigned registration no. 09339391006. This registration number corresponds to the VAT number and to the taxpayer's number.

BNL SpA is registered with the Register of Banks at Banca d'Italia, with registration no. 5676 and is the holding company of the Banca Nazionale del Lavoro Group (Register of banking Groups at Banca d'Italia – registration no. 1005).

1.4 Date of incorporation and duration of the Issuer

The Issuer was established as "*BNL Progetto S.p.A.*" with deed by the Notary Liguori in Rome, on February 1, 2007, and the company name has been changed to "*Banca Nazionale del Lavoro S.p.A.*" on October 1, 2007.

Pursuant to art. 3 of the Articles of Incorporation, the duration of the Issuer is set out until December 31, 2050.

1.5 Domicile and legal form of the Issuer, legislation under which the Issuer operates, country of incorporation, and address and telephone number of its principal place of business

The Banca Nazionale del Lavoro is a stock corporation (*società per azioni*) established under the laws of the Republic of Italy.

BNL SpA has its registered office and General Administrative Office in Rome, Viale Altiero Spinelli 30, telephone number 06 47021.

The company is subject to the management and coordination performed by the only shareholder BNP Paribas, pursuant to Article 2497 of the Italian Civil Code.

1.6 Any recent events relating to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency

As at the date of this Prospectus, there has not been any recent event relevant to the evaluation of the Issuer's solvency.

2. BUSINESS OVERVIEW

2.1 Principal activities

2.1.1 Overview

BNL is a Banking Group, according to art. 60 and the following, of the Testo Unico Bancario (TUB). The Supervisory authority has authorized BNL to perform the activities listed in art. 1, clause 2, letter f) of the TUB and to provide all the investment and ancillary services and activities listed in art. 1, clauses 5 and 6 of the Testo Unico della Finanza (TUF), as well as to invest in non-financial companies.

Accordingly, it offers a complete range of banking and financial products and services. Its business is Italy-based, addressed to Italian customers in Italy and abroad and it is part of the BNP Paribas Commercial, Personal Banking & Services (CPBS) business line.

BNL organizational framework has been reviewed at the beginning of 2022, in order to implement a strategy and a business model increasingly aimed at responding to customers' changing needs and behaviors and to adapt the model itself to the future challenges and targets.

It encompasses, according to a "Competence Driven" approach:

It encompasses, according to a "Competence Driven" approach:

- Competence Areas, characterized by a uniform perimeter of macro-competences and objectives;
- Competence Units that incorporates high level of integration skills, it can be activated within an Area or "stand alone";
- Teams, representing the minimum size of managerial coordination, that can be activated in every organization's Area;
- Agile structures, self sustaining ecosystem, articulated in accordance with the Agile Way of Working principles and stand out in Tribe, Platform and Center of Expertise.

The new organization confirms the principles on the basis of Functions and Lines of Business.

The following Functions operate in relation to the relevant governance procedures:

- Compliance Area;
- Finance Area
- Real estate Area;
- IT Area;
- Legal Area ;
- Operation & Processes Area;
- Risks Area;
- People & Culture Area;
- Inspection Générale – Hub Italy.

Moreover, operate within Chief of People & Stakeholder Engagement perimeter, (in charge of the engagement activities towards all internal and external stakeholders) the Unit Communication & UX, ESG Strategy & External Relations, Advocacy Customer Journey & Claims.

Regarding the lines of business:

- A new structure – Rete Unica – under the direct responsibility of the Direttore Generale, in charge of a strongly integrated distribution network and model allowing a better territorial coverage, an agile and business focus' commercial approach at local level, a more efficient commercial steering at local and national level and, last but not least, increased synergies across markets and BNPP group's companies;
- The business areas, responsible for governing and developing customized, high-value commercial offers to a wide set of customers' segments:
    - Retail Banking (included in the scope of responsibility of the Rete Unica);
    - Private Banking & Wealth Management;
    - Corporate Banking;
- Special Credits Area, is responsible for managing the NPE of BNL BNP Paribas in order to define and execute the NPL strategy of the Bank;
- The Operations and Processes Area performs post-sale banking services and the general banking services, ensuring high levels of soundness in relation to the administrative-accounting aspect, quality of the services performed and monitoring the permanent control functions, focusing on breakdowns in procedures and on operational risk in relation to the areas of expertise. It is also responsible for the coordination of the operations' territorial network and for the development of synergies within the other Entities of the BNP Paribas Group;
- A range of central teams providing business activities with functional and expertise support to bolster the "core" commercial mission. This support is focused on clear governance, together with a robust risk management planning and monitoring, efficiency improvement targets, sound

accounting and compliance. Moreover, it has to ensure an effective communication plan, an active Corporate Social Responsibility (CSR) program and a consistent brand and identity development, within functional links with the BNP Paribas corresponding structures.

Some inter-functional committees complete the BNL business framework in order to encourage common awareness and participation in the definition of solutions on key management issues.

The BNL proposed business model strongly focuses, according to its pure commercial priorities, on satisfying customers' ever-changing and ever-developing needs and behaviors (using the "ecosystems" and "journeys" approaches, among others). This mission is delegated to the co-responsibility of both the Rete Unica and the business areas, with the functional and expertise support of central teams, accordingly to the Agile methodology approach:

- Rete Unica ensures the BNL's positioning as a single commercial entity on the territory through the governance of both the territorial / direct supply chain and remote service channels, servicing all the Bank's markets (Retail, Private Banking, SME - Corporate & PA) according to articulated and dedicated service models. For that purpose, it provides full planning and operating support as well as commercial animation, with a model of co-responsibility with the business areas, and secures the credit functions.
  To maximize the value of proximity and enhance synergies among business lines, the Rete Unica is organized in:
  - 5 Direzioni Territoriali – The Territorial Governance has a complete accountability and responsibility for running the business (distribution, production, specialization, quality, competitiveness);
  - A 6th Territory «Direct» operating for all Markets (Retail, Corporate and Private) and covering the whole National territory;
  - A Client Service Centre, allowing continuous assistance, commercial animation and support through digital, on-line and mobile banking solutions;
  - Two highly specialized Agents' Networks of Life Bankers specialized in financial advice and Financial Bankers specialized in financing.

3. ORGANISATIONAL STRUCTURE

3.1 Description of Issuer's Group, to which the Issuer belongs, and position of the Issuer

The BNL S.p.A. is the holding company of the BNL Group whose principal activities consist in, besides the traditional banking activity (carried out by BNL S.p.A. and Artigiancassa S.p.A.), dealing on own account and for third parties of Securities and currencies (performed by BNL S.p.A.) and providing salary and pension loans (by Financit S.p.A.).

Please find hereunder a list of the companies belonging to the BNL Group, as of 30th of September 2023:

- BNL S.p.A., the Group parent company, which encompasses the large majority of the Group's banking and financial activities. BNP Paribas SA owns 100% of BNL S.p.A shares;

- **Artigiancassa S.p.A.**, brokering a wide range of subsidies and BNL products and services to the artisan entrepreneurs;
- **Financit S.p.A.**, a consumer credit company in partnership with Poste Italiane S.p.A., specialized in providing salary and pension loans ("cessione del quinto");
- **BNL Leasing S.p.A.**, a specialized leasing company;
- **Sviluppo HQ Tiburtina S.r.l.**, granting real estate property and facility management services to BNL and other BNP Paribas Group entity in Italy.
- **Eutimm S.r.l.**, offering to BNL services and consulting in real estate auction procedures for credit recovery.

3.2 Issuer's position Within the Group

The BNL SpA is subject to the management and coordination by BNP Paribas, pursuant to Article 2497 of the Italian Civil Code.

4. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

4.1 Name, address and function of members of the Management Board and of the Supervisory Board the Issuer

4.1.1 Name, address and function of members of the Management Board of the Issuer

The Issuer has adopted the traditional model, set forth in article 2380, paragraph1 of the Civil Code.

The Management Board may be composed of a minimum of 5 members to a maximum of 16 members. The ordinary shareholders' meeting, held on May 26, 2021, appointed the Management Board, as for the fiscal year 2021-2023, that will be in charge until the meeting for the approval of the financial statements for the fiscal year 2023.

The members of the Management Board , in charge as of the date of this Prospectus and the list of the principal activities performed outside the Issuer, and deemed to be significant with respect to the Issuer's businesses, are set forth in the following table:

Name	Function within the Issuer	Principal activities carried out by them, not on behalf of the Issuer, and deemed to be significant with respect to the Issuer's businesses
CATTANI Claudia	Chairman	Chairman of Findomestic Chairman of the supervisory board of AS Roma S.R.L., AS Roma Real Estate S.R.L., Brand Management S.R.L., Soccer S.R.L., ASR Media and Sponsorship S.R.L., Neep Roma Holding S.R.L. Vice Chairman of Fondazione BNL

		Board and Comex member of ABI
GOITINI Elena Patrizia	CEO	*Vice chairman of Fondazione BNP Paribas* Board member of Fondazione Istituto Italiano di Tecnologia Council member of Assonime Board and Comex member of ABI Chairman of Consel -Consorzio Elis per la formazione professionale Superiore
ABRAVANEL Roger	Member of the Board of Directors	*Board Member of Caesar Stone LTD,* Phoenix Insurance Company LTD, Genenta Science SRL
CLAMON Jean Patrick	Member of the Board of Directors	*Board Member of BNPP BGL -Luxembourg*
GIROTTI Mario	Member of the Board of Directors	Chairman of Artigiancassa SPA Chairman of Ifitalia SPA
LABORDE Thierry Alain Pierre	Member of the Board of Directors	*COO of BNP Paribas SA* Board Member of Arval Service Lease, BNPP Leasing Solution, BNPP Lease Group, EPI-European Payments Initiative Chairman of BNPP Personal Finance
TENTORI Roberto Hugo Tito Pedro	Member of the Board of Directors	*Chairman of Grant Thornton Consultants SRL* Member of the board of auditors of Confindustria
CAIO Francesco	Member of the Board of Directors	Member of the advisory board of Politecnico di Milano Professor at Politecnico di Milano
MARTRENCHAR Yves	Member of the Board of Directors	*Board member of BMCI* *Chairman of BNPP Suisse* *Chairman of Associazione Foyer de Grenelle* *Board member of Fondazione AIRC per la ricercar sul cancro*
NOVATI Angelo	Member of the Board of Directors	*Vice chairman of Artigiancassa SPA*
RUBINI Marina	Member of the Board of Directors	*Regional General Counsel in ABB SPA*
MAGLIANO Giandomenico	Member of the Board of Directors	*Board member of Pizzarotti & C Costruzioni SPA, Istituto Centrale per la grafica* Member of the board of directors of Associazione

		Nazionale Cavalieri di Gran Croce
BARIATTI Stefania	Member of the Board of Directors	*Board Member of Mediaset, Infrastrutture Wireless Italiane SPA* Board Member of Mediaset Board member of ABI Professor at Università di Milano

The updates relating to the composition of the Board will be publicly available, from time to time, on the Issuer's website.

All members of the Management Board fulfil the expertise, integrity and independence requirements established by the current laws, regulations and statutory provisions.

All members of the Management Board, for the purposes of their role, are resident at the registered office of the Issuer.

4.1.2 Name, address and function of members of the Supervisory Board

The ordinary Shareholders' meeting, held on April 28, 2022, appointed the Supervisory Board, as for the fiscal years 2022-2024, that will be in charge until the Shareholders' meeting for the approval of the financial statements for the fiscal year 2024, which is composed of three Standing Auditors and one Alternate Auditor.

The members of the Supervisory Board, in charge as of the date of this Prospectus and the list of the principal activities performed outside the Issuer, and deemed to be significant with respect to the Issuer's businesses, are set forth in the following table:

Name	Function within the Issuer	Principal activities performed outside the Issuer, and deemed to be significant with respect to the Issuer's businesses
PARDI Marco	Chairman of the supervisory board	Standing auditor of Carmila Holding Italia SRL, Carmila Italia SRL, Ernesto Invernizzi SPA Member of Commissione Finanza of Consiglio Nazionale dei dottori Commercialisti e degli esperti contabili Alternate auditor of Hitrac Engineering Group SPA, CIR-Compagnie Industriali

		Riunite SPA, Servizio Italia SPA, Urban Vision SPA
PERRONE Andrea	Standing Auditor	Standing auditor of Artigiancassa SPA, Financit SPA, Servizio Italia SPA, A casa TUA SRL Chairman of the supervisory board of OSA-Coop Soc e di lavoro Operatori Sanitari Associati, Gruppo Free, Free Energia Professot at Università La Sapienza-Roma, Ordine dei dottori Commercialisti
CARRARESE Giorgia	Standing Auditor	Standing auditor of Ifitalia SPA, LVenture Group SPA, IPIN2e, UNICEF-Comitato Italiano, Groupama Fondo Pensione Dirigenti Chairman of the supervisory board Renovars RE
PIERI Luca	Alternate Auditor	Standing auditor of Sviluppo HQT, Fincontinuo Board member of L2F, Farmosa
Sandrolini Francesca	Alternate Auditor	Standing auditor of GVS, Marchesini Group, Società Investimenti di M. Marchesini, Proteo Engineering, SCHmucker, OMAC Chairman of the supervisory board of Ceuta

The updates relating to the composition of the Board will be publicly available, from time to time, on the Issuer's website.

All members of the Management Board fulfil the expertise, integrity and independence requirements established by the current laws, regulations and statutory provisions.

All members of the Management Board, for the purposes of their role, are resident at the registered office of the Issuer.

4.2 Administrative, management and supervisory bodies conflicts of interests

As at the date of this Prospectus, and to the Issuer's knowledge – including upon examination as required under article 36 of Law Decree No. 201 of 6 December 2011, as converted into Law No. 214 of 22 December 2011 – no members of the Management Board and members of the Supervisory Board listed at Paragraph 9.1. or the general management of the Issuer is subject to potential conflicts of interest between their obligations arising out of their office or employment with the Issuer or the BNL Group and any personal or other interests, except for those that may concern transactions put before the competent bodies of the Issuer and or/entities belonging to the BNL Group, such transactions having been undertaken in compliance with the relevant regulations in force. Also in the latter case, as at the date of this Prospectus there are no conflicts of interests.

The members of the administrative, management and control bodies of the Issuer are required to implement the following provisions governing circumstances in which there exists a specific interest concerning the implementation of a transaction:

- Article 53 (*Supervisory regulations*) of the Consolidated Banking Act and the relevant implementing regulations issued by the Bank of Italy, with particular reference to the supervisory regulations relating to transactions with related parties;
- Article 136 (*Duties of banking officers*) of the Consolidated Banking Act which requires the adoption of a particular authorisation procedure where an officer, directly or indirectly, assumes obligations towards the bank in which such officer has an administrative, management or control function;
- Article 2391 (*'Directors' interests*) of the Italian Civil Code; and
- Article 2391-bis (*Transactions with related parties*) of the Italian Civil Code and the relevant implementing regulations issued by the CONSOB.

The Issuer and its corporate bodies have adopted internal measures and procedures to guarantee compliance with the above-mentioned provisions.

5. MAJOR SHAREHOLDERS

5.1 Principal Shareholders

As at the date of this Prospectus, BNP Paribas holds 100% of the BNL capital.

5.2 Arrangements the operation of which may result in a change of control of the Issuer

As at the date of this Prospectus, the Issuer is not aware of any arrangements the operation of which may result in a change of control of the Issuer.

6. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

The Issuer's financial information is set out in the financial documents incorporated by reference in this Prospectus, in relation to the consolidated financial statements as of 31 December 2022 and 31

December 2021. These documents are publicly available (in Italian) at the Issuer's registered office in Rome, Viale Altiero Spinelli 30, and on the Issuer's website www.bnl.it.

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In the context of the Programme, Banca Nazionale del Lavoro S.p.A. will act as Issuer, Main Seller, Main Servicer, Main Subordinated Lender, Principal Paying Agent, Account Bank, Test Calculation Agent, Asset Swap Provider, Cash Manager and Quotaholder.

REGULATORY ASPECTS

Regulations and Supervision of the ECB, Bank of Italy, CONSOB and IVASS

The BNL Group is subject to complex regulations and, in particular, to the supervision of the Bank of Italy, CONSOB and, in relation to a number of aspects of the bancassurance business, the *Istituto per la Vigilanza sulle Assicurazioni* ("**IVASS**"). As from November 2014, the BNL Group is also subject to the supervision of the ECB, which is entrusted under the SSM (as defined below), *inter alia*, to ensure the homogeneous application of Eurozone legislative provisions.

In particular, the BNL Group is subject to both a primary and secondary legislation framework applicable to companies with financial instruments listed on regulated markets. The legislation is applicable in regard to banking and financial services (governing, *inter alia*, sale and placement activities of financial instruments and the marketing thereof), as well as for the regulatory regime of countries, including those other than the Republic of Italy, in which the BNL Group is active. The supervision activities carried out by the aforementioned authorities cover various business sectors and may concern, *inter alia*, liquidity, capital adequacy and financial leverage levels, the prevention and combating of money laundering, privacy protection, transparency and fairness in the relations with clients, and reporting and recording obligations.

For the purpose of operating in accordance with such legislations, the BNL Group put in place specific internal procedures and policies and has adopted, pursuant to Legislative Decree No. 231/2001, a complex and constantly monitored organisational model. Such procedures and policies aim at preventing corporate criminal liability, which may cause negative impacts on the business, reputation as well as on the capital, economic and/or financial condition of BNL and/or of the BNL Group.

In general, the international and national legislative structure to which the BNL Group is subject has the main purpose of safeguarding the stability and soundness of the banking system, through the adoption of a very complex regime, aimed at containing risk factors. To achieve these goals, the regime provides for, *inter alia*:

(A) a minimum capital holding, adequate to deal with the company's size and the associated risks;

(B) quantitative and qualitative limits on the ability to develop certain financial aggregate data, depending on the risks associated therewith (e.g. credit, liquidity);

(C) strict rules on the structure of controls and a compliance system; and

(D) rules on corporate governance.

Basel III and the CRD IV Package

In the wake of the global financial crisis that began in 2008, the Basel Committee on banking supervision ("**BCBS**") approved, in the fourth quarter of 2010, revised global regulatory standards ("**Basel III**") on bank capital adequacy and liquidity, which impose requirements for, *inter alia*, higher and better-quality capital, better risk coverage, measures to promote the buildup of capital that can be drawn down in periods of stress and the introduction of a leverage ratio as a backstop to the risk-based requirement as well as two global liquidity standards.

In January 2013 the BCBS revised its original proposal in respect of the liquidity requirements in light of concerns raised by the banking industry, providing for a gradual phasing-in of the LCR with a full implementation in 2019 as well as expanding the definition of high quality liquid assets to include lower quality corporate securities, equities and residential mortgage backed securities. Regarding the other liquidity requirement, the net stable funding ratio, the BCBS published the final rules in October 2014 which were to be effective from 1 January 2018. A binding detailed net stable funding ratio was proposed as part of the Capital Requirements Directive reforms released in November 2016.

The Basel III framework has been implemented in the European Union ("**EU**") through new banking requirements: Directive 2013/36/EU (the "**CRD IV**") of the European Parliament and the European Council on 26 June 2013 which relates to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, and Regulation (EU) No 575/2013 (the "**CRR**" and together with the CRD IV, the "**CRD IV Package**") of the European Parliament and the European Council on 26 June 2013 which relates to prudential requirements for credit institution and investment firms, subsequently updated with the Directive (EU) 2019/878 (the "**CRD V**") and Regulation (EU) 2019/876 (the "**CRR II**" and, together with the CRD V, the "**EU Banking Reform Package**").

National options and discretions under the CRD IV Package that were previously only exercised by national competent authorities, will now be exercised by the Single Supervisory Mechanism ("**SSM**") (as defined below) in a largely harmonised manner throughout the European banking union. In this respect, on 14 March 2016, the ECB adopted Regulation (EU) No. 2016/445 on the exercise of options and discretions. Depending on the manner in which these options/discretions were exercised by the national competent authorities and on the manner in which the SSM will exercise them in the future, additional/lower capital requirements may result.

In the Republic of Italy, the Government approved Legislative Decree No. 72 on 12 May 2015 ("**Decree 72/2015**") implementing the CRD IV. Decree 72/2015 entered into force on 27 June 2015. The new regulation impacts, *inter alia*, on:

(A) proposed acquirers of holdings in credit institutions, requirements for shareholders and members of the management body (articles 22, 23 and 91 of the CRD IV);

(B) competent authorities' powers to intervene in cases of crisis management (articles 102 and 104 of the CRD IV);

(C) reporting of potential or actual breaches of national provisions (known as whistleblowing, article 71 of the CRD IV); and

(D) administrative penalties and measures (article 65 of the CRD IV).

Moreover, the Bank of Italy published new supervisory regulations on banks in Circular No. 285 on 17 December 2013 ("**Circular No. 285**") which came into force on 1 January 2014, implementing the CRD IV Package, and setting out additional local prudential rules. Circular No. 285 has been constantly updated after its first issue, the last updates being the 37th update published on 24 November 2021. The CRD IV Package has also been supplemented in the Republic of Italy by technical standards and guidelines finalized by the European supervisory authorities, mainly EBA and the European Securities and Markets Authority, and delegated regulations of the European Commission and guidelines of the

EBA.

According to Article 92 of the CRR, institutions shall at all times satisfy the following own fund requirements: (i) a CET1 Capital ratio of 4.5 per cent. of the total risk exposure amount; (ii) a Tier 1 Capital ratio of 6 per cent. of the total risk exposure amount; and (iii) a Total Capital ratio of 8 per cent. of the total risk exposure amount. These minimum ratios are complemented by the following capital buffers to be met with CET1 Capital, reported below:

- *Capital conservation buffer*: set at 2.5 per cent. from 1 January 2019 (pursuant to article 129 of the CRD IV and Part I, Title II, Chapter I, Section II of Circular No. 285 as amended);
- *Counter-cyclical capital buffer*: calculated on a quarterly basis depending on the geographic distribution of the relevant credit exposures of the institution and on the decisions of each competent national authorities setting the specific rates applicable in the home Member State, other Member States or third countries (pursuant to article 130 of the CRD IV and Part I, Title II, Chapter I, Section III of Circular No. 285). The Bank of Italy has set, and decided to maintain, the countercyclical capital buffer rate (relating to exposures towards Italian counterparties) at 0 per cent. for the fourth quarter of 2023;
- *Capital buffers for global systemically important banks* ("**G-SIBs**"): represents an additional loss absorbency buffer ranging from 1.0 per cent. to 3.5 per cent. determined according to specific indicators (e.g. size, interconnectedness, complexity); to be phased in from 1 January 2016 (pursuant to article 131 of the CRD IV and Part I, Title II, Chapter I, Section IV of Circular No. 285) becoming fully effective on 1 January 2019. Based on the most recently updated list of global systemically important institutions ("**G-SIIs**") published by the FSB (as defined below) on 11 November 2020 (to be updated annually), the BNL Group is not a global systemically important bank ("**GSIB**") and does not need to comply with a G-SII capital buffer requirement; and
- *Capital buffers for other systemically important banks* ("**O-SIIs**"): up to 2.0 per cent. as set by the relevant competent authority (reviewed at least annually), to compensate for the higher risk that such banks represent to the domestic financial system (article 131 of the CRD IV and Part I, Title II, *Chapter* I, Section IV of Circular No. 285). On 24 November 2023 the Bank of Italy has identified the BNL Group as an O-SII authorised to operate in Italy for 2023 and the Group will have to maintain a capital buffer of 0.25 per cent. as of 1st January 2025 (with a transitory buffer of 0.125 per cent. as of 1st January 2024).

In addition to the above listed capital buffers, under Article 133 of the CRD IV, each Member State may introduce a systemic risk buffer (SyRB) in order to prevent and mitigate long-term non-cyclical systemic or macro prudential risks not otherwise covered by the CRD IV Package, in the sense of a risk of disruption in the financial system with the potential of having serious negative consequences on the financial system and the real economy in a specific Member State. Italian authorities have not introduced such a measure to date. However, on 28 April 2021, the Bank of Italy published a consultation document on "*Riserve di capitale e strumenti macroprudenziali basati sulle caratteristiche dei clienti e dei finanziamenti*" which focused on the introduction of a SyRB, as amended by CRD V, for banks and banking groups authorised in Italy, and of *borrower-based*

measures for new loans (not regulated by European regulation), tailored to the conditions of specific clients, industries or regions.

Failure by an institution to comply with the buffer requirements described above may trigger restrictions on distributions and the need for the bank to adopt a capital conservation plan and/or take remedial actions (articles 141 and 142 of the CRD IV).

In addition, BNL is subject to the Pillar II requirements for banks imposed under the CRD IV Package, which are potentially impacted, on an on-going basis, by further requirements provided by the supervisory authorities under the SREP. In particular, the SREP process is aimed at ensuring that institutions have in place adequate arrangements, strategies, processes and mechanisms to maintain the amounts, types and distribution of internal capital commensurate to their risk profile, as well as robust governance and internal control arrangements. The key purpose of the SREP process is to ensure that institutions have adequate arrangements as well as capital and liquidity to ensure sound management and coverage of the risks to which they are or might be exposed, including those revealed by stress testing, as well as risks the institution may pose to the financial system. For more information in this respect reference is made to paragraph "*The Single Supervisory Mechanism*" below.

The quantum of any Pillar II requirement imposed on a bank and the type of capital which a bank is required to apply in order to meet such capital requirements may all impact a bank's ability to comply with the combined buffer requirement.

With reference to the "stacking order" of own funds requirements, as clarified in the "Opinion of the European Banking Authority on the interaction of Pillar I, Pillar II and combined buffer requirements and restrictions on distributions" published on 16 December 2015, competent authorities should ensure that the Common Equity Tier 1 Capital to be taken into account in determining the Common Equity Tier 1 Capital available to meet the combined buffer requirement is limited to the amount not used to meet the Pillar I and Pillar II own funds requirements of the institution. In effect, this would mean that Pillar II capital requirements would be "stacked" below the capital buffers, and thus a firm's CET1 resources would only be applied to meet capital buffer requirements after Pillar I and Pillar II capital requirements have been met in full.

Furthermore, in its publication of the 2016 EU-wide stress test results on 29 July 2016, the EBA has standardized a distinction between "Pillar II requirements" (stacked below the capital buffers) and "Pillar II capital guidance" (stacked above the capital buffers). With regard to Pillar II capital guidance, the publication stated that, in response to the stress test results, competent authorities may (among other things) consider "setting capital guidance, above the combined buffer requirement". Competent authorities have remedial tools if an institution refuses to follow such guidance. The ECB published a set of "Frequently asked questions on the 2016 EU-wide stress test", confirming this distinction between Pillar II requirements and Pillar II capital guidance and noting that "Under the stacking order, banks facing losses will first fail to fulfil their Pillar II capital guidance. In case of further losses, they would next breach the combined buffers, then Pillar II requirements, and finally Pillar I requirements".

This distinction between "Pillar II requirements" and "Pillar II capital guidance" has been introduced in the EU by the CRD V. Whereas the former are mandatory requirements imposed by supervisors to address risks not covered or not sufficiently covered by Pillar I and buffer capital requirements, the

latter refers to the possibility for competent authorities to communicate to an institution their expectations for such institution to hold capital in excess of its capital requirements (Pillar I and Pillar II) and combined buffer requirements in order to cope with forward-looking and remote situations. Under the EU Banking Reform Package, and as described above, only Pillar II requirements, and not Pillar II capital guidance, will be relevant in determining whether an institution is meeting its combined buffer requirement.

Non-compliance with Pillar II capital guidance does not amount to failure to comply with capital requirements, but should be considered as a "pre-alarm warning" to be used in a bank's risk management process. If capital levels go below Pillar II capital guidance, the relevant supervisory authorities, which should be promptly informed in detail by the bank of the reasons of the failure to comply with the Pillar II capital guidance, will take into consideration appropriate and proportional measures on a case by case basis (including, by way of example, the possibility of implementing a plan aimed at restoring compliance with the capital requirements – including capital strengthening requirements).

The CRD IV Package also introduced a LCR. This is a stress liquidity measure based on modelled 30-day outflows. The LCR was implemented in 1 October 2015, although it was phased-in and became fully applicable from 1 January 2018 and set at 100 per cent.. The Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 supplementing the CRR in regard to the liquidity coverage requirement for credit institutions (the "**LCR Delegated Act**") was adopted in October 2014 and published in the Official Journal of the European Union in January 2015. On 10 October 2018, amendments to the LCR Delegated Act were published in the Official Journal (Commission Delegated Regulation (EU) 2018/1620 of 13 July 2018) and has applied as of April 2020. Most of these amendments are related to the entry into force of the new securitisation framework on 1 January 2019. The Net Stable Funding Ratio ("**NSFR**") is part of the Basel III framework and aims to promote resilience over a longer time horizon (1 year) by creating incentives for banks to fund their activities with more stable sources of funding on an on-going basis. The NSFR has been introduced as a requirement in the CRR II published in June 2019 and applies from June 2021.

Furthermore, BNL is bound to comply with the general limit on the investment in equity interests and real estate properties, to be contained within the amount of own funds at consolidated level, and the regulatory limits in the matter of holding of qualifying equity interests in non-financial enterprises and large exposures. BNL is also subject to the regulatory limits provided for by the national legislation in the matter of transactions with related parties as per the "New Prudential Supervision Provisions" for banks as well as the specific obligations set forth by the regulation issued by CONSOB.

With regard to the calculation modalities of regulatory requirements, in order to determine weightings in the context of the credit risk standardized approach, the first pillar prudential regime allows for the possibility to use the creditworthiness assessments issued by external credit assessment institutions ("**ECAI**"). BNL uses the assessments provided by certain ECAIs and, in particular, those issued by Standard & Poor's, Moody's, Fitch and DBRS. In addition, in relation to credit risk, the prudential regime further allows for the possibility to use internal rating-based assessments for the determination of weightings on exposures falling within the validated perimeters.

The EU Banking Reform Package

The EU Banking Reform Package amends many existing provisions set out in the CRD IV Package, the BRRD (as defined below) and the SRM Regulation (as defined below).

These proposals were agreed by the European Parliament, the European Council and the European Commission and were published in the Official Journal of the European Union on 7 June 2019 entering into force 20 days after, even though most of the provisions apply as of 28 June 2021, allowing for smooth implementation of the new provisions during these last two years.

Specifically, the new EU regulatory framework introduced by the CRR II includes:

- revisions to the standardised approach for counterparty credit risk;
- revisions to the prudential treatment of exposures in the form of units or shares in collective investment undertakings, envisaging the application of a risk weight of 1250% (fall-back approach) in the event that the bank is unable to apply the lookthrough approach or the mandate-based approach;
- introduction from September 2021 of a new reporting requirement on market risk according to Alternative Standardised Approach pending implementation in the EU of the latest changes to the Fundamental Review of the Trading Book ("FRTB") published in January 2019 by the BCBS and then the application of own funds requirements;
- a binding leverage ratio (and related improved disclosure requirements) introduced as a backstop to risk-weighted capital requirements and set at 3 per cent. of an institution's Tier 1 capital;
- a binding NSFR which requires credit institutions and systematic investment firms to finance their long-term activities (asset and off-balance sheet items) with stable sources of funding (liabilities) in order to increase banks resilience to funding constraints. This means that the amount of available stable funding will be calculated by multiplying an institution's liabilities and regulatory capital by appropriate factors that reflect their degree of reliability over a year. The NSFR will be expressed as a percentage and set at a minimum level of 100 per cent., indicating that an institution holds sufficient stable funding to meet its funding needs during a one-year period under both normal and stressed conditions. The NSFR applies at a level of 100 per cent. at individual and a consolidated level starting from 28 June 2021, unless competent authorities waive the application of the NSFR on an individual basis;
- changes to the large exposure limits;
- the exemption from deductions of prudently valued software assets from CET 1;
- improvement own funds calculation adjustments for exposures to SME and infrastructure projects;
- the CRD V reviews, among other things, the Pillar 2 regulatory framework for capital buffers, which officially introduces the distinction between Pillar 2 requirements and Pillar 2 capital guidance, also specifying the nature the equity instruments with which banks must satisfy the Pillar 2 requirement.

Most of the provisions of the CRR II apply from 28 June 2021, although certain provisions, such as those relating to definition or own funds, were implemented from 27 June 2019. The elements of the package introduced by the CRD V are subject to transposition into national law.

On 29 November 2021, the Legislative Decree No. 182, of 8 November 2021, implementing CRD V and CRR II was published in the Official Gazette. It delegates the Bank of Italy to adopt the secondary implementing provisions within 180 days of its entry into force. On 22 February 2022 Bank of Italy issued the 38th amendment to Circular No. 285 introducing the possibility for the Bank of Italy to impose a systematic risk buffer (SyRB), pursuant to Article 133 of the CRD V, consisting of CET1, with the aim of preventing and mitigating macro-prudential or systemic risks not otherwise covered by the macro-prudential tools provided by the CRR, the countercyclical capital buffer and the capital buffers for G-SIIs or O-SIIs.

The amendment adapts the rules concerning capital buffers and capital conservation measures with CRD V and implement the EBA's guidance on the appropriate subsets of sectoral exposures for the application of the SyRB in accordance with Article 133(5)(f) of CRD V.

In addition to the above, the 38th amendment also granted the power to the Bank of Italy of adopting one or more prudential measures based on customer and loan characteristics (so-called borrower-based measures), requiring banks to apply them when granting new financing in any form.

Those measures can be applied to all loans or differentiated on the basis of the characteristics of customers and loans. More specifically, in the presence of high vulnerabilities of the financial system, which may give rise to systemic risks, the Bank of Italy may adopt one or more borrower-based measures that are – in line with the ESRB guidelines – appropriate and sufficient to prevent or mitigate the identified risks, considering, if possible, also any cross-border effect arising from their application and paying due attention to the principle of proportionality.

The amendments seek to implement some of the remaining aspects of Basel III and reforms which reflect EC findings on the impact of CRD IV on bank financing of the EU economy. Certain of the changes such as new market risk rules, standardized approach to counterparty risk, details on the leverage ratio and net stable funding requirements and the tightening of the large exposures limit will particularly impact capital requirements. The amendments also seek to require financial holding companies in the European Union to become authorized and subject to direct supervision under CRD IV. This will place formal direct responsibility on holding companies for compliance with consolidated prudential requirements for financial groups. The amendments also require third-country groups above a certain threshold with two or more credit institutions or investment firms in the European Union to establish an intermediate EU holding company. The minimum requirement for own funds and eligible liabilities provisions in the CRR are also amended to bring the requirement in line with the Financial Stability Board's final total loss absorbing capacity term sheet standards for globally significant institutions.

The final capital framework to be established in the European Union under CRD V / CRR II differs from Basel III in certain areas. In December 2017, the Basel Committee finalized further changes to the Basel III framework which include amendments to the standardized approaches to credit risk and

operational risk and the introduction of a capital floor. In January 2019, the Basel Committee published revised final standards on minimum capital requirements for market risk. These proposals will need to be transposed into EU law before coming into force. The Basel Committee has recommended implementation commencing in 2022, however timing of implementation in the European Union is uncertain.

Amongst other measures taken by prudential regulators in response to the COVID-19 pandemic, the Group of Central Bank Governors and Heads of Supervision (GHOS) decided on 2 April 2020 to delay the implementation of these final Basel III standards by one year to 1 January 2023.

In particular, it should be noted that during 2020 the ECB granted a number of supervisory measures that included a greater flexibility in supervisory burdens in order to mitigate the impact of COVID19 on the European banking system. In particular, the ECB allowed banks the possibility of temporarily operating below the capital level defined by the Pillar 2 capital guidance, the capital conservation buffer and the LCR, and the possibility of partially using Additional Tier 1 Capital or Tier 2 Capital to meet the Pillar 2 requirement (P2R), bringing forward the measure contained in the CRD V. Moreover, Regulation (EU) 2020/873 of the European Parliament and of the Council (the "**CRR Quick-fix**"), brought forward the application date of certain CRR II measures to 27 June 2020, including the SME supporting factor, the infrastructure supporting factor and the more favourable treatment of certain loans granted by credit institutions to pensioners or employees, and the application date of the new prudential treatment of software assets to the date on which the EBA's regulatory technical standards enter into force (Delegated Regulation (EU) 2020/2176 was published on 22 December 2020 and became effective from 23 December 2020). The CRR Quick-fix also amended the IFRS 9 transitional arrangements to mitigate the impact on regulatory capital and on banks' lending capacity of the likely increases in expected credit loss provisioning under IFRS 9 due to the economic consequences of the COVID-19 crisis, and introduced several temporary measures, such as the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income for exposures to central governments, the temporary treatment of public debt issued in the currency of another Member State and the temporary measures relating to the calculation of the leverage ratio (the exclusion, subject to the discretion of the competent authority, of certain exposures to central banks from the total exposure measure and the revised calculation of the exposure value of regular-way purchases and sales awaiting settlement). With regard to exclusion of certain exposures to central banks from total exposure measure, on 18 June 2021 the ECB announced their temporary exclusion in view of the COVID-19 pandemic, for a period starting on 28 June 2021 and ending on 31 March 2022 (Decision ECB 2021/2176).

Furthermore, in July 2020, the European Commission adopted a legislative package on capital markets recovery (the "**Capital Markets Recovery Package**") as part of its overall strategy to tackle the economic impacts of the COVID-19 pandemic. Under the Capital Markets Recovery Package targeted amendments to (i) the Prospectus Regulation and Directive 2004/109/EC (such amendments having been introduced by Regulation (EU) 2021/337), (ii) the MiFID II (such amendments having been introduced by Directive (EU) 2021/338) and (iii) the Securitisation Regulation (such amendments having been introduced by Regulation (EU) 2021/557), have been introduced in the EU legislative framework.

The Single Supervisory Mechanism

In October 2013, the Council of the European Union adopted regulations establishing the SSM for all banks in the Eurozone, which have, beginning in November 2014, given the ECB, in conjunction with the national competent authorities of the Eurozone states, direct supervisory responsibility over "banks of systemic importance" in the European banking union as well as their subsidiaries in a participating non-Eurozone Member State. The SSM Regulation that sets out the practical arrangements for the SSM was published in April 2014 and entered into force in May 2014. Banks directly supervised by the ECB include, *inter alia*, any Eurozone bank that has: (i) assets greater than Euro 30 billion; (ii) assets constituting at least 20 per cent. of its home country's gross domestic product; or (iii) requested or received direct public financial assistance from the European Financial Stability Facility or the European Stability Mechanism.

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

National competent authorities will continue to be responsible for carrying out supervisory tasks not conferred on the ECB, such as consumer protection, money laundering, payment services, and branches of third country banks, besides supporting the ECB in day-to-day supervision. In order to foster consistency and efficiency of supervisory practices across the EU, the EBA is developing a single rule book. The single rule book aims at providing a single set of harmonised prudential rules in which institutions throughout the EU must respect.

The Issuer and the BNL Group have been classified as a significant supervised entity and a significant supervised group, respectively, pursuant to the SSM Regulation and Regulation (EU) No. 468/2014 of the European Central Bank of 16 April 2014 and, as such, are subject to direct prudential supervision by the ECB.

The ECB is required under the SSM Regulation to carry out a SREP process at least on an annual basis. In addition to the above, the EBA published on 19 December 2014 its final guidelines for common procedures and methodologies in respect of the SREP. Included in these guidelines were the EBA's proposed guidelines for a common approach to determining the amount and composition of additional Pillar II own funds requirements to be implemented from 1 January 2016. Under these guidelines, national supervisors should set a composition requirement for the Pillar II requirements to cover certain specified risks of at least 56 per cent. of CET1 Capital and at least 75 per cent. Tier 1 capital. The guidelines also contemplate that national supervisors should not set additional own fund requirements in respect of risks which are already covered by the combined buffer requirements (as described above) and/or additional macro-prudential requirements.

On 28 June 2021 EBA launched a public consultation on common procedures and methodologies for the supervisory review and evaluation process (SREP) and supervisory stress testing. The comprehensive revisions aim at implementing the recent amendments to the Capital Requirements Directive (CRD V) and Capital Requirements Regulation (CRR II). The guidelines aim at achieving convergence of practices followed by competent authorities in supervisory stress testing across the EU. It affects all main SREP elements, including (i) business model analysis, (ii) assessment of internal governance and institution-wide control arrangements, (iii) assessment of risks to capital and adequacy of capital to cover these risks, and (iv) assessment of risks to liquidity and funding and adequacy of liquidity resources to cover these risks. On 18 March 2022, the EBA published revised "Guidelines for Common Procedures and Methodologies for the Supervisory Review and Evaluation Process (SREP) and Prudential Stress Tests", which provide a common framework for supervision in assessing risks to banks' business models, solvency and liquidity, as well as for conducting prudential stress tests. The guidelines apply as of 1 January 2023.

According to the SSM Regulation, the national supervisory authorities remain in charge of carrying out those supervisory tasks which are not given to the ECB (such as, among the others, conducting the function of competent authorities over credit institutions in relation to markets in financial instruments). Therefore, the Bank is also subject to, *inter alia*, CONSOB supervision, given its activities carried out in relation to the sale, placement and marketing of financial instruments.

Single Resolution Mechanism

In August 2014, Regulation (EU) 806/2014 (the "**SRM Regulation**") establishing the single resolution mechanism (the "**SRM**") entered into force. Certain provisions, including those concerning the preparation of resolution plans and provisions relating to the cooperation of the Single Resolution Board ("**SRB**") with national resolution authorities, entered into force on 1 January 2015.

The SRM, which complements the SSM, applies to all banks supervised by the SSM. It mainly consists of the SRB and a Securitisation Regulation Framework ("**SRF**").

Decision-making is centralised with the SRB, and involves the European Commission and the European Council (which will have the possibility to object to the SRB's decisions) as well as the ECB and national resolution authorities.

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

The SRM Regulation was subsequently updated by Regulation (EU) 2019/877 ("**SRM II Regulation**"), as part of the EU Banking Reform Package, published on 7 June 2019 and entered into force on 27 June 2019. In line with the changes to BRRD II (as defined below), the SRM II Regulation which applies from 28 December 2020 introduced several amendments such as changing the MREL for banks and G-SIBs, in order to measure it as a percentage of the total risk-exposure amount and of the leverage ratio exposure measure of the relevant institution. BRRD and SRM Regulation require institutions to meet MREL at all times, which has to be determined by the resolution authority in order to ensure the effectiveness of the bail-in tool and other resolution tools.

The BRRD and the revision of the BRRD framework

The BRRD completes the legislative framework applicable to banks, identifying the powers and tools which national authorities in charge of resolving banking crisis may adopt for the resolution of a bank's crisis or a collapse situation. This was for the purpose of guaranteeing continuity of the essential functions of the institution, reducing to a minimum the collapse impact on the economy and the financial system as well as on costs for taxpayers. On 9 July 2015, the enabling act for the implementation of the BRRD was approved, identifying, *inter alia*, the Bank of Italy, as national resolution authority pursuant to article 3 of the BRRD. On 16 November 2015, contemporaneously with the publication in the Official Journal, Legislative Decrees no. 180 and 181 of 16 November entered into force and respectively implemented the BRRD and adapted the provisions of the Italian Banking Act to the changed legislative framework.

With specific reference to the bail-in instrument, the BRRD has provided a minimum requirement for own funds and eligible liabilities ("**MREL**") in order to ensure that a bank, in case of an application of the bail-in tool, has sufficient liabilities to absorb losses and to assure compliance with the Common Equity Tier 1 requirement provided for the authorisation to exercise the banking business, as well as to generate confidence in the market. Regulatory technical standards specifying the criteria to determine the MREL requirements are set out in Delegated Regulation EU 2015/1450 which was published in the Official Journal of the European Union on 3 September 2016.

In April 2021, Implementing Regulation (EU) 2021/763 on disclosure reporting on MREL and TLAC has been published, providing for: (i) draft uniform disclosure formats for MREL and TLAC disclosure according – respectively – to Articles 45i(6) of the BRRD and 434a of the CRR; and (ii) draft uniform reporting templates, instructions and methodology for MREL and TLAC reporting according – respectively – to Articles 45i(5) of the BRRD and 430(7) of the CRR. Title I of Implementing Regulation (EU) 2021/763 shall apply from 28 June 2021, while Title II shall apply as of 1 June 2021 as regards the disclosures in accordance with Article 437a and point (h) of Article 447 of CRR, and as of the date of application of the disclosure requirements in accordance with the third subparagraph of Article 3(1) of Directive (EU) 2019/879, as regards the disclosures in accordance with Article 45i(3) of BRRD.

The BRRD II has been transposed in Italy by means of the European Delegation Law (Law No. 53/2021) of 22 April 2021, which has delegated the Italian government to adopt the implementing legislative decree. In this respect, on 30 November 2021, the Legislative Decree No. 193, of 8 November 2021, has been published in the Official Gazette of the Republic of Italy.

The BRRD also requires Member States to ensure that national insolvency laws contain a prescribed creditor hierarchy. The insolvency hierarchy directive (Directive (EU) 2017/2399), due to be transposed in Member States by 29 December 2018, amends this hierarchy by introducing a new asset class of non-preferred senior debt that can only be bailed-in in resolution after capital instruments but before senior liabilities. In the Republic of Italy, such directive has been implemented by the Italian Law No. 205/2017 which introduced article 12 *bis* into the Italian Consolidated Banking Act.

The Issuer as a bank - is subject to the BRRD, as implemented in the Italian legal framework.

In particular, the BRRD has been implemented in Italy through the adoption of two Legislative Decrees by the Italian Government, namely, Legislative Decrees No. 180/2015 and 181/2015 (together, the "**BRRD Decrees**"), both of which were published in the Italian Official Gazette on 16 November 2015.

According to these provisions of law and in summary, in the event that the following conditions are met, the relevant bank shall be put under resolution: (i) the resolution Authority (in Italy, the Bank of Italy, acting in accordance with decisions taken by the EU resolution authority, the Single Resolution Board) has determined, after consultation with the competent authority and *vice versa*, as applicable, that the bank is failing or is likely to fail; (ii) there is no reasonable prospect that any alternative private sector measures would prevent the failure of the institution within a reasonable timeframe; and (iii) a resolution action is necessary in the public interest (that is, it is necessary for the achievement of and is proportionate to one or more of the resolution objectives referred to in Article 31 of the BRRD and winding up of the bank under normal insolvency proceedings would not meet those resolution objectives to the same extent). In this context, an institution is considered as failing or likely to fail, alternatively, when: (a) it is, or is likely in the near future to be, in breach of requirements necessary to maintain its authorization to carry out banking activities, including but not limited to because the institution has incurred or is likely to incur losses that will deplete all or a significant amount of its own funds; (b) its assets are, or are likely in the near future to be, less than its liabilities; (c) it is, or is likely in the near future to be, unable to pay its debts or other liabilities as they fall due; or (d) it requires extraordinary public financial support in order to recover (except in limited circumstances).

Upon the opening of a resolution procedure, the resolution authorities are entrusted with the power to apply, on a stand-alone basis or in combination, the following tools:

- the sale of business, through which the resolution authority may transfer to a purchaser, on commercial terms (except for the case in which the application of commercial terms may affect the effectiveness of the sale or other instruments of ownership issued by the business tool or impose a material threat to financial stability): (a) the shares of the bank under resolution; and (b) all or any assets, rights and liabilities of the latter;
- incorporation of a so-called "bridge institution", through which the resolution authority may transfer to the bridge institution (an entity created for this purpose that is wholly owned by one or more public authorities and is controlled by the resolution authority): (a) the shares or other instruments of ownership issued by the bank under resolution and (b) all or any assets, rights and liabilities of the latter;
- the asset separation, through which the resolution authority may transfer assets, rights or liabilities of a bank or of a bridge institution (e.g., impaired assets, such as non-performing exposures) to one or more asset management vehicles (an entity created for this purpose that is wholly or partially owned by one or more public authorities and is controlled by the resolution authority) with a view to maximizing their value through the sale or orderly winding down; and
- bail-in, through which the resolution Authority may, jointly or severally, (a) write-down the bank's Common Equity Tier 1 ("**CET1**"), Additional Tier 1 ("**AT1**") and Tier 2 ("**T2**") instruments; (b) write-down the eligible liabilities, including bonds (with certain exceptions); (c) convert eligible liabilities into equity (shares or other instrument of ownership).

As to the application of bail-in, the resolution Authority must take into account the ranking of the bank's creditors according to the ordinary insolvency procedures, as the BRRD (and the corresponding Italian implementing rules) stipulates that, under resolution, no creditor may incur losses greater than they would have incurred under normal insolvency proceedings (the so called "no creditor worse off"

principle).

Thus, in general terms, the ranking of the persons which may be subject to bail-in – from the lowest to the highest – is the following:

- holders of Common Equity Tier 1 instruments;
- holders of Additional Tier 1 instruments;
- holders of Tier 2 instruments, including subordinated notes;
- holders of senior non-preferred notes;
- holders of senior notes;
- depositors qualifying as large firms; and
- depositors qualifying as natural persons or SMEs.

The deposits within 100,000 Euros are protected by the Italian Deposit Guarantee Schemes.

The non-preferred senior notes (notes intending to qualify as *strumenti di debito chirografario di secondo livello* of the Issuer, as defined under Article 12-bis of the Italian Consolidated Banking Act) are a new category of instrument introduced in Italy by the Italian Law No. 205/2017, implementing Directive (EU) 2017/2399. They constitute direct, unconditional, unsecured and non-preferred obligations, ranking junior to senior notes (or equivalent instruments), *pari passu* without any preferences among themselves, and in priority to any subordinated instruments and to the claims of shareholders of the Issuer, pursuant to Article 91, section 1-bis, letter c-bis of the Italian Consolidated Banking Act.

Without prejudice to the above, the resolution authority may, in specified exceptional circumstances, partially or fully exclude certain further liabilities from the application of the bail-in tool (the "**General Bail-In Tool**").

Article 44, paragraph 2 of the BRRD excludes secured liabilities (including covered bonds and liabilities in the form of financial instruments used for hedging purposes which form an integral part of the cover pool and which, according to national law, are secured in a way similar to covered bonds) from the application of the General Bail-In Tool.

The BRRD also provides for a Member State as a last resort, after having assessed and applied the above resolution tools (including the General Bail-In Tool) to the maximum extent practicable whilst maintaining financial stability and subject to certain other conditions, to be able to provide extraordinary public financial support through additional financial stabilization tools. These consist of the public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the burden sharing requirements of the EU state aid framework and the BRRD.

As an exemption from these principles, the BRRD allows for three kinds of extraordinary public support to be provided to a solvent institution without triggering resolution: 1) a State guarantee to back liquidity facilities provided by central banks according to the central banks' conditions; 2) a State guarantee of newly issued liabilities; or 3) an injection of own funds in the form of precautionary recapitalisation. In the case of precautionary recapitalisation EU state aid rules require that shareholders and junior bond holders contribute to the costs of restructuring.

In addition to the General Bail-In Tool and other resolution tools, the BRRD provides for resolution

authorities to have the further power to permanently write-down or convert into equity capital instruments at the point of non-viability and before any other resolution action is taken with losses taken in accordance with the priority of claims under normal insolvency proceedings ("**BRRD Non-Viability Loss Absorption**").

For the purposes of the application of any BRRD Non-Viability Loss Absorption measure, the point of non-viability under the BRRD is the point at which (i) the relevant authority determines that the relevant entity meets the conditions for resolution (but no resolution action has yet been taken) or (ii) the relevant authority or authorities, as the case may be, determine(s) that the a relevant entity or, in certain circumstances, its group will no longer be viable unless the relevant capital instruments are written-down or converted or (iii) extraordinary public financial support is required by the relevant entity other than, where the entity is an institution, for the purposes of remedying a serious disturbance in the economy of an EEA member state and to preserve financial stability.

Revisions to the BRRD framework

The EU Banking Reform Package includes Directive (EU) 2019/879, which provides for a number of significant revisions to the BRRD (known as "**BRRD II**") published in the Official Journal of the European Union on 7 June 2019 and entered into force on 27 June 2019. With regard to the date of application, Member States were required to ensure implementation into local law by 28 December 2020 with certain requirements relating to the implementation of the total loss absorbency capacity standard ("**TLAC**") applying from January 2022 while the transitional period for full compliance with MREL requirements is foreseen until 1 January 2024, with interim targets for a linear build-up of MREL set at 1 January 2022. The BRRD II has been transposed under Italian law, in accordance with the European Delegation Law (Law No. 53/2021) of 22 April 2021, by Legislative Decree no. 193 of 8 November 2021, which has mainly amended the provisions set out under Legislative Decree No. 180 of 16 November 2015, the Italian Consolidated Banking Act and the Consolidated Finance Act to take into account the provisions of the BRRD II.

The EU Banking Reform Package includes, amongst other things:

- full implementation of the Financial Stability Board's TLAC standard ("FSB") in the EU and revisions to the existing MREL regime. Additional changes to the MREL framework that include changes to the calculation methodology for MREL, criteria for the eligible liabilities which can be considered as MREL, the introduction of internal MREL and additional reporting and disclosure requirements on institutions;
- the introduction of a new category of "top-tier" banks, being banks which are resolution entities that are not G-SIIs but are part of a resolution group whose total assets exceed Euro 100 billion;
- the introduction of a new moratorium power for resolution authorities and requirements on the contractual stays in resolution; and
- amendments to the article 55 regime in respect of the contractual recognition of bail-in.

In particular, with a view to ensuring full implementation of the TLAC standard in the EU, the EU Banking Reform Package and the BRRD II introduce MREL applicable to G-SIIs with the TLAC standard

and to allow resolution authorities, on the basis of bank-specific assessments, to require that G-SIIs comply with a supplementary MREL requirement strictly linked to the resolvability analysis of a given G-SII. Neither the Issuer nor any member of BNL has been identified as a G-SIB in the 2020 list of global systemically important banks published by the FSB on 11 November 2020.

BRRD II introduces a minimum harmonised MREL requirement (also referred to as a Pillar 1 MREL requirement) applicable to G-SIIs only. The BRRD II includes important changes as it introduces a new category of banks, so-called top-tier banks, being banks which are resolution entities that are not G-SIIs but are part of a resolution group whose total assets exceed Euro 100 billion. At the same time, the BRRD II introduces a minimum harmonised MREL requirement (also referred to as a "**Pillar 1 MREL requirement**") which applies to G-SIIs and also top-tier banks. In addition, resolution authorities will be able, on the basis of bank-specific assessments, to require that G-SIIs and top tier banks comply with a supplementary MREL requirement (a "**Pillar 2 MREL requirement**"). A subordination requirement is also generally required for MREL eligible liabilities under BRRD II, but exceptions apply.

In order to ensure compliance with MREL requirements, and in line with the FSB standard on TLAC, the BRRD II provides that in case a bank does not have sufficient eligible liabilities to comply with its MREL requirements, the resultant shortfall is automatically filled up with CET1 Capital that would otherwise be counted towards meeting the combined capital buffer requirement. However, under certain circumstances, BRRD II envisages a nine-month grace period before restrictions to discretionary payments to the holders of regulatory capital instruments senior management of the bank and employees take effect due to a breach of the combined capital buffer requirement.

On 20 May 2020, the SRB published a non-binding policy named "Minimum Requirements for Own Funds and Eligible Liabilities (**MREL**) Policy under the Banking Package", aiming at helping to ensure that MREL is set in the context of fully feasible and credible resolution plans for all types of banks, as well as promoting a level playing field across banks including subsidiaries of non-banking Union (EU) banks. The policy addresses the following topics:

(a) calibration: the policy provides for modifications and extensions of the SRB's approach to MREL calibration in accordance with the framework set out by the EU Banking Reform Package;

(b) subordination for resolution entities: the policy sets the following subordination requirements: (i) Pillar 1 Banks are subject to subordination requirements composed of a non-adjustable Pillar 1 MREL requirement that must be met with own funds instruments and eligible liabilities that are subordinated to all claims arising from excluded liabilities; (ii) Pillar 1 Banks' resolution authorities shall ensure that the subordinated MREL resources of Pillar 1 Banks are equal to at least 8% of total liabilities and own funds (TLOF); and (iii) non Pillar 1 Banks will be subject to a subordination requirement only upon the decision of the resolution authority to avoid a breach of the No Creditor Worse Off principle, following a bank-specific assessment carried out as part of resolution planning;

(c) internal MREL for non-resolution entities: the policy states that the SRB will progressively expand the scope of non-resolution entities for which it will adopt internal MREL decisions, and it may waive subsidiary institutions qualifying as non-resolution entities from internal MREL at certain conditions. In addition, the policy defines criteria for the SRB's possibility

permitting the use of guarantees to meet the internal MREL within the Member State of the resolution entity;

(d) MREL for cooperative groups: the policy sets out minimum conditions to authorise certain types of cooperative networks to use eligible liabilities of associated entities other than the resolution entity to comply with the external MREL, as well as minimum conditions to waive the internal MREL of the legal entities that are part of the cooperative network;

(e) eligibility of liabilities issued under the law of a third country: the policy expands on how liabilities issued under the law of third countries can be considered eligible through contractual recognition; and

(f) transition arrangements: the policy explains the operation of transitional periods up to the 2024 deadline, including binding intermediate targets in 2022 and informative targets in 2023, also stating that transitional arrangements must be bank-specific (since they depend on the MREL tailored to that bank and its resolution plan, and the bank's progress to date in raising MREL-eligible liabilities).

Such "*Minimum Requirements for Own Funds and Eligible Liabilities (MREL) Policy under the Banking Package*" was updated by the SRB in May 2021. The updated policy introduces a number of new elements and refinements, based on the changes required by the Banking Package. In particular, the updated policy introduces:

- the MREL maximum distributable amount (MDA). This allows the SRB to restrict banks' earnings distribution if there are MREL breaches;
- policy criteria to identify systemic subsidiaries for which granting of an internal MREL waiver would raise financial stability concerns (based on the absolute asset size and relative contribution to resolution group); and
- the approach to MREL-eligibility of UK instruments without bail-in clauses.

It also refines:

- the methodology to estimate the Pillar 2 requirements (P2R) post-resolution, i.e. one of the components used for MREL calibration;
- the MREL calibration on preferred vs variant resolution strategy, confirming that the SRB computes MREL in line with the preferred strategy; and
- the MREL calibration methodology for liquidation entities, where the SRB clarifies that the loss absorption amount (LAA) may increase beyond the default adjustment in proportion to financial stability concerns.

In April 2020, the SRB published a letter which was sent to banks under its remit, outlining potential operational relief measures related to the COVID-19 outbreak. Of particular note, the SRB stated that;

(a) it is committed to working on 2020 resolution plans and issuing 2020 decisions on MREL according to the planned deadlines but it will apply a pragmatic and flexible approach to consider, where necessary, postponing less urgent information or data requests related to the

2020 resolution planning cycle; and

(b) it regards the liability data report, the additional liability report and the MREL quarterly template as essential and it expects banks to make every effort to deliver these documents on time but will assess possible leeway in submission dates for other reports, such as those related to critical functions and access to financial market infrastructures.

In July 2020, the EBA published a statement on resolution planning in the light of COVID-19. The EBA stated that it aims to reaffirm that resolution planning is crucial in times of uncertainty to ensure that resolution is a credible option in case of failure. The focus of the statement is ensuring that the current situation is effectively taken into account by resolution authorities while maintaining a "through the cycle" approach and ensuring that resolvability objectives are achieved.

In September 2020, the European Commission issued a notice aimed at interpreting certain legal provisions of the revised bank resolution framework (i.e. BRRD, SRMR, CRR and CRD IV) in reply to questions raised by NCAs, addressing the following issues: (i) the power to prohibit certain distributions; (ii) powers to suspend payment or delivery obligations; (iii) selling of subordinated eligible liabilities to retail clients; (iv) minimum requirement for own funds and eligible liabilities; (v) bail-in tool; (vi) contractual recognition of bail-in; (vii) write down or conversion of capital instruments and eligible liabilities; (viii) exclusion of certain contractual terms in early intervention and resolution; and (ix) contractual recognition of resolution stay powers. As pinpointed by the same Commission, the notice merely clarifies the provisions already contained in the applicable legislation, while it does not extend in any way the rights and obligations deriving from such legislation nor introduce any additional requirements of the concerned operators and competent authorities.

In April 2021, Implementing Regulation (EU) 2021/763 on disclosure reporting on MREL and TLAC has been published, providing for: (i) draft uniform disclosure formats for MREL and TLAC disclosure according – respectively – to Articles 45i(6) of the BRRD and 434a of the CRR; (ii) draft uniform reporting templates, instructions and methodology for MREL and TLAC reporting according – respectively – to Articles 45i(5) of the BRRD and 430(7) of the CRR. Title I of Implementing Regulation (EU) 2021/763 shall apply from 28 June 2021, while Title II shall apply as of 1 June 2021 as regards the disclosures in accordance with Article 437a and point (h) of Article 447 of CRR, and as of the date of application of the disclosure requirements in accordance with the third subparagraph of Article 3(1) of Directive (EU) 2019/879, as regards the disclosures in accordance with Article 45i(3) of BRRD.

Changes to the BRRD under BRRD II will impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors.

The Regulatory Treatment of NPLs

On 20 March 2017, the ECB published the "*Guidance to banks on non-performing loans*", and on 15 March 2018 the "*Addendum to ECB Guidance to banks on non-performing loans*", both addressed to credit institutions, as defined pursuant to article 4, paragraph 1, of the CRR. These guidance papers are addressed, in general, to all significant institutions subject to direct supervision in the context of the SSM, including their international subsidiaries. The ECB banking supervision identified in the aforementioned guidance a set of practices which are deemed useful to indicate the expectations of ECB in relation to banking supervision. The documents set out measures, processes and best

practices which should be integrated in the treatment of NPLs by banks, for which this issue should represent a priority. The ECB expects full adherence by banks to these guidance papers regarding the treatment of NPLs, which is expected to take into account the length of time a loan has been non-performing and the extent and valuation of collateral (if any). In particular, the addendum issued by the ECB on March 2018 provides that, with respect to all the loans that will be qualified as Impaired Loans as from 2018, full coverage is expected for the unsecured portion of the NPL within two years and within seven years for secured portion at the latest.

On 17 April 2019 the European Parliament and the Council has adopted Regulation (EU) 2019/630 which is applicable from 26 April 2019 and introduces common minimum loss coverage levels for newly originated loans that become non-performing. Pursuant to this regulation, where the minimum coverage requirement is not met, the difference between the current coverage level and the requirement should be deducted from a bank's CET1 capital. Thus, the minimum coverage levels act as a "statutory prudential backstop". The required coverage increases gradually depending on how long an exposure has been classified as nonperforming, being lower during the first years. In order to facilitate a smooth transition towards the new prudential backstop, the new rules should be applied in relation to exposures originated prior to 26 April 2019 and exposures which were originated prior to 26 April 2019 and are modified by the institution in a way that increases the institution's exposure to the obligor. In addition, on 26 June 2020, the CRR Quick-fix amending the CRR and Regulation (EU) 2019/876 as regards adjustments in response to the COVID-19 pandemic was published, and provided – *inter alia* – a temporary extension of the preferential treatment under the NPL backstop received by NPLs guaranteed by official export credit agencies (**ECAs**) to NPLs guaranteed by the public sector in the context of measures aimed at mitigating the economic impact of the COVID-19 pandemic, recognising the similar characteristics shared by export credit agencies guarantees and COVID-19 related public guarantees.

Following the adoption of the new regulation on the Pillar 1 treatment of NPE**s**, on 22 August 2019 the ECB revised its supervisory expectations for prudential provisioning of new NPEs specified in the addendum in order to limit the scope to NPEs arising from loans originated before 26 April 2019, which are not subject to Pillar 1 NPE treatment, and to align the treatment with the Pillar 1 framework with reference to: (i) the relevant prudential provisioning time frames; (ii) the progressive path to full implementation; (iii) the split secured exposures; and (iv) the treatment of NPEs guaranteed/insured by an official export credit agency.

On 24 July 2020, as part of the Capital Markets Recovery Package, the European Commission presented amendments to review, *inter alia*, some regulatory constraints in order to facilitate the securitisation of non-performing loans (i.e. increasing the risk sensitivity for NPE securitisations by assigning different risk weights to senior tranche). After the approval by the European Parliament at the end of March, on 6 April 2021, Regulation (EU) 2021/557 which introduces amendments to the Securitisation Regulation and Regulation (EU) 2021/558 amending Regulation (EU) 2013/575 as regards adjustments to the securitisation framework to support the economic recovery in response to the COVID-19 crisis were published on the Official Gazette of the European Union. Both Regulations entered into force on 9 April 2021.

In addition, the European Commission published in December 2020 a new Action plan on tackling

NPLs. More in detail, in order to prevent a renewed build-up of NPLs on banks' balance sheets, the Commission proposed a series of actions with four main goals: (i) further develop secondary markets for distressed assets (in particular call for finalization of the Directive on credit servicers, credit purchasers and the recovery of collateral – in this respect, it is worth mentioning that on 29 June 2021 a draft overall compromise package concerning the new directive on credit servicers and credit purchasers has been agreed between the European Parliament and the Council and the relevant text law would be formally adopted after the revision of the text by the legal linguists of both institutions; establishing a data hub at European level; reviewing EBA templates to be used during the disposal of NPLs); (ii) Reform the EU's corporate insolvency and debt recovery legislation; (iii) Support the establishment and cooperation of national asset management companies at EU level; (iv) Introduce precautionary public support measures, where needed, to ensure the continued funding of the real economy under the EU's Bank Recovery and Resolution Directive and State aid frameworks.It should also be noted that in response to the COVID-19 pandemic, the ECB extended the preferential treatment foreseen for NPLs guaranteed or insured by Official Export Credit Agencies to nonperforming exposures that benefit from guarantees granted by national governments or other public entities, in line with the treatment provided in Regulation (EU) 2020/873. This means that banks would face a 0% minimum coverage expectation for the first seven years of the NPE vintage count. On 24 November 2021, the European Parliament and the Council adopted the Directive (EU) 2021/2167 on credit servicers and credit purchasers and amending Directives 2008/48/EC and 2014/17/EU, which sets out a harmonized regulatory framework for services in relation to non-performing loans and has to be implemented by Member States by 29 December 2023.

New accounting principles and the amendment of applicable accounting principles – IFRS 9, IFRS 15, IFRS 16

In 2020 the following standards came into force:

- Amendments to References to the Change to the Conceptual Framework (EU reg. 2019/2075)
- Amendments to IAS 1 and IAS 8 – Definition of material (EU reg. 2019/2104)
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform (EU reg. 2020/34)
- Amendments to IFRS 3 – Business Combinations (EU reg. 2020/551)
- Amendments to IFRS 16 – COVID-19 Related Rent Concessions (EU reg. 2020/1434)

As of 30 September 2021, the accounting standard "Amendments to IFRS 9, IAS39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2" (EU Reg. 2021/25) applicable to reporting starting from 1 January 2021 has been endorsed by the European Commission.

On July 2021, Reg. EU 2021/1080 was published. The regulation endorses the documents published by IASB: "Amendments to IFRS3, IAS 16, IAS 37 and Annual Improvements 2018-2020". The proposed amendments are effective starting from 01 January 2022. On August 2021, Reg EU 2021/1421 was published; this regulation endorses the documents " COVID-19 Related Rent Concessions beyond 30 June" and extends by one year the period of application of the original amendment to IFRS 16 "COVID-19-Related Rent Concessions", issued and approved in 2020.

As at 30 September 2021, the IASB issued the following standards whose applications are subject to completion of the endorsement process by European Union, which is still ongoing:

- Amendment to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting Policies (February 2021)
- Amendment to IAS 8 – Definition of accounting Estimates (February 2021)
- Amendment to IAS 12 – Deferred Tax related to Asset and Liabilities arising from a Single Transaction (May 2021)

Deposit Guarantee Scheme Directive and Single Resolution Fund

With reference to the application of: (i) Directive 2014/49/EU of the European Parliament and of the European Council of 16 April 2014 on deposit guarantee schemes; (ii) BRRD; and (iii) Regulation (EU) no. 806/2014 of the European Parliament and the European Council establishing, *inter alia*, the SRF, which as of 1 January 2016 includes at national level, subfunds to which contributions collected at national level by Member States through their National Resolution Fund ("**NRF**") are allocated, the Bank is bound to provide the financial resources necessary to finance the DGS and the SRF.

As a consequence of such introduction, the FITD, updated its by-laws through a shareholders resolution on 26 November 2015 anticipating the introduction of the prepayment mechanism (aimed at reaching the aforementioned multi-annual target with the target at 2024).

In this context, the Bank of Italy, in its capacity as national resolution authority, set up the NRF, which collects from banks with registered offices in the Republic of Italy, ordinary and extraordinary contributions, in accordance with the provisions of articles 82 and 83 of Decree 180 (as defined above). The SRF and the NRF may in the future require contributions for an amount that cannot be currently determined.

Voluntary scheme

For the purpose of overcoming the negative position taken by the European Commission in respect of the use of mandatory contributions to support interventions in favour of banks in crisis, at the end of 2015, in the context of the FITD, the voluntary scheme was established as an additional tool not subject to the restrictions of the EU regime and of the European Commission. The voluntary scheme provides for a maximum amount of Euro 795 million to be used to support interventions in favour of small banks in difficulty and subject to extraordinary administration procedure, in case of concrete recovery perspectives and for the purpose of avoiding higher burdens for the banking system consequent to liquidation or resolution interventions. Such resources are not immediately paid by adhering banks, which simply undertake to disburse them upon request on occasion of specific interventions, up to such maximum amount. The BNL Group adhered to the voluntary scheme and accordingly committed its share of the maximum amount.

On 30 November 2018, the management of the voluntary scheme, approved a new fund increase to be immediately used to solve the crisis of Banca Carige S.p.A. ("**Carige**"), through the subscription of Euro 318.2 million of Tier 2 instruments issued by Carige.

The contribution paid by banks adhering to the voluntary scheme represents an asset, recorded in the

balance sheet of the participating banks (in the previous financial years the item "financial assets available for sale", while as of 1 January 2018 under the item "other financial assets measured at fair value mandatory" as a consequence of the entry into force of IFRS 9). The recognition of the asset is also supported by the explicit provision contained in FITD's by-laws relating to the voluntary scheme which provides for any realisations deriving from the purchase of equity interests to be reassigned to the banks participating in the same voluntary scheme.

Revisions to the Basel III framework

In December 2017, the Basel Committee published its final set of amendments to its Basel III framework (known informally as "**Basel IV**"). Basel IV is expected to introduce a range of measures, including:

- changes to the standardised approach for the calculation of credit risk;
- limitations to the use of Internal Ratings-Based ("**IRB**") approaches, mainly banks will be allowed to use the Foundation Internal Ratings Based approach and the Standardised Approach with the advanced Internal Ratings Based approach still to be used for specialised lending;
- a new framework for determining an institution's operational risk charge, which will be calculated only by using a new standardised approach;
- an amended set of rules in relation to credit valuation adjustment; and
- an aggregate output capital floor that ensures that an institution's total risk weighted assets generated by IRB models are no lower than 72.5 per cent. of those generated by the standardised approach.

On 27 October 2021, the European Commission adopted a new package of reforms aimed at the banking sector to further strengthen the resilience of banks (known as the "**Banking Package 2021**"), with the proposed transposition into CRR and Directive 36/2013/EU ("**CRD**") of the final standards approved by the Basel Committee at the end of 2017, in relation to the treatment of the main risks (credit, market and operational) and the so-called "output floor" that aims to counter the possible underestimation of risk resulting from the use of banks' internal models. The Council agreed on its General Approach for the proposals on 8 November 2022. Interinstitutional negotiations (known as "trilogues") with the European Parliament started on 9 March 2023 and ended in the provisional agreement reached on 27 June 2023. Once the approval process is completed, transposition of the directive will have to be carried out within 18 months from the date of publication in the EU Official Journal, while the new CRR provisions are expected to come into force from 1 January 2025 (with a five-year transitional arrangement), i.e. two years beyond the Basel-agreed deadline, which has already been deferred by one year in response to the pandemic crisis.

Covered Bond Legislative Package

On 18 December 2019, Directive (EU) 2019/2162 and Regulation (EU) 2019/2160 amending the CRR

have been published in the Official Journal of the European Union. They shall apply from 8 July 2022.

The Directive (EU) 2019/2162 has been transposed into the Italian legal framework by Decree 190/2021, which designated the Bank of Italy as the competent authority for the public supervision of the covered bonds, which was entrusted with the issuing of the implementing regulations of the Title I-bis of Law 130, as amended, by 8 July 2022, in accordance with article 3, paragraph 2, of Decree 190/2021. In this respect, the provisions of Law 130, as amended by Decree 190/2021, apply to covered bonds issued starting from 8 July 2022, in certain cases subject to entry into force of the implementing measures as referred to under article 3, paragraph 2, of Decree 190/2021. As per the implementing regulation, the Bank of Italy has launched a public consultation on 12 January 2023 with regard, inter alia, to the definition of (i) the criteria for the assessment of the eligible assets and the conditions for including derivative contracts with hedging purposes among eligible assets for covered bonds; (ii) the procedures for calculating hedging requirements; (iii) the conditions for issuing new issuance programmes; (iv) giving the possibility also to banks with credit rating 3 to act as counterparties of a derivative contract with hedging purposes; (v) the reduction of the minimum level of over-collateralization for covered bonds (i.e. 2% instead of 5%). The public consultation ended on 11 February 2023 and has brought to the publication of the 42th amendment to the Bank of Italy Circular No. 285/2013.

Directive (EU) 2019/2162 lays down rules on the issuance requirements, structural features, public supervision and publication obligations for covered bonds. Compared with the UCITS, Directive (EU) 2019/2162 provides for a number of more complex structural requirements, such as the dual recourse and the bankruptcy remoteness tools. The Directive at hand also establishes specific requirements for a liquidity reserve and introduces the possibility of joint funding and intragroup pooled covered bond structures in order to facilitate the issuance of covered bonds by small credit institutions. Moreover, the Directive provides the authorities of the Member States with the task of monitoring compliance of covered bond issuances with the abovementioned requirements and regulates the conditions for obtaining the authorisation to carry out the activity of issuance of covered bonds in the context of a covered bond programme.

Regulation (EU) 2019/2160 introduces some amendments to Article 129 of the CRR, providing for additional requirements for covered bonds to be eligible for the relevant preferential treatment. In particular, the Regulation introduces a rule allowing exposures to credit institutions rated in credit quality step 2 up to a maximum of 10% of the total exposure of the nominal amount of outstanding covered bonds of the issuing institution, without the need to consult the EBA. The Regulation also requires a minimum level of overcollateralization in order to mitigate the most relevant risks arising in the case of the issuer's insolvency or resolution.

Moreover, several additional changes to the LCR Delegated Regulation are proposed in order to align the LCR Delegated Regulation with Article 129 of the CRR, as amended by Regulation (EU) 2019/2160. The consultation remained opened until 24 November 2020.

On 8 May 2021, the European Delegated Law 2019 has entered into force. It delegates the Italian Government to implement – inter alia – Directive (EU) 2019/2162. According to the European Delegated Law 2019:

- the Bank of Italy is the competent authority for the supervision on covered bonds;
- the implementing provisions shall provide for the exercise of the option granted by Article 17 of Directive (EU) 2019/2162, allowing for the issue of covered bonds with extendable maturity structures, and
- the implementing provisions shall grant the Bank of Italy with the power to exercise the option to set for covered bonds a minimum level of overcollateralization lower than the thresholds set out under Article 1 of Regulation (EU) 2019/2162 (i.e. 2% or 5% depending on the assets included in the cover pool).

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

Moreover, the Decree 190/2021 designates the Bank of Italy as the competent authority for the public supervision of the covered bonds, which is entrusted with the issuing of the implementing regulations by 8 July 2022.

THE GUARANTOR

Introduction

The Guarantor was incorporated in the Republic of Italy on 1st March 2012 pursuant to Law 130 as a limited liability company (*società a responsabilità limitata*) under the name "SPV 3 Covered Bond S.r.l." and changed its name into "Vela OBG S.r.l." by the resolution of the meeting of the Quotaholders held on 4 June 2012. The Guarantor is registered at the Companies' Registry of Treviso-Belluno under registration number 04514090267. The registered office of the Guarantor is at Via Vittorio Alfieri, 1, 31015 Conegliano (TV), Italy and its telephone number is +39 0438 360 926. The Guarantor's by-laws provides for the termination of the same on 31 December 2100 subject to one or more extensions to be resolved, in accordance with the by-laws, by a Quotaholders' resolution.

Principal Activities

The sole purpose of the Guarantor under its by-laws is the ownership of the Cover Pool and the granting to Bondholders of the Guarantee. From the date of its incorporation the Guarantor has not carried out any business activities nor has incurred in any financial indebtedness other than those incurred in the context of the Programme.

Quota Capital

The outstanding capital of the Guarantor is euro 10,000.00 divided into quotas as described below. As at the date of this Prospectus, the quotaholders of the Guarantor are as follows:

Quotaholders	Quota
Banca Nazionale del Lavoro S.p.A.	7,000
SVM Securitisation Vehicles Management S.r.l.	3,000

The Guarantor has not declared or paid any dividends or, save as otherwise described in this Prospectus, incurred any indebtedness.

Management

The current directors of the Guarantor are:

Chairman of the board of directors	Borchani Tarak. The domicile of Borchani Tarak, in his capacity of chairman of the board of directors of the Guarantor, is at Viale Altiero Spinelli, 30, 00157 Rome, Italy.
Director	Giannini Cinzia. The domicile of Giannini Cinzia, in her capacity of director of the Guarantor, is at Via Vittorio Alfieri, 1, 31015 Conegliano (TV),

	Italy.
Director	Ricupero Alessia. The domicile of Ricupero Alessia, in her capacity of director of the Guarantor, is at Viale Altiero Spinelli, 30, 00157 Rome, Italy.

Sole Statutory Auditor

The current sole statutory auditor of the Guarantor is Francesco Messina. The domicile of Francesco Messina, in his capacity of chairman of the board of statutory auditors of the Issuer, is at Via Vittorio Alfieri, 1, 31015 Conegliano (TV), Italy.

Conflict of Interest

There are no potential conflicts of interest between the duties of the directors and their private interests or other duties.

The Quotaholders' Agreement

Pursuant to the terms of the Quotaholders' Agreement entered into on 25 July 2012, between the Quotaholders and the Guarantor, the Quotaholders have agreed, *inter alia*, not to amend the by-laws (*statuto*) of the Guarantor and not to pledge, charge or dispose of the quotas (save as set out below) of the Guarantor without the prior written consent of the Representative of the Bondholders. The Quotaholders' Agreement is governed by, and will be construed in accordance with, Italian law.

Please also see section "*Description of the Programme Documents – The Quotaholders' Agreement*" below.

Financial Statements

The financial year of the Guarantor ends on 31 December of each calendar year.

The Guarantor has not, from the date of its incorporation, carried out any business activities nor has incurred in any financial indebtedness (other than those incurred in the context of the Programme).

GUARANTEE

On 25 July 2012, the Issuer, the Guarantor and the Representative of the Bondholders entered into the Guarantee, as amended, supplemented or replaced from time to time, pursuant to which the Guarantor issued, for the benefit of the Bondholders, a first demand, unconditional, irrevocable and independent guarantee to support payments of interest and principal under the Covered Bonds issued by the Issuer under the Programme. Under the Guarantee the Guarantor has agreed to pay an amount equal to the Guaranteed Amounts when the same shall become Due for Payment but which would otherwise be unpaid by the Issuer or a Resolution Event has occurred unless the Issuer has fulfilled its payment obligations under the Covered Bonds by the relevant payment date. The obligations of the Guarantor under the Guarantee constitute direct and (following the occurrence of an Issuer Event of Default, the service of an Issuer Default Notice on the Issuer and the Guarantor or, if earlier, the service on the Issuer and the Guarantor of a Guarantor Default Notice) unconditional, unsubordinated and limited recourse obligations of the Guarantor, backed by the Cover Pool as provided under Law 130 and Prudential Regulations. Pursuant to the terms of the Guarantee, the recourse of the Bondholders to the Guarantor under the Guarantee will be limited to the Segregated Assets. Payments made by the Guarantor under the Guarantee will be made subject to, and in accordance with, the relevant Priority of Payments, as applicable.

The Guarantor, pursuant to the Guarantee, shall pay or procure to be paid to the Bondholders in accordance with the below:

(a) following a Resolution Event has occurred unless the Issuer has fulfilled its payment obligations under the Covered Bonds by the relevant payment date or the service of an Issuer Default Notice on the Issuer and on the Guarantor (but prior to a Guarantor Event of Default), and without prejudice to the effects of (i) a Suspension Period and (ii) an Extended Maturity Date being specified as applicable in the relevant Final Terms for a Series or Tranche of Covered Bonds, an amount equal to those Guaranteed Amounts which shall become Due for Payment, but which have not been paid by the Issuer to the relevant Bondholders, on each relevant Interest Payment Date, in accordance with the Guarantee Priority of Payments. In this respect, the payment of any Guaranteed Amounts which are Due for Payment in respect of a Series or Tranche of Covered Bonds whose Interest Payment Date or Maturity Date (or Extended Maturity Date, if applicable) falls within two Business Days immediately after delivery of an Issuer Default Notice, will be made by the Guarantor within the date falling five Business Days following such delivery, it being understood that the above provision will apply only (A) in respect of the First Interest Payment Date of the relevant Series or Tranche of Covered Bonds and (B) in respect of the Maturity Date (or Extended Maturity Date, if applicable) of the Earliest Maturing Covered Bonds; or

(b) following the service of a Guarantor Default Notice on the Guarantor, the Guaranteed Amounts in respect of the Covered Bonds of each Series or Tranche (which shall have become

immediately due and repayable), in accordance with the Post-Enforcement Priority of Payments.

All payments of Guaranteed Amounts by or on behalf of the Guarantor shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or other governmental charges of whatever nature unless such withholding or deduction of such taxes, assessments or other governmental charges is required by law or regulation or administrative practice of any jurisdiction. If any such withholding or deduction is required, the Guarantor shall pay the Guaranteed Amounts net of such withholding or deduction and shall account to the appropriate tax authority for the amount required to be withheld or deducted. The Guarantor shall not be obliged to pay any amount to any Bondholder in respect of the amount of such withholding or deduction.

Under the Guarantee the parties thereto have agreed that:

(a) as of the date of administrative liquidation (*liquidazione coatta amministrativa*) of the Issuer, the Guarantor (or the Representative of the Bondholders pursuant to the Intercreditor Agreement) shall exercise, on an exclusive basis and in compliance with the provisions of Law 130, the rights of the Bondholders against the Issuer and any amount recovered from the Issuer will be part of the Guarantor Available Funds, provided that, pursuant to article 7-*quaterdecies* of Law 130, further to enforcement of the Guarantee, the Bondholders shall participate to the final distribution of the Issuer's asset in respect of any residual amount due to them with any other unsecured creditor including – pursuant to article 7-*quaterdecies* of Law 130 – any derivative transaction counterparty; and

(b) to the extent that the Guarantor makes, or there is made on its behalf, a payment of any amount under the Guarantee, the Guarantor will be fully and automatically subrogated to the Bondholders' rights against the Issuer for the payment of an amount corresponding to the payments made by the Guarantor with respect to the relevant Series or Tranche of Covered Bonds under this Guarantee, to the fullest extent permitted by applicable law.

Governing law

The Guarantee and any non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian law.

SUBORDINATED LOAN AGREEMENTS

On 9 July 2012, BNL, as Main Subordinated Lender, and the Guarantor entered into the BNL Subordinated Loan Agreement, as amended, supplemented or replaced from time to time, pursuant to Title I-*bis* of Law 130 under which BNL, acting as Main Subordinated Lender, granted to the Guarantor a term loan facility in an aggregate amount equal to the Total Commitment (as may be increased from time to time by any amount required to meet the Tests), for the purposes of funding the purchase price of the Eligible Assets pursuant to the terms of the Master Asset Purchase Agreement and the Cover Pool Management Agreement.

To the extent an Additional Seller will accede to the Programme, it will enter into a Subordinated Loan Agreement with the Guarantor having, *mutatis mutandis*, the terms and conditions of the BNL Subordinated Loan Agreement.

Under the terms of the Subordinated Loan Agreements, the Main Seller and each Additional Seller, if any, in their capacity, respectively, as Main Subordinated Lender and Additional Subordinated Lender(s), will from time to time grant to the Guarantor Term Loans.

Each Term Loan will be granted for the purpose of (a) funding the purchase price of the Eligible Assets included in the Initial Portfolio; (b) funding, in whole or in part, the purchase price of the Eligible Assets included in any New Portfolios to be transferred to the Guarantor by the relevant Seller in connection with the issue of a Corresponding Series of Covered Bonds under the Programme; (c) funding, in whole or in part, the purchase price of the Eligible Assets to be transferred by the relevant Seller to the Guarantor pursuant to the Master Assets Purchase Agreement and the Cover Pool Management Agreement in order to ensure the compliance of the Cover Pool with the Tests; (d) funding, in whole or in part, the purchase price of any Eligible Assets transferred by the relevant Seller to the Guarantor pursuant to the Master Assets Purchase Agreement, including in order to ensure the compliance of the Cover Pool with the thresholds set out under article 129, paragraph 1a. of the CRR; (e) funding any amount due to as adjusted purchase price of any Receivable to be included in the Portfolio pursuant to the Master Assets Purchase Agreement; or (f) allowing the Guarantor to credit on the Reserve Fund Account an amount, or to establish a cash reserve, sufficient to remedy a breach of the Liquidity Reserve Requirement.

The rate of interest applicable in respect of each Term Loan for each relevant Loan Interest Period shall be equal to a floating or fixed interest rate, equal to EURIBOR plus a Margin or the different rate agreed between the relevant parties (the "**Base Interest**").

Whilst the Premium (if any) may be paid on each Guarantor Payment Date, the Base Interest accrued a the end of each Loan Interest Period shall be payable to each relevant Subordinated Lender on each Guarantor Payment Date falling at the end of the relevant Loan Interest Period, in either case in accordance with the applicable Priority of Payments, provided however that to the extent there are no Guarantor Available Funds to be used for such purposes, payment of the Base Interest will be postponed to the immediately following Guarantor Payment Date.

Unless repaid in full prior to such date, each Term Loan shall be repaid – within the limits of the then Guarantor Available Funds and in accordance with the relevant Priority of Payments – on the Guarantor Payment Date immediately following the Maturity Date or the Extended Maturity Date, as applicable, of the latest maturing Series or Tranche of Covered Bonds through the Guarantor Available Funds.

Pursuant to the Subordinated Loan Agreement(s), no amounts under the Subordinated Loan Agreements (either as repayment of principal or payment of interest or Premium) will become due to the relevant Subordinated Lender upon occurrence of (a) a Segregation Event, until delivery of a Breach of Tests Cure Notice; or (b) an Issuer Event of Default or a Guarantor Event of Default, until payment or

discharge in full by the Guarantor of any other amounts ranking higher the repayment of Term Loans pursuant to the applicable Priority of Payments.

Amounts owed to each Subordinated Lender by the Guarantor under the Subordinated Loan Agreements will be subordinated to amounts owed by the Guarantor under the Covered Bond Guarantee.

Governing law

The Subordinated Loan Agreement and any non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian law.

MASTER ASSETS PURCHASE AGREEMENT

On 9 July 2012, BNL and the Guarantor entered into the Master Assets Purchase Agreement, as amended, supplemented or replaced from time to time, in accordance with the combined provisions of articles 4 and Title I-*bis* of Law 130, pursuant to which BNL, in its capacity as Main Seller, assigned and transferred, without recourse (*pro soluto*), to the Guarantor and the Guarantor purchased, without recourse (*pro soluto*), the Receivables comprised in the Initial Portfolio, for a Purchase Price equal to the aggregate Individual Purchase Prices of all the Receivables comprising the Initial Portfolio, represented as the sum of (a) all Principal Instalments not yet due at the relevant Valuation Date and (b) the accrued interest (*rateo interessi*) as the day immediately following the relevant Valuation Date and corresponding to the most recent book value (*ultimo valore di iscrizione in bilancio*) of the each such Receivable, as rectified consistently with the normal finance dynamics of the relevant Receivable for the period starting between 1st January 2012 and such Valuation Date.

The Receivables comprised in the Initial Portfolio met, at the relevant Valuation Date, the Common Criteria and the Specific Criteria set out in the Master Assets Purchase Agreement.

The transfer of the Initial Portfolio was made in accordance with article 58, paragraphs 2, 3 and 4 of the Consolidated Banking Act (as provided by article 4 of Law 130). Notice of the transfer was published in the Official Gazette of the Republic of Italy Part II, number 82 of 14 July 2012 and filed for publication in the companies register of Treviso on 10 July 2012.

Under the Master Assets Purchase Agreement, upon satisfaction of certain conditions set out therein, BNL (i) undertook to assign and transfer in the future, without recourse (*pro soluto*), to the Guarantor and the Guarantor undertook to purchase in the future, without recourse (*pro soluto*) from BNL, New Portfolios if such transfer is required under the terms of the Cover Pool Management Agreement in order to ensure the compliance of the Cover Pool with the Tests (it being understood that, in case of breach of the Liquidity Reserve Requirement, the relevant Eligible Asset(s) can be replaced only with Liquidity Assets); and (ii) may transfer New Portfolios to the Guarantor, and the Guarantor shall purchase from BNL such New Portfolios, in order to supplement the Cover Pool in connection with the issuance by BNL of further Series or Tranches of Covered Bonds under the Programme in accordance

with the Programme Agreement, and also in order to ensure the compliance of the Cover Pool with the thresholds required under article 129, paragraph 1(a) of the CRR.

Pursuant to the Master Assets Purchase Agreement, the Guarantor further undertook to purchase any New Portfolios transferred from time to time by any other bank which will accede to the Programme as Additional Seller.

New Portfolios may only be offered or purchased if the following conditions are satisfied:

(a) a Guarantor Default Notice has not been served on the Guarantor;

(b) with respect to any assignment of Eligible Assets made by the relevant Seller(s) in order to (x) supplement the Cover Pool against the issuance of further Series or Tranche of Covered Bonds, or (y) ensure that the Cover Pool complies with the Tests, (A) sufficient Principal Available Funds are available at the relevant Execution Date for the payment of the Purchase Price relating to the assigned New Portfolio or the Guarantor received from the relevant Seller(s) the necessary amounts pursuant to the Subordinated Loan Agreement and (B) no Insolvency Event has occurred in relation to the relevant Seller;

(c) with respect to any assignment made for overcollateralisation purposes, no Breach of Tests Notice or Issuer Default Notice has been served, and sufficient Principal Available Funds are available at the relevant Execution Date for the payment of the Purchase Price relating to the assigned New Portfolio or the Guarantor received from the relevant Seller(s) the necessary amounts pursuant to the Subordinated Loan Agreement;

(d) with respect to any assignment of Eligible Assets, such transfer will not result in a breach of the provisions set forth by the Prudential Regulations.

Receivables comprised in any New Portfolio to be transferred under the Master Assets Purchase Agreement shall meet, in addition to the Common Criteria, the relevant Specific Criteria as from time to time specified in the relevant Transfer Proposal.

Any other Eligible Assets included in a New Portfolio shall satisfy the requirements provided by Law 130 and, where applicable, the Prudential Regulations.

As consideration for the transfer of any New Portfolios, pursuant to the Master Assets Purchase Agreement, the Guarantor will pay to the relevant Seller a Purchase Price equal to the aggregate Individual Purchase Prices of all the Eligible Assets comprised in the relevant New Portfolio as at the relevant Valuation Date. The Individual Purchase Price for each Eligible Asset included in each New Portfolio will be: (A) with respect to each Receivable, the aggregate amount deriving from the sum of the Principal Instalments of such Receivable not yet due and the Accrued Interest as at the calendar day immediately following the relevant Valuation Date and corresponds to the book value (*ultimo valore di iscrizione in bilancio*) of the relevant Receivable as at the financial year closed the year immediately preceding the relevant Valuation Date as rectified consistently with the normal finance dynamics of the relevant Receivable for the period starting between 1st January of the year in which the relevant

Valuation Date falls and such Valuation Date; and (B) with respect to each other Eligible Asset (including the Receivables), such other value, pursuant to Title I-*bis* of Law 130, as indicated by the relevant Seller in the relevant Transfer Proposal.

Pursuant to the Master Assets Purchase Agreement, prior to the service of an Issuer Default Notice, each Seller will have the right to repurchase, in accordance with articles 1260 and following of the civil code or in accordance with article 58 of the Consolidated Banking Act, as the case may be, Eligible Assets transferred by it to the Guarantor under the Master Assets Purchase Agreement, and namely:

(a) Defaulted Assets;

(b) Excess Assets (to be selected by the relevant Seller);

(c) Affected Assets;

(d) Eligible Assets which have become non-eligible in accordance with Law 130 and/or the Prudential Regulations; and

(e) Eligible Assets not included under items from (a) to (d) above, being subject to renegotiations with the relevant Debtor pursuant to the Master Servicing Agrement or which have become the object of judicial proceedings.

The repurchase price of the Eligible Assets will be equal to (i) in case of Receivables, the Outstanding Principal Due of each Receivable, *plus* interest accrued but unpaid at the repurchase date, *plus* the Guarantor's expenses in relation to that Receivable, provided that the repurchase price cannot be higher than the present value of the Receivable; and (ii) for all other Eligible Assets, the Individual Purchase Price thereof, *minus* principal amounts collected or recovered in the period between the relevant Execution Date (included) and the date of exercise of the repurchase right.

In case as a consequence of the exercise of the repurchase right by a Seller (i) any of the Tests is not met, the Main Seller or any Additional Seller shall supplement the Cover Pool by means of an assignment of further Eligible Assets to the Guarantor; (ii) the thresholds required under article 129, paragraph 1(a) of the CRR are exceeded, the Main Seller or any Additional Seller may (without any obligation) supplement the Cover Pool by means of an assignment of further Eligible Assets to the Guarantor.

If the Guarantor is obliged to sell Eligible Assets in accordance with the provisions of the Cover Pool Management Agreement, then each relevant Seller of such Eligible Assets has a pre-emption right to repurchase such Eligible Assets.

Each Seller is also granted with a substitution right, which may be exercised – before the occurrence of an Issuer Event of Default – by means of repurchase of any Eligible Assets from the Cover Pool and contextual transfer of new Eligible Assets to form part of the Cover Pool. Such substitution right may be exercised (i) at any time, in case of substitution of Eligible Assets; and (ii) upon breach of any of the

Mandatory Tests, or the Liquidity Reserve Requirement, or the Asset Coverage Test, in order to remedy to such breach or the maintan good relationship with the Debtors.

For further details about the Cover Pool, see section headed "*Description of the Cover Pool*".

Governing law

The Master Assets Purchase Agreement and any non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian law.

COVER POOL MANAGEMENT AGREEMENT

On 25 July 2012, the Issuer, the Main Seller, the Main Servicer, the Test Calculation Agent, the Main Subordinated Lender, the Guarantor, the Guarantor Calculation Agent and the Representative of the Bondholders entered into the Cover Pool Management Agreement, as amended, supplemented or replaced from time to time, pursuant to which they have agreed certain terms regulating, *inter alia*, the performance of the Tests and the purchase and sale by the Guarantor of the Eligible Assets forming part of the Cover Pool.

Under the Cover Pool Management Agreement:

(A) the Issuer and each Additional Seller (if any), have undertaken to procure that on any (i) Test Reference Date and (ii) Post-Breach of Tests Reference Date, each of the Mandatory Tests and the Liquidity Reserve Requirement (as described in detail in section "*Credit structure – Tests*" below) is met with respect to the Cover Pool in accordance with the provisions of Law 130; and

(B) the Issuer, also in its capacity as Main Seller, and each Additional Seller (if any), have jointly and severally undertaken to procure that, starting from the First Issue Date (excluded) and until the earlier of (a) the date on which all Series or Tranche of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with the Terms and Conditions and the relevant Final Terms; and (b) the date on which an Issuer Default Notice is delivered (and, in case the Issuer Event of Default consists of an Article 74 Event, to the extent that an Article 74 Event Cure Notice has been served), the Asset Coverage Test (as described in detail in section "*Credit structure – Tests*" below) is met with respect to the Cover Pool on any (i) Test Reference Date and (ii) Post-Breach of Tests Reference Date;

(C) in addition, the Guarantor has undertaken to procure that, starting from the date on which an Issuer Default Notice is delivered to the Issuer and the Guarantor (and provided that, to the extent the Issuer Event of Default consists of an Article 74 Event, no Article 74 Event Cure Notice has been delivered) and until the earlier of: (a) the date on which all Series or Tranche of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with the Terms and Conditions and the relevant Final Terms; and (b) the date on which a Guarantor Default Notice is delivered, the Amortisation Test (as described in detail in section "*Credit structure – Tests*" below) is met with respect to the Cover Pool on any Test Reference Date.

The Test Calculation Agent has agreed to prepare and deliver, on each Test Performance Report Date, to the Issuer, the Guarantor, the Representative of the Bondholders, the Guarantor Calculation Agent, the Main Seller (and any Additional Seller(s), if any), the Main Servicer (and any Additional Servicer(s), if any), a Test Performance Report setting out the calculations carried out by it with respect to the applicable Tests.

In case of determination by the Test Calculation Agent that a breach of any of the Tests has occurred, the Guarantor will within the Test Grace Period, or if a Breach of Tests Notice had already been delivered, within the Test Remedy Period, purchase Eligible Assets (it being understood that, in case of breach of the Liquidity Reserve Requirement, the relevant Eligible Asset(s) can be replaced only with Liquidity Assets), either by way of purchase or substitution, from the Issuer and/or the Additional Seller(s) in accordance with the Cover Pool Management Agreement and the Master Assets Purchase Agreement, in an amount sufficient to ensure, also taking into account the information provided by the Test Calculation Agent in its Test Performance Report, that as of the Test Performance Report Date falling at the end of the Test Grace Period or Test Remedy Period, as applicable, all the Tests will be satisfied with respect to the Cover Pool.

The undertaking to sell Eligible Assets shall be borne by the Main Seller and/or the Additional Seller(s) upon consultation with each other and ultimately, to the extent no other Seller has assigned any Eligible Assets to the Guarantor, by the Main Seller. To the extent either the Main Seller and/or the Additional Seller(s) will be unable to offer for sale to the Guarantor Eligible Assets in an amount sufficient to ensure that the relevant Tests are then met, each of them shall promptly inform the Guarantor.

For the purpose of allowing the Guarantor to fund the purchase of such Eligible Assets, each Seller, in its capacity as Subordinated Lender, has undertaken to advance to the Guarantor a Term Loan in accordance with the relevant Subordinated Loan Agreement in an amount equal to: (a) prior to the delivery of a Test Performance Report showing that any of the Tests was breached, the portion of the relevant purchase price for the relevant Eligible Assets to be transferred by such Seller not payable by the Guarantor applying any Guarantor Available Funds available for such purpose in accordance with the Pre-Issuer Default Principal Priority of Payments; and (b) following the delivery of a Test Performance Report showing that any of the Tests was breached, the entire purchase price for the relevant Eligible Assets to be transferred by such Seller.

The parties to the Cover Pool Management Agreement have acknowledged that the aggregate amount of Eligible Assets which are in compliance with article 7-*duodecies*, paragraph 2, letters (a) and (b) of Law 130 (the "**Liquidity Assets**") included in the Cover Pool following such purchases may not exceed the threshold set out under article 129, paragraph 1(a) of the CRR, (or any other limit set out in accordance with any relevant law, regulation or interpretation of any authority (including, for the avoidance of doubts, the Bank of Italy or the Minister of Economy and Finance) which may be enacted with respect to Law 130 and the Prudential Regulations).

Following the notification by the Test Calculation Agent that the Mandatory Tests and/or the Asset Coverage Test have been breached, if the relevant breach is not remedied in accordance with the above provisions prior to the end of the applicable Test Grace Period, then the Representative of the Bondholders shall promptly, and in any case within 5 Business Days following the end of the Test Grace Period, deliver a Breach of Tests Notice to the Issuer, the Guarantor and, for information purpose, the Guarantor Calculation Agent, the Main Seller and any Additional Seller (if any), the Main Servicer and any Additional Servicer (if any), as a consequence of which a Segregation Event will occur.

Following the delivery of a Breach of Tests Notice, but prior to the delivery of an Issuer Default Notice, if within the Test Remedy Period the relevant Mandatory Test and/or Asset Coverage Test is/are met according to the information included in the relevant Test Performance Report (unless any other Segregation Event has occurred and is outstanding and without prejudice to the obligation of the Representative of the Bondholders to deliver a subsequent Breach of Tests Notice at any time thereafter to the extent a further Segregation Event occurs), the Representative of the Bondholders will promptly, and in any case within 5 Business Days from the relevant Test Performance Report, deliver to the parties indicated in the Cover Pool Management Agreement a Breach of Tests Cure Notice, informing such parties that the Breach of Tests Notice then outstanding has been revoked.

The parties to the Cover Pool Management Agreement have also acknowledged and agreed the consequences deriving from the delivery of an Issuer Default Notice and a Guarantor Default Notices. In particular, after the service of an Issuer Default Notice, but prior to the service of a Guarantor Default Notice, the Guarantor shall, if necessary in order to effect timely payments under the Covered Bonds, upon instructions of a duly appointed Portfolio Manager and provided that the Representative of the Bondholders has been duly informed, sell or otherwise liquidate the Eligible Assets included in the Cover Pool in accordance with the Cover Pool Management Agreement, subject to the rights of pre-emption in favour of the relevant Seller(s) to buy such Eligible Assets pursuant to the Master Assets Purchase Agreement. The relevant Eligible Assets (the "**Selected Assets**") to be sold will be selected from the Cover Pool on a random basis by the Main Servicer on behalf of the Guarantor, provided that, prior to and following the sale of such Selected Assets, the Amortisation Test is complied with.

Under the terms of the Cover Pool Management Agreement, before offering Selected Assets for sale, the Guarantor shall ensure that the Selected Assets have an aggregate aggregate Outstanding Principal Balance in an amount (the "**Adjusted Required Outstanding Principal Balance Amount**") which is as close as possible to equal to:

(a) the Euro Equivalent of the Principal Amount Outstanding in respect of the Earliest Maturing Covered Bonds, multiplied by (1 + Negative Carry Factor x (*days to maturity of the relevant Series or Tranche of Covered Bonds/365*)) (the "**Required Redemption Amount**"); *minus*

(b) amounts standing to the credit of the Guarantor's Accounts as of the relevant Guarantor Calculation Date; *minus*

(c) the Euro Equivalent of the principal amount of any Eligible Assets as of the relevant Guarantor

Calculation Date; *plus* or *minus*, as applicable

(d) as applicable, any swap termination amounts payable under the Eligible Swap Agreements to or by the Guarantor in respect of the relevant Series or Tranche of Covered Bonds,

excluding, with respect to items (b) and (c) above all amounts estimated to be applied on the next following Guarantor Payment Date to repay items ranking higher in the applicable Priority of Payments and those amounts that are required to repay any Series or Tranche of Covered Bonds which become due on the same date as the Earliest Maturing Covered Bonds.

The Guarantor, through the Portfolio Manager, will offer the Selected Assets for sale for the best price reasonably available, but in any event for an amount not less than the Adjusted Required Outstanding Principal Balance Amount.

In addition, upon the evaluation carried out by the Portfolio Manager, taking into account the then relevant market conditions, the Guarantor may sell Selected Assets for an amount equal to the Adjusted Required Outstanding Principal Balance Amount calculated in respect of any other Series or Tranche of Covered Bonds then outstanding, rather than in respect of the Earliest Maturing Covered Bonds only. Furthermore, if the Selected Assets have not been sold in an amount equal to the Adjusted Required Outstanding Principal Balance Amount by the date which is six months prior to, as applicable, the Maturity Date (if the relevant Series or Tranche of Covered Bonds is not subject to an Extended Maturity Date) or the Extended Maturity Date (if the relevant Series or Tranche of Covered Bonds is subject to an Extended Maturity Date) of the Earliest Maturing Covered Bonds, and the Guarantor does not have sufficient other funds standing to the credit of the Guarantor's Accounts available to repay the Earliest Maturing Covered Bonds (after taking into account all payments, provisions and credits to be made in priority thereto), then the Guarantor will offer the Selected Assets for sale for the best price reasonably available notwithstanding that such amount may be less than the Adjusted Required Outstanding Principal Balance Amount.

The Guarantor may offer for sale part of any portfolio of Selected Assets (a "**Partial Portfolio**"), if beneficial to the Programme.

With respect to any sale to be carried out in accordance with the Cover Pool Management Agreement, the Guarantor will, through a tender process, appoint a Portfolio Manager of recognised standing on a basis intended to incentivise the Portfolio Manager to achieve the best price for the sale of the Selected Assets (if such terms are commercially available in the market) and to advise it in relation to the sale of the Selected Assets to purchasers (except where any of the Main Seller and any Additional Seller (if any) is buying the Selected Assets in accordance with its right of pre-emption under the Master Assets Purchase Agreement).

Under the Cover Pool Management Agreement, following the delivery by the Representative of the Bondholders of a Guarantor Default Notice, the Guarantor shall immediately sell or otherwise liquidate all assets included in the Cover Pool, provided that the Guarantor will instruct the Portfolio Manager to

use all reasonable endeavours to procure that such sale is carried out as quickly as reasonably practicable taking into account the market conditions at that time.

Under the Cover Pool Management Agreement, the parties thereto have acknowledged that, prior to the occurrence of a Segregation Event, or if earlier, an Issuer Event of Default, the Main Seller and each Additional Seller (if any), will have the right to repurchase Excess Assets transferred to the Guarantor provided that no Tests may be breached as a result of any repurchase under such clause and any such purchase may occur only in accordance with any relevant law, regulation or interpretation of any authority (including, for the avoidance of doubts, the Bank of Italy or the Minister of Economy and Finance) which may be enacted with respect to Law 130 and the Prudential Regulations.

For further details, see section "*Credit structure - Tests*" below.

Governing law

The Cover Pool Management Agreement and any non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian law.

WARRANTY AND INDEMNITY AGREEMENT

On 9 July 2012, BNL, in its capacity as Main Seller, and the Guarantor entered into the Warranty and Indemnity Agreement, as amended, supplemented or replaced from time to time, pursuant to which BNL has given certain representations and warranties in favour of the Guarantor in respect of, *inter alia*, itself, the Eligible Assets and certain other matters in relation to the issue of the Covered Bonds and has agreed to indemnify the Guarantor in respect of certain liabilities of the Guarantor that may be incurred, *inter alia*, in connection with the purchase and ownership of the Eligible Assets.

The Warranty and Indemnity Agreement contains representations and warranties given by BNL as to matters of law and fact affecting BNL including, without limitation, that BNL validly exists as a legal entity, has the corporate authority and power to enter into the Programme Documents to which it is party and assume the obligations contemplated therein and has all the necessary authorisations for such purpose.

Pursuant to the Warranty and Indemnity Agreement, the Main Seller (and each Additional Seller, if any) has agreed to indemnify and hold harmless the Guarantor, its officers or agents or any of its permitted assigns from and against any and all damages, losses, claims, costs and expenses awarded against, or incurred by such parties which arise out of or result from, *inter alia*, (a) a default by BNL in the performance of any of its obligations under any Programme Document to which it is a party; (b) any representation and warranty given by BNL under or pursuant to the Warranty and Indemnity Agreement being false, incomplete or incorrect; (c) any alleged liability and/or claim raised by any third party against the Guarantor, as owner of the Receivables, which arises out of any negligent act or omission by BNL in relation to the Receivables, the servicing and collection thereof or from any failure by BNL to perform its obligations under any of the Programme Documents to which it is, or will become, a party; (d) the non compliance of the terms and conditions of any Residential Mortgage Loan with the

provisions of article 1283 of the Italian civil code; (e) the fact that the validity or effectiveness of any security, pledge, collateral or other security interest, relating to the Residential Mortgage Loans, has been challenged by way of claw-back (*azione revocatoria*) or otherwise, including, without limitation, pursuant to article 166 of the Business Crisis and Insolvency Code; (f) any amount of any Receivable not being collected or recovered by the Guarantor as a consequence of the proper and legal exercise by any Debtor and/or insolvency receiver of a Debtor of any grounded right to termination, annullability or withdrawal, or other claims and/or counterclaims, including set off, against BNL in relation to each Residential Mortgage Loan Agreement, Collateral Security and any other connected act or document, including, without limitation, any claim and/or counterclaim deriving from non compliance with the Usury law provisions in the granting of the Residential Mortgage Loan.

Governing law

The Warranty and Indemnity Agreement and any non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian law.

MASTER SERVICING AGREEMENT

On 9 July 2012, BNL, in its capacity as Main Servicer, and the Guarantor entered into the Master Servicing Agreement, as amended, supplemented or replaced from time to time, pursuant to which (i) the Guarantor has appointed BNL as Main Servicer to carry out the administration, management, collection and recovery activities relating to the Eligible Assets comprised in each portfolio to be transferred in accordance with the Master Assets Purchase Agreement and to act as "*soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e di pagamento*" pursuant to article 2, paragraphs 3 and 6-*bis*, of Law 130, and (ii) the parties thereto have agreed, in case an Additional Seller will enter into the Programme, the terms of the appointment of such Additional Seller to act as Additional Servicer in relation to the administration, management and collection activities related to the Assets forming part of each New Portfolio transferred to the Guarantor by such Additional Seller.

The receipt of the Collections is the responsibility of each Servicer, acting as agent (*mandatario*) of the Guarantor in relation to the Assets transferred by it to the Guarantor. Under the Master Servicing Agreement, each Servicer shall (i) credit to the relevant Collection Account any and all Collections related to the relevant Assets within the Business Day immediately following receipt thereof, and (ii) by 10:00 a.m. of each Business Day following the date in which the relevant Collections have been credited to the relevant Collection Account, transfer such amounts to the BNL Collection Account.

Each Servicer will also be responsible for carrying out, on behalf of the Guarantor, in accordance with the Master Servicing Agreement and the relevant Credit and Collection Policy, any activities related to the management, enforcement and recovery of the Defaulted Receivables and Delinquent Receivables.

The Servicer may sub- delegate to one or more entities any of the activities entrusted to it under the Master Servicing Agreement, subject to the limitations set out in the supervisory regulations and with the prior written notice to the Guarantor, the Main Servicer and the Representative of the Bondholders, and provided that such sub-delegation does not prejudice the compliance by the relevant Servicer with

its obligations under the Master Servicing Agreement. Each Servicer shall remain fully liable *vis-à-vis* the Guarantor for the performance of any activity so delegated.

Without prejudice for the right of each Seller to repurchase the relevant Eligible Assets pursuant to the Master Assets Purchase Agreement, each Servicer has been authorised, prior to the occurrence of a breach of any of the Tests which has not been remedied or the service of a Breach of Tests Notice and/or Issuer Default Notice, to reach with the Debtors any settlement agreements or payment extensions or moratorium or similar arrangements (including any renegotiation in relation to the interest rates and margins), in accordance with, *inter alia*, the relevant Credit and Collection Policy.

Following (i) a breach of any of the Tests and until such breach has not been remedied, or (ii) the delivery of an Issuer Default Notice and/or Breach of Tests Notice, the Servicer(s) will not be authorised to reach settlement agreements with any relevant Debtors, to grant any release with respect to the Receivables or the other Eligible Assets or enter into any amendment to the Residential Mortgage Loan Agreements or to the terms and conditions of the other Eligible Assets, save where required by any applicable laws or expressly authorised by the Guarantor.

Pursuant to the Master Servicing Agreement:

(i) each Additional Servicer shall prepare and deliver to the Main Servicer the Monthly Servicer's Report and the Quarterly Servicer's Report, in either case referring to the Portfolios transferred by it to the Guarantor; and

(ii) the Main Servicer shall (a) prepare, within the Monthly Servicer's Report Date, its own Monthly Servicer's Report, referring to the Portfolios transferred by it to the Guarantor, and deliver it to the entities referred to in the Master Servicing Agreement together with the Monthly Servicer's Reports received by each Additional Servicer; and (b) prepare and deliver to to the entities referred to in the Master Servicing Agreement, within each Quarterly Servicer's Report Date, a Consolidated Quarterly Servicer's Report which shall include, together with the information relating to the Portfolios transferred by the Main Seller to the Guarantor, the information contained in the Quarterly Servicer's Reports prepared by the each Additional Servicer.

The Guarantor may terminate a Servicer's appointment and appoint a Substitute Servicer if certain events occur (each a "**Servicer Termination Event**"). The Servicer Termination Events include, *inter alia*, the following events:

(a) failure on the part of the relevant Servicer(s) to deposit or pay any amount required to be paid or deposited, which failure continues for a period of 7 Business Days following receipt by the Servicer of a written notice from the Guarantor requiring the relevant amount to be paid or deposited;

(b) failure on the part of the relevant Servicer(s) to observe or perform any other term, condition, covenant or agreement provided for under the Master Servicing Agreement and the other Programme Documents to which it is a party, and the continuation of such failure for a period

of 10 Business Days following receipt by the relevant Servicer(s) of written notice from the Guarantor, provided that a failure ascribable to any entities delegated by the Servicer in accordance with the Master Servicing Agreement shall not constitute a Servicer Termination Event;

(c) an Insolvency Event occurs with respect to the Servicer;

(d) it becomes unlawful for the relevant Servicer(s) to perform or comply with any of its obligations under the Master Servicing Agreement or the other Programme Documents to which it is a party;

(e) the Servicer is or will be unable to meet the current or future legal requirements and the Bank of Italy's regulations for entities acting as servicers in the context of a covered bonds transaction.

Notice of any termination of the Servicer's appointment shall be given in writing, in accordance with the provisions of the Master Servicing Agreement, by the Guarantor to the relevant Servicer with the prior agreement of the Representative of the Bondholders and shall be effective from the date of such termination or, if later, when the appointment of a Substitute Servicer becomes effective. The relevant Servicer must continue to act as Servicer and meet its obligations until the Substitute Servicer is appointed.

The Guarantor may, upon the occurrence of a Servicer Termination Event, appoint as Substitute Servicer any person which:

(a) meets the requirements of Law 130 and the Bank of Italy to act as Servicer;

(b) has a experience (whether directly or through subsidiaries) in the administration of mortgage loans in Italy;

(c) has available and is able to use, in the carrying out of the administration of the loans, software and hardware utilities which are compatible with those used until the revocation by the relevant Servicer(s) and, in any case, who has access to proper technologies and human resources for the carrying out of the relevant collection and recovery activities relating to the Receivables and perform all other obligations in compliance with the standards provided by the Master Servicing Agreement and Istruzioni di Vigilanza.

Pursuant to the Master Servicing Agreement the Servicer shall not be entitled to resign from its appointment as Servicer before 12 months from the Execution Date of the Master Servicing Agreement (or, in case of any Additional Servicer, from the adhesion thereto).

Governing law

The Master Servicing Agreement and any non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian law.

CASH ALLOCATION, MANAGEMENT AND PAYMENTS AGREEMENT

On 25 July 2012, the Issuer, the Main Servicer, the Account Bank, the Cash Manager, the Guarantor, the Guarantor Calculation Agent, the Guarantor Corporate Servicer and Representative of the Bondholders entered into the Cash Allocation, Management and Payments Agreement, as amended, supplemented or replaced from time to time.

Under the terms of the Cash Allocation, Management and Payments Agreement, *inter alia*:

(i) the Guarantor has appointed BNL as Account Bank and Cash Manager;

(ii) the parties thereto have acknowledged that BNL will act as Principal Paying Agent for the Covered Bonds until the delivery of an Issuer Default Notice Notice or a Guarantor Default Notice, *provided that*, within 30 Business Days following delivery of an Issuer Default Notice and/or a Guarantor Default Notice, the Guarantor will appoint, subject to the prior consent of the Representative of the Bondholders, a substitute Principal Paying Agent, with whom the CB Payments Account must be opened;

(iii) the parties have acknowledged that the BNL Collection Account, the Payments Account and the Reserve Fund Account have been opened with the Account Bank, which also has agreed (a) to establish and maintain, in the name and on behalf of the Guarantor, the BNL Securities Account, further Collection Accounts and Securities Accounts and the Eligible Investments Securities Account;

(iv) the parties have acknowledged that the Expenses Account and the Quota Capital Account have been opened by the Guarantor with Banca Antonveneta S.p.A., Conegliano branch;

(v) the Account Bank has agreed, *inter alia*, (a) to provide the Guarantor with certain reporting services together with account handling services in relation to monies from time to time standing to the credit of such accounts; and (b) that it will make payments on behalf of the Guarantor in favour of the Other Guarantor Creditors;

(vi) the Guarantor Corporate Servicer has agreed to operate the Expenses Account in order to make certain payments as set out in the Cash Allocation, Management and Payment Agreement;

(vii) the Guarantor Calculation Agent has agreed to provide the Guarantor with calculation services with respect to the Guarantor's Accounts and the Guarantor Available Funds and prepare and deliver to, *inter alios*, the Main Servicer for such purpose the Payments Report; and

(viii) the Cash Manager has agreed that it may procure that any credit balance from time to time standing to the credit of the BNL Collection Account and the Payments Account is invested in Eligible Investments.

The Guarantor may (with the prior approval of the Representative of the Bondholders) revoke its appointment of any agent appointed pursuant to the Cash Allocation, Management and Payments

Agreement (each, an "**Agent**"), by giving not less than three months' (or less in the event of a breach of warranties and covenants) written notice to the relevant Agent (with a copy to the Representative of the Bondholders), regardless of whether an Issuer Event of Default or a Guarantor Event of Default has occurred. Any Agent may resign from its appointment under the Cash Allocation, Management and Payments Agreement, upon giving not less than three months' (or such shorter period as the Representative of the Bondholders may agree) prior written notice of termination to the Guarantor and the Representative of the Bondholders subject to and conditional upon certain conditions set out in the Cash Allocation, Management and Payment Agreement, provided that a substitute has been appointed.

Governing law

The Cash Allocation, Management and Payments Agreement and any non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian law.

ASSET SWAP AGREEMENT

Some of the Residential Mortgage Loans in the Cover Pool purchased by the Guarantor from time to time will pay a variable rate of interest and other Residential Mortgage Loans will pay a fixed rate of interest. On 25 July 2012 the Guarantor has entered into an Asset Swap Agreement with BNL as Asset Swap Provider to hedge the risks linked to interest it receives on the Cover Pool. The Asset Swap Agreement comprises four asset swap transactions. The aggregate notional amount of the asset swap transactions shall be the value of the Cover Pool outstanding from time to time excluding any Defaulted Assets (the "**Asset Swap Notional**").

Under the four asset swap transactions, the Guarantor shall pay to the Asset Swap Provider a fixed or floating rate as provided for under the relevant asset swap transaction and receive from the Asset Swap Provider, in aggregate, the Asset Swap Notional multiplied by three month EURIBOR.

The Asset Swap Agreement is scheduled to terminate on the date on which the aggregate Outstanding Principal Balance of the Cover Pool is zero.

In addition, the Guarantor may in the future enter into one or more Swap Agreements in order to hedge certain interest rate, currency and other risks in respect of amounts received by the Guarantor under the Cover Pool and the Asset Swap Agreement(s) and any amount payable by the Guarantor under the Subordinated Loan Agreements and, upon delivery of an Issuer Default Notice, the Covered Bonds.

Governing law

The Swap Agreements and any non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with English law.

MANDATE AGREEMENT

On 25 July 2012, the Guarantor and the Representative of the Bondholders entered into the Mandate Agreement, as amended, supplemented or replaced from time to time, under which, subject to a Guarantor Default Notice being served or upon failure by the Guarantor to exercise its rights under the Programme Documents and fulfilment of certain conditions, the Representative of the Bondholders, acting in such capacity, shall be authorised to exercise, in the name and on behalf of the Guarantor, all the Guarantor's non-monetary rights arising out of the Programme Documents to which the Guarantor is a party.

Governing law

The Mandate Agreement and any non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian law.

INTERCREDITOR AGREEMENT

On 25 July 2012, the Guarantor and the Other Guarantor Creditors entered into the Intercreditor Agreement, as amended, supplemented or replaced from time to time. Under the Intercreditor Agreement provision is made as to the application of the proceeds from Collections and Recoveries in respect of the Cover Pool and as to the circumstances in which the Representative of the Bondholders will be entitled, in the interest of the Bondholders, to exercise certain of the Guarantor's rights in respect of the Cover Pool and the Programme Documents.

In the Intercreditor Agreement the Other Guarantor Creditors have agreed, *inter alia*: (i) to the order of Priority of Payments to be made out of the Guarantor Available Funds; (ii) that the obligations of the Guarantor *vis-à-vis* the Bondholders and the Other Guarantor Creditors are limited recourse obligations of the Guarantor; and (iii) that the Bondholders and the Other Guarantor Creditors have a claim against the Guarantor only to the extent of the Guarantor Available Funds.

Under the terms of the Intercreditor Agreement, the Guarantor has undertaken, following the service of a Guarantor Default Notice, to comply with all directions of the Representative of the Bondholders, acting pursuant to the Terms and Conditions, in relation to the management and administration of the Cover Pool.

Each of the Other Guarantor Creditors has agreed in the Intercreditor Agreement that in the exercise of its powers, authorities, duties and discretions the Representative of the Bondholders shall have regard to the interests of both the Bondholders and the Other Guarantor Creditors but if, in the opinion of the Representative of the Bondholders, there is a conflict between their interests the Representative of the Bondholders will have regard solely to the interests of the Bondholders. The actions of the Representative of the Bondholders will be binding on each of the Other Guarantor Creditors.

Under the Intercreditor Agreement, each of the Other Guarantor Creditors has appointed the Representative of the Bondholders as its agent (*mandatario con rappresentanza*), so that the Representative of the Bondholders may, in its name and behalf and also in the interests of and for the

benefit of the Bondholders (who made a similar appointment pursuant to the Programme Agreement and the Terms and Conditions), *inter alia*, enter into the Deed of Pledge. In such capacity, the Representative of the Bondholders, with effect from the date when the Covered Bonds have become due and payable (following a claim to the Guarantor or a demand under the Guarantee in the case of an Issuer Event of Default or Guarantor Event of Default or the enforcement of the Guarantee if so instructed by the Bondholders or the exercise of any other rights of enforcement conferred to the Representative of the Bondholders), may exercise all of the Bondholders and Other Guarantor Creditors' right, title and interest in and to and in respect of the assets charged under the Deed of Pledge and do any act, matter or thing which the Representative of the Bondholders considers necessary for the protection of the Bondholders and Other Guarantor Creditors' rights under any of the Programme Documents including the power to receive from the Issuer or the Guarantor any and all moneys payable by the Issuer or the Guarantor to any Bondholder or Other Guarantor Creditors. In any event, the Representative of the Bondholders shall not be bound to take any of the above steps unless it has been indemnified and/or secured to its satisfaction against all actions, proceedings, claims and demands to which it may thereby render itself liable and all costs, charges, damages and expenses which it may incur by so doing.

The parties to the Intercreditor Agreement have acknowledged and agreed that any Additional Seller may assign Eligible Assets to the Guarantor, subject to satisfaction of certain conditions which will include the execution and/or accession to certain Programme Documents or other acts, deeds, documents. Any such Additional Seller may become party to the Intercreditor Agreement from time to time by signing an accession letter and, in addition, any Additional Seller(s) shall be required to assume certain specific undertakings as the continuation of the Programme, or any provision of law, may require (including, but not limited to, assuming the same undertakings of the Issuer and the Main Seller set out in the Cover Pool Management Agreement and/or in the Subordinated Loan Agreement and/or in the Master Servicing Agreement, as the case may be.

Governing law

The Intercreditor Agreement and any non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian law.

GUARANTOR CORPORATE SERVICES AGREEMENT

Under the Corporate Services Agreement entered into on 25 July 2012, as amended, supplemented or replaced from time to time, between the Guarantor Corporate Servicer and the Guarantor, the Guarantor Corporate Servicer has agreed to provide certain corporate and administrative services to the Guarantor.

Governing law

The Guarantor Corporate Services Agreement and any non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian law.

PROGRAMME AGREEMENT

On 25 July 2012, the Issuer, the Guarantor, the Representative of the Bondholders and the Initial Dealer entered into the Programme Agreement, as amended, supplemented or replaced from time to time, pursuant to which the parties thereto have recorded the arrangements agreed between them in relation to the issue by the Issuer and the subscription by the Dealer(s) from time to time of Covered Bonds issued under the Programme.

Under the Programme Agreement, it was agreed that any Covered Bonds of any Series or Tranche which may from time to time be issued by the Issuer and subscribed for by the relevant Dealer(s) shall be issued and subscribed for on the basis of, and in reliance upon, the representations, warranties, undertakings and indemnities made or given or provided to be made or given pursuant to the terms of the Programme Agreement. Unless otherwise agreed, neither the Issuer nor any Dealer(s) is, are or shall be, in accordance with the terms of the Programme Agreement, under any obligation to issue or subscribe for any Covered Bonds of any Series or Tranche.

Pursuant to the Programme Agreement, each of the Guarantor (with respect to itself) and the Issuer (with respect to itself and the Guarantor) has agreed to indemnify the Dealer(s) in case of, *inter alia*, any misrepresentation of breach of duties under the Programme Ageemeent, as a consequence of which losses have been suffered by the relevant Dealer(s).

According to the terms of the Programme Agreement, the Issuer may nominate any institution as a new Dealer in respect of the Programme or nominate any institution as a new Dealer only in relation to a particular Series or Tranche of Covered Bonds upon satisfaction of certain conditions set out in the Programme Agreement.

Governing law

The Programme Agreement and any non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian law.

DEED OF PLEDGE

On 25 July 2012, the Guarantor and the Representative of the Bondholders entered into the Deed of Pledge, as amended, supplemented or replaced from time to time, under which, without prejudice and in addition to any security, guarantee and other right provided by Law 130 securing the discharge of the Guarantor's obligations to the Bondholders and the Other Guarantor Creditors, the Guarantor has pledged in favour of the Bondholders and the Other Guarantor Creditors all monetary claims and rights and all the amount arising (including payment for claims, indemnities, damages, penalties, credits and guarantees) to which the Guarantor is or will be entitled to from time to time pursuant to certain Programme Documents, with the exclusion of the Cover Pool and the Collections. The security created pursuant to the Deed of Pledge will become enforceable upon the service of a Guarantor Default Notice.

Governing law

The Deed of Pledge and any non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian law.

GENERAL

The Covered Bonds will be direct, unsecured, unconditional obligations of the Issuer. The Guarantor has no obligation to pay the Guaranteed Amounts under the Guarantee until the occurrence of an Issuer Event of Default, service by the Representative of the Bondholders on the Issuer and on the Guarantor of an Issuer Default Notice. The Issuer will not be relying on payments by the Guarantor in respect of the Term Loans or receipt of Interest Available Funds or Principal Available Funds from the Cover Pool in order to pay interest or repay principal under the Covered Bonds.

There are a number of features of the Programme which enhance the likelihood of timely and, as applicable, ultimate payments to Bondholders, as follows:

- the Guarantee provides credit support for the benefit of the Bondholders;
- the Mandatory Tests and the Asset Coverage Test are intended to ensure that the Cover Pool is at all times sufficient to pay any interest and principal under the Covered Bonds;
- the Liquidity Reserve Requirement is periodically performed with the intention of ensuring that the Liquidity Reserve is in an amount equal to or greater than the maximum cumulative Net Liquidity Outflow expected in the next following 180 days;
- the Amortisation Test is intended to test the asset coverage of the Guarantor's assets in respect of the Covered Bonds following the service of an Issuer Default Notice;
- the Asset Swap Agreement is intended to hedge certain interest rate, current or other risks in respect of amounts received and amounts payable by the Guarantor;
- under the terms of the Cash Allocation, Management and Payment Agreement, the Cash Manager has agreed that it may invest the moneys standing to the credit of the BNL Collection Account and the Payments Account in purchasing Eligible Investments.

Certain of these factors are considered more fully in the remainder of this section.

GUARANTEE

The Guarantee provided by the Guarantor guarantees payment of Guaranteed Amounts when the same become Due for Payment in respect of all Covered Bonds issued under the Programme in accordance with the relevant Priority of Payments. The Guarantee will not guarantee any other amount becoming payable in respect of the Covered Bonds for any other reason, including any accelerated payment pursuant to Condition 13.2 (*Issuer Event of Default*) following the delivery of an Issuer Default Notice. In this circumstance (and until a Guarantor Event of Default occurs and a Guarantor Default Notice is served), the Guarantor's obligations will only be to pay the Guaranteed Amounts as they fall Due for Payment. Payments to be made by the Guarantor under the Guarantee will be made subject to, and in accordance with, the relevant Priority of Payments, as applicable.

See further "*Description of the Programme Documents – Guarantee*", as regards the terms of the Guarantee. See "*Cashflows – Guarantee Priority of Payments*", as regards the payment of amounts payable by the Guarantor to Bondholders and other creditors following the occurrence of an Issuer Event of Default.

TESTS

Under the terms of the Cover Pool Management Agreement, (a) the Issuer (and the Additional Seller(s), if any) must ensure that on each Test Reference Date and Post-Breach of Tests Reference Date, the Cover Pool is in compliance with the Tests described below; and (b) the Test Calculation Agent shall verify, on each Test Performance Report Date that such Tests were met at the relevant Test Reference Date or Post-Breach of Tests Reference Date, as the case may be.

In addition to the above, the Test Calculation Agent shall verify on each Test Reference Date that, in accordance with article 7-*undecies* of Law 130, the overcollateralization of the Cover Pool complies with article 129 of the CRR.

Mandatory Tests

(A) ***Nominal Value Test***

The Test Calculation Agent shall verify on any Test Reference Date and Post-Breach of Tests Reference Date that the aggregate Outstanding Principal Balance of the Cover Pool shall be equal to or higher than the Principal Amount Outstanding of all Series or Tranches of Covered Bonds issued under the Programme and not cancelled or redeemed in full in accordance with the Terms and Conditions and the relevant Final Terms as at the relevant Test Reference Date or Post-Breach of Tests Reference Date, as the case may be.

For the purpose of the Nominal Value Test, the Outstanding Principal Balance of the Cover Pool shall be considered as an amount equal to the "**Nominal Value**" and shall be, on each Test Reference Date (or, following the breach of any of the Mandatory Tests or the Asset Coverage Test, as at the relevant Post-Breach of Tests Reference Date), at least equal to the aggregate Principal Amount Outstanding of the Covered Bonds (or the Euro Equivalent, if applicable). The Nominal Value shall be calculated by applying the following formula:

$$A + B - C \geq OBG$$

where,

"**A**" is the Outstanding Principal Balance of each Eligible Assets comprised in the Cover Pool;

"B" is the aggregate amount of all Principal Available Funds cash standing on the Guarantor's Accounts;

"**C**" is the portion of the amount outstanding in respect of each Eligible Asset represented by Mortgage Receivables which shall be deducted from the amount outstanding in respect of the relevant Residential Mortgage Receivable or Commercial Mortgage Receivable so that the remaining amount outstanding does not exceed, respectively, 80% and 60% of the value of the relevant property;

"**OBG**" is the aggregate Principal Amount Outstanding of all Series or Tranches of the Covered Bonds (or the Euro Equivalent, if applicable).

The Nominal Value Test will always be deemed as met to the extent that the Asset Coverage Test is met as of the relevant Test Reference Date or Post-Breach of Tests Reference Date, as the case may be.

The calculation above will be performed without taking into account any Eligible Assets exceeding the limits set forth under article 129, paragraph 1a., of the CRR. It remains in any case understood that any Eligible Swap Agreement is excluded from the calculation of the Nominal Value Test.

In addition to the above, the Test Calculation Agent shall verify on each Test Reference Date that, in accordance with article 7-*undecies* of Law 130, the overcollateralization of the Cover Pool complies with article 129 of the CRR.

(B) ***Net Present Value Test***

The Test Calculation Agent shall verify on any Test Reference Date and Post-Breach of Tests Reference Date that the net present value of the Cover Pool, net of all the costs to be borne by the Guarantor (including payments of any costs, fees and/or expenses expected or due with respect to any Eligible Swap Agreement which are in compliance with Article 7-*decies* of the Law 130) shall be higher than or equal to the net present value of all Series or Tranches of Covered Bonds issued under the Programme and not cancelled or redeemed in full in accordance with the Terms and Conditions and the relevant Final Terms as at the relevant Test Reference Date or Post-Breach of Tests Reference Date, as the case may be

The Net Present Value Test shall be met if:

$$A + B + C + D - E - F \geq NPVOBG$$

where:

"**A**" is the net present value of all Eligible Assets (other than any Eligible Swap Agreement) comprised in the Cover Pool;

"**B**" is the net present value of each Eligible Swap Agreement;

"**C**" is the aggregate amount of all Principal Available Funds (but excluding any amounts already calculated under item "B" above) standing on the Guarantor's Accounts as at the relevant Test Reference Date or Post-Breach of Tests Reference Date, as the case may be;

"**D**" is the aggregate amount of all Interest Available Funds (but excluding any amounts already calculated under item "B" above) standing on the Guarantor's Accounts as at the relevant Test Reference Date or Post-Breach of Tests Reference Date, as the case may be;

"**E**" is the net present value amount of any transaction costs to be borne by the Guarantor (including payments of any costs, fees and/or expenses expected to be borne or due with respect to any Eligible Swap Agreement, as well as all other operational costs (other than the ones under "F" below) including the maintenance costs to be sustained by the Guarantor pursuant to article 7-*undecies* of Law 130 (as detailed in the Pre-Issuer Default Test Performance Report));

"**F**" is the net present value amount of the management costs due in case of liquidation of the Programme to be sustained by the Guarantor pursuant to article 7-undecies of Law 130 to be calculated as per the provisions of the Cover Pool Management Agreement; and

"**NPVOBG**" is the sum of the net present value of all Series or Tranches of Covered Bonds outstanding under the Programme.

The calculation above will be performed without taking into account any Eligible Assets exceeding the limits set forth under article 129, paragraph 1a., of the CRR.

(C) *Interest Coverage Test*

The Test Calculation Agent shall verify on any Test Reference Date and Post-Breach of Tests Reference Date that the amount of interest and other revenues generated by the Eligible Assets included in the Cover Pool, net of all the costs borne by the Guarantor (considering also any Eligible Swap Agreement), shall be higher than or equal to the amount of interest due on all Series or Tranches of Covered Bonds issued under the Programme and not cancelled or redeemed in full in accordance with the Terms and Conditions and the relevant Final Terms as at the relevant Test Reference Date or Post-Breach of Tests Reference Date, as the case may be.

The Interest Coverage Test shall be met if (provided that such calculation shall be performed on the basis of prudent criteria in accordance with the applicable accounting principles):

$$A + B + C + D - E \geq IOBG$$

where:

"**A**" is the interest component of (i) all the Instalments due and payable from the relevant Test Reference Date (excluded) (or following the breach of any of the Mandatory Test or the Asset Coverage Test, from the relevant Post-Breach of Tests Reference Date (excluded)) to the maturity

date of the last series of Covered Bonds and (ii) the interest component of all the amounts to be received in respect of the Eligible Assets (other than any Eligible Swap Agreement) comprised in the Cover Pool (other than those under letter (i) above) from (a) the relevant Test Reference Date (excluded) (or following the breach of any of the Mandatory Test or the Asset Coverage Test, from the relevant Post-Breach of Tests Reference Date (excluded)) to (b) the maturity date of the last series of Covered Bonds, provided that in case of Loans or Securities with floating rate interest, such interest payments will be calculated on the basis of the interest rates applicable as at the relevant Test Reference Date;

"**B**" is any net amount expected to be received by the Guarantor under any Eligible Swap Agreement from (i) the first Guarantor Payment Date (included) falling immediately after the relevant Test Reference Date or Post-Breach of Tests Reference Date (as the case may be) to (ii) the maturity date of the last series of Covered Bonds, provided that in case of floating rate interest, such interest payments will be calculated on the basis of the interest rates applicable as at the relevant Test Reference Date;

"**C**" is any interest expected to accrue on the Guarantor's Accounts from (i) the relevant Test Reference Date (excluded) to (ii) the maturity date of the last series of Covered Bonds (such interest payments to be calculated with respect to the applicable interest rates as of the relevant Test Reference Date);

"**D**" is the aggregate amount of Interest Available Funds (but excluding any amounts already calculated under item "B" above) as at the relevant Test Reference Date or Post-Breach of Tests Reference Date, as the case may be;

"**E**" is the amount of all senior costs expected to be borne by the Guarantor during the period starting on (i) the first Guarantor Payment Date (included) falling immediately after the relevant Test Reference Date or Post-Breach of Tests Reference Date (as the case may be) and (ii) ending on the maturity date of the last series of Covered Bonds, under item from *First* to *Third* of the Pre-Issuer Default Interest Priority of Payments; and

"**IOBG**" is the aggregate amount of all interest payments due and payable under all outstanding Series or Tranche of Covered Bonds on the Interest Payment Dates falling in the period starting on (i) the first Guarantor Payment Date (included) falling immediately after the relevant Test Reference Date or Post-Breach of Tests Reference Date (as the case may be) and (ii) ending on the maturity date of the last series of Covered Bonds, provided that in case of Floating Rate Covered Bonds, such interest payments will be calculated on the basis of the interest rates applicable, as set out in the relevant Final Terms, as at the relevant Test Reference Date.

The calculation above will be performed without taking into account any Eligible Assets exceeding the limits set forth under article 129, paragraph 1a., of the CRR.

Liquidity Reserve Requirement

The Test Calculation Agent shall verify on each Test Reference Date and Post-Breach of Tests Reference Date that the Liquidity Reserve Requirement is met with respect to the Cover Pool.

The Liquidity Reserve Requirement will be considered met if the Liquidity Reserve is in an amount equal to or greater than the maximum cumulative Net Liquidity Outflow expected in the next following 180 days.

The "**Liquidity Reserve**" will be equal to the amount of Eligible Assets comprised in the Cover Pool which are in compliance with article 7-*duodecies*, paragraph 2, of Law 130, including the Reserve Amount.

The result of verification of the Liquidity Reserve Requirement will be set out in each Pre-Issuer Default Test Performance Report and Post-Issuer Default Test Performance Report to be prepared and delivered by the Test Calculation Agent.

Should the result from any Pre-Issuer Default Test Performance Report or Post-Issuer Default Test Performance Report show that the Liquidity Reserve Requirement is breached, then the Main Seller and any Additional Seller(s) shall transfer to the Guarantor New Portfolio(s) of Liquidity Assets in order to cure such excess or alternatively, the Subordinated Lender may advance further Term Loans under the Subordinated Loan Agreement, in any case taking also into account the thresholds set out under article 129, paragraph 1a. of the CRR.

Asset Coverage Test

Starting from the First Issue Date (excluded) and until the earlier of:

(a) the date on which all Series or Tranche of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with the Terms and Conditions and the relevant Final Terms; and

(b) the date on which an Issuer Default Notice is delivered (and, in case the Issuer Event of Default consists of an Article 74 Event, to the extent that an Article 74 Event Cure Notice has been served),

the Issuer, also in its capacity as Main Seller, and any Additional Seller(s) (if any), jointly and severally undertake to procure that, on any Test Reference Date and on any Post-Breach of Tests Reference Date, the Asset Coverage Test is met with respect to the Cover Pool.

For the purposes of the Asset Coverage Test, the Test Calculation Agent shall verify that the adjusted aggregate asset amount (the "**Adjusted Aggregate Asset Amount**") is, on each Test Reference Date and Post-Breach of Tests Reference Date prior to the delivery of an Issuer Default Notice, at least equal to the aggregate Principal Amount Outstanding (or the Euro Equivalent, if applicable) of all Series or Tranches of Covered Bonds issued under the Programme and not cancelled or redeemed in full in accordance with the Terms and Conditions and the relevant Final Terms at the relevant Test Reference Date or Post-Breach of Tests Reference Date.

The Adjusted Aggregate Asset Amount will be calculated by applying the following formula:

A + B – C

where:

"**A**" is the aggregate Outstanding Principal Balance of any Eligible Assets which are not classified as Defaulted Receivables;

"**B**" is the aggregate amount of the Principal Available Funds standing to the credit of the Guarantor's Account;

"**C**" is the portion of the amount outstanding in respect of each Eligible Asset represented by Mortgage Receivables which shall be deducted from the amount outstanding in respect of the relevant Residential Mortgage Receivable or Commercial Mortgage Receivable so that the remaining amount outstanding does not exceed, respectively, 80% and 60% of the value of the relevant property.

Amortisation Test

Starting from the date on which an Issuer Default Notice is delivered to the Issuer and the Guarantor and until the earlier of:

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

(b) the date on which a Guarantor Default Notice is delivered;

the Guarantor undertakes to procure that on any Test Reference Date, the Amortisation Test is met with respect to the Cover Pool, provided that, in case the Issuer Event of Default consists of an Article 74 Event, no Article 74 Event Cure Notice has been served.

For the purpose of the Amortisation Test, the Test Calculation Agent (as appointed by the Guarantor in substitution of the Issuer pursuant to the Cover Pool Management Agreement) shall verify that, on each Test Reference Date, the Outstanding Principal Balance of the Cover Pool (which for such purpose is considered as an amount equal to the "**Amortisation Test Adjusted Aggregate Asset Amount**") is higher than or equal to the Principal Amount Outstanding (or the Euro Equivalent, if applicable) of all Series or Tranches of Covered Bonds issued under the Programme and not cancelled or redeemed in full in accordance with the Terms and Conditions and the relevant Final Terms at the relevant Test Reference Date.

The Amortisation Test Adjusted Aggregate Asset Amount will be calculated by applying the following formula:

A + B

where:

"**A**" is the aggregate Outstanding Principal Balance of any Eligible Assets which are not classified as Defaulted Receivables as at the relevant Test Reference Date;

"**B**" is the aggregate amount of the Principal Available Funds standing to the credit of the Guarantor's Account as at the relevant Test Reference Date.

BREACH OF TESTS

If any Test Performance Report specifies the breach of any of the Tests on a Test Reference Date, then, within the Test Grace Period, the Main Seller, (and/or, if any, any Additional Seller) will either:

(i) sell additional Eligible Assets to the Guarantor for an amount sufficient to allow the relevant Test(s) to be met at the end of the Test Grace Period, in accordance with the Master Assets Purchase Agreement and the Cover Pool Management Agreement, to be financed through the proceeds of Term Loans to be granted by the Main Seller (and/or any Additional Seller, if any); or

(ii) substitute any relevant assets in respect of which the right of repurchase can be exercised under the terms of the Master Assets Purchase Agreement with new Eligible Assets (it being understood that, in case of breach of the Liquidity Reserve Requirement, the relevant Eligible Asset(s) can be replaced only with Liquidity Assets), for an amount sufficient to allow the relevant Test to be met at the end of the Test Grace Period.

FAILURE TO REMEDY MANDATORY TESTS AND/OR ASSET COVERAGE TEST

If, within the Test Grace Period, the breach of the relevant Mandatory Tests and/or Asset Coverage Test is not remedied in accordance with the terms of the Cover Pool Management Agreement, the Representative of the Bondholders will deliver a Breach of Tests Notice and a Segregation Event will occur.

If, after the delivery of a Breach of Tests Notice, the breach of the relevant Mandatory Test(s) and/or Asset Coverage Test is not remedied within the Test Remedy Period, an Issuer Event of Default will occur and the Representative of the Bondholders will deliver an Issuer Default Notice to the Issuer and the Guarantor.

If, after the delivery of a Breach of Tests Notice, but prior to the delivery of an Issuer Default Notice, the relevant Mandatory Test(s) and/or Asset Coverage Test is/are newly met at the end of the Test Remedy Period according to the information included in the relevant Test Performance Report (unless any other Segregation Event has occurred and is outstanding and without prejudice to the obligation of the Representative of the Bondholders to deliver a subsequent Breach of Tests Notice at any time thereafter to the extent a further Segregation Event occurs), the Representative of the Bondholders will deliver to the Issuer and the Guarantor a Breach of Tests Cure Notice, informing such parties that the Breach of Tests Notice then outstanding has been revoked.

If, after the delivery of an Issuer Default Notice (provided that, should such Issuer Default Notice consists of an Article 74 Event, an Article 74 Event Cure Notice has not been served), a breach of the Amortisation Test occurs, the Representative of the Bondholders will deliver a Guarantor Default Notice

(unless the Representative of the Bondholders, having exercised its discretion, resolves otherwise or a Programme Resolution of the Bondholders is passed resolving otherwise).

Upon receipt of an Issuer Default Notice or a Guarantor Default Notice, the Guarantor shall dispose of the assets included in the Cover Pool.

CASHFLOWS

As described above under "*Credit Structure*", until an Issuer Default Notice is served on Issuer and the Guarantor, the Covered Bonds will be obligations of the Issuer only. The Issuer is liable to make payments when due on the Covered Bonds, whether or not it has received any corresponding payment from the Guarantor.

This section summarises the cashflows of the Guarantor only, as to the allocation and distribution of the Guarantor Available Funds and their order of priority (all such orders of priority, the "**Priority of Payments**").

Definitions

For the purposes hereof the Guarantor Available Funds are constituted by the Interest Available Funds and the Principal Available Funds, which will be calculated by the Guarantor Calculation Agent on each Calculation Date.

"**Interest Available Funds**" means in respect of any Guarantor Payment Date, the aggregate of:

(i) any interest amounts and/or yield collected by the relevant Servicer in respect of the Cover Pool and credited into the BNL Collection Account during the immediately preceding Quarterly Collection Period;

(ii) all Recoveries in the nature of interest received by the relevant Servicer and credited to the BNL Collection Account during the immediately preceding Quarterly Collection Period;

(iii) all amounts of interest accrued (net of any withholding or expenses, if due) and paid on the Guarantor's Accounts (other than the Expenses Account) during the immediately preceding Quarterly Collection Period;

(iv) any amounts standing to the credit of the Reserve Fund Account in excess of the Reserve Amount, and following the service of an Issuer Default Notice, any amounts standing to the credit of the Reserve Fund Account;

(v) all amounts in respect of interest and/or yield received from the Eligible Investments (if any) during the immediately preceding Quarterly Collection Period;

(vi) any amounts received under the Swap Agreement(s) during the immediately preceding Quarterly Collection Period;

(vii) all interest amounts received from the relevant Seller by the Guarantor pursuant to the Master Assets Purchase Agreement during the immediately preceding Quarterly Collection Period;

(viii) any amounts paid as Interest Shortfall Amount out of item (First) of the Pre-Issuer Default Principal Priority of Payments on the same Guarantor Payment Date; and

(ix) any amounts (other than the amounts already allocated under other items of the Guarantor Available Funds) received by the Guarantor from any party to the Programme Documents during the immediately preceding Quarterly Collection Period,

net of (i) in relation to the first Guarantor Payment Date, the Retention Amount paid out of the BNL Collection Account to credit the Expenses Account on or about the First Issue Date; and (ii) in relation to each Guarantor Payment Date, any amounts paid out of the BNL Collection Account and/or the Payments Account during the relevant Quarterly Collection Period in favour of a creditor of the Guarantor who is not an Other Guarantor Creditor, to the extent that such payment may not remain outstanding until the next Guarantor Payment Date without prejudice to the Guarantor and to the extent that funds to the credit of the Expenses Account are not sufficient for that purpose.

"**Principal Available Funds**" means in respect of any Guarantor Payment Date, the aggregate of:

(i) all principal amounts collected by each Servicer in respect of the Cover Pool and credited to the BNL Collection Account during the immediately preceding Quarterly Collection Period;

(ii) all other Recoveries in respect of principal received by each Servicer and credited to the BNL Collection Account during the immediately preceding Quarterly Collection Period;

(iii) all principal amounts received by the Guarantor from each Seller pursuant to the Master Assets Purchase Agreement during the immediately preceding Quarterly Collection Period;

(iv) the proceeds of any disposal of Eligible Assets and any disinvestment of Eligible Assets during the immediately preceding Quarterly Collection Period;

(v) any amounts granted by each Subordinated Lender under the relevant Subordinated Loan Agreement and not used to fund the payment of the Purchase Price for any Eligible Assets during the immediately preceding Quarterly Collection Period;

(vi) all amounts other than in respect of interest received under any Swap Agreement during the immediately preceding Quarterly Collection Period;

(vii) any amounts paid out of item *Ninth* of the Pre-Issuer Default Interest Priority of Payments at the immediately preceding Guarantor Payment Date;

(viii) any amount paid to the Guarantor by the Issuer during the immediately preceding Quarterly Collection Period upon exercise by or on behalf of the Guarantor of the rights of subrogation (*surrogazione*) or recourse (*regresso*) against the Issuer pursuant to article 4, paragraphs7-quaterdecies, paragraph 3 of Law 130;

(ix) any principal amounts standing (other than amounts already allocated under other items of the Principal Available Funds) received by the Guarantor from any party to the Programme Documents during the immediately preceding Quarterly Collection Period; and

(x) any principal amount still deposited on the Guarantor's Accounts (other than the Retention Amount) upon payments made at the immediately preceding Guarantor Payment Date.

Pre-Issuer Default Interest Priority of Payments

Prior to the delivery of an Issuer Default Notice (and, if the Issuer Default Notice consists of an Article 74 Event, upon delivery of an Article 74 Event Cure Notice), the Interest Available Funds shall be applied on each Guarantor Payment Date in making the following payments and provisions in the following order of priority (in each case only if and to the extent that payments of a higher priority have been made in full) (the "**Pre-Issuer Default Interest Priority of Payments**"):

1. (*First*), (a) to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses (to the extent that amounts standing to the credit of the Expenses Account have been insufficient to pay such amounts) and (b) to credit to the Expenses Account such an amount as will bring the balance of such account up to (but not in excess of) the Retention Amount;

2. (*Second*), to pay any amounts due and payable to the Representative of the Bondholders;

3. (*Third*), to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amounts due and payable to the Servicer(s), the Back-up Servicer Facilitator, the Back-up Servicer (if appointed), the Account Bank, the Asset Monitor, the Cash Manager, the Guarantor Calculation Agent and the Guarantor Corporate Servicer;

4. (*Fourth*), *pari passu* and *pro rata*, according to the respective amounts thereof, to pay (or make a provision for payment of any relevant amounts falling due up to the next following Guarantor Payment Date as the Guarantor Calculation Agent may reasonably determine) of any interest amounts due to the Swap Provider(s) (including any termination payments due and payable by the Guarantor, except where the swap counterparty is the Defaulting Party or the sole Affected Party (the "**Excluded Swap Termination Amounts**");

5. (*Fifth*), to credit to the Reserve Fund Account an amount required to ensure that the amounts standing to the credit of the Reserve Fund Account is funded up to the Reserve Amount, as calculated on the immediately preceding Guarantor Calculation Date;

6. (*Sixth*), *pari passu* and *pro rata*, according to the respective amounts thereof, to pay any Base Interest due and payable on the relevant Guarantor Payment Date on each Term Loan to the Subordinated Lender(s) pursuant to the terms of the relevant Subordinated Loan Agreement, provided that (i) no Segregation Event has occurred and is continuing on such Guarantor Payment Date; and/or (ii) any amount in respect of interest under the relevant Series or Tranche of Covered Bonds which has fallen prior to the relevant Guarantor Payment Date has been paid in full by the Issuer;

7. (*Seventh*), upon the occurrence of a Servicer Termination Event, to credit all remaining Interest Available Funds to the BNL Collection Account until such Servicer Termination Event is either remedied or waived by the Representative of the Bondholders or a Substitute Servicer is

appointed pursuant to the Master Servicing Agreement;

8. (*Eighth*), to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Excluded Swap Termination Amounts to the Swap Provider(s);

9. (*Ninth*), to transfer to the Principal Available Funds an amount equal to the Interest Shortfall Amount, if any, allocated on the immediately preceding Guarantor Payment Date and on any preceding Guarantor Payment Dates under item (*First*) of the Pre-Issuer Default Principal Priority of Payments and not already repaid;

10. (*Tenth*), to pay to any party to the Programme Documents (other than the Seller(s)), *pari passu* and *pro rata* according to the respective amounts thereof, any amounts due and payable under the Programme Documents, to the extent not already paid or payable under other items of this Pre-Issuer Default Interest Priority of Payments;

11. (*Eleventh*), to pay to the Seller(s), *pari passu* and *pro rata* according to the respective amounts thereof, any interest accrued on the Purchase Price of any Portfolio and any other amounts due and payable under the Programme Documents, to the extent not already paid or payable under other items of this Pre-Issuer Default Interest Priority of Payments;

12. (*Twelfth*) *pari passu* and *pro rata* according to the respective amounts thereof, to pay to the Subordinated Lender(s) any Premium on the relevant Term Loans, provided that (i) no Segregation Event has occurred and is continuing, and/or (ii) any amount in respect of interest under the relevant Series or Tranche of Covered Bonds which has fallen due prior to the relevant Guarantor Payment Date has been paid in full by the Issuer.

Pre-Issuer Default Principal Priority of Payments

Prior to the delivery of an Issuer Default Notice (and, if the Issuer Default Notice consists of an Article 74 Event, upon delivery of an Article 74 Event Cure Notice), the Principal Available Funds shall be applied on each Guarantor Payment Date in making the following payments and provisions in the following order of priority (in each case only if and to the extent that payments of a higher priority have been made in full) (the "**Pre-Issuer Default Principal Priority of Payments**"):

1. (*First*), to pay any amounts payable as Interest Shortfall Amount ;

2. (*Second*), provided that no Segregation Event has occurred and is continuing, *pari passu* and *pro rata* according to the respective amounts thereof, to (i) pay in whole or in part the Purchase Price of each New Portfolio to the relevant Seller(s) or (ii) make a provision for payment of any such Purchase Price in case the formalities required to make the assignment of the relevant New Portfolio enforceable have not been carried out yet on such Guarantor Payment Date;

3. (*Third*), *pari passu* and *pro rata* according to the respective amounts thereof: (a) to pay (or make a provision for payment of any relevant amounts falling due up to the next following Guarantor Payment Date as the Guarantor Calculation Agent may reasonably determine) any amounts, other

than in respect of interest, due or to become due and payable to the relevant Swap Provider(s) under the relevant Swap Agreement(s); and (b) (where appropriate, after taking into account any amounts, other than in respect of interest, to be received from any Swap Provider on such Guarantor Payment Date or such other date up to the next following Guarantor Payment Date as the Guarantor Calculation Agent may reasonably determine) to pay the amounts in respect of principal due and payable to the Subordinated Lender(s) under the relevant Term Loan, provided that (i) no Segregation Event has occurred and is continuing on such Guarantor Payment Date and/or (ii) any principal amount outstanding in respect of the relevant Series or Tranche of Covered Bonds which have fallen due prior to the relevant Guarantor Payment Date have been repaid in full by the Issuer.

Guarantee Priority of Payments

Following the delivery of an Issuer Default Notice and – in the event that the Issuer Event of Default consists in an Article 74 Event – until the delivery of an Article 74 Event Cure Notice, the Guarantor Available Funds shall be applied on each Guarantor Payment Date in making the following payments and provisions in the following order of priority (in each case only if and to the extent that payments of a higher priority have been made in full) (the "**Guarantee Priority of Payments**"):

1. (*First*), (a) to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses (to the extent that amounts standing to the credit of the Expenses Account have been insufficient to pay such amounts) and (b) to credit to the Expenses Account such an amount as will bring the balance of such account up to (but not in excess of) the Retention Amount;

2. (*Second*), to pay any amounts due and payable to the Representative of the Bondholders;

3. (*Third*), to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amount due and payable to the Servicer(s), the Account Bank, the Asset Monitor, the Cash Manger, the Guarantor Calculation Agent, the Guarantor Corporate Servicer, the Principal Paying Agent, the Paying Agent(s) (if any), the Portfolio Manager (if any), the Back-up Servicer Facilitator, the Back-up Servicer (if appointed) and the Test Calculation Agent;

4. (*Fourth*), *pari passu* and *pro rata* according to the respective amounts thereof, to pay (or make a provision for payment of any relevant amounts falling due up to (but excluding) the next following Guarantor Payment Date as the Guarantor Calculation Agent may reasonably determine) (a) any amounts in respect of interest due or to become due and payable to the Swap Provider(s) under the relevant Swap Agreement(s) (including any termination payment due and payable by the Guarantor, other than any Excluded Swap Termination Amounts); and (b) any amounts in respect of interest due or to become due and payable in respect of each Series or Tranche of Covered Bonds (*pari passu* and *pro rata* in respect of each Series or Tranche of Covered Bonds);

5. (*Fifth*), to credit to the Reserve Fund Account an amount required to ensure that the amounts standing to the credit of the Reserve Fund Account is funded up to the Reserve Amount, as

calculated on the immediately preceding Guarantor Calculation Date;

6. (*Sixth*), *pari passu* and *pro rata* according to the respective amounts thereof, to pay (or to make a provision for payment of any relevant amounts falling due up to (but excluding) the next following Guarantor Payment Date as the Guarantor Calculation Agent may reasonably determine), (a) any amounts, other than in respect of interest, due or to become due and payable to the relevant Swap Provider(s) (including any termination payment due and payable by the Guarantor under the relevant Swap Agreement, other than any Excluded Swap Termination Amount) under the relevant Swap Agreement(s); and (b) any amounts in respect of principal due or to become due and payable in respect of each Series or Tranche of Covered Bonds (*pari passu* and *pro rata* in respect of each Series or Tranche of Covered Bonds);

7. (*Seventh*), until each Series or Tranche of Covered Bonds has been fully repaid or repayment in full of the Covered Bonds has been provided for (such that the Redemption Amount has been accumulated in respect of each outstanding Series or Tranche of Covered Bonds), to credit any remaining amounts to the BNL Collection Account;

8. (*Eighth*), to pay to the relevant Swap Provider(s), *pari passu* and *pro rata* according to the respective amounts thereof, any Excluded Swap Termination Amount due and payable by the Guarantor under the relevant Swap Agreement;

9. (*Ninth*), to pay to any party to the Programme Documents (other than the Seller(s)), *pari passu* and *pro rata* according to the respective amounts thereof, any amounts due and payable under the Programme Documents, to the extent not already paid or payable under other items of this Guarantee Priority of Payments;

10. (*Tenth*), to pay to the Seller(s), *pari passu* and *pro rata* according to the respective amounts thereof, any interest accrued on the Purchase Price of any Portfolio and any other amount due and payable under the Programme Documents, to the extent not already paid or payable under other items of this Guarantee Priority of Payments;

11. (*Eleventh*) provided that any other amounts under this Guarantee Priority of Payments have been paid (or a provision for payment has been made) in full, to pay to the Subordinated Lender(s), *pari passu* and *pro rata* according to the respective amounts thereof, any interest, principal amount outstanding and Premium (if any) and any other amounts due on each Term Loan (as applicable) under the relevant Subordinated Loan Agreement(s).

Post-Enforcement Priority of Payments

Following a Guarantor Event of Default, the making of a demand under the Guarantee and the delivery of a Guarantor Default Notice by the Representative of the Bondholders, the Guarantor Available Funds shall be applied, on each Guarantor Payment Date, in making the following payments in the following order of priority (the "**Post-Enforcement Priority of Payments**"):

1. (*First*), to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses

(to the extent that amounts standing to the credit of the Expenses Account have been insufficient to pay such amounts);

2. (*Second*), to pay any amounts due and payable to the Representative of the Bondholders;

3. (*Third*), to pay, *pari passu* and *pro rata* according to the respective amounts thereof, (i) any amounts due and payable to the Servicer(s), the Account Bank, the Asset Monitor, the Cash Manager, the Guarantor Calculation Agent, the Guarantor Corporate Servicer, the Principal Paying Agent, the Paying Agent(s) (if any), the Portfolio Manager (if any), the Back-up Servicer Facilitator, the Back-up Servicer (if appointed) and the Test Calculation Agent (ii) any amounts (other than any Excluded Swap Termination Amount) due and payable to the Swap Provider(s) under the relevant Swap Agreement(s); and (iii) any amounts due and payable in respect of each Series or Tranche of Covered Bonds;

4. (*Fourth*), to pay to the relevant Swap Provider(s), *pari passu* and *pro rata* according to the respective amounts thereof, any Excluded Swap Termination Amount due and payable by the Guarantor under the relevant Swap Agreement;

5. (*Fifth*), to pay to any party to the Programme Documents (other than the Seller(s)), *pari passu* and *pro rata* according to the respective amounts thereof, any amounts due and payable under the Programme Documents, to the extent not already paid or payable under other items of this Post-Enforcement Priority of Payments;

6. (*Sixth*) to pay to the Seller(s), *pari passu* and *pro rata* according to the respective amounts thereof, any interest accrued on the Purchase Price of any Portfolio and any other amount due and payable under the Programme Documents, to the extent not already paid or payable under other items of this Post-Enforcement Priority of Payments;

7. (*Seventh*), provided that any other amounts under this Post-Enforcement Priority of Payments have been paid in full, to pay or repay to the Subordinated Lender(s), *pari passu* and *pro rata* according to the respective amounts thereof, any amounts outstanding under the Subordinated Loan Agreement(s).

DESCRIPTION OF THE COVER POOL

The Cover Pool is and will be comprised of (a) Receivables and the related Security Interest assigned to the Guarantor by the Main Seller (and/or the Additional Seller(s) if any) in accordance with the terms of the Master Assets Purchase Agreement, and (b) any other Eligible Assets in accordance with Law 130 and the Prudential Regulations.

As at the date of this Prospectus, the Initial Portfolio consists of Receivables transferred by the Main Seller to the Guarantor in accordance with the terms of the Master Assets Purchase Agreement, as more fully described under "*Description of the Programme Documents – Master Assets Purchase Agreement*".

Criteria

The sale of the Receivables and their related Security Interest to the Guarantor will be subject to various conditions being satisfied on the relevant Valuation Date (except as otherwise indicated). The Receivables to be transferred from time to time to the Guarantor will meet certain Criteria, identified so that the Receivables will be selected as a "pool" (*blocco*). The Criteria, which will differ for Residential Mortgage Receivables, Commercial Mortgage Receivables and Public Entities Receivables, will comprise the Common Criteria, which will be from time to time integrated by the Specific Criteria, provided that the relevant Seller and the Guarantor may agree to amend the Common Criteria any such amendment shall be notified to the Representative of the Bondholders and the Main Servicer.

Common Criteria for the transfer of the Residential Mortgage Receivables

The Residential Mortgage Receivables transferred and to be transferred from time to time to the Guarantor pursuant to the Master Assets Purchase Agreement shall and will meet the following Common Criteria (to be deemed cumulative unless otherwise provided) on each relevant Valuation Date (or at such other date specified below):

1. are secured by a Mortgage created over Real Estate Assets to be used as residence (*uso di abitazione*), in accordance with applicable laws and regulations, and in which the relevant Real Estate Assets are located in the Republic of Italy;

2. the relevant outstanding amount added to the principal amount outstanding of any preceding mortgage loans secured by the same Real Estate Asset does not exceed 80 per cent of the value of the Real Estate Asset as at the date of disbursement of the relevant Residential Mortgage Loan, according to article 129, paragraph (1)(d) of the CRR;

3. in relation to which the hardening period (*periodo di consolidamento*) applicable to the relevant Mortgage has expired and the relevant Mortgage is not capable of being challenged pursuant to article 166 of the Business Crisis and Indolvency Code and, if applicable, article 39, fourth paragraph, of the Consolidated Banking Act;

4. in relation to which the relevant Residential Mortgage Loan is denominated in Euro;

5. in relation to which the relevant Residential Mortgage Loan Agreement is governed by the Italian law and was entered into by means of public deed (atto pubblico) received by a notary registered under an Italian notarial college (*Collegio Notarile*);

1. which as at 31 December of the calendar year immediately preceding the relevant Valuation Date were "*in bonis*" and in relation to which no notices have been sent to the relevant borrower that the relevant receivable was classified as "delinquent" (*incaglio*) or "defaulted" (*sofferenza*) or "under restructuring" (*in corso di ristrutturazione*) and which have not been previously classified as "restructured" (*ristrutturati*) pursuant to the Istruzioni di Viliganza or any other regulatons issued by the Bank of Italy.

Common Criteria for the transfer of the Commercial Mortgage Receivables

The Commercial Mortgage Receivables transferred and to be transferred from time to time to the Guarantor pursuant to the Master Assets Purchase Agreement shall and will meet the following Common Criteria (to be deemed cumulative unless otherwise provided) on each relevant Valuation Date (or at such other date specified below):

1. are secured by a mortgage created over Real Estate Assets to be used for commercials or professionals purposes (*attività commercial o di ufficio*), in accordance with applicable laws and regulations, and in which the relevant Real Estate Assets are located in the Republic of Italy;

2. the relevant outstanding amount, added to the principal amount outstanding of any preceding mortgage loans secured by the same Real Estate Asset, does not exceed 60 per cent of the value of the Real Estate Asset as at the date of disbursement of the relevant Commercial Mortgage Loan, according to article 129, paragraph (1)(f) of the CRR;

3. in relation to which the hardening period (*periodo di consolidamento*) applicable to the relevant Mortgage has expired and the relevant Mortgage is not capable of being challenged pursuant to article 166 of the Business Crisis and Indolvency Code and, if applicable, article 39, fourth paragraph, of the Consolidated Banking Act;

4. in relation to which the relevant Commercial Mortgage Loan is denominated in Euro;

5. in relation to which the relevant Commercial Mortgage Loan is governed by the Italian law and was entered into by means of public deed (atto pubblico) received by a notary registered under an Italian notarial college (*Collegio Notarile*);

6. which as at 31 December of the calendar year immediately preceding the relevant Valuation Date were "*in bonis*" and in relation to which no notices have been sent to the relevant borrower that the relevant receivable was classified as "delinquent" (*incaglio*) or "defaulted" (*sofferenza*) or "under restructuring" (*in corso di ristrutturazione*) and which have not been previously classified as "restructured" (*ristrutturati*) pursuant to the Istruzioni di Viliganza or any other regulatons issued by the Bank of Italy.

Common Criteria for the transfer of the Public Entities Receivables

The Public Entities Receivables transferred and to be transferred from time to time to the Guarantor pursuant to the Master Assets Purchase Agreement shall and will meet the following Common Criteria (to be deemed cumulative unless otherwise provided) on each relevant Valuation Date (or at such other date specified below):

1. have the features required by article 129, paragraph (1)(b) of the CRR:

2. in relation to which the relevant Public Loan has been fully disbursed;

3. in relation to which the relevant Public Loan is denominated in Euro or, if denominated in Lire as at the relevant disbursement date, it has been redenominated in Euro;

4. in relation to which the relevant Public Entities Loan is governed by the Italian law.

Specific Criteria for the Initial Portfolio

For an overview of the Specific Criteria of the Initial Portfolio, we would refer you to the notice of assignment published in the Official Gazette of the Republic of Italy, Part II, number 82 of 14 July 2012.

THE ASSET MONITOR

The Prudential Regulations require that the Issuer appoints a qualified entity to be the asset monitor to carry out controls on the regularity of the transaction and the integrity of the Guarantee and, following the latest amendments to the Prudential Regulations introduced by way of inclusion of the new Part III, Chapter 3 (*Obbligazioni Bancarie Garantite*) in Bank of Italy's Circular No. 285 of 17 December 2013, the information to be provided to investors.

Pursuant to the Prudential Regulations, the Asset Monitor must be an independent auditor enrolled with the Register of Certified Auditors held by the Ministry for Economy and Finance pursuant to Legislative Decree No. 39 of 27 January 2010 and the Ministerial Decree No. 145 of 20 June 2012 and shall be independent from the Issuer and any other party to the Programme and from the accounting firm who carries out the audit of the Issuer and the Guarantor.

Based upon controls carried out, the Asset Monitor shall prepare annual reports, to be addressed also to the Statutory Auditors *(collegio sindacale)* of the Issuer.

Pursuant to an engagement letter (as amended, supplemented or restated from time to time, the "**Asset Monitor Engagement Letter**") entered into on 20 July 2023 between the Issuer and the Asset Monitor and to an asset monitor agreement entered into on 18 April 2024 between the Issuer, the Guarantor, the Asset Monitor and the Representative of the Bondholders (the "**Asset Monitor Agreement**"), the Asset Monitor has agreed to perform certain procedures relating to the Cover Pool and the Programme in accordance with Law 130 and the Prudential Regulations.

THE ASSET MONITOR AGREEMENT

The Asset Monitor, will, pursuant to an asset monitor agreement entered into on 18 April 2024 (as amended and supplemented from time to time, the "**Asset Monitor Agreement**") between *inter alia* the Issuer, the Guarantor, the Asset Monitor and the Representative of the Bondholders and subject to due receipt of the information to be provided by the Test Calculation Agent to the Asset Monitor, verify the arithmetic accuracy of the calculations performed by the Test Calculation Agent with respect to the Mandatory Tests, the Liquidity Reserve Requirement, the Amortisation Test and the Asset Coverage Test pursuant to the Cover Pool Management Agreement.

The Asset Monitor Agreement provides for certain matters such as the payment of fees and expenses to the Asset Monitor, the limited recourse nature of the payment obligation of the Guarantor *vis-à-vis* the Asset Monitor, the resignation of the Asset Monitor and the replacement by the Guarantor of the Asset Monitor.

Governing law

The Asset Monitor Agreement and any non-contractual obligations arising out of or in connection with it are governed by Italian law.

DESCRIPTION OF CERTAIN RELEVANT LEGISLATION IN ITALY

The following is a general description of Law 130 (as defined below). It does not purport to be a complete analysis of the legislation described below or of the other considerations relating to the Covered Bonds arising from Italian laws and regulations. Furthermore, this overview is based on Italian Legislation as in effect on the date of this Prospectus, which may be subject to change, potentially with retroactive effect. This description will not be updated to reflect changes in laws. Accordingly, prospective Bondholders should consult their own advisers as to the risks arising from Italian legislations that may affect any assessment by them of the Covered Bonds.

Introduction

The legal and regulatory framework with respect to the issue of covered bonds in Italy comprises the following:

- Title I-*bis* of the Law number 130 of 30 April 1999 (as amended, the "**Law 130**");
- Part III, Chapter 3 of the "*Disposizioni di Vigilanza per le Banche*" (*Circolare* No. 285 of 17 December 2013), as amended and supplemented from time to time (the "**Prudential Regulations**").

Legislative decree No. 190 of 5 November 2021 (the "**Decree 190/2021**"), transposed into the Italian legal framework Directive (EU) 2019/2162 and designated the Bank of Italy as the competent authority for the public supervision of the covered bonds, which was entrusted with the issuing of the implementing regulations of the Title I-bis of Law 130, as amended, in accordance with article 3, paragraph 2, of Decree 190/2021.

Directive (EU) 2019/2162 lays down rules on the issuance requirements, structural features, public supervision and publication obligations for covered bonds. Compared with the UCITS, Directive (EU) 2019/2162 provides for a number of more complex structural requirements, such as the dual recourse and the bankruptcy remoteness tools. The Directive at hand also establishes specific requirements for a liquidity reserve and introduces the possibility of joint funding and intragroup pooled covered bond structures in order to facilitate the issuance of covered bonds by small credit institutions. Moreover, the Directive provides the authorities of the Member States with the task of monitoring compliance of covered bond issuances with the abovementioned requirements and regulates the conditions for obtaining the authorisation to carry out the activity of issuance of covered bonds in the context of a covered bond programme.

Regulation (EU) 2019/2160 introduces some amendments to Article 129 of the CRR, providing for additional requirements for covered bonds to be eligible for the relevant preferential treatment. In particular, the Regulation introduces a rule allowing exposures to credit institutions rated in credit quality step 2 up to a maximum of 10% of the total exposure of the nominal amount of outstanding covered bonds of the issuing institution, without the need to consult the EBA. The Regulation also requires a minimum level of overcollateralization in order to mitigate the most relevant risks arising in the case of the issuer's insolvency or resolution.

Moreover, several additional changes to the LCR Delegated Regulation are proposed in order to align the LCR Delegated Regulation with Article 129 of the CRR, as amended by Regulation (EU) 2019/2160. The consultation remained opened until 24 November 2020.

On 8 May 2021, the European Delegated Law 2019 has entered into force. It delegates the Italian Government to implement – inter alia – Directive (EU) 2019/2162. According to the European Delegated Law 2019:

- the Bank of Italy is the competent authority for the supervision on covered bonds;
- the implementing provisions shall provide for the exercise of the option granted by Article 17 of Directive (EU) 2019/2162, allowing for the issue of covered bonds with extendable maturity structures, and
- the implementing provisions shall grant the Bank of Italy with the power to exercise the option to set for covered bonds a minimum level of overcollateralization lower than the thresholds set out under Article 1 of Regulation (EU) 2019/2162 (i.e. 2% or 5% depending on the assets included in the cover pool).

The provisions of Law 130, as amended by Decree 190/2021, apply to covered bonds issued starting from 8 July 2022. It is worth mentioning that the national legislator chose to exercise the following options provided by Directive (EU) 2019/2162: (i) the possibility not to apply the liquidity requirement of the cover pool limited to the period covered by the liquidity requirement provided for in Delegated Regulation (EU) 2015/61; (ii) the possibility of allowing the issuance of covered bonds with extendable maturity structures; (iii) the possibility of allowing the calculation of the liquidity requirement of the cover pool in case of programs with extendable maturity by taking as a reference the final maturity date for the payment of principal.

Moreover, following a public consultation launched by the Bank of Italy on 12 January 2023 and ended on 11 February 2023, on 30 March 2023 Bank of Italy issued the 42nd amendment to the Prudential Regulations, providing for the implementing measures referred to under article 3, paragraph 2, of Decree 190/2021. Such amendment to the Prudential Regulations provided for, inter alia, the definition of (i) the criteria for the assessment of the eligible assets and the conditions for including derivative contracts with hedging purposes among eligible assets for covered bonds; (ii) the procedures for calculating hedging requirements; (iii) the conditions for issuing new issuance programmes and the interim discipline regarding new issues under issuance programmes already existing as of 30 March 2023; (iv) the possibility also to banks with credit rating 3 to act as counterparties of a derivative contract with hedging purposes; (v) the reduction of the minimum level of over-collateralization for covered bonds (i.e. 2% instead of 5%). The public consultation ended on 11 February 2023 and has brought to the publication of the 42th amendment to the Bank of Italy Circular No. 285/2013.

In accordance with the Prudential Regulations, as amended on 30 March 2023, the Bank of Italy did not exercise the option provided for in the Directive (EU) 2019/2162 that allows Member States to lower the threshold of the minimum level of overcollateralization.

The Prudential Regulations – as amended pursuant to the 42nd amendment – *inter alia*, regulating:

- the capital adequacy requirements that issuing banks must satisfy in order to issue covered bonds and the ability of issuing banks to manage risks;
- limitations on the total value of eligible assets that banks, individually or as part of a group, may transfer as cover pools in the context of covered bond transactions;
- criteria to be adopted in the integration of the assets constituting the cover pools;
- the identification of the cases in which the integration is permitted and its limits;
- monitoring and surveillance requirements applicable with respect to covered bond transactions and the provision of information relating to the transaction;
- the publication of periodical information concerning the issuance programmes in order to enable investors to conduct an informed assessment of the cover bond programmes and the related risks;
- the interim discipline regarding new issues under issuance programmes already existing as of 30 March 2023;
- the request for the authorization of the Bank of Italy for the establishment of new issuance programmes; and
- the requirements for applying for the "European Covered Bond (Premium)" label.

On 22 February 2022 Bank of Italy issued the 38th amendment to Circular No. 285 introducing the possibility for the Bank of Italy to impose a systemic risk buffer (SyRB), pursuant to Article 133 of the CRD V, consisting of CET1, with the aim of preventing and mitigating macro-prudential or systemic risks not otherwise covered by the macro-prudential tools provided by the CRR, the countercyclical capital buffer and the capital buffers for G-SIIs or O-SIIs. The amendment adapts the rules concerning capital buffers and capital conservation measures with CRD V and implement the EBA's guidance on the appropriate subsets of sectoral exposures for the application of the SyRB in accordance with Article 133(5)(f) of CRD V. In addition to the above, the 38th amendment also granted the power to the Bank of Italy of adopting one or more prudential measures based on customer and loan characteristics (so-called borrower-based measures), requiring banks to apply them when granting new financing in any form. Those measures can be applied to all loans or differentiated on the basis of the characteristics of customers and loans. More specifically, in the presence of high vulnerabilities of the financial system, which may give rise to systemic risks, the Bank of Italy may adopt one or more borrower-based measures that are – in line with the ESRB guidelines – appropriate and sufficient to prevent or mitigate the identified risks, considering, if possible, also any cross-border effect arising from their application and paying due attention to the principle of proportionality. On 29 September 2022 EBA amended, with Guidelines EBA/GL/2022/12, 2014 Guidelines on the specification and disclosure of systemic importance, updating indicators data used for the identification of global systemically important institutions (G-SIIs), increasing the transparency in the G-SIIs identification process and ensuring a continued level playing field with respect to disclosure requirements between global systemically

important institutions (G-SIIs) and other large institutions with an overall leverage ratio exposure measure of more than EUR 200 billion at the end of each year. EBA/GL/2022/12 applies since 16 January 2023. On 21 December 2022, the Bank of Italy issued the 41st amendment to Circular No. 285, implementing said Guidelines EBA/GL/2022/12. With the same amendment, the Bank of Italy implemented also the EBA Guidelines of 12 October 2022 (EBA/GL/2022/13), amending the EBA Guidelines on disclosure of non-performing and foreborne exposures (EBA/GL/2018/10). On 18 March 2022, the EBA published revised "Guidelines for Common Procedures and Methodologies for the Supervisory Review and Evaluation Process (SREP) and Prudential Stress Tests", which provide a common framework for supervision in assessing risks to banks' business models, solvency and liquidity, as well as for conducting prudential stress tests. The guidelines will apply as of 1 January 2023.

On 30 March 2023, the Bank of Italy issued the 42nd amendment to Circular No. 285, implementing the new European framework (i.e. Directive EU 2019/2162, Covered Bond Directive, and Regulation EU 2019/2160, Covered Bond Regulation), which introduces a supervisory regime on covered bond programmes which will be applicable to new covered bond issuance programs only. In case of new issuances – i.e. made after the effective date of the 42th amendment – in the framework of pre-existing programs, the banks shall guarantee the compliance with the new regulatory framework.

Basic structure of a covered bond issue

The structure provided under Title I-*bis* with respect to the issue of covered bonds may be summarised as follows:

- a bank transfers a pool of eligible assets (i.e. the cover pool) to a Title I-*bis* special purpose vehicle (the "**SPV**");
- the bank (or a different bank) grants the SPV a subordinated loan in order to fund the payment by the SPV of the purchase price due for the cover pool;
- the bank (or a different bank) issues the covered bonds which are supported by a first demand, unconditional and irrevocable guarantee issued by the SPV for the exclusive benefit of the holders of the covered bonds. The Guarantee is backed by the entire cover pool held by the SPV and is limited to the Segregated Assets, consisting of (a) the Cover Pool, (b) any amounts paid by the relevant Debtors and/or the Swap Providers and (c) any amount paid to the Guarantor deriving from any other Programme Documents.

Title I-*bis* however also allows for structures which contemplate different entities acting respectively as cover pool provider, subordinated loan provider and covered bonds issuing bank.

The SPV

The Italian legislator chose to implement the new legislation on covered bonds by supplementing the Law 130, thus basing the new structure on a well established platform and applying to covered bonds many provisions with which the market is already familiar in relation to Italian securitisations.

Accordingly, as is the case with the special purpose entities which act as issuers in Italian securitisation transactions, the SPV is required to be established with an exclusive corporate object that, in the case of covered bonds, must be the purchase of assets eligible for cover pools and the person giving guarantees in the context of covered bond transactions.

The guarantee

Article 7-*quaterdecies* of Law 130 provides that the guarantee issued by the Guarantor for the benefit of the bondholders must be irrevocable, first-demand, unconditional and independent from the obligations of the issuer of the covered bonds. Furthermore, upon the occurrence of a default by the issuing bank in respect of its payment obligations under the covered bonds, the Guarantor must provide for the payment of the amounts due under the covered bonds, in accordance with their original terms and with limited recourse to the Segregated Assets. The acceleration of the SPV's payment obligations under the covered bonds will not therefore result in a corresponding acceleration of the SPV's payment obligations under the guarantee (thereby preserving the maturity profile of the covered bonds).

Upon an insolvency of the issuing bank, solely the SPV will be responsible for the payment obligations of the issuing bank owed to the bondholders, in accordance with their original terms and with limited recourse to the amounts available to the SPV from the Segregated Assets.

If a resolution pursuant to article 74 of the Consolidated Banking Act is passed in respect of the issuing bank, the SPV, in accordance with Article 7-*quaterdecies* of Law 130, shall be responsible for the payments of the amounts due and payable under the Covered Bonds within the entire period in which the suspension continues at their relevant due date, provided that it shall be entitled to claim any such amounts from the Issuer. For further details see section "*Description of the Programme Documents - Guarantee*".

Finally, if a liquidation procedure (*liquidazione coatta amministrativa*) is imposed on the issuer's payments, the SPV will fulfil the issuer's payment obligations, with respect to amounts which are due and payable and with limited recourse to the cover pool. The SPV will then have recourse against the issuer for any such payments.

Segregation and subordination

Article 7-*octies* provides that the assets comprised in the cover pool and the amounts paid by the debtors with respect to the receivables and/or debt securities included in the cover pool are exclusively designated and segregated by law for the benefit of the holders of the covered bonds and the hedging counterparties involved in the transaction.

In addition, Article 7-*octies* expressly provides that the claim for reimbursement of the loan granted to the SPV to fund the purchase of assets in the cover pool is subordinated to the rights of the bondholders and of the hedging counterparties involved in the transaction.

Exemption from claw-back

Article 7-*octies* provides that the guarantee and the subordinated loan granted to fund the payment by the Guarantor of the purchase price due for the cover pool are exempt from the bankruptcy claw-back provisions set out in article 166 of the Business Crisis and Insolvency Code.

In addition to the above, any payments made by an assigned debtor to the Guarantor may not be subject to any claw-back action according to Article 164 of the Business Crisis and Insolvency Code.

The Issuing Bank

The Prudential Regulations provide that covered bonds may only be issued by banks duly authorised by the Bank of Italy. To this end, the following are evaluated: (a) an adequate programme of operations setting out the issue of covered bonds; (b) adequate policies, processes and methodologies aimed at investor protection for the approval, amendment, renewal and refinancing of loans included in the cover pool; (c) management and staff dedicated to the covered bond programme which have adequate qualifications and knowledge regarding the issue of covered bonds and the administration of the covered bond programm; (d) compliance with Title I-*bis* of the Law 130 and Prudential Regulations.

The Cover Pool

The assets are considered eligible for inclusion in a cover pool are those under Article 7-*novies.*

Ratio between cover pool value and covered bond outstanding amount

Law 130 provides that the cover pool provider and the issuer must continually ensure that, throughout the transaction:

- the aggregate nominal value of the cover pool is at least equal to the nominal amount of the relevant outstanding covered bonds;
- the net present value of the cover pool, net of all the transaction costs borne by the special purpose company, including therein the expected costs and the costs of any hedging arrangement entered into in relation to the transaction, shall be equal to, or greater than, the net present value of the outstanding covered bonds; and
- the interests and other revenues deriving from the cover pool, net of all the costs borne by the special purpose company are sufficient to cover interests and costs due by the issuer with respect to outstanding covered bonds, taking into account any hedging arrangements entered into in connection with the transaction.

In respect of the above, under the Prudential Regulations, strict monitoring procedures are imposed on the issuing banks for the monitoring of the transaction and of the adequacy of the guarantee on the cover pool. Such activities must be carried out both by the issuing bank and by an asset monitor, to be appointed by the bank, which is an independent accounting firm. The asset monitor must prepare and

deliver to the issuing bank's board of auditors, on an annual basis, a report detailing its monitoring activity and the relevant findings.

The Prudential Regulations require banks to carry out the monitoring activities described above at least every 6 months with respect to each covered bond transaction. Furthermore, the internal auditors of banks must comprehensively review every 12 months the monitoring activity carried out with respect to each covered bond transaction, basing such review, *inter alia*, on the evaluations supplied by the asset monitor.

In order to ensure that the monitoring activities above may be appropriately implemented, the Prudential Regulations require that the entities participating in covered bond transactions be bound by appropriate contractual undertakings to communicate to the issuing bank, the cover pool provider and the entity acting as servicer in relation to the cover pool assets all the necessary information with respect to the cover pool assets and their performance.

Substitution of assets

Law 130 and the Prudential Regulations provide that, following the initial transfer to the cover pool, the eligible assets comprised in the cover pool may only be substituted or supplemented in order to ensure that the requirements described under "*Ratio between cover pool value and covered bond outstanding amount*", or the higher over-collateralisation provided for under the relevant covered bond transaction documents, are satisfied at all times during the transaction, provided that this option is expressly provided for in the program and the issuance prospectus, which, in this case, identify the cases in which replacement is permitted, ensure adequate market disclosure, and, if necessary, establish appropriate quantitative limits on replacement.

Taxation

Article 7-*viciester* of the Law 130, provides that any tax is due as if the granting of the subordinated loan and the transfer of the cover pool had not taken place and as if the assets constituting the cover pool were registered as on-balance sheet assets of the cover pool provider, provided that:

- the purchase price paid for the transfer of the cover pool is equal to the most recent book value of the assets constituting the cover pool; and
- the subordinated loan is granted by the same bank acting as cover pool provider.

TAXATION

The statements herein regarding taxation are based on the laws in force as at the date of this Prospectus and are subject to any changes in law or interpretation issued by Italian Tax Authorities or any other Italian authority occurring after such date, which changes could be made on a retroactive basis. The following overview does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Covered Bonds and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as – among others – dealers in securities or commodities) may be subject to special rules.

Prospective purchasers of the Covered Bonds are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Covered Bonds.

Republic of Italy

Tax treatment of Covered Bonds issued by the Issuer

Legislative Decree No. 239 of 1 April 1996, as subsequently amended and supplemented ("**Decree No. 239**") provides the applicable regime regarding the tax treatment of interest, premium and other proceeds arising from certain securities issued, *inter alia*, by Italian resident banks (including the difference between the redemption amount and the issue price) (hereinafter collectively referred to as "**Interest**").

The provisions of Decree No. 239 only apply to Covered Bonds issued by the Issuer which qualify as *obbligazioni* (bonds) or *titoli similari alle obbligazioni* (securities similar to bonds) pursuant to Article 44 of Presidential Decree No. 917 of 22 December 1986, as amended and supplemented (hereinafter, the "**Decree No. 917**"). For these purposes, securities similar to bonds (*titoli similari alle obbligazioni*) are securities that incorporate an unconditional obligation of the issuer to pay at maturity an amount not lower than their nominal value, with or without the payment of periodic interest, and do not give any right to directly or indirectly participate in the management of the issuer or to the business in connection to which the securities were issued, nor to control the same.

Italian resident Covered Bondholders

Where Italian resident Covered Bondholders are:

(a) individuals who are residents of the Republic of Italy for tax purposes holding the Covered Bonds otherwise than in connection with entrepreneurial activities (unless they have entrusted the management of their financial assets to an authorised intermediary and have opted for the regime named *regime del risparmio gestito* – "asset management option", as described in section "**Capital Gains tax**" below);

(b) Italian resident partnerships (other than *società in nome collettivo, società in accomandita semplice* or similar partnerships), *de facto* partnerships not carrying out commercial activities and professional associations;

(c) Italian resident public and private resident entities, other than companies, and trusts not carrying out mainly or exclusively commercial activities; or

(d) investors exempt from Italian corporate income taxation.

Interest relating to the Covered Bonds, accrued during the relevant holding period, are subject to a withholding tax, referred to as "*imposta sostitutiva*", levied at the rate of 26 per cent. In the event that the Covered Bondholders described under (a) and (c) above are engaged in an entrepreneurial activity to which the Covered Bonds are connected, the *imposta sostitutiva* applies as a provisional tax and the relevant Interest must be included in their relevant income tax return. As a consequence, the Interest will be subject to ordinary income tax and the *imposta sostitutiva* may be recovered as a deduction 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 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 Covered Bonds if the Covered Bonds are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law.

Where Italian resident Covered Bondholders are (a) Italian resident companies or (b) permanent establishments in the Republic of Italy of non resident companies to which the Covered Bonds are effectively connected, and the Covered Bonds are deposited with an authorised intermediary, Interest from the Covered Bonds will not be subject to *imposta sostitutiva*. However, Interest must be included in the relevant Covered Bondholder's taxable income and is therefore subject to general Italian corporate taxation ("**IRES**") (and, in certain circumstances, depending on the "status" of the Covered Bondholder, 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 No. 351**"), Law Decree No. 78 of 31 May 2010, converted into Law No. 122 of 30 July 2010 and Legislative Decree No. 44 of 4 March 2014, all as amended, payments of Interest in respect of the Covered Bonds made to Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented, or pursuant to Article 14-bis of Law No. 86 of 25 January 1994 and Italian real estate SICAFs (together, the "**Real Estate Funds**") are subject neither to *imposta sostitutiva* nor to any other income tax in the hands of a Real Estate Fund. However, a withholding tax of 26 per cent. will apply, in certain circumstances, to distributions made in favour of unitholders/shareholders of the Real Estate Fund.

If the investor is resident in Italy and is an open-ended or closed-ended investment fund, a SICAF ("*Società di investimento a capitale fisso*") or a SICAV ("*Società di investimento a capitale variabile*") established in Italy (together, the "**Fund**") and either (i) the Fund or (ii) its manager is subject to the supervision of a regulatory authority, and the relevant Covered Bonds are held by an authorised intermediary, Interest accrued during the holding period on the Covered Bonds will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund. The Fund will not be subject to taxation on such results but a withholding tax of 26 per cent. will apply, in certain

circumstances, to distributions made in favour of unitholders or shareholders (the "**Collective Investment Fund Tax**").

Where an Italian resident Covered Bondholder is a pension fund (subject to the regime provided for by article 17 of the Italian Legislative Decree No. 252 of 5 December 2005) and the Covered Bonds are deposited with an authorised intermediary, Interest relating to the Covered Bonds and accrued during the holding period will not be subject to imposta sostitutiva, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 20 per cent. substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, interest relating to the Covered Bonds may be excluded from the taxable base of the 20 per cent. substitute tax if the Covered Bonds are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law.

Pursuant to Decree No. 239, the *imposta sostitutiva* is applied by banks, *società di intermediazione mobiliare* (so-called "**SIMs**"), fiduciary companies, *società di gestione del risparmio*, stockbrokers and other qualified entities, identified by a decree of the Ministry of Finance, which are resident in Italy ("**Intermediaries**" and each an "**Intermediary**") or by permanent establishments in Italy of banks or intermediaries resident outside Italy or by organizations or companies non-resident in Italy, acting through a system of centralized administration of securities and directly connected with the Department of Revenue of the Ministry of Finance (which includes *Euroclear* and *Clearstream*) having appointed an Italian representative for the purposes of Decree No. 239. For the purposes of applying *imposta sostitutiva*, Intermediaries or permanent establishments in Italy of foreign intermediaries are required to act in connection with the collection of Interest or, in the transfer or disposal of the Covered Bonds, including in their capacity as transferees. For the purpose of the application of the *imposta sostitutiva*, a transfer of Covered Bonds includes any assignment or other act, either with or without consideration, which results in a change in ownership of the relevant Covered Bonds or in a change in the Intermediary with which the Covered Bonds are deposited.

Where the Covered Bonds are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any Italian financial intermediary paying Interest to a Covered Bondholder or, absent that, directly by the Issuer.

Non-Italian resident Covered Bondholders

Pursuant to Article 6 of Decree No. 239, where the Covered Bondholder is a non-Italian resident, without a permanent establishment in Italy to which the Covered Bonds are effectively connected, an exemption from the *imposta sostitutiva* applies provided that the non-Italian resident beneficial owner is:

(a) resident, for tax purposes, in a country which allows Italian Tax Authorities to obtain appropriate information in respect of the beneficiary of the payments made from the Republic of Italy as listed in Ministerial Decree of 4 September 1996 as amended and supplemented by Ministerial Decree of 23 March 2017 and possibly further amended by future decree issued pursuant to Article 11(4), lett. c) of Decree No. 239 (the "**White List**"); or

(b) an international body or entity set up in accordance with international agreements which have entered into force in Italy (so called "*supranational entities and organizations*"); or

(c) a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or

(d) an "institutional investor", whether or not subject to tax, which is established in a State included in the White List even if it does not possess the status of a taxpayer in its own country of residence.

In order to ensure gross payment, non-Italian resident Covered Bondholders without a permanent establishment in Italy to which the Covered Bonds are effectively connected must be the beneficial owners of the payments of Interest and must:

(a) deposit, directly or indirectly, the Covered Bonds with a resident bank or SIM or a permanent establishment in Italy of a non-Italian resident bank or SIM or with a non-Italian resident entity or company participating in a centralised securities management system which is in contact, via computer, with the Ministry of Economy and Finance; and

(b) file with the relevant depository, prior to or concurrently with the deposit of the Covered Bonds, a statement of the relevant Covered Bondholder, which remains valid until withdrawn or revoked, in which the Covered Bondholder declares to be eligible to benefit from the applicable exemption from *imposta sostitutiva*. This statement, which is not requested for international bodies or entities set up in accordance with international agreements which have entered into force in Italy nor in the case of foreign Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State, must comply with the requirements set forth by Ministerial Decree of 12 December 2001.

The *imposta sostitutiva* will be applicable at the rate of 26 per cent. to Interest paid to Covered Bondholders who do not qualify for the exemption.

Covered Bondholders who are subject to the *imposta sostitutiva* might, nevertheless, be eligible for a total or partial relief under an applicable tax treaty between the Republic of Italy and the country of residence of the relevant Covered Bondholder.

Payments made by an Italian resident guarantor

There is no authority directly on point regarding the Italian tax regime of payments made by an Italian resident guarantor under the Guarantee. Accordingly, there can be no assurance that the Italian Tax Authorities will not assert an alternative treatment of such payments than that set forth herein or that the Italian court would not sustain such an alternative treatment.

With respect to payments on the Covered Bonds made to certain Italian resident Covered Bondholders by an Italian resident guarantor, in accordance with one interpretation of Italian tax law, any payment of liabilities equal to interest and other proceeds from the Covered Bonds may be treated, in certain circumstances, as a payment by the relevant Issuer and will thus be subject to the tax regime described in the previous paragraphs of this section.

In accordance with another interpretation, any such payment made by the Italian resident Guarantor may be subject to an advance or final withholding tax at a rate of 26 per cent. pursuant to Presidential Decree No. 600 of 29 September 1973, as subsequently amended. In the case of payments to non-Italian resident Covered Bondholders, double taxation treaties entered into by Italy may apply allowing

for a lower (or, in certain cases, reduced to nil) rate of withholding tax.

Tax treatment of Covered Bonds qualifying as atypical securities (*titoli atipici*)

Interest payments relating to atypical securities are subject to 26 per cent. withholding tax.

Atypical securities are securities that do not fall within the category of (a) shares (*azioni*) and securities similar to shares (*titoli similari alle azioni*) and of (b) bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*).

Where the Covered Bondholder is (i) a non-Italian resident person, (ii) an Italian resident individual not holding the Covered Bonds for the purpose of carrying out a business activity, (iii) an Italian resident non-commercial partnership, (iv) an Italian resident non-commercial private or public institution, (v) a Fund, (vi) an Italian Real Estate Investment Fund, (vii) a Pension Fund, or (viii) an Italian resident investor exempt from Italian corporate income taxation, such withholding tax is a final withholding tax.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity 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 withholding tax, on Interest relating to the Covered Bonds qualifying as atypical securities if such Covered Bonds are included in a long-term individual savings account (piano individuale di risparmio a lungo termine) that meets the requirements from time to time applicable as set forth by Italian law.

Where the Covered Bondholder is (a) an Italian resident individual carrying out a business activity to which the Covered Bonds are effectively connected, or (b) an Italian resident corporation or a similar commercial entity (including a permanent establishment in Italy of a foreign entity to which the Covered Bonds are effectively connected), such withholding tax is an advance withholding tax.

In case of a non-Italian resident Covered Bondholder without a permanent establishment in Italy to which the Covered Bonds are effectively connected, the above mentioned withholding tax rate may be reduced (generally to 10 per cent.) or eliminated under certain applicable tax treaties entered into by Italy, subject to timely filing of the required documentation.

Capital gains tax

Any gain obtained from the sale or redemption of the Covered Bonds would be treated as part of the taxable income (and, in certain circumstances, depending on the "status" of the Covered Bondholder, also as part of the net value of the production for IRAP purposes) if realised by (a) an Italian company, (b) a similar commercial entity (including the Italian permanent establishment in Italy of foreign entities to which the Covered Bonds are connected) or (c) an Italian resident individual engaged in an entrepreneurial activity to which the Covered Bonds are effectively connected.

Where an Italian resident Covered Bondholder is (i) an individual not engaged in an entrepreneurial activity to which the Covered Bonds are effectively connected, (ii) a non-commercial partnership, (iii) a non-commercial private or public institution, any capital gain realised by such Covered Bondholder from the sale or redemption of the Covered Bonds would be subject to an *imposta sostitutiva*, levied at the rate of 26 per cent. The Covered Bondholders may set off any losses with their gains.

Such taxpayers, in respect of the application of *imposta sostitutiva*, may opt for one of the three regimes described below:

(a) Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Italian resident, Covered Bondholders under (i) to (iii) above, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains (net of any incurred capital loss) realised by the Italian resident Covered Bondholders. In this instance, "capital gain" means any capital gain not connected with an entrepreneurial activity pursuant to all sales or redemptions of the Covered Bonds carried out during any given tax year. Italian resident individuals holding the Covered Bonds not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay the *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.

(b) As an alternative to the tax declaration regime, Italian resident individual Covered Bondholders under (i) to (iii) above may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Covered Bonds (*regime del risparmio amministrato*). Such separate taxation of capital gains is allowed subject to:

(i) the Covered Bonds being deposited with Italian banks, SIMs or certain authorised financial intermediaries; and

(ii) an express election for the *regime del risparmio amministrato* being timely made in writing by the relevant Covered Bondholder.

The depository must account for the *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Covered Bonds (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss. The depository must also pay the relevant amount to the Italian Tax Authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Covered Bondholders or using funds provided by the Covered Bondholders for this purpose. Under the *regime del risparmio amministrato*, any possible capital loss resulting from a sale or redemption or certain other transfer of the Covered Bonds may be deducted from capital gains subsequently realized, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Covered Bondholders are not required to declare the capital gains in the annual tax return.

(c) In the *regime del risparmio gestito* – "asset management option", any capital gains realised by Italian resident Covered Bondholders under (i) to (iii) above who have entrusted the management of their financial assets (including the Covered Bonds) to an authorised intermediary, will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 26 per cent. substitute tax, to be paid by the managing authorised intermediary. Any depreciation of the managed assets accrued at the year-end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. The Covered Bondholders are not required to declare the capital gains realised in the annual tax return.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not engaged in an entrepreneurial activity 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 Covered Bonds if the Covered Bonds are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law.

Any capital gains realised by a Covered Bondholder who is a Fund will neither be subject to *imposta sostitutiva* on capital gains, nor to any other income tax in the hands of the relevant Covered Bondholders; the Collective Investment Fund Tax will be levied on proceeds distributed by the Fund or received by certain categories of unitholders upon redemption or disposal of the units.

Any capital gain realised by a Covered Bondholder who is an Italian pension fund (subject to the regime provided for by article 17 of the Italian Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 20 per cent. substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, capital gains on the Covered Bonds may be excluded from the taxable base of the 20 per cent. substitute tax if the Covered Bonds are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law.

Real Estate Funds are not subject to any substitute tax at the fund level nor to any other income tax in the hands of the Real Estate Fund. However, a withholding tax of 26 per cent. will apply, in certain circumstances, to distributions made in favour of unitholders/shareholders of the Real Estate Fund.

Capital gains realised by non-Italian resident Covered Bondholders without a permanent establishment in Italy to which the Covered Bonds are effectively connected, from the sale or redemption of Covered Bonds traded on regulated markets in Italy or abroad are not subject to the *imposta sostitutiva*. The exemption applies provided that the non-Italian resident beneficial owner Covered Bondholders, in certain cases, file in due course with the authorised financial intermediary an appropriate affidavit (*autocertificazione*) stating that the Covered Bondholder is not resident in Italy for tax purposes.

Capital gains realised by non-Italian resident Covered Bondholders, without a permanent establishment in Italy to which the Covered Bonds are effectively connected, from the sale or redemption of Covered Bonds not traded on regulated markets are not subject to the *imposta sostitutiva*, provided that the effective beneficiary is:

(a) resident in a State included in the White List;;

(b) an international entity or body set up in accordance with international agreements which have entered into force in Italy; or

(c) a Central Bank or an entity which manages, inter alia, the official reserves of a foreign State; or

(d) an "institutional investor", whether or not subject to tax, which is established in a State included in the White List.

If none of the conditions above is met, capital gains realised by non-Italian resident Covered Bondholders, without a permanent establishment in Italy to which the Covered Bonds are effectively connected, from the sale or redemption of Covered Bonds issued by an Italian resident issuer and not traded on regulated markets are subject to the *imposta sostitutiva* at the current rate of 26 per cent.

However, Covered Bondholders may benefit from an applicable tax treaty with Italy providing that capital gains realised upon the sale or redemption of the Covered Bonds are to be taxed only in the resident tax country of the recipient.

Inheritance and gift taxes

Transfers of any valuable asset (including shares, Covered Bonds or other securities) as a result of death or donation are taxed as follows:

(a) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or gift exceeding, for each beneficiary, Euro 1,000,000;

(b) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree are subject to an inheritance and gift tax at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or gift exceeding, for each beneficiary, Euro 100,000; and

(c) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or gift.

If the transfer is made in favour of persons with severe disabilities, the tax is levied at the rate mentioned above in (a), (b) and (c) above on the value exceeding, for each beneficiary, Euro 1,500,000.

The transfer of financial instruments (including the Covered Bonds) as a result of death is exempt from inheritance tax when such financial instruments are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law.

Transfer tax

Contracts relating to the transfer of securities are subject to a Euro 200 registration tax as follows: (i) public deeds and notarised deeds are subject to mandatory registration; (ii) private deeds are subject to registration only in "case of use" (*caso d'uso*) or in the case of "explicit reference" (*enunciazione*) or voluntary registration (*registrazione volontaria*).

Stamp Duty

Pursuant to Article 13 of the tariff attached to Presidential Decree No. 642 of 26 October 1972 ("**Decree No. 642**"), a proportional stamp duty applies on an annual basis to any periodic reporting communications which may be sent by a financial intermediary to a Covered Bondholder in respect of any Covered Bonds which may be deposited with such financial intermediary. The stamp duty applies at a rate of 0.20 per cent.; this stamp duty is determined on the basis of the market value or – if no market value figure is available – the nominal value or redemption amount of the Covered Bonds held. The stamp duty cannot exceed Euro 14,000 if the Covered Bondholder is not an individual.

The statement is deemed to be sent at least once a year, even for instruments for which is not mandatory nor the deposit nor the release nor the drafting of the statement. In case of reporting periods less than 12 months, the stamp duty is payable on a pro-rata basis.

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy and Finance on 24 May 2012, the stamp duty applies to any investor who is a client - regardless of the fiscal residence of the investor - (as defined in the regulations issued by the Bank of Italy on 9 February 2011, as subsequently amended, supplemented and restated) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

Wealth Tax on securities deposited abroad

According to the provisions set forth by Law No. 214 of 22 December 2011, as amended and supplemented, Italian resident individuals, non-commercial entities and certain partnerships (società semplici or similar partnerships in accordance with Article 5 of Decree No. 917) holding the Covered Bonds outside the Italian territory are required to pay an additional tax at a rate of 0.20 per cent ("**IVAFE**") (starting from January 1, 2024, IVAFE applies at a rate of 0.40 per cent if the Covered Bonds are held in a country listed in the Italian Ministerial Decree dated 4 May 1999, pursuant to the provisions of Law No. 213/2023). The wealth tax cannot exceed Euro 14,000.00 for taxpayers different from individuals. In this case the above mentioned stamp duty provided for by Article 13 of the tariff attached to Decree No. 642 does not apply.

IVAFE is calculated on the market value of the Covered Bonds at the end of the relevant year or - if no market value is available - the nominal value or the redemption value of such financial assets held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due).

Financial assets held abroad are excluded from the scope of the wealth tax if they are administered by Italian financial intermediaries pursuant to an administration agreement. In this case, the above mentioned stamp duty provided for by Article 13 of the tariff attached to Decree No. 642 does apply.

Tax Monitoring rules

According to the Law Decree No. 167 of 28 June 1990, converted with amendments into Law No. 227 of 4 August 1990, as amended from time to time, individuals, non-commercial entities and certain partnerships (*società semplici* or similar partnerships in accordance with Article 5 of Decree No. 917) resident in Italy for tax purposes, under certain conditions, are required to report for tax monitoring purposes in their yearly income tax return the amount of investments (including the Covered Bonds) directly or indirectly held abroad. The requirement applies also where the persons above, being not the direct holder of the financial instruments, are the actual owner of the instrument.

Furthermore, the above reporting requirement is not required to comply with respect to: (i) Covered Bonds deposited for management with qualified Italian financial intermediaries; (ii) contracts entered into through the intervention of qualified Italian financial intermediaries, upon condition that the items of income derived from the Covered Bonds have been subject to tax by the same intermediaries; or (iii) if the foreign investments are only composed by deposits and/or bank accounts and their total aggregate value does not exceed a Euro 15,000 threshold throughout the relevant year.

SUBSCRIPTION AND SALE

Covered Bonds may be sold from time to time by the Issuer to any one or more of the Dealers. The arrangements under which Covered Bonds may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in a Programme Agreement dated 2 July 2012 (as amended, supplemented or replaced from time to time, the "**Programme Agreement**") and made between the Issuer, the Guarantor and the Dealers. Any such agreement will, *inter alia*, make provision for the terms and conditions of the relevant Covered Bonds, the price at which such Covered Bonds will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Programme Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Series or Tranche of Covered Bonds.

United States of America: *Regulation S Category 2; TEFRA D or TEFRA C as specified in the relevant Final Terms or neither if TEFRA is specified as not applicable in the relevant Final Terms*.

The Covered Bonds have not been and will not be registered under the Securities Act 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 Covered Bonds 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. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Covered Bonds, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Covered Bonds on a syndicated basis, the relevant lead manager, of all Covered Bonds of the Tranche of which such Covered Bonds are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer further agrees, 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 Covered Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Covered Bonds within the United States 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 Covered Bonds comprising any Series or Tranche, offer or sale of Covered Bonds 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

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Covered Bonds which are the subject of the offering contemplated by this 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:

(i) the expression "retail investor" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(b) 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;

(c) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"); and

(ii) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds.

In relation to each Member State if the EEA (each, a "**Relevant State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Covered Bonds which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto (or are the subject of the offering contemplated by a Drawdown Prospectus, as the case may be) to the public in that Member State except that it may make an offer of such Covered Bonds to the public in that Relevant State:

a) *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

b) *Fewer than 150 offerees*: at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

c) *Other exempt offers*: at any time in any other circumstances falling within article 1(4) of the Prospectus Regulation,

provided that no such offer of Covered Bonds referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to article 3 of the Prospectus Regulation or supplement a prospectus pursuant to article 23 of the Prospectus Regulation.

For the purposes of this provision, (i) the expression an "**offer of Covered Bonds to the public**" in relation to any Covered Bonds in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds and (ii) the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129."

Prohibition of sales to UK Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Covered Bonds which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms (or Pricing Supplement, as the case may be) in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

(i) *Qualified investors*: a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or

(ii) *Fewer than 150 offerees*: a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

(iii) *Other exempt offers:* not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Covered Bonds which are the subject of the offering contemplated by this Prospectus as completed by the final terms in relation thereto to the public in the United Kingdom except that it may make an offer of such Covered Bonds to the public in the United Kingdom:

- at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- at any time in any other circumstances falling within section 86 of the FSMA, provided that no such offer of Covered Bonds referred to in paragraphs (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision:

- the expression "**an offer of Covered Bonds to the public**" in relation to any Covered Bonds means the communication in any form and by any means of sufficient information on the terms

of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds; and

- the expression "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

Selling Restrictions addressing Additional United Kingdom Securities Laws

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(i) *No deposit-taking*: in relation to any Covered Bonds 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 Covered Bonds other than to persons:

(A) 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; or

(B) 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 Covered Bonds would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(ii) *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 Covered Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(iii) *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 Covered Bonds in, from or otherwise involving the United Kingdom.

Austria

No prospectus has been or will be approved by the Austrian Financial Market Authority (*Finanzmarktaufsichtsbehörde*) and/or published pursuant to the Prospectus Regulation, or has been or will be approved by the competent authority of another EEA member state and published pursuant to the Prospectus Regulation and validly passported to Austria. Neither this Prospectus nor any other document connected therewith constitutes a prospectus according to the Prospectus Regulation, and neither this Prospectus nor any other document connected therewith may be distributed, passed on or disclosed to any other person in Austria. No steps may be taken that would constitute a public offering of the Covered Bonds in Austria and the offering of the Covered Bonds may not be advertised in Austria. Covered Bonds will only be offered in Austria in compliance with the provisions of the Prospectus Regulation, the Austrian Capital Market Act 2019 (*Kapitalmarktgesetz* 2019) as amended,

and all other laws and regulations in Austria applicable to the offer and sale of the Covered Bonds in Austria.

Bahrain

This Prospectus does not constitute an offer of securities in the Kingdom of Bahrain ("**Bahrain**") in terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006). This Prospectus and related offering documents have not been and will not be registered as a prospectus with the Central Bank of Bahrain (the "**CBB**"). Accordingly, the Covered Bonds cannot be offered, sold or made the subject of an invitation for subscription or purchase nor can this Prospectus or any other related document or material be used in connection with any offer, sale or invitation to subscribe for or purchase the Covered Bonds, whether directly or indirectly, to persons in Bahrain, other than as marketing to accredited investors for an offer outside Bahrain.

The CBB has not reviewed, approved or registered this Prospectus or related offering documents and it has not in any way considered the merits of the Covered Bonds to be marketed for investment, whether in or outside Bahrain. Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this Prospectus and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this Prospectus.

The Covered Bonds cannot be offered to the public in Bahrain and this Prospectus must be read by the addressee only and must not be issued, passed to, or made available to the public generally.

Belgium

With respect to Covered Bonds with a maturity of less than 12 months qualifying as money market instruments within the meaning of the Prospectus Regulation, no action will be taken by the Issuer or any Dealer in connection with the issue, sale, transfer, delivery, offering or distribution (or otherwise) of such Covered Bonds that would require the publication of a prospectus pursuant to the Belgian law of 11 July 2018 on the offering of investment instruments to the public and the admission of investment instruments to trading on a regulated market.

The Covered Bonds may not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with Article 4 of the Belgian Law of 14 December 2005.

The Covered Bonds are not intended to be sold to Belgian Consumers. 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 offered, sold or otherwise made available and will not offer, sell or otherwise make available, directly or indirectly, Covered Bonds to Belgian Consumers, and has not distributed or caused to be distributed and will not distribute or cause to be distributed, the Prospectus, the relevant Final Terms or any other offering material relating to the Covered Bonds to Belgian Consumers.

For these purposes, a "**Belgian Consumer**" has the meaning provided by the Belgian Code of Economic Law, as amended from time to time (*Wetboek van 28 februari 2013 van economisch recht/code du 28 février 2013 de droit économique*), being any natural person habitually resident in Belgium and acting

for purposes which are outside his/her trade, business or profession.

Canada

The Covered Bonds have not been, and will not be, qualified for sale under applicable Canadian securities laws. 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, distributed, or delivered, and that it will not offer, sell, distribute, or deliver any Covered Bonds, directly or indirectly, in Canada or to, or for the benefit of, any resident thereof in contravention of applicable Canadian securities laws. Each Dealer has also agreed, and each further Dealer appointed under the Programme will be required to agree, not to distribute or deliver this Prospectus, or any other offering material relating to the Covered Bonds, in Canada in contravention of applicable Canadian securities laws.

If the Covered Bonds may be offered, sold or distributed in Canada, the issue of the Covered Bonds will be subject to such additional selling restrictions as the Issuer and the Dealers may agree. The Issuer and the Dealers will offer, sell and distribute such Covered Bonds only in compliance with such additional Canadian selling restrictions. Such additional selling restrictions may be set out in the applicable Final Terms.

In relation to each issue of Covered Bonds other than Canadian Covered Bonds, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that Covered Bonds may be sold only to Canadian purchasers purchasing, or deemed to be purchasing, as principal that are "accredited investors", as defined in National Instrument 45-106 Prospectus Exemptions ("**NI 45-106**") or subsection 73.3(1) of the Securities Act (Ontario), and are "permitted clients", as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of such Covered Bonds must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Dubai International Financial Centre (DIFC)

The Covered Bonds may not be promoted in the DIFC other than in compliance with the restriction on financial promotions by the Dubai Financial Services Authority (the "**DFSA**") and may not be offered or sold in the DIFC other than pursuant to an exempt offer in accordance with the Markets Rules (the "**Rules**") of the DFSA. This Prospectus is intended for distribution only to persons of a type specified in those Rules. It must not be delivered to, or relied on, by any other person. The Covered Bonds to which this Prospectus relates may be illiquid and/or subject to restrictions on their sale. Prospective purchasers of the Covered Bonds should conduct their own due diligence on the Covered Bonds. The DFSA has no responsibility for reviewing or verifying any document in connection with exempt offers. The DFSA has not approved this Prospectus nor taken steps to verify the information set out in it. The DFSA does not accept any responsibility for the content of the information included in this Prospectus, including the accuracy or completeness of such information. The liability for the content of this Prospectus lies with the Issuer and other persons, such as experts, whose opinions are included in the Prospectus with their consent. The DFSA has also not assessed the suitability of the Covered Bonds to which this Prospectus relates to any particular investor or type of investor. Investors that do not understand the contents of this Prospectus or are unsure whether the Covered Bonds to

which this Prospectus relates are suitable for their individual investment objectives and circumstances, should consult an authorised financial advisor.

France

Any offer, placement or sale of the Covered Bonds in France will only be made in compliance with all applicable French laws and regulations in force regarding such offer, placement or sale of the Covered Bonds and the distribution in France of the Prospectus or any other offering material relating to the Covered Bonds.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Covered Bonds (except for Covered Bonds which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) (the "**SFO**") other than (i) to "professional investors" as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Covered Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Covered Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Italy

The offering of the Covered Bonds has not been registered with the Commissione Nazionale per le Società e la Borsa ("**CONSOB**") pursuant to Italian securities legislation and, accordingly, no Covered Bonds may be offered, sold or delivered, nor may copies of the Prospectus or of any other document relating to the Covered Bonds be distributed in the Republic of Italy, except:

(i) to qualified investors (*investitori qualificati*), as defined pursuant to article 2 of the Prospectus Regulation and any applicable provision of Legislative Decree No. 58 of 24 February 1998, as amended (the "**Financial Laws Consolidation Act**") as implemented by article 35, paragraph 1(d) of CONSOB Regulation No. 20307 of 15 February 2018, as amended ("**CONSOB Regulation No. 20307**") and/or Italian CONSOB regulations; or

(ii) in other circumstances which are exempted from the rules on public offerings pursuant to article 1 of the Prospectus Regulation, article 34-*ter* of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time, and the applicable Italian laws and regulations.

Any offer, sale or delivery of the Covered Bonds or distribution of copies of this Prospectus or any other document relating to the Covered Bonds in the Republic of Italy will be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulation.

Any such offer, sale or delivery of the Covered Bonds or distribution of copies of this Prospectus or any other document relating to the Covered Bonds in the Republic of Italy must be:

(i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Laws Consolidation Act, CONSOB Regulation No. 16190 of 29 October 2007 and the Consolidated Banking Act (in each case as amended from time to time);

(ii) in compliance with article 129 of the Consolidated Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time; and

(iii) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or any other Italian authority.

Japan

The Covered Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948), as amended (the "**FIEA**"). 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 Covered Bonds 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, FIEA and other relevant laws and regulations of Japan.

Portugal

No offer of the Covered Bonds may be made in Portugal except under circumstances that will result in compliance with the rules concerning the marketing of such Covered Bonds and with the laws of Portugal generally.

In relation to Portugal, the Covered Bonds may not be offered to the public in Portugal, except that an offer of the Covered Bonds to the public in Portugal may be made:

(a) in the period beginning on the date of publication of a prospectus in relation to the Covered Bonds, following approval by the *Autorité des marches financiers* and notification to the Portuguese Securities Exchange Commission ("***Comissão do Mercado de Valores Mobiliários***", or the "**CMVM**") all in accordance with Article 24 and 25 of the Prospectus Regulation and ending on the date which is 12 months after the date of such publication; and

(b) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Regulation.

Moreover, the Covered Bonds may be offered at any time to any entities who are considered as

professional investors according to article 30 of the Portuguese Securities Code ("*Código dos Valores Mobiliários*").

For the purposes of this provision, the expression an "offer of the securities to the public" in relation to any Covered Bonds in Portugal means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe the securities and the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129, of the European Parliament and of the Council, of 14 June 2017, and includes any relevant implementing measures in Portugal.

Saudi Arabia

This Prospectus cannot be distributed in the Kingdom of Saudi Arabia (the "**KSA**") except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority in the KSA. The Capital Market Authority does not make any representation as to the accuracy or completeness of this Prospectus, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus. Prospective purchasers of the Covered Bonds should conduct their own due diligence on the accuracy of the information relating to the Covered Bonds. If you do not understand the contents of this Prospectus, you should consult an authorised financial advisor.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that it has not offered or sold any Covered Bonds or caused the Covered Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Covered Bonds or cause the Covered Bonds 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 Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Covered Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, 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 Covered Bonds 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 Covered Bonds 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 of Singapore.

Spain

In addition to the selling restrictions under the Prospectus Regulation in relation to EEA States, as stated above, when the offer is not strictly addressed to qualified investors in the Kingdom of Spain (as defined in Article 2 of the Prospectus Regulation), any offer, sale or delivery of the Covered Bonds, must be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Kingdom of Spain in accordance with Royal Legislative Decree 4/2015 of 23 October, approving the consolidated text of the Securities Market Law (*Real Decreto Legislativo 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores*), as modified or amended from time to time (the "**Spanish Securities Market Law**").

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not make a placement among retail investors of Subordinated Covered Bonds unless they comply with the requirements set out in the Fourth Additional Provision of the Spanish Securities Market Law.

Sweden

Any offer for subscription or purchase or invitations to subscribe for or buy or sell any Covered Bonds or distribution of any draft or final document in relation to any such offer, invitation or sale in Sweden will only be made in circumstances which will not result in a requirement to prepare a prospectus pursuant to the provisions of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") or the Swedish Act with supplementary provisions to the Prospectus Regulation (Sw. Lag (2019:414) *med kompletterande bestämmelser till EUs prospektförordning*), as amended or replaced.

Switzerland

Each Dealer has acknowledged that in Switzerland, this Prospectus is not intended to constitute an offer or solicitation to purchase or invest in Covered Bonds described herein. Accordingly, each Dealer has represented and agreed that the Covered Bonds have not been and will not be publicly offered,

sold or advertised, directly or indirectly, by it in, into or from Switzerland and will not be listed by it on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Covered Bonds constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations nor a simplified prospectus as such term is understood pursuant to article 5 of the Swiss Collective Investment Scheme Act, and neither this Prospectus nor any other offering or marketing material relating to the Covered Bonds may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Prospectus nor any other offering or marketing material relating to the offering of the Covered Bonds has been or will be filed by the Issuer or any Dealer with or approved by any Swiss regulatory authority. Covered Bonds issued under the Programme do not constitute a participation in a collective investment scheme in the meaning of the Swiss Collective Investment Schemes Act and are not subject to the approval of, or supervision by, any Swiss regulatory authority, such as the Swiss Financial Markets Supervisory Authority, and investors in the Covered Bonds will not benefit from protection or supervision by any Swiss regulatory authority.

Taiwan

The Covered Bonds have not been and will not be registered or filed with, or approved by, the Financial Supervisory Commission of Taiwan and/or other regulatory authorities or agencies of Taiwan pursuant to relevant securities laws and regulations of Taiwan and may not be issued, offered or sold within Taiwan through a public offering or in circumstances which constitute an offer within the meaning of the Securities and Exchange Act of Taiwan or relevant laws and regulations that would require a registration or filing with, or approval of, the Financial Supervisory Commission of Taiwan and/or other regulatory authorities or agencies of Taiwan. No person or entity in Taiwan has been authorized to offer or sell the Covered Bonds in Taiwan. The Covered Bonds may be made available outside Taiwan for purchase outside Taiwan by Taiwan resident investors, but may not be offered or sold in Taiwan unless the Covered Bonds offered or sold to investors in Taiwan are through Taiwan licensed financial institutions to the extent permitted under relevant Taiwan laws or regulations, such as the Directions for Offshore Banking Branches Conducting Securities Businesses.

The Netherlands

Zero Coupon Covered Bonds in definitive bearer form on which interest does not become due and payable during their term but only at maturity (that qualify as savings certificates or *spaarbewijzen* as defined in the Dutch Savings Certificates Act or *Wet inzake spaarbewijzen*; the "**SCA**") may only be transferred and accepted, directly or indirectly, within, from or into the Netherlands through the mediation of either the Issuer or a member of Euronext Amsterdam N.V. with due observance of the provisions of the SCA and its implementing regulations (which include registration requirements). No such mediation is required, however, in respect of (i) the initial issue of such Covered Bonds to the first holders thereof, (ii) the transfer and acceptance by individuals who do not act in the conduct of a profession or business, and (iii) the issue and trading of such Covered Bonds if they are physically issued outside the Netherlands and are not immediately thereafter distributed in the Netherlands.

The People's Republic of China

The Covered Bonds may not be offered, sold or delivered, or offered or sold or delivered to any person for reoffering or resale or redelivery, in any such case directly or indirectly, in the People's Republic of China (excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan) (the "**PRC**"), or to residents of the PRC, unless such offer or sale is made in compliance with all applicable laws and regulations in the PRC.

The Republic of Korea

The Covered Bonds have not been and will not be registered with the Financial Services Commission of the Republic of Korea for public offering in the Republic of Korea under the Financial Investment Services and Capital Markets Act (the "**FSCMA**"). The Covered Bonds may not be offered, sold or delivered, directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in the Republic of Korea or to any resident of the Republic of Korea except pursuant to the applicable laws and regulations of the Republic of Korea, including the FSCMA and the Foreign Exchange Transaction Law (the "**FETL**") and the decrees and regulations thereunder. The Covered Bonds may not be resold to the Republic of Korea residents unless the purchaser of the Covered Bonds complies with all applicable regulatory requirements (including but not limited to government reporting requirements under the FETL and its subordinate decrees and regulations) in connection with the purchase of the Covered Bonds.

United Arab Emirates (excluding the DIFC and the Abu Dhabi Global Market)

By receiving this Prospectus, the person or entity to whom it has been issued understands, acknowledges and agrees that the offering of Covered Bonds has not been approved or authorised by the United Arab Emirates (the "**UAE**") Central Bank, the UAE Securities and Commodities Authority (the "**SCA**"), or any other relevant licensing authorities in the UAE, and accordingly does not constitute a public offer of securities in the UAE in accordance with the commercial companies law (UAE Federal Decree Law No. 32 of 2021) or otherwise.

In addition, the Issuer represents and agrees that the Covered Bonds have not been and are not being, publicly offered, sold, promoted or advertised in the UAE other than in compliance with the laws of the UAE governing the issue, offering and sale of securities. Further, each Dealer represents and agrees that the Covered Bonds have not been and will not be publicly offered, sold, promoted or advertised by it in the UAE other than in compliance with any laws applicable in the UAE governing the issue, offering and sale of securities.

This Prospectus is strictly private and confidential and is being issued to a limited number of investors in the UAE: (i) who qualify as "professional investors" for the purpose of the SCA Decision No. (13/R.M) of 2021 on the rules handbook of financial activities and mechanisms of status regularisation, as amended (the "**SCA Rulebook**"), or “counterparties” for the purpose of the SCA Rulebook, or (ii) in the case of any other investors, only on the basis of a reverse inquiry upon their request only; and in each case (A) upon their confirmation that they understand that the Covered Bonds have not been approved or licensed by or registered with the UAE Central Bank, the SCA, or any other relevant licensing authorities or governmental agencies in the UAE; and (B) on the express condition that they do not provide this Prospectus to any person other than the original recipient who may not reproduce or use this Prospectus for any other purpose.

Investors that do not understand the contents of this Prospectus or are unsure whether the Covered Bonds to which this Prospectus relates are suitable for their individual investment objectives and circumstances should consult an authorised financial advisor.

General

Each Dealer has represented, warranted and agreed that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Covered Bonds or possesses, distributes or publishes this Prospectus or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Covered Bonds or possess, distribute or publish this Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Programme Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "*General*" above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer and the Dealers. Any such supplement or modification may be set out in a supplement to this Prospectus.

Approval, Listing and Admission to Trading

As of the date of this Prospectus, the Covered Bonds are admitted to trading on the EuroTLX Market ("**EuroTLX**"), which is a multilateral trading system for the purposes of the Market and Financial Instruments Directive (Directive 2014/65/EC (the "**MIFID II**")), managed by Borsa Italiana S.p.A. ("**Borsa Italiana**"). The Issuer reserves the right to make an application for the Covered Bonds to be listed on any stock exchange and/or admitted to trading on any regulated market or multilateral trading facility after the Issue Date.

However, Covered Bonds may be issued pursuant to the Programme which will be unlisted or be admitted to listing, trading and/or quotation by such other competent authority, stock exchange or quotation system as the Issuer and the relevant Dealer(s) may agree.

Authorisations

The establishment of the Programme and the issue of Covered Bonds have been duly authorised by a resolution of the board of directors of the Issuer dated 24 May 2012 and the giving of the Guarantee has been duly authorised by a resolution of the board of directors of the Guarantor dated 9 July 2012.

The update of the Programme has been authorised by the resolution of the board of directors of the Issuer dated 25 January 2024.

The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Covered Bonds.

Trend Information / No Significant Change

Since the date of publication of the last financial statements of the Issuer, there has been no significant change in the financial performance or position of the Issuer and/or the Group and there has been no material adverse change in the prospects of the Issuer and/or the Group.

Since the date of publication of the last financial statements of the Guarantor, there has been no material adverse change in the prospects of the Guarantor and there has been no significant change in the financial performance or position of the Guarantor.

Auditors

On 24 April 2019, the Issuer's shareholders meeting appointed PricewaterhouseCoopers S.p.A., with registered office at Piazza Tre Torri 2, Milan, Italy, independent registered public accounting firm, registered under no. 119644 in the Register of Accountancy Auditors (Registro Revisori Legali) by the MEF, in compliance with the provisions of Legislative Decree of 27 January 2010, No. 39. and a member of Assirevi Associazione Italiana Revisori Contabili, the Italian Auditors Association, as auditor for the financial years 2019-2027.

On 23 April 2021, the Guarantor's quotaholders appointed PricewaterhouseCoopers S.p.A., with registered office at Piazza Tre Torri 2, Milan, Italy, independent registered public accounting firm, registered under no. 119644 in the Register of Accountancy Auditors (*Registro Revisori Legali*) by the MEF, in compliance with the provisions of Legislative Decree of 27 January 2010, No. 39. and a

member of Assirevi Associazione Italiana Revisori Contabili, the Italian Auditors Association, as auditor for the financial years 2022-2023.

Documents available

So long as Covered Bonds are capable of being issued under the Programme, copies of the following documents will, when published, be available (in English translation, where necessary) free of charge during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for inspection by the Covered Bondholder at the registered office of the Issuer or the Representative of the Bondholders:

(i) Master Assets Purchase Agreement;

(ii) Master Servicing Agreement;

(iii) Warranty and Indemnity Agreement;

(iv) Subordinated Loan Agreement(s);

(v) Asset Monitor Agreement;

(vi) Cover Pool Management Agreement;

(vii) Guarantee;

(viii) Quotaholders' Agreement;

(ix) Cash Allocation, Management and Payments Agreement;

(x) Asset Swap Agreement and any other Swap Agreement(s);

(xi) Mandate Agreement;

(xii) Deed of Pledge;

(xiii) Intercreditor Agreement;

(xiv) Corporate Services Agreement;

(xv) Programme Agreement;

(xvi) any Subscription Agreement;

(xvii) Master Definitions Agreement;

(xviii) this Prospectus;

(xix) the Final Terms of any Series or Tranche of Covered Bonds;

(xx) the Issuer's by-laws and the constitutive documents;

(xxi) the latest two annual financial statements of the Issuer;

(xxii) the latest two auditors' report of the Issuer;

(xxiii) any future supplements to this Prospectus including Final Terms and any other documents incorporated herein or therein by reference.

This Prospectus, any supplement hereto and the Final Terms will be available at the following website: www.bnl.it.

It being understood that this Prospectus, any supplement to this Prospectus, Final Terms and the financial statements of the Issuer shall remain publicly available in electronic form for at least 10 (ten) years after the relevant publication at the following website www.bnl.it.

Moreover, copies of the following documents will, when published, be available free of charge during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for inspection at the registered office of the Guarantor:

(i) the Guarantor's by-laws and the relevant constitutive documents;

(ii) the latest two annual financial statements of the Guarantor;

(iii) the latest two auditors' report of the Guarantor.

Clearing of the Covered Bonds

The Covered Bonds issued in bearer and dematerialised form have been accepted for clearance through Euronext Securities Milan, Euroclear and Clearstream. The appropriate common code and the International Securities Identification Number in relation to the Covered Bonds of each Tranche will be specified in the relevant Final Terms. The relevant Terms and Conditions and/or Final Terms shall specify (i) any other clearing system for the Covered Bonds issued in bearer and dematerialised form as shall have accepted the relevant Covered Bonds for clearance together with any further appropriate information or (ii) with respect to Covered Bonds issued in any of the other form which may be indicated in the relevant Terms and Conditions and/or Final Terms, the indication of the agent or registrar through which payments to the Bondholders will be performed.

Yield

In relation to any Tranche of Fixed Rate Covered Bonds and Zero Coupon Bonds, an indication of the yield in respect of such Covered Bonds will be specified in the applicable Final Terms. The yield is calculated at the Issue Date of the Covered Bonds on the basis of the relevant Issue Price. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Covered Bonds and will not be an indication of future yield.

Dealers Transacting with the Issuer

Certain of the Dealers and their affiliates, including parent companies, have engaged, and may in the future engage, in lending, advisory, corporate finance services investment banking and/or

commercial banking transactions (including the provision of loan facilities) and other related transactions with, and may perform services for the Issuer and its affiliates in the ordinary course of business and/or for companies involved directly or indirectly in the sector in which the Issuer and/or its affiliates operate, and for which such Dealers have received or may receive customary fees, commissions, reimbursement of expenses and indemnification. Certain of the Dealers may also have positions, deals or make markets in the Covered Bonds issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and 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.

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 Covered Bonds (subject to customary closing conditions), which could affect future trading of the Covered Bonds. If any of the Dealers or their affiliates has a lending relationship with the Issuer, certain of the Dealers or their affiliates routinely or may hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Covered Bonds issued under the Programme. Any such short positions could adversely affect future trading prices of Covered Bonds issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Fees and expenses

The estimated total expenses payable in connection with the issue and admission to trading of each Series or Tranche of Covered Bonds shall be provided under the applicable Final Terms and will be borne by the Issuer.

The estimated annual fees and expenses payable by the Issuer in connection with the Programme amount to approximately Euro 500,000.

"**Account Bank**" means BNL in its capacity as Account Bank pursuant to the Cash Allocation, Management and Payments Agreement, or any other entity acting in such capacity pursuant to the terms of the Cash Allocation, Management and Payments Agreement.

"**Account Bank Report**" means the report produced by the Account Bank pursuant to the Cash Allocation, Management and Payments Agreement.

"**Accrued Interest**" means, as of any Valuation Date and in relation to any Eligible Asset to be assigned as at that date, the portion of the Interest Instalment accrued, but not yet due, as at the calendar day immediately following such Valuation Date.

"**Accrual Yield**" has the meaning ascribed to such term in the relevant Final Terms.

"**Additional Financial Centre**" has the meaning set out in the relevant Final Terms.

"**Additional Seller**" means any eligible bank (i) having its registered office in the Republic of Italy and (ii) part of the BNP Paribas Group, that may transfer one or more New Portfolios to the Guarantor following the accession to the Programme pursuant to the Programme Documents.

"**Additional Servicer**" means each Additional Seller (if any) which has been appointed as servicer in relation to the Eligible Assets transferred by it to the Guarantor, following the accession to the Programme and to the Master Servicing Agreement, pursuant to the Programme Documents.

"**Additional Subordinated Lender**" means each Additional Seller in its capacity as additional subordinated lender, pursuant to the relevant Subordinated Loan Agreement.

"**Affected Eligible Assets**" has the meaning ascribed to the term "*Attivi Idonei Interessati*" by article 3.1 (*Indennizzo e prestito a ricorso limitato*) of the Warranty and Indemnity Agreement (*Contratto di Garanzia e Indennizzo*).

"**Affected Party**" has the meaning ascribed to that term in the Swap Agreements.

"**Adjusted Aggregate Asset Amount**" has the meaning ascribed to it in the section of this Prospectus entitled "*Credit Structure – Asset Coverage Test*".

"**Amortisation Test**" means the Test as described in the section of this Prospectus entitled "*Credit Structure – Amortisation Test*".

"**Amortisation Test Adjusted Aggregate Asset Amount**" has the meaning ascribed to it in the section of this Prospectus entitled "*Credit Structure – Amortisation Test*".

"**Article 74 Event**" has the meaning given to it in the Terms and Conditions.

"**Article 74 Event Cure Notice**" has the meaning given to it in the Terms and Conditions.

"**Asset Coverage Test**" means the Test as described in the section of this Prospectus entitled "*Credit Structure –Asset Coverage Test*".

"**Asset Monitor**" means BDO Italia S.p.A., acting in its capacity as asset monitor, or any other entity that may be appointed as such, pursuant to the engagement letter entered into with the Issuer on 20 July 2023 and to the Asset Monitor Agreement.

"**Asset Monitor Agreement**" means the asset monitor agreement entered into on 18 April 2024 between, inter alios, the Asset Monitor and the Issuer, as amended, supplemented or replaced from time to time.

"**Asset Swap Agreement**" means (i) the asset swap agreement entered into on 25 July 2012, between the Main Seller, in its capacity as Asset Swap Provider, and the Guarantor, and (ii) each other asset swap agreement which may be entered into between an Asset Swap Provider and the Guarantor.

"**Asset Swap Provider**" means the Main Seller as swap counterparty to the Guarantor pursuant to the Asset Swap Agreement and/or any other entity entering into an Asset Swap Agreement with the Guarantor.

"**Back-up Servicer**" means the entity which may be appointed by the Guarantor, with the approval by Representative of the Bondholders, pursuant to the Cash Allocation, Management and Payments Agreement.

"**Back-Up Servicer Facilitator**" means Banca Finanziaria Internazionale S.p.A., or any such other entity as may be appointed as such pursuant to the Cash Allocation, Management and Payments Agreement.

"**Banca Finint S.p.A.**" or "**Banca Finint**" or "**Finint**" means Banca Finanziaria Internazionale S.p.A.

"**Base Interest**" has the meaning given to the term "*Interesse Base*" pursuant to the Subordinated Loan Agreement.

"**BMR**" means the Regulation (EU) 2016/1011, as amended from time to time.

"**BNL**" means Banca Nazionale del Lavoro S.p.A.

"**BNL Collection Account**" means the account denominated in Euro (IBAN: IT 70 Z 01005 03200 000000010163) opened in the name of the Guarantor and held by the Account Bank for the deposit of any Collections of the Portfolios (including the Portfolios assigned to the Guarantor by Seller(s) other than BNL) or any other substitutive account which may be opened by the Guarantor pursuant to the Cash Allocation, Management and Payments Agreement.

"**BNL Group**" means, together, the banks and other companies belonging from time to time to the banking group "Gruppo BNL", enrolled with the register of banking groups held by the Bank of Italy pursuant to article 64 of the Consolidated Banking Act.

"**BNL Securities Account**" means the account denominated in Euro to be opened in the name of the Guarantor and held by the Account Bank for the deposit of any Securities (if any) transferred to the Guarantor by BNL, or any other substitutive account which may be opened by the Guarantor pursuant to the Cash Allocation, Management and Payments Agreement.

"**BNL Subordinated Loan Agreement**" means the subordinated loan agreement entered into on 9 July 2012 between the Main Subordinated Lender and the Guarantor, as amended, supplemented or replaced from time to time.

"**BNL Term Loan**" means a subordinated loan made or to be made by BNL to the Guarantor on each Drawdown Date under the BNL Subordinated Loan Agreement or the principal amount outstanding for the time being of that loan.

"**BNP Paribas Group**" means, together, the banks and other companies belonging from time to time to the banking group "Gruppo BNP Paribas".

"**Bondholders**" or "**Covered Bondholders**" means the holders from time to time of the Covered Bonds included in each Series or Tranche of Covered Bonds.

"**Breach of Tests Cure Notice**" means the notice delivered by the Representative of the Bondholders in case, following the delivery of a Breach of Tests Notice, the Mandatory Tests and/or the Asset Coverage Test are newly met within the Test Remedy Period, in accordance with the Terms and Conditions.

"**Breach of Tests Notice**" means the notice to be delivered by the Representative of the Bondholders in accordance with the Terms and Conditions following the infringement of any of the Mandatory Tests and/or the Asset Coverage Test prior to an Issuer Event of Default and/or a Guarantor Event of Default.

"**BRRD**" means the Directive 2014/59/EU, as amended and implemented from time to time.

"**Business Crisis and Insolvency Code**" means the Legislative Decree no. 14 of 12 January 2019 (as amended and supplemented from time to time), containing the regulations of the "Business Crisis and Insolvency Code" (*Codice della Crisi d'Impresa e dell'Insolvenza*).

"**Business Day**" means any day (other than a Saturday or Sunday) on which the T2 (or any successor thereto) is open for settlement of payments in Euro.

"**Business Day Convention**", in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

(i) "**Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day;

(ii) "**Modified Following Business Day Convention**" or "**Modified Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day

that is a Business Day;

(iii) "**Preceding Business Day Convention**" means that the relevant date shall be brought forward to the first preceding day that is a Business Day;

(iv) "**FRN Convention**", "**Floating Rate Convention**" or "**Eurodollar Convention**" means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred provided, however, that:

(a) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;

(b) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and

(c) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and

(v) "**No Adjustment**" means that the relevant date shall not be adjusted in accordance with any Business Day Convention.

"**Calculation Period**" means each period between a Guarantor Calculation Date (included) and the next Guarantor Calculation Date (excluded).

"**Cash Allocation, Management and Payments Agreement**" means the cash allocation, management and payments agreement entered into on 25 July 2012, between, *inter alios*, the Guarantor, the Representative of the Bondholders, the Guarantor Calculation Agent, the Cash Manager and the Account Bank, as amended, supplemented or replaced from time to time.

"**Cash Manager**" means BNL or any other entity acting as cash manager pursuant to the Cash Allocation, Management and Payments Agreement.

"**CB Margin**" means the margin which applies to the Floating Rate Covered Bonds issued from time to time, as specified in the relevant Final Terms.

"**CB Payments Account**" means the account denominated in Euro that will be opened – for the purpose of making payments of interest and principal to the Bondholders – in the name of the Guarantor and held with the Principal Paying Agent following the delivery of an Issuer Default Notice or a Guarantor

Default Notice, or any other substitutive account which may be opened pursuant to the Cash Allocation, Management and Payments Agreement.

"**Clearstream**" means Clearstream Banking *société anonyme*, Luxembourg with offices at 42 avenue JF Kennedy, L-1855 Luxembourg.

"**Collateral Security**" means any security (including any loan mortgage insurance but excluding Mortgages) granted to the Main Seller (or any Additional Seller(s), if any) by any Debtor in order to guarantee the payment and/or redemption of any amounts due under the relevant Loan Agreement.

"**Collection Account**" means, as the case may be, the BNL Collection Account and/or any other account which may be opened by the Guarantor with the Account Bank if a bank part of the BNP Paribas Group will accede the Programme in its capacity as Additional Seller and Additional Servicer, for the deposit of the collections of the Portfolios transferred by such bank, in its capacity as Additional Seller, to the Guarantor, or any other substitutive account which may be opened by the Guarantor pursuant to the Cash Allocation, Management and Payments Agreement.

"**Collection Date**" means (i) prior to the service of a Guarantor Default Notice, the last calendar day of each month; and (ii) following the service of a Guarantor Default Notice, each date determined as such by the Representative of the Bondholders.

"**Collection Period**" means the Monthly Collection Period and/or the Quarterly Collection Period, as applicable.

"**Collections**" means all amounts received or recovered by each Servicer in respect of the relevant Eligible Assets included in the Cover Pool.

"**Commercial Mortgage Loan**" means a loan secured by a mortgage meeting the requirements of article 129, paragraph 1, lett. (f) of CRR and article 7-*novies*, paragraph 2, of Law 130.

"**Commercial Mortgage Loan Agreement**" means each of the agreements entered into with the relevant Debtor, pursuant to which a Commercial Mortgage Loan is disbursed, as well as each deed, contract, agreement or supplement thereto or amendment thereof, or any document pertaining thereto (such as "*atti di accollo*").

"**Commercial Mortgage Receivable**" means a Receivable arising from a loan secured by commercial mortgage meeting the requirements of article 129, paragraph 1, lett. (f) of CRR and article 7-*novies*, paragraph 2, of Law 130.

"**Common Criteria**" means the criteria for the selection of the Receivables, as described in section "*Description of the Cover Pool*" above.

"**CONSOB**" means *Commissione Nazionale per le Società e la Borsa*.

"**Consolidated Banking Act**" means Legislative Decree number 385 of 1 September 1993, as subsequently amended and supplemented.

"**Consolidated Quarterly Servicer's Report**" means the consolidated quarterly report prepared by the Main Servicer and sent within each Quarterly Servicer's Report Date to the entities referred to in the Master Servicing Agreement.

"**Corporate Servicer**" means Banca Finanziaria Internazionale S.p.A., or any other person for the time being acting as corporate servicer pursuant to the Corporate Services Agreement.

"**Corporate Services Agreement**" means the corporate services agreement entered into on 25 July 2012 between the Guarantor and the Guarantor Corporate Servicer, as amended, supplemented or replaced from time to time.

"**Corresponding Series of Covered Bonds**" means, in respect of a Term Loan, the Series or Tranche of Covered Bonds issued or to be issued pursuant to the Programme and notified by the Subordinated Lender to the Guarantor in the relevant Term Loan Proposal.

"**Covered Bonds**" means the Covered Bonds (*obbligazioni bancarie garantite*) of each Series or Tranche issued or to be issued by the Issuer in the context of the Programme.

"**Cover Pool**" means the cover pool constituted by (i) Receivables; and (ii) any other Eligible Assets.

"**Cover Pool Management Agreement**" means the Cover Pool management agreement entered into on 25 July 2012 between, *inter alios*, the Issuer, the Guarantor, the Main Seller, the Test Calculation Agent, the Guarantor Calculation Agent, the Representative of the Bondholders and the Asset Monitor, as amended, supplemented or replaced from time to time.

"**CRD IV Regulation**" or "**CRR**" means Regulation (EU) 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, as amended and supplemented from time to time.

"**Credit and Collection Policy**" means the procedures for the management, collection and recovery of the Receivables from time to time adopted by the relevant Servicer.

"**Criteria**" means, collectively, the Common Criteria and the Specific Criteria.

"**Critical Obligations Rating**" or "**COR**" means the long-term rating assigned by DBRS to address the risk of default of particular obligations and/or exposures at certain banks that have a higher probability of being excluded from bail-in and remaining in a continuing bank in the event of the resolution of a troubled bank than other senior unsecured obligations.

"**Day Count Fraction**" means, in respect of the calculation of an amount for any period of time (the "**Calculation Period**"), such day count fraction as may be specified in the Terms and Conditions or the relevant Final Terms and:

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

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

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

(1) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (a) the actual number of days in such Regular Period and (b) the number of Regular Periods in any year; and

(2) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (b) the number of Regular Periods in any year;

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

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

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

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

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

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

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

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

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

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

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

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

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

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

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

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

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

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

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

"**DBRS**" means (i) for the purpose of identifying the entity which has assigned the credit rating to any Covered Bonds, DBRS Ratings GmbH, and (ii) in any other case, any entity of DBRS Ratings GmbH or DBRS Ratings Limited which is either registered or not under the CRA Regulation, as it appears from the last available list published by European Securities and Markets Authority ("ESMA") on the ESMA website.

"**DBRS Eligible Investment Minimum Rating**" means, from time to time, the rating set out in the column headed "Minimum Rating" in the table below corresponding to the then current rating of the Covered Bonds and the relevant maturity of the relevant Eligible Investment:

Rating of the Covered Bonds	Maturity of Eligible Investment	Minimum Rating
AAA	≤ 30 days	A or R-1 (low)
AAA	> 30 days and ≤ 90 days	AA (low) or R-1 (middle)
AAA	> 90 days and ≤ 180 days	AA or R-1 (high)
AAA	> 180 days and ≤ 365 days	AAA or R-1 (high)
AA (high)	≤ 30 days	A (low) or R-1 (low)
AA (high)	> 30 days and ≤ 90 days	AA (low) or R-1 (middle)
AA (high)	> 90 days and ≤ 180 days	AA or R-1 (high)
AA (high)	> 180 days and ≤ 365 days	AAA or R-1 (high)
AA	≤ 30 days	BBB (High) or R-1 (low)
AA	> 30 days and ≤ 90 days	AA (low) or R-1 (middle)
AA	> 90 days and ≤ 180 days	AA or R-1 (high)
AA	> 180 days and ≤ 365 days	AAA or R-1 (high)
AA (low)	≤ 30 days	BBB (High) or R-1 (low)
AA (low)	> 30 days and ≤ 90 days	AA (low) or R-1 (middle)
AA (low)	> 90 days and ≤ 180 days	AA or R-1 (high)
AA (low)	> 180 days and ≤ 365 days	AAA or R-1 (high)
A (high)	≤ 30 days	BBB or R-2 (high)
A (high)	> 30 days and ≤ 90 days	A (low) or R-1 (low)
A (high)	> 90 days and ≤ 180 days	A or R-1 (low)

A (high)	> 180 days and ≤ 365 days	A (high) or R-1 (middle)
A	≤ 30 days	BBB (low) or R-2 (middle)
A	> 30 days and ≤ 90 days	A (low) or R-1 (low)
A	> 90 days and ≤ 180 days	A or R-1 (low)
A	> 180 days and ≤ 365 days	A (high) or R-1 (middle)
A (low)	≤ 30 days	BBB (low) or R-2 (low)
A (low)	> 30 days and ≤ 90 days	A (low) or R-1 (low)
A (low)	> 90 days and ≤ 180 days	A or R-1 (low)
A (low)	> 180 days and ≤ 365 days	A (high) or R-1 (middle)
BBB (high)	≤ 30 days	BBB (low) or R-2 (low)
BBB (high)	> 30 days and ≤ 90 days	BBB (low) or R-2 (middle)
BBB (high)	> 90 days and ≤ 180 days	BBB or R-2 (high)
BBB (high)	> 180 days and ≤ 365 days	BBB or R-2 (high)
BBB	≤ 30 days	BBB (low) or R-2 (low)
BBB	> 30 days and ≤ 90 days	BBB (low) or R-2 (middle)
BBB	> 90 days and ≤ 180 days	BBB or R-2 (high)
BBB	> 180 days and ≤ 365 days	BBB or R-2 (high)
BBB (low)	≤ 30 days	BBB (low) or R-2 (low)
BBB (low)	> 30 days and ≤ 90 days	BBB (low) or R-2 (middle)
BBB (low)	> 90 days and ≤ 180 days	BBB or R-2 (high)
BBB (low)	> 180 days and ≤ 365 days	BBB or R-2 (high)
BB (high)	≤ 30 days	BB (high) or R-3
BB (high)	> 30 days and ≤ 90 days	BBB (low) or R-2 (middle)
BB (high)	> 90 days and ≤ 180 days	BBB or R-2 (high)
BB (high)	> 180 days and ≤ 365 days	BBB or R-2 (high)
BB	≤ 30 days	BB or R-4
BB	> 30 days and ≤ 90 days	BBB (low) or R-2 (middle)
BB	> 90 days and ≤ 180 days	BBB or R-2 (high)
BB	> 180 days and ≤ 365 days	BBB or R-2 (high)
BB (low)	≤ 30 days	BB (low) or R-4
BB (low)	> 30 days and ≤ 90 days	BBB (low) or R-2 (middle)
BB (low)	> 90 days and ≤ 180 days	BBB or R-2 (high)
BB (low)	> 180 days and ≤ 365 days	BBB or R-2 (high)
B (high)	≤ 30 days	B (high) or R-4
B (high)	> 30 days and ≤ 90 days	BBB (low) or R-2 (middle)
B (high)	> 90 days and ≤ 180 days	BBB or R-2 (high)
B (high)	> 180 days and ≤ 365 days	BBB or R-2 (high)
B	≤ 30 days	B or R-4
B	> 30 days and ≤ 90 days	BBB (low) or R-2 (middle)
B	> 90 days and ≤ 180 days	BBB or R-2 (high)
B	> 180 days and ≤ 365 days	BBB or R-2 (high)
B (low)	≤ 30 days	B (low) or R-5
B (low)	> 30 days and ≤ 90 days	BBB (low) or R-2 (middle)
B (low)	> 90 days and ≤ 180 days	BBB or R-2 (high)
B (low)	> 180 days and ≤ 365 days	BBB or R-2 (high)

"**DBRS Equivalent Rating**" means the DBRS rating equivalent of any of the below ratings by Fitch, Moody's or S&P:

DBRS	*Moody's*	*S&P*	*Fitch*
AAA	*Aaa*	*AAA*	*AAA*
AA(high)	*Aa1*	*AA+*	*AA+*
AA	*Aa2*	*AA*	*AA*
AA(low)	*Aa3*	*AA-*	*AA-*
A(high)	*A1*	*A+*	*A+*
A	*A2*	*A*	*A*
A(low)	*A3*	*A-*	*A-*
BBB(high)	*Baa1*	*BBB+*	*BBB+*
BBB	*Baa2*	*BBB*	*BBB*
BBB(low)	*Baa3*	*BBB-*	*BBB-*
BB(high)	*Ba1*	*BB+*	*BB+*
BB	*Ba2*	*BB*	*BB*
BB(low)	*Ba3*	*BB-*	*BB-*
B(high)	*B1*	*B+*	*B+*
B	*B2*	*B*	*B*
B(low)	*B3*	*B-*	*B-*
CCC	*Caa1*	*CCC+*	*CCC+*
CCC	*Caa2*	*CCC*	*CCC*
CCC	*Caa3*	*CCC-*	*CCC-*
CC	*Ca*	*CC*	*CC*
C	*C*	*D*	*D*

"**DBRS Minimum Institution Rating**" means, from time to time, the rating set out in the column headed "Minimum Institution Rating" in the table below corresponding to the then current rating of the Covered Bonds:

Rating of the Covered Bonds	Minimum Institution Rating
AAA	*A*
AA (high)	*A (low)*
AA	*BBB (high)*
AA (low)	*BBB (high)*
A (high)	*BBB*
A	*BBB (low)*
A (low)	*BBB (low)*
BBB (high)	*BBB (low)*
BBB	*BBB (low)*
BBB (low)	*BBB (low)*

"**DBRS Minimum Rating**" means: (a) if a Fitch public long term rating, a Moody's long term public rating and an S&P long term public rating (each, a "Public Long Term Rating") are all available at such date, the DBRS Minimum Rating will be the DBRS Equivalent Rating of such Public Long Term Rating remaining after disregarding the highest and lowest of such Public Long Term Ratings from such rating

agencies (provided that if such Public Long Term Rating is under credit watch negative, or the equivalent, then the DBRS Equivalent Rating will be considered one notch below) (for this purpose, if more than one Public Long Term Rating has the same highest DBRS Equivalent Rating or the same lowest DBRS Equivalent Rating, then in each case one of such Public Long Term Ratings shall be so disregarded); and (b) if the DBRS Minimum Rating cannot be determined under (a) above, but Public Long Term Ratings by any two of Fitch, Moody's and S&P are available at such date, the DBRS Equivalent Rating will be the lowest of such Public Long Term Ratings (provided that if any such Public Long Term Rating is under credit watch negative, or the equivalent, then the DBRS Equivalent Rating will be considered one notch below); and (c) if the DBRS Minimum Rating cannot be determined under (a) and (b) above, but Public Long Term Ratings by any one of Fitch, Moody's and S&P are available at such date, then the DBRS Equivalent Rating will be such Public Long Term Rating (provided that if such Public Long Term Rating is under credit watch negative, or the equivalent, then the DBRS Equivalent Rating will be considered one notch below). If at any time the DBRS Minimum Rating cannot be determined under subparagraphs (a) to (c) above, then a DBRS Minimum Rating of "C" shall apply at such time.

"**Dealers**" means the Initial Dealer and any other entity that will be appointed as dealer by the Issuer pursuant to the Programme Agreement.

"**Debtor**" means any borrower and any other person who entered into a Loan Agreement as principal debtor or guarantor or who is liable for the payment or repayment of amounts due in respect of a Loan, as a consequence, *inter alia*, of having granted any Collateral Security or having assumed the borrower's obligation under an *accollo*, or otherwise.

"**Decree 239**" means the Italian Legislative Decree number 239 of 1 April 1996, as subsequently amended and supplemented.

"**Deed of Pledge**" means the Italian law deed of pledge entered into on 25 July 2012 between the Guarantor and the Representative of the Bondholders, as amended, supplemented or replaced from time to time.

"**Defaulted Assets**" means, collectively, the Defaulted Receivables and the Defaulted Securities.

"**Defaulted Receivables**" means any Receivables which:

(a) have been classified as Delinquent Receivables for more than 180 calendar days, except when, in relation to such Receivables, there are 7 unpaid Instalments (in respect of Receivables deriving from Loans with monthly instalments) or 2 unpaid Instalments (in respect of Receivables deriving from Loans with semi-annual instalments) and the unpaid amount under the first Instalment does not exceed Euro 50.00; or

(b) classified by the relevant Seller as "defaulted" (*credito in sofferenza*) pursuant to the Istruzioni di Vigilanza; or

(c) classified by the relevant Seller as "*inadempienze probabili*" pursuant to the Istruzioni di Vigilanza.

"**Defaulting Party**" has the meaning ascribed to that term in the Swap Agreements.

"**Delinquent Receivables**" means any Receivables in relation to which, on any Collection Date, there are unpaid Instalments for (a) an amount higher than Euro 20.00 and (b) at least 30 calendar days from the relevant due date, provided that such Receivables have not been classified as Defaulted Receivables.

"**Drawdown Date**" means the date indicated in each Term Loan Proposal on which a Term Loan is granted pursuant to each Subordinated Loan Agreement (during the Subordinated Loan Availability Period.

"**Dual Currency Interest Covered Bonds**" means Covered Bonds with principal or interest payable in one or more currencies which may be different from the currency in which the Covered Bonds are denominated.

"**Due for Payment**" means the requirement for the Guarantor to pay any Guaranteed Amounts following the delivery of an Issuer Default Notice after the occurrence of an Issuer Event of Default, such requirement arising: (i) prior to the occurrence of a Guarantor Event of Default, on the date on which the Guaranteed Amounts are due and payable in accordance with the Terms and Conditions and the Final Terms of the relevant Series or Tranche of Covered Bonds; and (ii) following the occurrence of a Guarantor Event of Default, the date on which the Guarantor Default Notice is served on the Guarantor.

"**Earliest Maturing Covered Bonds**" means, at any time, the Series or Tranche of Covered Bonds that has or have the earliest Maturity Date (if the relevant Series or Tranche of Covered Bonds is not subject to an Extended Maturity Date) or Extended Maturity Date (if the relevant Series or Tranche of Covered Bonds is subject to an Extended Maturity Date) as specified in the relevant Final Terms.

"**Early Termination Amount**" means, in respect of any Series or Tranche of Covered Bonds, the principal amount of such Series or Tranche or such other amount as may be specified in, or determined in accordance with, the Terms and Conditions or the relevant Final Terms.

"**Eligible Assets**" means the assets contemplated under article 7-*novies* of Law 130.

"**Eligible Institution**" means any depository institution organised under the laws of any state which is a member of the European Union or of the United States of America whose ratings are at least equal to the relevant DBRS Minimum Institution Rating, considering: (i) in case a public or private rating has been assigned by DBRS, the higher of (x) the rating one notch below the institution's Critical Obligations Rating (if assigned), and (y) the long-term senior unsecured debt rating or deposit rating; or (ii) in case of a long- term Critical Obligations Rating has not been assigned by DBRS, the higher of the relevant institution's issuer rating, long-term senior unsecured debt rating or deposit rating; or (iii) in case a public or private rating has not been assigned by DBRS, the DBRS Minimum Rating; or (iv) whose obligations under the Transaction Documents to which it is a party are guaranteed by a first demand, irrevocable and unconditional guarantee (followed by, if requested, a legal opinion rendered

by a reputable firm in the relevant jurisdictions) issued by a depository institution organised under the laws of any state which is a member of the European Union or of the United States of America and have at least the ratings set out above, provided that such guarantee and the relating opinion have been notified to DBRS and comply with DBRS' criteria.

"**Eligible Investments**" means any Euro denominated senior (unsubordinated) dematerialised debt security, bank account deposit (including, for the avoidance of doubt, time deposit) or other debt instrument or repurchase transactions on such debt instruments with the followings characteristics:

(i) the securities or other debt instruments shall be issued or guaranteed (on the basis of an unconditional, irrevocable, independent first demand guarantee) by an institution rated at least the relevant DBRS Eligible Investment Minimum Rating; or

(ii) the bank account deposits shall be held with an Eligible Institution; or

(iii) instruments having such other lower rating being compliant with the DBRS's published criteria applicable from time to time.

It remains understood that such Euro denominated senior (unsubordinated) debt security, bank account deposit (including, for the avoidance of doubt, time deposit) or other debt instrument or repurchase transactions on such debt instruments: (1) shall be immediately repayable on demand, disposable without penalty, cost or loss or have a maturity not later than its Eligible Investments Maturity Date; and (2) shall provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount) or in case of repayment or disposal, the principal amount upon repayment or disposal is at least equal to the principal amount invested, provided that,

(A) in no case such investment above shall be made, in whole or in part, actually or potentially, in (i) tranches of other asset-backed securities; or (ii) credit-linked notes, swaps or other derivative instruments, or synthetic securities; or (iii) any other instrument not allowed by the European Central Bank monetary policy regulations applicable from time to time;

(B) in case of downgrade below the rating allowed, the Issuer shall:

  (i) in case of Eligible Investments being securities or time deposits, sell the securities or terminate in advance the time deposit, if it could be achieved without a loss, otherwise the relevant security or time deposit shall be allowed to mature; or

  (ii) in case of Eligible Investments being bank deposits, transfer within 30 calendar days the deposits to another account opened in the name of the Issuer with an Eligible Institution;

(C) in any case, if such investments above consisting of repurchase transactions, shall be made only on Euro denominated debt securities or other debt instruments, provided that (i) title to the securities underlying such repurchase transactions (in the period between the execution of the relevant repurchase transactions and their respective maturity) effectively passes to the Issuer and the obligations of the relevant counterparty are not related to the performance of the

underlying securities, (ii) such repurchase transactions have a maturity date falling not later than the next following Eligible Investments Maturity Date and in any case shorter than 60 days, (iii) within 30 calendar days from the date on which the institution ceases to be an Eligible Institution, such investment has to be transferred to another Eligible Institution at no costs for the Issuer, and (iv) such repurchase transactions provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount).

"**Eligible Investment Date**" means, in respect of any investment in Eligible Investments made or to be made in accordance with the Programme Documents, any Business Day immediately after a Guarantor Payment Date.

"**Eligible Investment Maturity Date**" means, in relation to any Eligible Investments made or to be made in accordance with the Programme Documents, the date falling no later than three Business Days before the Guarantor Payment Date immediately following the relevant Eligible Investment Date.

"**Eligible Investments Securities Account**" means the securities account which may be opened in the name of the Guarantor with the Account Bank for the deposit of any Eligible Investments represented by securities or any other substitutive account which may be opened by the Guarantor pursuant to the Cash Allocation, Management and Payments Agreement.

"**Eligible Swap Agreement**" means any eligible Swap Agreement that may be entered into between the Guarantor and each Swap Provider, which meets the requirements of article 7-*decies* of Law 130.

"**EURIBOR**" (1) with respect to the Covered Bonds, has the meaning ascribed to it in the relevant Final Terms; and (2) with reference to each Loan Interest Period, means the rate denominated "Euro Interbank Offered Rate":

(i) at 1 (one, 3 (three) or 6 (six) months, as may be selected by the relevant Subordinated Lender, published on Reuters' page "Euribor01" on the menu "Euribor" or (A) in the different page which may substitute the Reuters' page "Euribor01" on the menu "Euribor", or (B) in the event such page or such system is not available, on the page of a different system containing the same information that can substitute Reuters' page "Euribor01" on the menu "Euribor" (or, in the event such page is available from more than one system, in the one selected by the Representative of the Bondholders) (hereinafter, the "**Screen Rate**") at 11.00 a.m. (Brussels time) of the date of determination of the Base Interest falling immediately before the beginning of such Loan Interest Period; or

(ii) in the event that on any date of determination of the Base Interest the Screen Rate is not published, the reference rate will be the arithmetic average (rounded off to three decimals) of the rates communicated to the Guarantor Calculation Agent, upon its request, by the Reference Banks at 11.00 a.m. (Brussels time) on the relevant date of determination of the Base Interest and offered to other financial institutions of similar standing for a reference period similar to such Loan Interest Period; or

(iii) in the event the Screen Rate is not available and only two or three Reference Banks communicate the relevant rate quotations to the Guarantor Calculation Agent, the relevant rate shall be determined, as described above, on the basis of the rate quotations provided by the Reference Banks; or

(iv) in the event that the Screen Rate is not available and only one or no Reference Banks communicate such quotation to the Guarantor Calculation Agent, the relevant rate shall be the rate applicable to the immediately preceding period under sub-paragraphs (i) or (ii) above, provided that if the definition of Euribor is agreed differently in the context of the Asset Swap Agreement entered into by and between the Guarantor and the Asset Swap Provider in the context of the Programme, such definition will replace this definition.

"**Euro**", "**€**" and "**EUR**" refer to the single currency of member states of the European Union which adopt the single currency introduced in accordance with the Treaty.

"**Euro Equivalent**" means, in case of an issuance of Covered Bonds denominated in currency other than the Euro, an equivalent amount expressed in Euro calculated at the prevailing exchange rate.

"**Euroclear**" means Euroclear Bank S.A./N.V., with offices at 1 boulevard du Roi Albert II, B-1210 Brussels.

"**Euronext Securities Milan**" means the commercial name of Monte Titoli S.p.A., having its registered office at Piazza degli Affari, 6, 20123 Milan, Italy.

"**Euronext Securities Milan Account Holders**" means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Euronext Securities Milan (and includes any other clearing system (including Euroclear and Clearstream) which holds account with Euronext Securities Milan or any depository banks appointed by the relevant clearing system).

"**Excess Assets**" means any Eligible Assets forming part of the Cover Pool which are in excess for the purpose of satisfying the Tests.

"**Execution Date**" means (i) with respect to the assignment of the Initial Portfolio, the date on which the Main Seller receives from the Guarantor the letter of acceptance of the Master Assets Purchase Agreement, the Master Servicing Agreement, the Warranty and Indemnity Agreement and the BNL Subordinated Loan Agreement, and (ii) with respect to the assignment of each New Portfolio, the date on which each of the Main Seller (or the relevant Additional Seller (if any)) receives from the Guarantor the letter of acceptance of the relevant Transfer Proposal.

"**Expenses**" means any documented fees, costs, expenses and taxes required to be paid to any third party creditors (other than the Bondholders and the Other Guarantor Creditors) arising in connection with the Programme, and required to be paid in order to preserve the existence of the Guarantor or to maintain it in good standing, or to comply with applicable laws and legislation.

"**Expenses Account**" means the account denominated in Euro and opened on behalf of the Guarantor with Banca Antonveneta, Conegliano branch, IBAN IT 06 S 05040 61621 000001295514, or any other substitutive account that may be opened pursuant to the Cash Allocation, Management and Payments Agreement.

"**Extended Maturity Date**" means the date when final redemption payments in relation to a specific Series or Tranche of Covered Bonds (different from any Hard Bullet Covered Bonds) become due and payable pursuant to the extension of the relevant Maturity Date.

"**Extended Programme Maturity Date**" means the date falling one year after the Programme Maturity Date.

"**Extension Determination Date**" means, with respect to each Series or Tranche of Covered Bonds, the date falling 4 days after the Maturity Date of the relevant Series.

"**Final Redemption Amount**" means, in respect of any Series or Tranche of Covered Bonds, the principal amount of such Series or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms.

"**Final Terms**" means, in relation to any issue of any Series or Tranche of Covered Bonds, the relevant terms contained in the applicable Programme Documents and, in case of any Series or Tranche of Covered Bonds to be admitted to listing, the final terms submitted to the appropriate listing authority on or before the Issue Date of the applicable Series or Tranche of Covered Bonds.

"**Financial Laws Consolidation Act**" means Italian Legislative Decree number 58 of 24 February 1998, as amended and supplemented from time to time.

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

"**First Issue Date**" means the Issue Date of the First Series of Covered Bonds or First Tranche of Covered Bonds.

"**First Loan Interest Period**" means the period starting on (and including) the relevant Drawdown Date and ending on (but excluding) the first following Guarantor Payment Date.

"**First Series of Covered Bonds**" means the first Series of Covered Bonds issued by the Issuer in the context of the Programme.

"**First Tranche of Covered Bonds**" means if applicable the first Tranche of Covered Bonds issued by the Issuer in the context of the issuance of the First Series of Covered Bonds.

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

"**Fixed Rate Covered Bonds**" means the Covered Bonds which will bear interest at a fixed rate.

"**Fixed Rate Provisions**" means the provisions applying to the Fixed Rate Covered Bonds, as may be specified in the relevant Final Terms.

"**Floating Rate Covered Bonds**" means the Covered Bonds which will bear interest at a floating rate.

"**Floating Rate Provisions**" means the provisions applying to the Floating Rate Covered Bonds, as may be specified in the relevant Final Terms.

"**Guarantee**" or "**Covered Bond Guarantee**" means the agreement entered into on 25 July 2012, between the Guarantor, the Issuer and the Representative of the Bondholders, as amended, supplemented or replaced from time to time, pursuant to which the Guarantor has granted a guarantee for the purpose of guaranteeing the payments owed by the Issuer to the Bondholders pursuant to Law 130 and the Prudential Regulations.

"**Guarantee Priority of Payments**" has the meaning ascribed to such term in the section of this Prospectus entitled "*Cash Flows*".

"**Guaranteed Amounts**" means the amounts due from time to time by the Issuer to Bondholders with respect to each Series or Tranche of Covered Bonds.

"**Guaranteed Obligations**" means the payment obligations with respect to the Guaranteed Amounts.

"**Guarantor**" means Vela OBG S.r.l., acting in its capacity as guarantor pursuant to the Guarantee.

"**Guarantor's Accounts**" means, collectively, each Collection Account, each Securities Account (if any), the CB Payments Account (if any), the Expenses Account, the Eligible Investments Securities Account, the Reserve Fund Account and any other account opened in the context of the Programme, with the exception of the Quota Capital Account.

"**Guarantor Available Funds**" means, collectively, the Interest Available Funds and the Principal Available Funds.

"**Guarantor Calculation Agent**" means Banca Finanziaria Internazionale S.p.A. or any other entity acting in such capacity pursuant to the terms of the Cash Allocation, Management and Payments Agreement.

"**Guarantor Calculation Date**" means the date falling 3 Business Days prior to each Guarantor Payment Date.

"**Guarantor Corporate Servicer**" means Banca Finanziaria Internazionale S.p.A. or any other entity acting in such capacity pursuant to the terms of the Corporate Services Agreement.

"**Guarantor Default Notice**" means the notice which may be served by the Representative of the Bondholders upon occurrence of a Guarantor Event of Default, in accordance with the Term and Conditions.

"**Guarantor Event of Default**" has the meaning given to it in the Terms and Conditions.

"**Guarantor Payment Date**" means (a) prior to the delivery of a Guarantor Default Notice, the 28th calendar day of each January, April, July and October of each year or, if any such day is not a Business Day, the immediately following Business Day, provided that the first Guarantor Payment Date falls on

28 October 2012; and (b) following the delivery of a Guarantor Default Notice, any day on which any payment is required to be made by the Representative of the Bondholders in accordance with the Post-Enforcement Priority of Payments, the Terms and Conditions and the Intercreditor Agreement.

"**Guarantor's Rights**" means the Guarantor's right pursuant to the Programme Agreement.

"**Hard Bullet Covered Bond**" means a Covered Bond which will be redeemed in full on the relevant Maturity Date without any provision for scheduled redemption other than on the Maturity Date and in relation to which no Extended Maturity Date provisions shall apply.

"**Index-Linked and Other Variable-Linked Interest Covered Bonds**" means the Covered Bonds in respect of which the relevant payments of interest will be calculated by reference to an index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer(s) may agree, as set out in the applicable Final Terms.

"**Index-Linked or Other Variable-Linked Interest Provisions**" means the provisions applying to the Index-Linked and Other Variable-Linked Interest Covered Bonds, as may be specified in the relevant Final Terms.

"**Individual Purchase Price**" means:

(a) with respect to each Receivable transferred pursuant to the Master Assets Purchase Agreements, the aggregate amount deriving from the sum of the Principal Instalments of such Receivable not yet due and the Accrued Interest as at the calendar day immediately following the relevant Valuation Date and corresponds to the book value (*ultimo valore di iscrizione in bilancio*) of the relevant Receivable as at the financial year closed the year immediately preceding the relevant Valuation Date as rectified consistently with the normal finance dynamics of the relevant Receivable for the period starting between 1st January of the year in which the relevant Valuation Date falls and such Valuation Date; and

(b) with respect to each other Eligible Asset (including the Receivables), such other value, pursuant to article 7-*viciester* of Law 130, as indicated by the relevant Seller in the relevant Transfer Proposal.

"**Initial Dealer**" means BNP Paribas.

"**Initial Portfolio**" means the first portfolio of Mortgage Receivables and related Security Interests purchased by the Guarantor from the Main Seller pursuant to the Master Assets Purchase Agreement.

"**Initial Portfolio Purchase Price**" means the consideration paid by the Guarantor to the Main Seller for the transfer of the Initial Portfolio, calculated in accordance with the Master Assets Purchase Agreement.

"**Insolvency Event**" means:

(A) in respect of the Issuer, that the Issuer is subject to *liquidazione coatta amministrativa* as defined in the Consolidated Banking Act; and

(B) in respect of any company, entity or corporation other than the Issuer, that:

(i) such company, entity or corporation has become subject to any applicable procedure of judicial liquidation, administrative compulsory liquidation, any insolvency proceedings pursuant to the legislation applicable from time to time (including, *inter alia* and by way of example, pursuant to and for the purposes of the Business Crisis and Insolvency Code), instrument or measure for the regulation of crisis and insolvency (including, without limitation and merely by way of example, the "*concordato preventivo*", "*piano di ristrutturazione soggetto a omologazione*", "*accordi di ristrutturazione dei debiti*", as well as the "*piano attestato di risanamento*" pursuant to the Business Crisis and Insolvency Code), insolvency and/or restructuring procedures or procedures or similar instruments/measures pursuant to the legislation applicable from time to time (including, but not limited to, application for liquidation, restructuring, dissolution procedures, access to any of the measures set forth in the Business Crisis and Insolvency Code) or the whole or any substantial part of the undertaking or assets of such company, entity or corporation are subject to a *pignoramento* or any procedure having a similar effect (other than in the case of the Guarantor, any portfolio of assets purchased by the Guarantor for the purposes of further programme of issuance of Covered Bonds), unless in the opinion of the Representative of the Bondholders, (who may in this respect rely on the advice of a legal adviser selected by it), such proceedings are being disputed in good faith with a reasonable prospect of success; or

(ii) an application for the commencement (and/or access to) of any of the proceedings under (i) above is made in respect of or by such company, entity or corporation or such proceedings are otherwise initiated against such company, entity or corporation and, in the opinion of the Representative of the Bondholders (who may in this respect rely on the advice of a legal adviser selected by it), the commencement of such proceedings are not being disputed in good faith with a reasonable prospect of success; or

(iii) such company, entity or corporation takes any action for a re-adjustment of deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors (other than, in case of the Guarantor, the creditors under the Programme Documents) or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it or applies for suspension of payments; or

(iv) an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution in any form of such company, entity or corporation or any of the events under article 2448 of the Italian civil code occurs with respect to such company, entity or corporation (except in any such case a winding-up, corporate reorganization or other

proceeding for the purposes of or pursuant to a solvent amalgamation or reconstruction, the terms of which have been previously approved in writing by the Representative of the Bondholders); or

(v) such company, entity or corporation becomes subject to any proceedings equivalent or analogous to those above under the law of any jurisdiction in which such company or corporation is deemed to carry on business.

"**Instalment**" means with respect to each Loan Agreement, each instalment due by the relevant Debtor thereunder and which consists of an Interest Instalment and a Principal Instalment.

"**Insurance Policies**" means (i) each insurance policy taken out with the insurance companies in relation to each Real Estate Asset subject to a Mortgage or (ii) any possible "umbrella" insurance policy in relation to the Real Estate Assets which have lost their previous relevant insurance coverage.

"**Intercreditor Agreement**" means the intercreditor agreement entered into on 25 July 2012 between the Guarantor and the Other Guarantor Creditors, as amended, supplemented or replaced from time to time .

"**Interest Amount**" means, in relation to any Series or Tranche of Covered Bonds and an Interest Period, the amount of interest payable in respect of that Series or Tranche for that Interest Period.

"**Interest Available Funds**" means in respect of any Guarantor Payment Date, the aggregate of:

(i) any interest amounts and/or yield collected by the relevant Servicer in respect of the Cover Pool and credited into the BNL Collection Account during the immediately preceding Quarterly Collection Period;

(ii) all Recoveries in the nature of interest received by the relevant Servicer and credited to the BNL Collection Account during the immediately preceding Quarterly Collection Period;

(iii) all amounts of interest accrued (net of any withholding or expenses, if due) and paid on the Guarantor's Accounts (other than the Expenses Account) during the immediately preceding Quarterly Collection Period;

(iv) any amounts standing to the credit of the Reserve Fund Account in excess of the Reserve Amount, and following the service of an Issuer Default Notice, any amounts standing to the credit of the Reserve Fund Account;

(v) all amounts in respect of interest and/or yield received from the Eligible Investments (if any) during the immediately preceding Quarterly Collection Period;

(vi) any amounts received under the Swap Agreement(s) during the immediately preceding Quarterly Collection Period;

(vii) all interest amounts received from the relevant Seller by the Guarantor pursuant to the Master Assets Purchase Agreement during the immediately preceding Quarterly Collection Period;

(viii) any amounts paid as Interest Shortfall Amount out of item (*First*) of the Pre-Issuer Default Principal Priority of Payments on the same Guarantor Payment Date; and

(ix) any amounts (other than the amounts already allocated under other items of the Guarantor Available Funds) received by the Guarantor from any party to the Programme Documents during the immediately preceding Quarterly Collection Period,

net of (i) in relation to the first Guarantor Payment Date, the Retention Amount paid out of the BNL Collection Account to credit the Expenses Account on or about the First Issue Date; and (ii) in relation to each Guarantor Payment Date, any amounts paid out of the BNL Collection Account and/or the Payments Account during the relevant Quarterly Collection Period in favour of a creditor of the Guarantor who is not an Other Guarantor Creditor, to the extent that such payment may not remain outstanding until the next Guarantor Payment Date without prejudice to the Guarantor and to the extent that funds to the credit of the Expenses Account are not sufficient for that purpose.

"**Interest Commencement Date**" means the Issue Date of the relevant Series or Tranche of Covered Bonds or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms.

"**Interest Coverage Test**" means the Test as described in the section of this Prospectus entitled "*Credit Structure – Mandatory Tests – Interest Coverage Test*".

"**Interest Determination Date**" has the meaning ascribed to such term in the relevant Final Terms.

"**Interest Instalment**" means the interest component of each Instalment.

"**Interest Payment Date**" means, in relation to each Series or Tranche of Covered Bonds, any date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms.

"**Interest Period**" means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date.

"**Interest Shortfall Amount**" means, on any Guarantor Payment Date, an amount equal to the difference, if positive, between (a) the aggregate amounts payable (but for the operation of clause 15 (*Enforcement of Security, Non Petition and Limited Recourse*) of the Intercreditor Agreement) under items (*First*) to (*Fifth)* of the Pre-Issuer Default Interest Priority of Payments; and (b) the Interest Available Funds (net of such Interest Shortfall Amount) on such Guarantor Payment Date.

"**ISDA Definitions**" means the 2006 ISDA Definitions and 2021 ISDA Definitions, each as amended and updated as the date of the issue of the first Series of Floating Rate Covered Bonds, as published by the International Swaps and Derivatives Association, Inc..

"**ISDA Determination**" means, in relation to the Floating Rate Covered Bonds, the option which may be selected in the relevant Final Terms as the manner in which the Rate of Interest of such Covered Bonds is to be determined.

"**ISDA Rate**" has the meaning ascribed to such term under Condition 6.4 (*ISDA Determination*).

"**Issue Date**" means each date on which a Series or Tranche of Covered Bonds is issued, as set out in the applicable Final Terms.

"**Issuer**" means BNL.

"**Issuer Event of Default**" has the meaning given to it in the Terms and Conditions.

"**Issuer Default Notice**" means the notice which may be served by the Representative of the Bondholders to the Issuer and the Guarantor upon occurrence of an Issuer Event of Default in accordance with the Terms and Conditions.

"***Istruzioni di Vigilanza***" means the regulations for banks issued by the Bank of Italy on 17 December 2013 with Circular number 285, as subsequently amended and supplemented.

"**Law 130**" means Italian Law number 130 of 30 April 1999 as the same may be amended, modified or supplemented from time to time.

"**Liquidity Assets**" means the Eligible Assets compliant with article 7-*duodecies*, paragraph 2, letters (a) and (b) of the Law 130.

"**Liquidity Reserve**" means the amount of Eligible Assets comprised in the Cover Pool which are in compliance with article 7-*duodecies*, paragraph 2, of Law 130.

"**Liquidity Reserve Requirement**" has the meaning ascribed to such term in clause 3.5 (*Liquidity Reserve Requirement*) of the Cover Pool Management Agreement.

"**Loan**" means each Mortgage Loan or Public Loan, as the case may be.

"**Loan Agreement**" means each Mortgage Loan Agreement or Public Loan Agreement, as the case may be.

"**Loan Interest Period**" means (i) the relevant First Loan Interest Period; and thereafter (ii) each period starting on (and including) a Guarantor Payment Date and ending on (but excluding) the following Guarantor Payment Date.

"**Main Seller**" means BNL.

"**Main Servicer**" means BNL.

"**Main Subordinated Lender**" means BNL in its capacity as Subordinated Lender pursuant to the BNL Subordinated Loan Agreement.

"**Mandate Agreement**" means the mandate agreement entered into on 25 July 2012 between the Guarantor and the Representative of the Bondholders, as amended, supplemented or replaced from time to time .

"**Mandatory Tests**" means, collectively, the Nominal Value Test, the Net Present Value Test and the Interest Coverage test, each as provided for under article 7-*undecies* of Law 130 and calculated pursuant to clause 3 (*Mandatory Tests and Liquidity Reserve Requirement*) of the Cover Pool Management Agreement.

"**Margin**" has the meaning ascribed to the term "*Margine*" in each Subordinated Loan Agreement.

"**Master Assets Purchase Agreement**" means the master assets purchase agreement entered into on 9 July 2012 between the Guarantor, the Main Seller and, following accession to the Programme, each Additional Seller, as amended, supplemented or replaced from time to time.

"**Master Definitions Agreement**" means the master definitions agreement entered into on 25 July 2012 between the parties of the Programme Documents, as amended, supplemented or replaced from time to time.

"**Master Servicing Agreement**" means the master servicing agreement entered into on 9 July 2012 between the Guarantor, the Main Servicer and, following accession to the Programme, each Additional Servicer, as amended, supplemented or replaced from time to time.

"**Maturity Date**" means each date on which final redemption payments for a Series or Tranche of Covered Bonds become due in accordance with the Final Terms but subject to it being extended to the Extended Maturity Date.

"**Meeting**" has the meaning ascribed to such term in the Rules of the Organisation of the Bondholders.

"**Minimum Rate of Interest**" has the meaning ascribed to such term in the relevant Final Terms.

"**Minimum Redemption Amount**" has the meaning ascribed to such term in the relevant Final Terms.

"**Monthly Servicer's Report**" means the monthly report prepared by each Servicer and sent to the Main Servicer pursuant to the Master Servicing Agreement.

"**Monthly Servicer's Report Date**" means (i) prior to the delivery of a Guarantor Default Notice, the date falling on the 14th calendar day of each month or, if any such day is not a Business Day, the immediately following Business Day and (ii) following the delivery of a Guarantor Default Notice, the date as may be indicated as such by the Representative of the Bondholders.

"**Mortgage**" means the mortgage security interests (*ipoteche*) created on the Real Estate Assets pursuant to Italian law in order to secure claims in respect of the Receivables.

"**Mortgage Loan**" means each Residential Mortgage Loan or Commercial Mortgage Loan.

"**Mortgage Loan Agreement**" means any Residential Mortgage Loan Agreement or Commercial Mortgage Loan Agreement.

"**Mortgage Receivable**" means each Residential Mortgage Receivable or Commercial Mortgage Receivable.

"**Mortgagor**" means any person, either a borrower or a third party, who has granted a Mortgage in favour of the relevant Seller to secure the payment or repayment of any amounts payable in respect of a Mortgage Loan, and/or his/her successor in interest.

"**Negative Carry Factor**" is a percentage calculated by reference to the weighted average margin of the Covered Bonds and will, in any event, be not less than 0.5 per cent.

"**Net Liquidity Outflow**" means all payment outflows falling due on one day, including principal and interest payments, net of all payment inflows falling due on the same day for claims related to the Cover Pool, calculated in accordance with article 7-*duodecies* of Law 130 and the Prudential Regulations, it being understood that, when the Maturity Date of a Series or Tranche of Covered Bond may be extended to the relevant Extended Maturity Date, the Principal Amount Outstanding of such Series or Tranche of Covered Bond to be taken into account shall be based on the relevant Extended Maturity Date and not on the relevant Maturity Date.

"**Net Present Value Test**" means the Test as described in the section of this Prospectus entitled "*Credit Structure – Mandatory Tests – Net Present Value Test*".

"**New Portfolio**" means each portfolio of Eligible Assets (other than the Initial Portfolio) which may be purchased by the Guarantor pursuant to the terms and subject to the conditions of the Master Assets Purchase Agreement.

"**New Portfolio Purchase Price**" means the consideration which the Guarantor shall pay to the relevant Seller for the transfer of each New Portfolio in accordance with the Master Assets Purchase Agreement and equal to the aggregate amount of the Individual Purchase Price of all the relevant Eligible Assets included in the relevant New Portfolio, without prejudice for the provisions set out under clause 6 (*Corrispettivo per i Nuovi Portafogli*) of the Master Assets Purchase Agreement.

"**Nominal Value Test**" means the Test as described in the section of this Prospectus entitled "*Credit Structure – Mandatory Tests – Nominal Value Test*".

"**Official Gazette of the Republic of Italy**" means the *Gazzetta Ufficiale della Repubblica Italiana*.

"**Optional Redemption Amount (Call)**" means, in respect of any Series or Tranche of Covered Bonds, the principal amount of such Series or Tranche or such other amounts as may be specified in, or determined in accordance with, the relevant Final Terms.

"**Optional Redemption Amount (Put)**" means, in respect of any Series or Tranche of Covered Bonds, the principal amount of such Series or Tranche or such other amounts as may be specified in, or determined in accordance with, the relevant Final Terms.

"**Optional Redemption Date (Call)**" has the meaning ascribed to such term in the relevant Final Terms.

"**Optional Redemption Date (Put)**" has the meaning ascribed to such term in the relevant Final Terms.

"**Organisation of the Bondholders**" means the association of the Bondholders, organised pursuant to the Rules of the Organisation of the Bondholders.

"**Other Guarantor Creditors**" means the Main Seller and each Additional Seller, if any, the Main Servicer and each Additional Servicer, if any, the Main Subordinated Lender and each Additional Subordinated Lender, if any, the Guarantor Calculation Agent, the Test Calculation Agent (where appointed in substitution of BNL), the Dealer(s), the Representative of the Bondholders, each Swap Provider, the Back-up Servicer, the Account Bank, the Asset Monitor, the Cash Manager, the Principal Paying Agent (where appointed in substitution of BNL), the Paying Agent(s) (if any), the Guarantor Corporate Servicer and the Portfolio Manager (if any).

"**Outstanding Principal Balance**" means, on any given date and in relation to any Receivable, the aggregate of all Principal Instalments not yet due as at such date.

"**Outstanding Principal Due**" means, on any given date and in relation to a Receivable, an amount equal to the sum of (i) all Principal Instalments not yet due as at such date, and (ii) all Principal Instalments due but unpaid as at such date.

"**Paying Agent**" means, together, the Principal Paying Agent and each other paying agent appointed from time to time under the terms of the Cash Allocation, Management and Payments Agreement.

"**Payment Business Day**" means a day on which banks in the relevant Place of Payment are open for payment of amounts due in respect of debt securities and for dealings in foreign currencies and any day which is:

(i) if the currency of payment is euro, a T2 Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or

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

"**Payments Account**" means the account denominated in Euro (IBAN: IT 14 K 01005 03200 000000010479) opened in the name of the Guarantor and held by the Account Bank or any other substitutive account which may be opened by the Guarantor pursuant to the Cash Allocation, Management and Payments Agreement.

"**Payments Report**" means the report to be prepared and delivered by the Guarantor Calculation Agent pursuant to the Cash Allocation, Management and Payments Agreement.

"**Partly-Paid Provisions**" means the provisions which may apply to the Covered Bonds, to the extent so specified in the relevant Final Terms.

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality.

"**Place of Payment**" means, in respect of any Bondholders, the place at which such Bondholder receives payment of interest or principal on the Covered Bonds.

"**Principal Financial Centre**" has the meaning set out in the relevant Final Terms.

"**Portfolio**" means collectively the Initial Portfolio and any other New Portfolios which has been purchased and which will be purchased by the Guarantor in accordance with the terms of the Master Assets Purchase Agreement.

"**Portfolio Manager**" means the subject which may be appointed as portfolio manager pursuant to the Cover Pool Management Agreement.

"**Post-Breach of Tests Reference Date**" means, following the delivery of a Breach of Test Notice, the last calendar day of the second calendar month following the delivery of such Breach of Test Notice.

"**Post-Enforcement Priority of Payments**" has the meaning ascribed to such term in the section of this Prospectus entitled "*Cash Flows*".

"**Post-Issuer Default Test Performance Report**" means the report to be delivered by the Test Calculation Agent on each Test Performance Report Date falling after the service of an Issuer Default Notice, setting out the calculations carried out by it at the immediately preceding Test Reference Date with respect to the Amortisation Test and specifying whether such Test was not met.

"**Pre-Issuer Default Interest Priority of Payments**" has the meaning ascribed to such term in the section of this Prospectus entitled "*Cash Flows*".

"**Pre-Issuer Default Principal Priority of Payments**" has the meaning ascribed to such term in the section of this Prospectus entitled "*Cash Flows*".

"**Pre-Issuer Default Test Performance Report**" means the report to be delivered by the Test Calculation Agent on each Test Performance Report Date prior to the service of an Issuer Default Notice, setting out the calculations carried out by it at the immediately preceding Test Reference Date or Post-Breach of Tests Reference Date, as the case may be, with respect to the Tests and specifying whether any of such Tests was not met.

"**Premium**" has the meaning ascribed to that term in each Subordinated Loan Agreement.

"**Principal Amount Outstanding**" means, on any day: (a) in relation to a Covered Bond, the principal amount of that Covered Bond upon issue less the aggregate amount of any principal payments in respect of that Covered Bond which have become due and payable (and been paid) on or prior to that day; and (b) in relation to the Covered Bonds outstanding at any time, the aggregate of the amount referred to in letter (a) above in respect of all Covered Bonds outstanding.

"**Principal Available Funds**" means, in respect of any Guarantor Payment Date, the aggregate of:

(i) all principal amounts collected by each Servicer in respect of the Cover Pool and credited to the BNL Collection Account during the immediately preceding Quarterly Collection Period;

(ii) all other Recoveries in respect of principal received by each Servicer and credited to the BNL Collection Account during the immediately preceding Quarterly Collection Period;

(iii) all principal amounts received by the Guarantor from each Seller pursuant to the Master Assets Purchase Agreement during the immediately preceding Quarterly Collection Period;

(iv) the proceeds of any disposal of Eligible Assets and any disinvestment of Eligible Assets during the immediately preceding Quarterly Collection Period;

(v) any amounts granted by each Subordinated Lender under the relevant Subordinated Loan Agreement and not used to fund the payment of the Purchase Price for any Eligible Assets during the immediately preceding Quarterly Collection Period;

(vi) all amounts other than in respect of interest received under any Swap Agreement during the immediately preceding Quarterly Collection Period;

(vii) any amounts paid out of item *Ninth* of the Pre-Issuer Default Interest Priority of Payments at the immediately preceding Guarantor Payment Date;

(viii) any amount paid to the Guarantor by the Issuer during the immediately preceding Quarterly Collection Period upon exercise by or on behalf of the Guarantor of the rights of subrogation (*surrogazione*) or recourse (*regresso*) against the Issuer pursuant to article 4, paragraphs7-quaterdecies, paragraph 3 of Law 130;

(ix) any principal amounts standing (other than amounts already allocated under other items of the Principal Available Funds) received by the Guarantor from any party to the Programme Documents during the immediately preceding Quarterly Collection Period; and

(x) any principal amount still deposited on the Guarantor's Accounts (other than the Retention Amount) upon payments made at the immediately preceding Guarantor Payment Date.

"**Principal Instalment**" means the principal component of each Instalment.

"**Principal Paying Agent**" means BNL or any other entity acting in such capacity pursuant to the Cash Allocation, Management and Payments Agreement.

"**Priority of Payments**" means each of the orders in which the Guarantor Available Funds shall be applied on each Guarantor Payment Date in accordance with the Intercreditor Agreement.

"**Privacy Law**" means (i) Regulation (EU) 2016/679 ("*General Data Protection Regulation*" – "**GDPR**") of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC, (ii) Italian Legislative Decree number 196 of 30 June 2003 "*Codice in materia di protezione dei dati personali*", as amended by Italian Legislative Decree number 101 of 10 August 2018; and (iii) any implementing provision, regulation, provision, ruling or guidelines, from time to time applicable, concerning the protection of personal data, adopted by the Supervisory Authority or other competent authority.

"**Programme**" means the programme for the issuance of each Series of Covered Bonds (*obbligazioni bancarie garantite*) by the Issuer in accordance with Title I-bis of Law 130.

"**Programme Agreement**" means the programme agreement entered into on 25 July 2012 between the Issuer, the Guarantor, the Representative of the Bondholders and the Initial Dealer, as amended, supplemented or replaced from time to time .

"**Programme Documents**" means the Master Assets Purchase Agreement, the Master Servicing Agreement, the Warranty and Indemnity Agreement, the Cash Allocation, Management and Payments Agreement, the Asset Monitor Agreement, the Cover Pool Management Agreement, the Programme Agreement, the Intercreditor Agreement, each Subordinated Loan Agreement, the Guarantee, the Corporate Services Agreement, the Swap Agreements, the Mandate Agreement, the Quotaholders' Agreement, the Prospectus, the Terms and Conditions, the Deed of Pledge, the Master Definitions Agreement, any Final Terms agreed in the context of the issuance of each Series or Tranche of Covered Bonds and any other agreement entered into in connection with the Programme.

"**Programme Limit**" means euro 22,000,000,000.

"**Programme Maturity Date**" means the date following 10 years after the date of the Prospectus.

"**Prospectus**" means this Prospectus, as eventually amended and supplemented from time to time.

"**Prudential Regulations**" means the prudential regulations for banks issued by the Bank of Italy on 17 December 2013 with Circular number 285, as subsequently amended and supplemented.

"**Public Entities Receivable**" means a Receivable meeting the requirements of article 129, paragraph 1, lett. (b) of CRR and article 7-*novies*, paragraph 2, of Law 130.

"**Public Loan**" means each public loan disbursed to the relevant Debtor pursuant to a Public Loan Agreement and from which a Public Entities Receivable arises.

"**Public Loan Agreement**" means any agreement entered with the relevant Debtor from which a Public Loan is disbursed, as well as each deed, contract, agreement or supplement thereto or amendment thereof, or any document pertaining thereto.

"**Purchase Price**" means, as applicable, the Initial Portfolio Purchase Price or each New Portfolio Purchase Price pursuant to the Master Assets Purchase Agreement.

"**Put Option**" means the right, which may be given or not by the Issuer to the Bondholders of any Series, to redeem the Covered Bonds at their option, as specified in the relevant Final Terms.

"**Put Option Notice**" means the notice, in the form which may be obtained by each Bondholder from the Principal Paying Agent, that shall be delivered by any Bondholder intending to exercise the Put Option.

"**Put Option Receipt**" means a receipt to be issued by the Principal Paying Agent to a Bondholder upon deposit of Covered Bonds with the Principal Paying Agent in connection with the exercise of a Put Option.

"**Quarterly Collection Period**" means (a) prior to the service of a Guarantor Default Notice, each period commencing on (but excluding) the Collection Dates of December, March, June and September of each year and ending on (and including), respectively, the Collection Dates of March, June, September and December; and (b) in the case of the first Collection Period, the period commencing on (and including) the Valuation Date and ending on (and including) the Collection Date falling in September 2012.

"**Quarterly Servicer's Report**" means the quarterly report prepared by each Servicer and sent to the Main Servicer pursuant to the Master Servicing Agreement.

"**Quarterly Servicer's Report Date**" means (a) prior to the delivery of a Guarantor Default Notice, the date falling on the 18th calendar day of each January, April, July and October of each year or, if any such day is not a Business Day, the immediately following Business Day; and (b) following the delivery of a Guarantor Default Notice, the date as may be indicated as such by the Representative of the Bondholders.

"**Quota Capital**" means the quota capital of the Guarantor.

"**Quota Capital Account**" means the account denominated in Euro opened in the name of the Guarantor with Banca Antonveneta, Conegliano, Agenzia 1, IBAN: IT 07 Z 05040 61621 000001288240 for the deposit of the Quota Capital.

"**Quotaholders**" means BNL and SVM Securitisation Vehicles Management S.r.l., as quotaholders of the Guarantor.

"**Quotaholders' Agreement**" means the Quotaholders' agreement entered into on 25 July 2012 between the Guarantor and the Quotaholders, as amended, supplemented or replaced from time to time.

"**Rate of Interest**" means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Series or Tranche of Covered Bonds specified in the relevant Final Terms or calculated or

determined in accordance with the provisions of the Terms and Conditions and/or the relevant Final Terms.

"**Real Estate Assets**" means the real estate properties which have been mortgaged in order to secure the Receivables.

"**Receivables**" means each Mortgage Receivable and/or Public Entities Receivable and every right arising under the relevant Loans pursuant to the law and the Loan Agreements, including but not limited to :

(i) all rights and claims in respect of the repayment of the Principal Instalments due and not paid at the relevant Valuation Date (excluded);

(ii) all rights and claims in respect of the payment of interest (including the default interest) accruing on the Loans, which are due from (but excluding) the relevant Valuation Date;

(iii) the Accrued Interest;

(iv) all rights and claims in respect of each Mortgage and any Collateral Security (if any) relating to the relevant Loan Agreement;

(v) all rights and claims under and in respect of the Insurance Policies (if any); and

(vi) any privileges and priority rights (*diritti di prelazione*) transferable pursuant to the law, as well as any other right, claim or action (including any legal proceeding for the recovery of suffered damages, the remedy of termination (*risoluzione per inadempimento*) and the declaration of acceleration of the debt (*decadenza dal beneficio del termine*) with respect to the Debtors) and any substantial and procedural action and defence, including the remedy of termination (*risoluzione per inadempimento*) and the declaration of acceleration of the debt (*decadenza dal beneficio del termine*) with respect to the Debtors, inherent in or ancillary to the aforesaid rights and claims,

excluding any expenses for the correspondence and any expenses connected to the ancillary services requested by the relevant Debtor.

"**Recoveries**" means any amounts received or recovered by a Servicer in relation to any Defaulted Receivables and/or any Delinquent Receivables.

"**Redemption Amount**" means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount (as any such terms are defined herein or in the Terms and Conditions) or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Final Terms.

"**Reference Banks**" (A) with respect to the Covered Bonds, has the meaning ascribed to it in the relevant Final Terms or, if none, four major banks selected by the Principal Paying Agent in the market that is most closely connected with the Reference Rate; and, (B) with respect to each Subordinated Loan

Agreement, means four financial institutions of the greatest importance, acting on the interbank market of the member states of the European Union, as selected by the relevant Subordinated Lender and notified to the Guarantor Calculation Agent.

"**Reference Price**" has the meaning ascribed to such term in the relevant Final Terms.

"**Reference Rate**" has the meaning ascribed to it in the relevant Final Terms.

"**Reference Rate Fallback Event**" means, in relation to a Reference Rate any of the following, as determined by the Issuer: (a) the Reference Rate ceasing to exist or ceasing to be published for a period of at least six consecutive Business Days or having been permanently or indefinitely discontinued; (b) the making of a public statement or publication of information (provided that, at the time of any such event, there is no successor administrator that will provide the Reference Rate) by or on behalf of (i) the administrator of the Reference Rate, or (ii) the supervisor, insolvency official, resolution authority, central bank or competent court having jurisdiction over such administrator stating that (x) the administrator has ceased or will cease permanently or indefinitely to provide the Reference Rate (y) the Reference Rate has been or will be permanently or indefinitely discontinued, or (z) the Reference Rate has been or will be prohibited from being used or that its use has been or will be subject to restrictions or adverse consequences, either generally, or in respect of the Covered Bonds, provided that, if such public statement or publication mentions that the event or circumstance referred to in (x), (y) or (z) above will occur on a date falling later than three months after the relevant public statement or publication, the Reference Rate Fallback Event shall be deemed to occur on the date falling three months prior to such specified date (and not the date of the relevant public statement); (c) it has or will prior to the next Interest Determination Date (as applicable), become unlawful for the Principal Paying Agent or any other party responsible for determining the Reference Rate, to calculate any payments due to be made to any Covered Bondholder using the Reference Rate (including, without limitation, under BMR, if applicable); or (d) the making of a public statement or publication of information that any authorisation, registration, recognition, endorsement, equivalence decision, approval or inclusion in any official register in respect of the Reference Rate, or the administrator of the Reference Rate, has not been, or will not be, obtained or has been, or will be, rejected, refused, suspended or withdrawn by the relevant competent authority or other relevant official body, in each case with the effect that the use of the Reference Rate, is not or will not be permitted under any applicable law or regulation, such that the Principal Paying Agent or any other party responsible for determining the Reference Rate, is unable to perform its obligations in respect of the Covered Bonds. A change in the methodology of the Reference Rate, shall not, where absent the occurrence of one of the above, be deemed a Reference Rate Fallback Event.

"**Regular Period**" means:

(i) in the case of Covered Bonds where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the First Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;

(ii) in the case of Covered Bonds where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "Regular Date" means the day and month (but not the year) on which any Interest Payment Date falls; and

(iii) in the case of Covered Bonds where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "Regular Date" means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period.

"**Relevant Clearing System**" means any clearing system other than Euronext Securities Milan specified in the relevant Final Terms as the clearing system through which payments under the Covered Bonds may be made.

"**Relevant Financial Centre**" has the meaning ascribed to such term in the relevant Final Terms.

"**Relevant Screen Page**" has the meaning ascribed to such term in the relevant Final Terms.

"**Relevant Time**" has the meaning ascribed to such term in the relevant Final Terms.

"**Representative of the Bondholders**" means Banca Finanziaria Internazionale S.p.A. or any other entity acting in such capacity pursuant to the Programme Documents.

"**Reserve Amount**" means the aggregate of the amounts – which are in compliance with article 7-*duodecies*, paragraph 2, of Law 130 and necessary to ensure compliance with the Liquidity Reserve Requirement pursuant to clause 3.5 (*Liquidity Reserve Requirement*) of the Cover Pool Management Agreement.

"**Reserve Fund Account**" means the account denominated in Euro (IBAN: IT03P0100503200000000022677) opened in the name of the Guarantor and held by BNL or any other substitutive account which may be opened by the Guarantor pursuant to the Cash Allocation, Management and Payments Agreement.

"**Residential Mortgage Loan**" means each loan secured by a Mortgage meeting the requirements of article 129, paragraph 1, letter (d) of the CRR and article 7-novies, paragraph 2, of Law 130 (as amended and supplemented from time to time).

"**Residential Mortgage Loan Agreement**" means each of the agreements entered into with the relevant Debtor, pursuant to which a Residential Mortgage Loan is disbursed, as well as each deed, contract, agreement or supplement thereto or amendment thereof, or any document pertaining thereto (such as "*atti di accollo*").

"**Residential Mortgage Receivable**" means a Receivable arising from a loan secured by commercial mortgage meeting the requirements of article 129, paragraph 1, lett. (d) of CRR and article 7-*novies*, paragraph 2, of Law 130.

"**Resolution Event**" means the starting of a resolution procedure vis-à-vis the Issuer pursuant to Legislative Decree No. 180/2015 and subject to the relevant implementing measures adopted by the competent resolution authority.

"**Retention Amount**" means an amount equal to euro 40,000.00.

"**Rules of the Organisation of the Bondholders**" means the rules of the organisation of the Bondholders attached as exhibit 1 to the Terms and Conditions, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Securities Account**" means the BNL Securities Account and/or any other account to be opened by the Guarantor for the deposit of the Securities (if any) transferred by the relevant Seller to the Guarantor pursuant to the Cash Allocation, Management and Payments Agreement, or any other substitutive account which may be opened pursuant to the Cash Allocation, Management and Payments Agreement.

"**Securities Act**" means the U.S. Securities Act of 1933, as amended.

"**Security**" means the security created pursuant to the Deed of Pledge.

"**Security Interest**" means:

(i) any mortgage, charge, pledge, lien or other encumbrance securing any obligation of any person;

(ii) any arrangement under which money or claims to money, or the benefit of, a bank or other account may be applied, set off or made subject to a combination of accounts so as to effect discharge of any sum owed or payable to any person; or

(iii) any other type of preferential arrangement (including any title transfer and retention arrangement) having a similar effect.

"**Segregated Assets**" means the Guarantor's assets consisting of (a) the Cover Pool, (b) any amounts paid by the relevant Debtors and/or the Swap Providers and/or (c) any amounts received by the Guarantor pursuant to any other Programme Documents.

"**Segregation Event**" means the event occurring upon delivery of a Breach Test Notice pursuant to Condition 13 (*Segregation Event and Events of Default*).

"**Seller**" means any of the Main Seller and any Additional Seller pursuant to the Master Assets Purchase Agreement.

"**Series**" or "**Series of Covered Bonds**" means each series of Covered Bonds issued in the context of the Programme.

"**Servicer**" means any of the Main Servicer and any Additional Servicer pursuant to the Master Servicing Agreement.

"**Servicer Termination Event**" means any event as indicated in clause 10.1 (*Casi di revoca*) of the Master Servicing Agreement.

"**Servicer's Reports**" means together the Monthly Servicer's Report, the Quarterly Servicer's Report and the Consolidated Quarterly Servicer's Report, and "**Servicer's Report**" means any of them.

"**Servicer's Report Date**" means the Monthly Servicer's Report Date or the Quarterly Servicer's Report Date, as the case may be.

"**Specific Criteria**" means the specific criteria integrating the Common Criteria for the selection of the Receivables, as specified from time to time by the relevant Seller to the Guarantor in the relevant Transfer Proposal.

"**Specified Currency**" means the currency as may be agreed from time to time by the Issuer, the relevant Dealer(s), the Principal Paying Agent and the Representative of the Bondholders (as set out in the applicable Final Terms).

"**Specified Denomination**" has the meaning ascribed to such term in the relevant Final Terms.

"**Specified Office**" means (i) in relation to BNL acting as Principal Paying Agent, Viale Altiero Spinelli 30, 00157 Rome, Italy or such other office as may be specified in accordance with the Cash Allocation, Management and Payments Agreement; and (ii) in relation to each Paying Agent, such office as may be specified in accordance with the Cash Allocation, Management and Payments Agreement.

"**Specified Period**" has the meaning set out in the relevant Final Terms.

"**Subordinated Lender**" means any of the Main Subordinated Lender and any Additional Subordinated Lender pursuant to the relevant Subordinated Loan Agreement.

"**Subordinated Loan Agreement**" means, as the case may be, the BNL Subordinated Loan Agreement or any other subordinated loan agreement entered between an Additional Subordinated Lender and the Guarantor.

"**Subordinated Loan Availability Period**" means the period starting from the date of execution of the relevant Subordinated Loan Agreement and ending on the date on which all the Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full pursuant to the Terms and Conditions and the applicable Final Terms, in which the relevant Subordinated Lender may disburse to the Guarantor, on each Drawdown Date, a Term Loan.

"**Subscription Agreement**" means each subscription agreement entered into on or about the Issue Date of each Series or Tranche of Covered Bonds between each Dealer and the Issuer.

"**Substitute Servicer**" means, with reference to each Servicer, the substitute which will be appointed upon the occurrence of a Servicer Termination Event pursuant to clause 10.6 (*Sostituto del Servicer*) of the Master Servicing Agreement.

"**Swap Agreements**" means, collectively, the Asset Swap Agreement and any other swap agreement which may be entered into by the Guarantor in the context of the Programme.

"**Swap Providers**" means, as applicable, the Asset Swap Provider(s) and any other entity which may act as swap counterparty to the Guarantor by entering into a Swap Agreement in the context of the Programme.

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

"**Tax**" means any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or any political sub-division thereof or any authority thereof or therein.

"**Term Loan**" means, as appropriate, a BNL Term Loan or any subordinated loan granted or to be granted by an Additional Subordinated Lender to the Guarantor on each Drawdown Date under and for the purposes specified in the relevant Subordinated Loan Agreement or the principal amount outstanding for the time being of that subordinated loan.

"**Term Loan Proposal**" means an "*Offerta di Finanziamento Subordinato*" as such term is defined in the relevant Subordinated Loan Agreement.

"**Terms and Conditions**" means the terms and conditions of the Covered Bonds.

"**Test Calculation Agent**" means BNL or any other entity acting in such capacity pursuant to the Cover Pool Management Agreement.

"**Test Grace Period**" means the period starting on the Test Performance Report Date on which a Test Performance Report notifying the breach of any of the Mandatory Tests and/or of the Asset Coverage Test is delivered by the Test Calculation Agent and ending on the following Test Performance Report Date.

"**Test Performance Report**" means the Pre-Issuer Default Test Performance Report or the Post-Issuer Default Test Performance Report, as the case may be.

"**Test Performance Report Date**" means the date falling 5 Business Days prior to each Guarantor Payment Date.

"**Test Reference Date**" means the last calendar day of each December, March, June and September of each year.

"**Test Remedy Period**" means the period starting on the date on which a Breach of Tests Notice is delivered by the Test Calculation Agent and ending on the immediately following Test Performance Report Date.

"**Tests**" means, collectively, the Mandatory Tests, the Asset Coverage Test, the Amortisation Test and the Liquidity Reserve Requirement, and "**Test**" means any of them .

"**Total Commitment**" means, in respect of each Subordinated Lender, the commitment specified in the relevant Subordinated Loan Agreement.

"**Tranche**" or "**Tranches of Covered Bonds**" means each tranche of Covered Bonds which may be comprised in a Series of Covered Bonds.

"**Transfer Proposal**" means, in respect to each New Portfolio, the transfer proposal which will be sent by the relevant Seller and addressed to the Guarantor substantially in the form set out in the Master Assets Purchase Agreement.

"**Treaty**" means the treaty establishing the European Community.

"**Usury Law**" means law number 108 of 7 March 1996, together with decree number 349 of 29 December 2000, as converted into Law number 24 of 28 February 2001, as amended from time to time.

"**Valuation Date**" means (i) with respect to the Initial Portfolio, 7 July 2012 and (ii) with respect to any New Portfolios, the date that will be agreed between the relevant Seller and the Guarantor.

"**Warranty and Indemnity Agreement**" means the warranty and indemnity agreement entered into on 9 July 2012 between the Main Seller and the Guarantor, and, following accession to the Programme, each Additional Seller, as amended, supplemented or replaced from time to time.

"**Zero Coupon Covered Bonds**" means the Covered Bonds, bearing no interest, which may be offered and sold at a discount to their nominal amount, as specified in the applicable Final Terms.

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